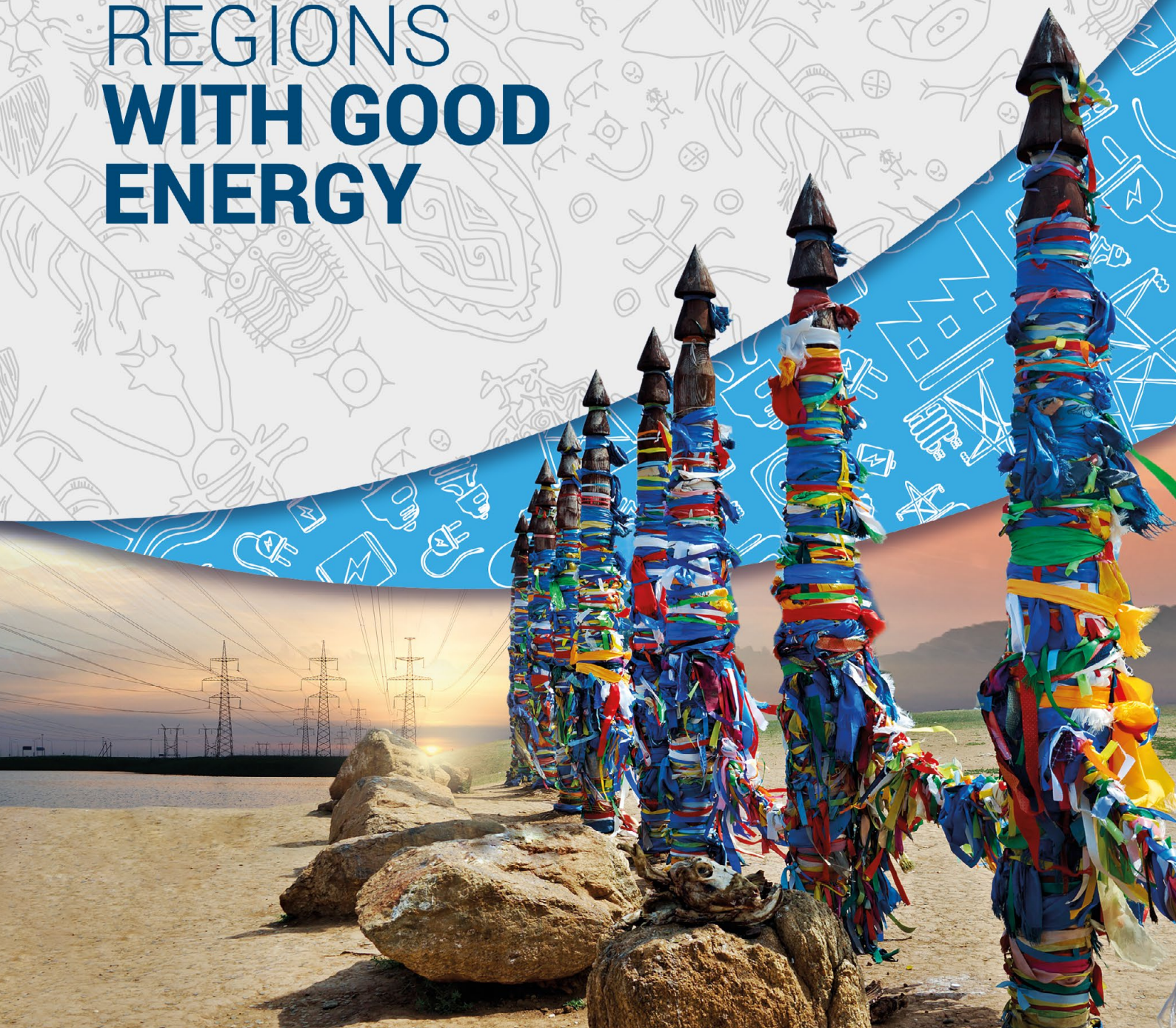
ROSSETI

IDGC of Siberia

ANNUAL REPORT

2018

REGIONS WITH GOOD ENERGY



Information about the Report

The report was prepared using information available to PJSC IDGC of Siberia at the time of its preparation, and presents the results of PJSC IDGC of Siberia activities, including associates, for the period from January 1, 2018 to December 31, 2018. To display the changes in time of some significant processes data for previous periods are given in a number of sections of the Report. The Report was developed on the basis of the financial statements of PJSC IDGC of Siberia for 2018, prepared in accordance with Russian accounting standards and international financial reporting standards.

This Report is a brief presentation version of the annual report of PJSC IDGC of Siberia, which was preliminarily approved by the Board of Directors on May 8, 2019 (Minutes No. 322/19) and submitted for consideration to the Annual General Shareholders Meeting on June 13, 2019. The short presentation version of the Report may differ from the annual report pre-approved by the Board of Directors, in terms of the scope and extent of disclosure.

The report was prepared in accordance with the requirements of the Russian legislation on the securities market and documents of regulators for information disclosure, namely: the Central Bank of the Russian Federation requirements for information disclosure in annual reports of joint-stock companies; PJSC Moscow Exchange requiements for information disclose in annual reports; Corporate Governance Code recommended for use by the Central Bank of the Russian Federation; the requirement of PJSC Rosseti to the preparation of S&A statements. The Report was prepared using the Sustainable Development Reporting Guidelines published by international organization Global Reporting Initiative (GRI).

Full version of the Annual Report presented at the official Company's website

Disclaimer

The information contained in the brief presentation of the Report of PJSC IDGC of Siberia includes estimated indicators and other forecast statements related to future events or future financial activities of PJSC IDGC of Siberia. There are many factors that can lead to the fact that the actual results will differ significantly from those contained in the assumptions or the forecast statements.

They include general economic conditions, competitive environment, risks associated with the activities of PJSC IDGC of Siberia, technological and market changes in the electricity industry, as well as other factors related to the activities of IDGC of Siberia. With the exception of cases stipulated by the legislation, PJSC IDGC of Siberia does not undertake obligations to revise or confirm expectations and estimates, as well as to publish updates and changes in forecast statements of the Report, in connection with subsequent events or arrival of any new information.

Table of contents

1 **COMPANY PROFILE**
- 06 Mission statement
- 06 Factors of investment attractiveness
- 08 Business model
- 10 Address of the Chairman of the Board of Directors
- 12 Address of the Director General

2 **STRATEGY**
- 20 Position in the industry
- 23 Development strategy, priority lines of activity and long-term development program
- 25 Strategic tasks and ways of solution
- 34 Interaction with concerned parties
- 40 Innovative activities
- 48 We create opportunities for better life conditions in the regions of presence

3 **MAIN RESULTS OF WORK**
- 62 Material and Technical Base
- 65 Capacity tramsmission
- 73 Technological connections to electricity grids
- 85 Additional services
- 87 Integrated quality management system

4 **CORPORATE MANAGEMENT**
- 90 Evaluation of corporate management efficiency
- 92 Management Bodies
- 116 Corporate Control
- 133 System of Remuneration Payable to Members of Company Management Bodies
- 140 Authorized Capital
- 142 The Company at the Securities Market
- 143 Dividends
- 145 Interaction with Shareholders and Investor

5 **RESPONSIBLE BUSINESS PRACTICE**
- 148 Personnel Policy
- 159 Industrial Safety and Labor Protection
- 162 Safety of Third Parties
- 163 Environmental Protection
- 172 Procurement Operations
- 176 Social Investments into the Presence Regions

6 **FINANCIAL PERFOMANCE**
- 180 Analysis of the financial condition and performance results of the Company
- 187 Analysis of Financial Performance by Segments

7 **APPENDICES**
- 192 Appendix no. 1. Consolidated financial statements under IFRS for the year that ended on December 31, 2018
- 234 Appendix no. 2. Report on transaction of interest made by PJSC IDGC of Siberia in 2018
- 238 Appendix no. 3. Information on observance of principles and recommendations of the Corporate Governance Code
- 255 Appendix no. 4. Information on remuneration and compensations paid to members of Board of Directors and Company Corporate Secretary
- 256 Appendix no. 5. Table for compliance of report text to management indicators (GRI)
- 265 Appendix no. 6. Glossary
- 270 Appendix no. 7. Information for Shareholders and Investors

Key events

1 A cooperation agreement was signed whereunder Rosseti represented by PJSC IDGC of Siberia took in trust the shares of Regional Electric Grids JSC and Electromagistral JSC (Novosibirsk region).

2 In Krasnoyarsk, the Company commissioned a 110 kW digital substation named after M.P. Smorgunova, built by PJSC IDGC of Siberia on the basis of the domestic software and hardware complex iSAS.

3 The branch of PJSC IDGC of Siberia - Khakasenergo received the functions of last resort electricity supplier in the territory of Republic of Khakassia.

4 PJSC IDGC of Siberia put into operation the largest power center in Yemelyanovsky district of Krasnoyarsk Region - Ozernaya 110 kW substation, built with all the latest technologies and requirements in the power industry. Investments amounted to more than 550 million rubles. The project was implemented in record time, in just 447 calendar days.

5 In preparation for the XXIX World Winter Universiade 2019, PJSC IDGC of Siberia put into operation the modern regional Grid Management Center of the Krasnoyarsk Region, the Universiade Energy Management Center and the Universiade Energy Facilities Management Center.

6 The Russian government approved allocation of funds for the creation of a digital power distribution zone (PDZ) and a new digital substation in the Republic of Tyva, in the administrative center of Kyzylskiy Kozhuun - the urban-type settlement Kaa-Khem in 2019. Kaa-Khemsky PDZ is one of 15 pilot projects of PJSC IDGC of Siberia (6 digital substations and 9 digital PDZs) that are in the design and implementation stages until 2030 with a total investment of more than 300 billion rubles.

Events after the report date

1 January, 2019 — On January 1, 2019 PJSC IDGC of Siberia accepted for servicing the electric grid complex of Ulan-Ude city: The Rosseti Group represented by the branch of PJSC IDGC of Siberia - Buryatenergo leased the property complex of Ulan-Ude Energo JSC as part of the program on consolidation of power grid assets. Buryatenergo provided employment for all employees of Ulan-Ude Energo JSC - about 400 people - while maintaining the level of wages and all social guarantees in accordance with the Collective Agreement of PJSC IDGC of Siberia.

2-12 March, 2019 — On March 12, 2019 the XXIX World Winter Universiade was held in Krasnoyarsk. Power supply of 12 sports and 31 infrastructure objects of student games was controlled by the Universiade Energy Management Center of PJSC IDGC of Siberia. Reliability of power supply was guaranteed by 1130 power engineers, 749 of which were sent to Krasnoyarsk by employees of branches of PJSC IDGC of Siberia; 114 units of equipment were involved. For ten days, while the student games were going on, there was not a single technological violation at the power facilities supplying the Universiade sites.

20 March, 2019 — On March 20, 2019 the shares of PJSC IDGC of Siberia set a growth record over the past 5 years: the cost of one share amounted to 0.3155 rubles, which is almost 4 times more than the figure of 29.12.2018.

28 March, 2019 — On March 28, 2019 the Board of Directors of PJSC IDGC of Siberia unanimously decided to elect Pavel Evilievich Akilin as the Director General of PJSC IDGC of Siberia with effect from March 29, 2019. Vitaly Valeryevich Ivanov was appointed General Director of IDGC of the North Caucasus, PJSC from the same date.

01

Sayano - Shushenskaya hydroelectric power // Republic of Khakassia

COMPANY PROFILE

- Mission statement
- Factors of investment attractiveness
- Business model
- Address of the Chairman of the Board of Directors
- Address of the Director General

Mission statement

Reliable and high-quality supply of electric energy to the needs of the economy and the social sector at an economically reasonable price, due to the efficient management of distribution grids.

The main types of services provided by PJSC IDGC of Siberia are services for the transmission of electrical energy and technological connection of consumers to electric grids.

The grids of PJSC IDGC of Siberia serve consumers in the Siberian Federal Territory. These are the Republic of Altay, Republic of Buryatia, Republic of Khakassia, Altay Region, Zabaikalye Region, Krasnoyarsk Region, Kemerovo Region and Omsk Region. The territory of the Company presence exceeds 1.85 mln square kilometers. Every day, the Company provides energy to more than 11 mln people.

The company provides for operations of the industry of the Siberian Federal Territory represented by the largest enterprises of ferrous and nonferrous metallurgy, heavy and precision engineering, mining and transport industries.

Factors of investment attractiveness

Key position in the regions with high economic growth potential

The company operates in an area of about 13 mln people (9% of the population of Russia). The economy of the regions where the Company operates is characterized by a diversified structure, competitiveness of production, and high capacity of the consumer market. The regions of the Siberian Federal Territory account for about 10% of the GRP of the regions of the Russian Federation.

Income maximization

In 2017-2018, the main efforts were aimed at concluding cooperation agreements with the regions. Compensation of shortfall in income in the long term will amount to 13.4 bln rub.

High proceeds growth potential in Siberian Federal Territory – 60%

- 53% of local grid operators regulating long-term tariffs in terms of reliability of the services provided have a significant deterioration in the reliability indicators of Psaidi and Psaifi compared to PJSC IDGC of Siberia
- 41% of outages of objects of PJSC IDGC of Siberia due to the fault of the consumer – damage in the grids of local power operators
- For 3 years, out of 267 local grid operators that received the tariff, 176 are currently operating, of which 12 are in the bankruptcy stage

Leading positions in the power industry digital transformation program

As part of the Digital Transformation 2030 program Krasnoyarsk will be the first city in Russia with two digital substations.

Realized projects of IDGC of Siberia:
- Youth digital substation (346 mln rub.),
- M.P. Smorgunova digital substation (340 mln rub. of investments)
- Digital grid control center (240 mln rub. of investments)

Sustainable reduction of energy loss

- Electricity losses in 2018 compared with 2012 decreased by 3 percentage points. The annual effect of reducing electricity losses in 2018, brought to 2012 figure, is 3.6 bln rub.

Expansion due to the power grid assets consolidation program

- On the territory of Republic of Buryatia: a lease was concluded on the entire electric grid property of Ulan-Ude Energo JSC
- On the territory of the Omsk region: PJSC IDGC of Siberia became the 100% owner of the electric grid object Substation “Frunzenskaya” – Substation “Pribrezhnaya” 110 kW cable lines
- On the territory of the Zabaikalye Region: the purchase of 110/10 kW Substation “Promyshlennaya” from LLC Impulse 2003 (35 MVA, 204 cu)
- On the territory of the Krasnoyarsk Region: lease of municipal property of the North-Yenisei district

In total, in 2018, there were 101 acquisitions of ESA, including:
- 76 ENA property acquisition transactions
- 25 transactions of taking ESA for rent, gratuitous use
- In 2018, there were 97 agreements for electric power system lease, free use, and 1 trust management agreement, which were concluded earlier

Connection of hard-to-reach territories

A pilot project has been implemented to supply electricity to the territories isolated from the UES in Menza village (Zabaikalye Region) based on renewable energy sources.

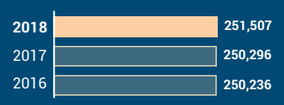
In the Siberian Federal Territory there are more than 200 isolated areas where such projects are possible.

Business model

COMPANY BASIC PERFORMANCE IN 2016-2018 [1]

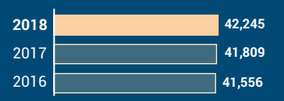
Basic engineering performance

Total length of power lines, km



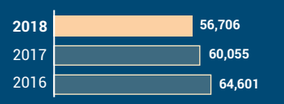
0.48%

Substation power, MBA



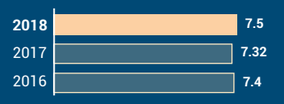
1.04%

Net sales of electricity, mln kWh



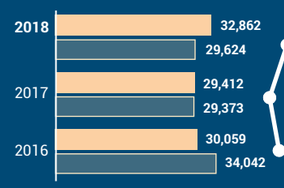
5.58%

Electricity loss, %



2.46%

Technological connection, including:



11.73%
0.85%
18.51%

the number of contracts, pcs.
the number of executed contracts, pcs.
connected power, MW

Pasic financial and economic performance [2]

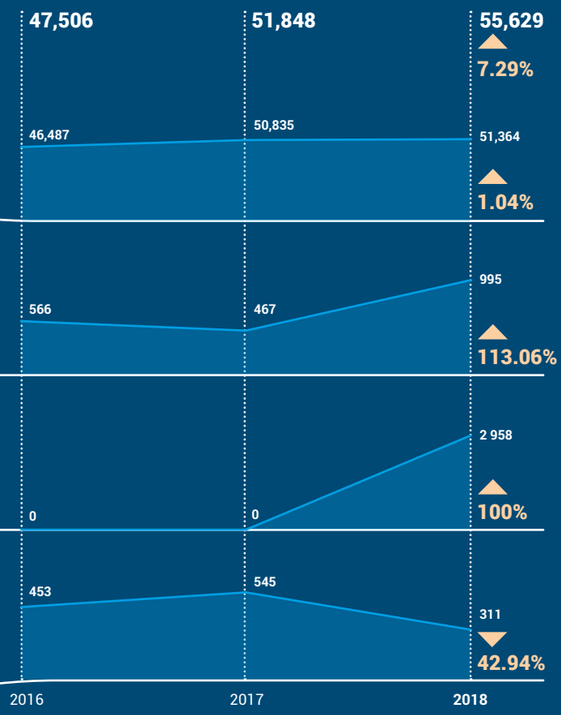
ELECTRICITY TRANSMISSION

TECHNOLOGICAL CONNECTION

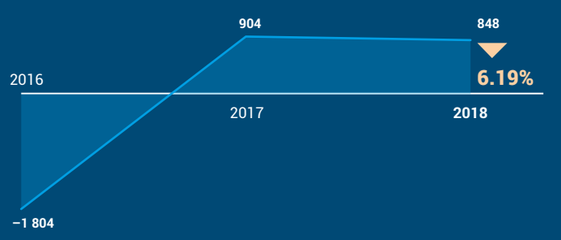
SALE OF ELECTRICITY

OTHER

Proceeds from sales of products, mln rubles, including:

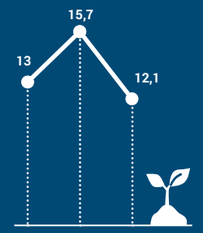


Net profit, million rubles

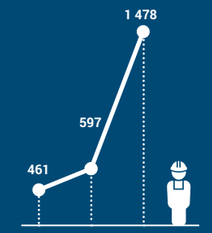


Sustainable development

The cost of environmental protection, mln rub.

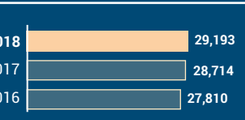


The cost of labor protection, mln rub.



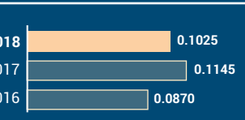
Labor protection costs have increased due to implementation of measures aimed at reducing injury level in Company (training of electrotechnical personnel).

Net assets, million rubles



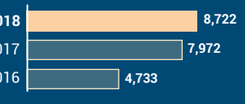
1.67%

Market value of the share at the end of the year, rub.



10.48%

EBITDA, mln rub.



9.41%

1. Data for PJSC IDGC of Siberia, S&A excluded

2. Factors affecting gross revenue growth are given in the Analysis of Financial Results by Segments

Address of the Chairman of the Board of Directors

Dear Shareholders!

In 2018, the development vector of PJSC IDGC of Siberia absolutely met the strategic goals of the company, including increase in the reliability of power supply to consumers, ensuring the sustainable operation of the grid complex of nine Siberian regions and preparing for its digital transformation.

Due to precise and relevant management decisions, the financial and economic position of PJSC IDGC of Siberia has been stabilized. Energy supply for a world-class sporting event, the XXIX World Winter Universiade in Krasnoyarsk, was prepared and implemented at a high level. At the same time, a serious reserve has been created for the development of the city for the next 5-8 years, the problem of power shortage for technological connection has been solved.

The company has become the flagship of the digital transformation of the electric power industry in nine Siberian regions, and today it is simultaneously implementing 15 digital projects. In the future, by 2030, the power company will fully switch to smart energy metering systems, which will completely solve the problem of unaccounted consumption, automate grids and implement an integrated management system. Digital transformation today is a socio-economic transformation of the entire Russian community and the entire economy, based on the mass introduction of new technologies for information creating, processing and transmitting. For obvious reasons, electricity enterprises are at the forefront of these processes.

Consolidation of power grid assets on the basis of PJSC IDGC of Siberia – the largest grid company in the Siberian Federal Territory – is the only acceptable measure that will allow to bring the power grid complex of the regions to a new level of reliability and create a platform for switching the power industry to digital mode. In 2018, due to the consolidation of PJSC IDGC of Siberia, they added 1,823 MVA of transformer capacity and 12,141 km of power lines.

The five-year maximum of the growth of IDGC of Siberia shares, fixed at the very beginning of 2019, is partly associated by analysts with a well-thought-out and clear consolidation program implemented by the Company. Shares of the company added on 65% of the value and continue to grow. I consider this to be a logical outcome of the implementation of the PJSC IDGC of Siberia development strategy aimed at achieving results in all areas of the company business. This is also thanks to the Company Board of Directors, during 2018, reviewed and approved 189 documents, among which there were particularly significant decisions that became the basis for the further systematic work of PJSC IDGC of Siberia.

On March 29, 2019 PJSC IDGC of Siberia appointed a new Director General: Vitaly Ivanov switched to another, no less difficult, part of work in the Rosseti Group of Companies, and the Company was headed by Pavel Akilin. This means that the company will continue to develop in the same direction and will steadily move towards achievement of all plans and strategic goals, to new records and success.

Dear Shareholders! Thank you for your trust in the Company and I am pleased to present to your attention the Annual Report of PJSC IDGC of Siberia for 2018, which describes in detail the main results of our work during this period.

Chairpman of the Board of Directors PJSC IDGC of Siberia

YURIY GONCHAROV

Address of the Director General

Dear shareholders and investors!

The year 2018 was the second year of PJSC IDGC of Siberia operation under the leadership of the management team, headed by Vitaly Ivanov (Company Director General until March 28, 2019). In 2018, the company switched from work in the anti-crisis mode to dynamic development, fulfilled all the main tasks and confirmed its high resilience.

We present to your attention the Annual Report of PJSC IDGC of Siberia for 2018. It is dedicated to the leading role of the company in the development of the Siberian Federal Territory. It is about how energy helps to change the socio-economic situation in the regions, how to accomplish the repair program of several years in a month and why it is necessary to create a single center of responsibility for the digital transformation of the industry, says **Pavel Akilin, General Director of IDGC of Siberia** .

Energy of victories and strategy of reliability

– Pavel Evgenievich, a new management team came to PJSC IDGC of Siberia at the end of 2016, when the company was expecting a loss of 1.8 bln rub. Right away they voiced an incredible thought at the time: there is no need to save. There is the need to earn more. Has this strategy justified itself?

– More than. We refused to work at a loss and sue regions, because this is a road to nowhere – both from an image and an economic point of view. We have moved from a savings strategy to a strategy to increase revenue. Literally over the year, the financial situation was stabilized: in 2017, the company received a net profit of 904 mln rub., in 2018 – 848 mln rub.

I would like to emphasize that in 2018 the net profit of 3.1 bln rub. was absolutely real for us. However, in Republic of Khakassia there was a bankruptcy of a last resort supplier Khakasenergosbyt JSC, and we had to pick up these functions and create a reserve in the amount of 1.6 bln rub. to cover the bankrupt's debt.

It is important that, despite this, PJSC IDGC of Siberia maintained the net profit level and laid the foundation for a successful fiscal year 2019. This is the result of a correctly chosen development strategy.

In 2018, the key parameters of the company increased: revenue, EBITDA; we have advanced in solving the problem of receivables: for the first time in many years, we have reduced this figure by 427 mln rub.

Note that the market reacted very well to our successful work: in early 2019, the Company shares rose by 65% and "broke through" a five-year maximum value. This is not the limit: the growth continues.

– How has the improvement of the financial situation affected the volumes of the Company investment program?

– In the reporting year, financing of the investment program of PJSC IDGC of Siberia amounted to 13 bln rub., VAT included. This is two times more than in 2016. We have commissioned more than 4 thsd km of power lines and 995 MVA of transformer capacity, badly needed for the development of regions.

– What are the financial forecasts for 2019?

– Our plan is to gradually increase the financial result: 1.1 bln rub. of net profit in the 2019 th and 1.3 bln rub. in 2020. Such growth rates will allow us to develop the electric grid complex, ahead of the needs of the regions.

– One of the most significant projects in 2018 was preparation of the power system of Krasnoyarsk for the XXIX World Winter Universiade. Competitions were perfect in terms of energy supply. How did the company achieve this?

– The company has been preparing for the Universiade for two years and invested a total of 5.6 bln rub. in this project – an unprecedented amount of investment for Krasnoyarsk. In other words, the city's energy system was invested 32 times more than the average investment in all previous years.

We managed to significantly increase the reliability of the power system of the city. We built a new Ozernaya 110 kW substation in Krasnoyarsk, reconstructed ten 110 kW supply centers, equipment for dozens of power facilities, and more than 115 cable lines. During the renovation, digital technologies and advanced equipment were used to the maximum. In Krasnoyarsk, we created a digital Grid Management Center (one of the most modern in Russia today), as well as the Universiade Energy Management Center and the Universiade Safety Center. On the days of the competition, they controlled the power supply systems of 12 sports and 31 infrastructure facilities of the Universiade.

At the end of 2018 Krasnoyarsk hosted drills of power engineers from the Rosseti Group of Companies participated by more than 800 people: they completed a 3-year scope of work in a month, and this was the final touch in preparing the city for the Universiade.

– Wasn't too much money and effort spent for only 10 days, even if it was a global sporting event?

– Ten days flew by unnoticed, and the modern and reliably operating energy system of a million-plus city remained. In fact, in Krasnoyarsk, we have worked out a point "energy" impact model, when all the main problems of the power system are solved in a fairly short time, and bottlenecks are revealed. Today cable lines in perfect condition in the city, and there is enough power reserve for technological connection for the next 5-10 years.

– For two years, Krasnoyarsk was in focus. How did the energy systems of the other PJSC IDGC of Siberia regions of presence develop at this time? What are the most significant projects implemented by the company?

– Everything that PJSC IDGC of Siberia is doing in the regions is aimed at improving the reliability and quality of power supply to consumers. In the Altay Region, the company commissioned the Belokurikha-2 power grid complex – a 110 kW substation and a 110 kW transmission line. By the way, Altaienergo specialists built this line in the mountains on their own – for the first time in the history of the branch.

In the republics of Altay and Khakassia, in order to ensure greater reliability of the power systems, we conducted exercises for power engineers from IDGC of Siberia. In Gorny Altai, in three months they completed a three-year scope of the repair program, in Khakassia they did as much in two weeks as they would normally do in 4 months.

In Kuzbass, reliability issues were systematically solved for two years. For this relatively short period, we were able to solve the main problems with the power supply of the region as a whole, and especially the mines.

In the company as a whole, in 2018, the average duration of interruptions in the power supply to consumers was reduced by 21.4%, and the accident rate in the 6-110 kW grids was reduced by 6.7%. This is a very good result, we can be proud of it, and we are sure to go further.

– Have consumers already appreciated the positive changes?

– There are fewer complaints. This is good, because the quality of power supply to Siberians, as well as the improvement of customer service and support, is also a priority task of the company.

Note that in 2018 PJSC IDGC of Siberia reduced the amount of overdue contracts for technological connection of privileged consumercategories several times: at the beginning of 2017 we had about 8,000 contracts, while by December 2018 there were 1.5 thsd of them. By August 2019, we will reduce this figure to zero and this will be an absolute victory over the problem that seemed eternal to many.

All our victories, everything that we have done for the areas of presence, is largely the result of the synergy of government and business. PJSC IDGC of Siberia signed agreements with the administrations, regional governments on social and economic cooperation, which stipulated mutual obligations for the power engineers to develop the electric grid infrastructure, and for authorities to make tariff decisions. Both parties have fulfilled the agreement.

– At the end of 2017, PJSC IDGC of Siberia put into operation the first in Russia digital substation named after M. P. Smorgunova. In 2018, one of the most advanced digital grid management centers was opened in the country. Today we can safely say that the company is one of the flagships of digitalization in Russia. What are your plans in this direction?

– At the same time, we are simultaneously implementing 15 pilot projects in all regions of our presence: we are building 6 digital substations and creating 9 digital power distribution zones (PDZ). Three large-scale "pilots" will be completed by the end of 2019: the distribution zone in the Kaa-Khem village of the Republic of Tyva and the Yemelyanovsky district of the Krasnoyarsk Region, as well as the reconstruction of the Molodezhnaya 110 kW substation in Krasnoyarsk.

In summer 2019, the second phase of Molodezhnaya will be commissioned, and Krasnoyarsk will become the only city in the country with two digital substations.

The digital transformation of the electric power industry in Siberia is already underway, it is not a fashionable trend, it is a reality. It will be our key project for the next eleven years. Having completed pilot projects in 2020-2022, we are translating this experience to all regions and covering the entire territory of the Company presence with a digital grid.

Digitalization, of course, will be the locomotive for the development of the grid complex in all areas. In the future, it will allow restraining growth of the tariff, achieving full observability and predictability of the grid, redicing the power losses and, in general, turning the company towards the consumer. For example, in Yemelyanovsky digital PDZ, we will achieve 100% grid observability, reduce the level of electricity losses from today's 30% to 7% and reduce the costs of grid maintenance and repair by 15%.

– PJSC IDGC of Siberia today actively pursues a policy of grid consolidation. What effect is expected from this task and to what extent will regional grids be consolidated?

– This is one of the priorities of the government policy, to create a single center of responsibility for the grid complex. Therefore, 2018 has has been a year of fighting a patchwork of the grids in the regions.

Consolidation will allow us to bring the grid complex of Siberia to a new level of reliability. Today, even with large local grid operators the level of losses is twice as high as in the grids of IDGC of Siberia. There is a huge number of ownerless power grid facilities in the regions: 560 in the Krasnoyarsk Region, 260 in the Altay Region, 134 in the Kuzbass. Another figure: 40% of outages in the grids of PJSC IDGC of Siberia occur due to accidents on the grids of third-party organizations and ownerless objects. This situation needs to be changed.

We are "gathering together" grids in all regions of the Company presence. In 2018, 2,210 MVA of transformer capacity and 9,722 km of transmission lines were purchased and leased. The largest "acquisitions" of the company are trust management of a block of shares of RES JSC and Electro Highway JSC in the Novosibirsk Region in January 2018, and rent of the property complex of Ulan-Ude Energo JSC (from January 1, 2019) with the right of subsequent redemption.

For enterprises that have transferred their assets to PJSC IDGC of Siberia, the transition to a unified technical policy of the Rosseti Group of Companies provides new – much broader – opportunities for development.

The second point is the power transformation challenges facing the power industry. The planned scope of the investment program of PJSC IDGC of Siberia for 2019-2024 is 67.4 bln rub., and an average of 27.1% will be annually spent on digitalization. Some local grid operators are ready to spend 3% of the investment program for these purposes. Most do not charge such costs. By combining small power companies "under the wing" of PJSC IDGC of Siberia, we will bring closer the digital future of the power industry of Siberia.

I emphasize that we do not aspire to necessarily acquire a business. We successfully implement cases on grid rental and trust management. The main thing for us is to create a reliably operating grid complex with clear development prospects, to ensure, to put it mildly, the country's energy security.

– Pavel Evgenievich, tell us about the most important projects in 2018 in the field of sustainable development. What priority tasks does the company solve in the field of ecology?

– It should be noted that the Company activities have a negligible impact on the environment. Nevertheless, we strive to reduce it: ensuring environmental safety of production is among the Company priorities.

Today we have a wide range of issues on the agenda which are related to the Company impact on the environment. What are the issued addressed? First of all, exclusion of transformer oil spills that can be a source of soil and air pollution. We are successfully fighting against the impact, reducing the accident rate at power facilities.

The company solves the problem of bird death on the wires, annually equipping transmission lines with bird protection devices, especially in the migratory areas of birds and in nature reserves. We also apply new technologies in the construction of 0.4-10 kW power lines: we install self-supporting wires. They are safe for birds, moreover, they enable us to reduce the volume of cutting down trees in the protected zone of power lines.

– PJSC IDGC of Siberia is actively developing a grid of electric filling stations for electric vehicles, what is the reason for this decision?

– We are creating an infrastructure for electric cars in the regions where we operate, since it is the availability of a convenient network of gas stations that is a decisive argument for motorists in favor of switching to environmentally friendly transport. Since 2017, we have already built 13 charging stations, free for owners of electric vehicles (as of February 2019, there are about 150 of them in our regions).

Let me emphasize, this is an image-making project, first of all, not a commercial one. We are promoting electric cars today (there are also a few in the fleet of PJSC IDGC of Siberia) and we are investing in expanding the geography of a full-fledged charging infrastructure, because we are sure that there is a future for electric transport. The more electric cars there are in cities, the cleaner the air in Siberia will become. Naturally, we are to pursue the goal.

– While heading for the digitalization, how do you develop the Company staff?

– Digitalization is a difficult, complex task. It requires a fundamentally different approach to many issues, including personnel. Today, companies need to focus on human development. The personnel of PJSC IDGC of Siberia will have to master a huge amount of new knowledge and skills. We are planning retraining, advanced training, a massive one that affects the vast majority of our employees.

At the same time, we continue to develop a system of personnel motivation, including non-material incentives. We involve employees in active social life, give them the opportunity to go in for sports, if they wish, to perform as part of the team of PJSC IDGC of Siberia at sports and athletics meetings, departmental competitions.

The company has strong traditions: corporate events, meetings with veterans, participation in environmental, charity events – all this cements the team, increases the level of employee involvement and makes the company stronger. Every year there are holidays for the children of the Company employees. We educate future power engineers. Well, at least we teach the children to respect the profession of their parents.

All this – joint sports activities, holidays, work with children and others – helps to unite the Company team. Each of twenty thsd employees of PJSC IDGC of Siberia is a professional, but only together we are able to cope with all the challenges of the time and bring the power grid complex of nine Siberian regions to a new level of development.

02

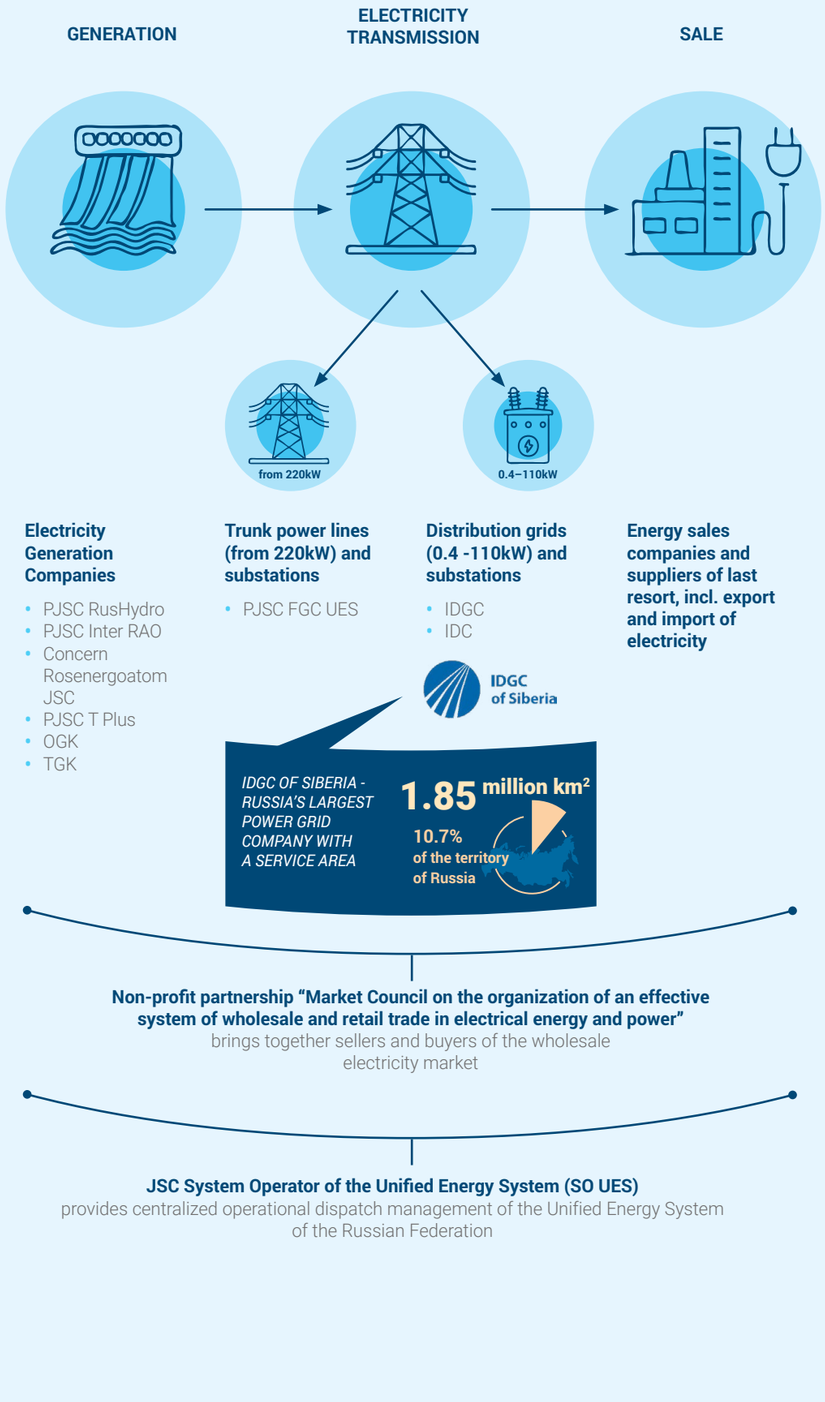
Chita Datsan
«Dam Braybunling» //
Zabaikalye Region

STRATEGY

- Position in the industry
- Development strategy, priority lines of activity and long-term development program
- Strategic tasks and ways of solution
- Interaction with concerned parties
- Innovative activities
- Creation of the opportunities for better life conditions in the regions of presence

Position in the industry

STRUCTURE OF ELECTRIC POWER INDUSTRY



COMPETITIVE ENVIRONMENT

On the territory of presence of PJSC IDGC of Siberia, services for the transmission and distribution of electricity are provided by the following grid organizations (share in the NGP of the region)

Competitive environment

The region	The share of IDGC of Siberia, PJSC in the regional market of electricity transmission, % by NGP	Main competitors, % share of NGP
Republic of Altay	86.4	MUE Gorno-Altai city enterprise of electrical networks (13.6%)
Altay Region	69.3	JSC SK Altaykrayenergo (19%)
Republic of Buryatia	83.4	JSC Ulan-Ude Energo (8.1%)
Krasnoyarsk Region	68.4	KrasEko JSC (12.7%)
Kemerovo Region	37.7	KENK LLC (26.5%),
Omsk Region	75.7	JSC SKEK (12.1%)
Republic of Khakassia	79.8	JSC Omskelektro (15.2%)
Zabaikalye Region	91.3	MUP of Abakan Abakan Electric Networks (7%)
Republic of Tyva	100.0	–

The main consumers of IDGC of Siberia services

Altaienergosbyt JSC, Barnaul Grid Company LLC, Altaykrayenergo Grid Company JSC, Krasnoyarskenergosbyt PJSC, Rusenergosbyt-Siberia LLC, KrasEKo JSC, Russian Railways JSC, Kuzbassenergosbyt JSC, MEEF JSC, LLC Rusenergosbyt, JSC RUSAL Novokuznetsk, JSC Omskelektro,JSC Chitaenergosbyt.

The largest companies in the territory of presence of the Company, carrying out activities for technological connection

JSC Russian Railways, JSC Ulan-Ude Energo, MUE Abakanskye Electric Grids, LLC Interregional Electric Grids, LLC EvrazEnergoTrans, JSC North-Kuzbass Energy Company, LLC Kuzbass Energy Grid Company, JSC Altaykrayenergo Grid Company, Barnaul Grid Company LLC, KrasEco JSC, Minusinsk City Electric Grids CJSC, Thermal and Electric Grids Municipal Unitary Enterprise of Shushensky District, Omskelektro JSC, Electrotechnical Complex JSC, Gorelectrosetti MUP.

Large companies that are counterparties of PJSC IDGC of Siberia under contracts for the provision of power transmission services

Region	Last resort suppliers	Energy sales organizations	Direct consumers
Republic of Altay	JSC Altayenergosbyt	LLC RUSENERGOSBYT	JSC Barnaul TPP-3
Altay Region	JSC Altayenergosbyt	LLC RUSENERGOSBYT	–
Republic of Buryatia	Chitaenergosbyt JSC	LLC RUSENERGOSBYT	PJSC Buryatzoloto, JSC U-UAZ
Krasnoyarsk region	PJSC Krasnoyarskenergosbyt	LLC Rusenergosbyt-Sibir	JSC TGC-13
Kemerovo region	PJSC Kuzbassenergosbyt	LLC RUSENERGOSBYT	JSC UK Kuzbassrazrezugol
Omsk region	JSC Petersburg Sales Company	LLC RUSENERGOSBYT	JSC Gazpromneft-Omsk Refinery
Republic of Khakassia	LLC RUSENERGOSBYT	GlavEnergosbyt LLC	Sorsky Ferromolybdenum Plant LLC
Zabaikalye Region	Chitaenergosbyt JSC	LLC RUSENERGOSBYT	PC Artel prospectors, LLC Mangazeya Mining
Republic of Tyva	JSC Tyvaenergosbyt	–	Metallenergofinans LLC

Development strategy, priority lines of activity and long-term development program

In determining development priorities, the Company is guided by the Strategy for the Development of the Electric Grid Complex of the Russian Federation, approved by the Government of the Russian Federation of April 3, 2013 No. 511-p (as amended on November 29, 2017), by the Decree of the President of the Russian Federation No. 054 of May 7, 2014 development of the Russian Federation for the period up to 2024, as well as the Long-Term Development Program of Rosseti PJSC.

In 2018, the priority activities of the Company were not determined by the Board of Directors.[1]

The main directions of the Company development, approved by the Program for the implementation of strategic initiatives of PJSC IDGC of Siberia for 2017-2021 (Minutes of the Board No. 360 of September 21, 2017) are:

1. Improving the reliability and quality of services for the transmission of electric energy
2. Ensuring the safe and sustainable operation of the distribution grid complex
3. Improving operational efficiency and financial sustainability
4. Increasing investment attractiveness
5. Increasing the availability of power grid infrastructure, improving work with consumers

Based on the specified directions of development, the Company determines the following priority projects:

- Projects on digitalization of distribution grids and substations in all branches of PJSC IDGC of Siberia (Digital PDZ) in the period 2018-2020
- Projects on the digitalization of the activities of customer service centers of PJSC IDGC of Siberia during the period 2018-2022 (Digital PDZ), as well as engaging third-party organizations in work with customers
- Implementation of the "Unified Integration Platform" of AIISUE systems and technological management systems
- Implementation of targeted programs to attract and retain qualified personnel in the framework of the Company personnel policy, the results are given in the "Personnel Management" section
- Implementation of the program to reduce accidents and improve the reliability of the equipment of PJSC IDGC of Siberia

1. The report of the Board of Directors on the priority areas of its activities in 2018 is presented in Appendix 14 in the full version of the Annual Report on the official Company's website – www.mrsk-sib.ru.

FINANCIAL STABILITY UPGRADE

1 CONSOLIDATION OF POWER ENERGY ASSETS

Owner → Professional manage → Management of the Region

2 DEVELOPMENT OF PROGRAM FOR DIGITALIZATION OF GRID COMPLEX OF SIBERIAN FEDERAL DISTRICT ACCORDING TO STANDARDS OF RUSSIAN GRIDS

3 FORMATION OF LONG-TERM UNIFORM PLANS FOR DEVELOPMENT OF TERRITORIES AND NETWORK COMPLEX

4 COMPLEX ANALYSIS OF EFFICIENCY OF ACTIVITY CARRIED OUT BY TERRITORIAL GRID COMPANIES AND HOUSING AND PUBLIC UTILITIES controlled by state and municipal assets

5 PERSONAL CONTROL EXERCISED BY HEADS OF THE REGIONS OVER PREPARATION TO HEATING SEASON

6 PROVISION OF EFFECTIVE MANAGEMENT OF HOUSING AND PUBLIC UTILITIES

tariffs → control → agreement on debt restructuring

7 MAKING 10-YEAR AGREEMENTS

with fixation of obligations for development of power grid complex and a level of power transfer tariffs

Purchase of Power Assets

5 bln rub per year of revenue to budget of Izhevsk city to Izhevsk Power Grids

2,9 bln rub of revenue to budget of Izhevsk city after Russian Grids repurchased Izhevsk Power Grids

Shareholder corporate governance of power assets

Parent company Russian Grids exercises corporate governance over major grid company of Novosibirsk Region, namely, JSC Regional Power Grids

Lease of power assets

95 agreement on lease of power grid assets

on 400 mln of rubles per annum

Implementation of Strategy for development of Power Grid Complex approved by the Decree of Government of the Russian Federation no. 511-p

- Reporting
- Audit
- Participation in consolidation of Territorial Grid Companies in order to provide reliability
- Strategy
- Planning
- Methodology
- Technical Policy
- Investment Program

ROSSETI

IDGC of Siberia

- Altay Region
- Republic of Buryatia
- Zabaykalsk Region
- Republic of Tyva

Republic of Khakassia, Republic of Altay, Omsk Region, Kemerovo Region, Krasnoyarsk Region – it is planned to sign agreements in 2019.

Strategic tasks and ways of solution

1 IMPROVING THE RELIABILITY AND QUALITY OF ELECTRICITY TRANSMISSION SERVICES

Tasks for 2019 – 2022

- Creation of a single control center and responsibility for the transfer of electrical energy
- Building an efficient system for the use of the Company resources through the implementation of the maintenance management system in the SAP software package
- Modernization of the automated system of the upper level of operational dispatch, technological and situational management of electric power industry facilities in the framework of digitalization programs
- Reduced depreciation of fixed assets through the implementation of the program for technical re-equipment and reconstruction
- Increase the volume of the repair program due to the use of funds from savings in trade and procurement procedures

Implementation mechanisms

- A significant number of Local grid operators in the territory of presence of the Company operating electric grid assets in state / regional / municipal ownership increases the risks in relation to the operation of the electric grid and predetermines the non-optimal distribution of resources associated with its operation, maintenance and development.
- PJSC IDGC of Siberia plans to consolidate the electric grid assets of the constituent entities of the Russian Federation and municipalities in the regions where the Company operates within the framework of the cooperation agreements concluded
- Ensuring reliable, high-quality and safe energy supply to consumers

Risks

KOR-013
The risk of failure to achieve the level of reliability of services for the transmission of electric energy, established during tariff regulation

KOR-014
The risk of failure to achieve the level of quality of services provided under the tariff established by the tariff regulation

KOR-012
The risk of failure to achieve the capacity utilization rate established for the planned period

2 ENSURING THE SAFE AND SUSTAINABLE OPERATION OF THE DISTRIBUTION GRID COMPLEX

Tasks for 2019 – 2022

- Implementation of the PR program Prevention of electrical injuries of third parties at the facilities of PJSC IDGC of Siberia. As part of the implementation of measures to prevent industrial injuries and injuries of third parties, with the aim of further improving the work on its prevention, on the basis of the order of PJSC Rosseti of March 29, 2018 No. 55 On approval of programs to reduce injuries at the facilities of the electric grid complex The company has developed and approved by the order of IDGC of PJSC of Siberia dated May 24, 2018 No. 353 Comprehensive program to reduce the risk of injuries of personnel and third parties at power grid facilities of PJSC IDGC of Siberia. The program to reduce the risk of injury to third parties for 2018 provides for 141 events, of which 17 events (12%) require material costs, and 129 events (88%) do not require costs. The cost of the program in 2018 amounted to 177724.16 thousand rubles, while the plan is 210143.00 thousand rubles. Physically, the program is 100% complete.
- In 2018 - conducting collective bargaining and concluding collective agreements of the Company branches for the period 2019-2021.

Implementation mechanisms

- Ensuring reliable, high-quality and safe energy supply to consumers
- Development of contractual relations between the parties to the social partnership of the Company
- Coordination of the interests of the parties to the social partnership of the Company in the regulation of social and labor relations
- Realization of social and economic rights and guarantees of employees, stipulated by the labor legislation of the Russian Federation
- Attraction and retention of qualified staff
- Compliance with labor and production discipline, requirements for labor protection, fire safety, safety measures, industrial hygiene
- Ensuring the social stability of the Company and the formation of the image of a socially responsible company

Risks

KOR-015	KOR-0016
The risk of an accident due to the fault of the Company	**The risk of deviation from the value of the indicator of productivity increase established in the business plan**

3 IMPROVING OPERATIONAL EFFICIENCY AND FINANCIAL SUSTAINABILITY. INCREASED INVESTMENT ATTRACTIVENESS

Tasks for 2019 – 2022

- Implementation of the Program to improve operating efficiency and reduce costs for 2018–2022, providing for the reduction of managed operating expenses in accordance with Directive of the Government of the Russian Federation No. 2303p-P13 of April 16, 2015 by at least 2% annually. The program is aimed at increasing internal efficiency and ensuring profitability by optimizing internal business processes, including:
  - mproving the efficiency of maintenance and repair of equipment, replacement of equipment for low-maintenance;
  - optimization of material costs, stocks;
  - reduction of costs associated with the maintenance and management of non-core assets;
  - increase of labor productivity by typing organizational and administrative documents;
  - reducing the level of overdue receivables for services for the transmission of electric energy, taking measures to reduce overdue receivables;
  - improving the efficiency of trade and procurement through the category of inventory management and centralization of procurement;
  - measures to improve energy efficiency.
- Implementation of the Action Plan to improve the efficiency of the Company activities and improve its financial and economic condition. The plan includes the following tasks:
  - improving the efficiency of the Company investment activities;
  - ensuring break-even tariff regulation, making economically justified tariff-balance decisions, including compensation for lost income and return of borrowed funds attracted to the implementation of measures to ensure reliable electricity supply to consumers;
  - implementation of the incentive level of losses and ensuring the level of payment for services for the transmission of electrical energy both in the Company and in specific branches.

- In order to achieve the required level of electric power losses and increase the observability of the grid, it is planned:
  - conducting further modernization of electricity metering systems for consumers with the organization of automated data collection;
  - organization of the system of technical accounting of electric energy with automated data collection at the 10 (6) /0.4 kW transformer substation.

Implementation mechanisms

- Since 2010, the Company has faced problems impeding reliable and uninterrupted power supply (leaving large consumers to direct contractual relations with PJSC FGC UES in the absence of responsibility for cross-subsidization in the region of presence; non-payment of budget-dependent organizations; loss of income from preferential technological connection; unscrupulous TCO, whose activities lead to the withdrawal of funds from the boiler).
- In order to solve the accumulated problems in all the regions of presence of PJSC IDGC of Siberia, agreements on social and economic cooperation were concluded, minutes of a workshop on the implementation of agreements on interaction in the implementation of regulated activities were signed (*see below).
- The Company has developed and successfully implements a number of programs for the management of operational efficiency, which includes all aspects of the Company operations.
- Programs approved by the Company Board of Directors, updated according to the results of the emergence of facts of economic activity that require solving problems of a strategic and operational nature. The implementation of the established targets is monitored on a regular basis (quarter, year).

Risks

KOR-001
The risk of deviation of the volume of services for the transmission of electricity in comparison with a given value in the business plan

KOR-002
The risk of deviation of the average tariff for electricity transmission services from the value used in the formation of the KOR-006 business plan. The risk of increasing the value of operating expenses from the established for the planning period

KOR-008
The risk of deviation of the value of the debt / EBITDA indicator in comparison with the established value in the business plan

KOR-009
The risk of deviation of net profit from the value set in the business plan

KOR-010
The risk of non-fulfillment of the main parameters of the investment program

4 INCREASING THE AVAILABILITY OF POWER GRID INFRASTRUCTURE, IMPROVING THE WORK WITH CONSUMERS

Tasks for 2019 – 2022

- Implementation of the Digital CSC project within the framework of the innovative development program of PJSC IDGC of Siberia
- Development and promotion of new consumer services, taking into account the implementation of projects to transform the energy infrastructure through the introduction of digital technologies
- Increasing the level of automation of consumer information services single contact center of PJSC IDGC of Siberia
- Development and creation of a grid of charging stations in the territory of presence of PJSC IDGC of Siberia
- Development of customer interaction processes through the “Bright Country” portal
- Continuing the development of interaction with sales organizations in terms of customer service on the principle of a single window using electronic digital signature, as well as interaction with the MFC in the provision of services for receiving applications for technological connection
- Implementation of measures for the refinement and development of services of the corporate website of PJSC IDGC of Siberia
- Raising awareness and establishing feedback with consumers of services - organizing and conducting direct lines, personal and public meetings

Implementation mechanisms

- Stable socio-economic development of the regions of presence of the Company branches and increase their investment attractiveness
- Formation of customer loyalty due to quality service and full satisfaction of needs for services

Risks

KOR-003
The risk of deviation of volumes in the TP compared with the value set in the business plan

KEY OPERATIONAL RISKS REALIZED IN 2018

KOR-002 Risk of deviation of the average tariff for electricity transmission services from the value used in the formation of the business plan

Level of materiality of risk – not applicable.

The actual weighted average tariff for electricity transmission services was lower than the one planned in the business plan for the reporting period by 27 rub. per thousand. kWh (plan – 954 rub. / thsd kWh, fact – 927 rub. / thsd kWh). The decrease in the weighted average tariff was affected by the increase in the net power supply for 2018. At the same time, revenue was at the level above the plan.

The realization of risk in 2018 is related to external causes, namely:
- In the branches Altayenergo, PSPP, Omskenergo, the TBR was less developed in the business plan
- A change in the tariff-contract model for the Altainergo, PSP, Krasnoyarskenergo, Kuzbassenergo – RES branches
- A change in the structure of the productive supply of electricity

The total value of productive supply increased by 310 mln kWh.

The risk management measures are performed by the Company in full.

KOR-003 Risk of deviation of volumes under the TP in comparison with the value established in the business plan

The level of risk materiality – moderate.

The planned connection indicator was not fulfilled, with the plan of 984.6 MW, 845.4 MW (75%) were joined, which is connected with the postponement of the implementation of measures initiated by the applicants SEZ JSC (24.5 MW), Aspect LLC (8.9 MW), Lokomotiv LLC (5 MW), Altai Krupa JSC (3.6 MW), NPP SPP JSC (2.6 MW), Slobodian A.D. (1.8 MW), MKU UMI KGO (34 MW), OJSC OUK Yuzhkuzbassugol (28.8 MW), unavailability to join the applicants CJSC Vankorneft (4.9 MW), KGAU IC Avangard-STM (2.5 MW), LLC Sibles Project (3.4 MW), non-execution by the applicant during the term of the stage under an agreement with LLC TK Property (25 MW), termination of an agreement with JSC Kraseko (10 MW), early execution of the contract with the MKU Customer Service Minusinsk District (5 MW), Russian Railways OJSC (4.3 MW), Krasnoyarsk Heat Transportation Company JSC (3.7 MW).

Realization of risk is 0.053 mln rub., which corresponds to a moderate level of materiality. The Company is working on updating the demand for the TA, as well as claim work in respect of the applicants who have violated the deadlines for the implementation of measures stipulated by the terms of the TP contracts.

Thus, the Company is taking comprehensive measures to minimize the deviation of the volumes of the connected capacity from the plan.

KOR-006 The risk of an increase in the amount of operating expenses from those established for the planned period

The level of risk significance – critical.

Plan – 18,216.4 mln rub., the fact is 18,316.5 mln rub., the increase is 102.1 mln rub. (1 %). The excess of operating expenses is associated with unplanned expenses for holding the XXIX World Winter Universiade 2019 in Krasnoyarsk.

Risk management activities are carried out in full.

KOR-007 The risk of deviation of overdue receivables from that established in the business plan

Level of risk significance – critical.

The overall level of the DZ for electricity transmission services in 2018 amounted to 16,271 mln rub. with the plan of 16,438 mln rub., including overdue remote sensing amounted to 13,477 mln rub. at the plan of 12,236 mln rub. According to the results of the reporting period, the risk was realized, the fact exceeding the plan amounted to 1,241 mln rub. as a result of violation of the payment discipline of Chitaenergosbyt. The Company concluded an additional agreement on debt restructuring with Chitaenergosbyt JSC following the results of approval by the Board of Directors.

The implementation of the Schedule of measures to reduce overdue receivables for electricity transmission services, which was established on January 1, 2018, was fulfilled by 124% by the end of 2018 (with the redemption plan for 2018 of 2,263 mln rub., the fact was 2,579 mln rub.).

The risk was realized as a result of violation of the payment discipline of Chitaenergosbyt. The Company concluded an additional agreement on debt restructuring with Chitaenergosbyt JSC following the results of approval by the Board of Directors.

As a result of the claim-related work conducted by the Company to collect overdue receivables for the electricity transmission services rendered in 2018, positive court decisions were obtained in 368 court cases for a total of 2,225 mln rub. According to the results of court decisions in 2018, writs were received in the amount of 2,527 mln rub.

According to the results of the work organized by the Company to prevent the realization of the "risk of deviation of overdue receivables from the amount set in the business plan", the following was ensured:
- Meeting the schedule for reducing overdue receivables, which was established on 01/01/2018, approved by the Board of Directors on June 6, 2018 by 123% (plan – 3,566 mln rub., fact – 4,396 mln rub.)
- Performance indicator for the level of collection of funds
- Availability of cash balance on current accounts as of January 1, 2018, in an amount exceeding the planned business plan level by 77 mln rub. (plan – 40 mln rub., fact – 117 mln rub.);
- Implementation of KPI "Consolidated net cash flow"

KOR-008 The risk of deviation of the value of the debt / EBITDA indicator in comparison with the established value in the business plan

KOR-009 The risk of deviation of net profit from the value set in the business plan

The level of materiality of risk KOR-008 – significant.

The level of materiality of risk KOR-009 – critical.

Debt/EBITDA was at the level of 3.64, with the BP at the level of 2.84 provided. The increase was 0.8 units.

The decrease in net profit relative to the value established by the business plan amounted to 2,209 mln rub. (plan – 3,057 mln rub., fact – 848 mln rub.).

The decrease in net profit relative to the plan occurred including due to:
- Creating a reserve of doubtful debts in the amount of 1.4 bln rub. on receivables of JSC Khakasenergosbyt, deprived of the status of a supplier of last resort in Republic of Khakassia on the basis of the order of the Ministry of Energy of the Russian Federation of 23.03.2018 No. 179
- Reducing the cost of financial investments in subsidiaries in connection with the creation of a reserve for the depreciation of financial investments of Tyvaenergo JSC in the amount of 0.6 bln rub. and the refusal to restore the reserve of 0.3 bln rub. on shares of JSC Tyvaenergo as a result of the formation of a reserve of doubtful debts of JSC Tyvaenergo for the entire amount of overdue accounts receivable of JSC Tyvaenergosbyt due to the low recovery prospects

The realization of risks is due to external factors. At the same time, the list of risk management measures is an exhaustive and fully implemented management of the Company.

KOR-015 The risk of an accident due to the fault of the Company

Level of risk significance – critical.

By the end of 2018, the risk was realized, 4 accidents were recorded (including 3 fatalities) in the branches of Buryatenergo, Kuzbassenergo – RES, Krasnoyarskenergo.

In order to reduce the risk of injury to the Company, the Comprehensive Program to reduce the risk of injury to the Company staff for 2018 is being implemented.

As additional events:
- Approved and put into effect the organization standard CO 3.047/0 “Organization of the work of supervisors. Regulations”, which regulates the conduct of weekly inspections by specialists with a group of electrical safety of at least 4, weekly summarizes the distribution of locations of branches
- Monthly staff days are held
- approved and put into effect the organization standard CO 5.144/0 “The procedure for working with personnel on labor protection”. Regulation, which provides for the conduct of sudden inspections of working crews in electrical installations

In addition, as part of the implementation of the PR program Prevention of Electrical Injury among Children and Adults:
- Electric safety lessons were held in schools, children's camps, orphanages (in all branches of IDGC of Siberia), excursions to power facilities, round tables, straight lines and other public events
- The corresponding printing products were produced
- Informational support was provided to the program for the prevention of electrical injuries in federal, regional and district media, a “viral” communication campaign was conducted

A full list of activities carried out in the Company in 2018 in order to reduce the likelihood of risks occurring is presented in the report of the Sole Executive Body of PJSC IDGC of Siberia on managing key operational risks for 2018.

In order to increase the effectiveness of the risk management system, a Plan of Relevant Measures for 2018 was developed and approved; those responsible for the implementation of measures were appointed (order of PJSC IDGC of Siberia No. 500 dated July 17, 2017).

THUS, THE ORGANIZATION AND FUNCTIONING OF THE RISK MANAGEMENT SYSTEM OF PJSC IDGC OF SIBERIA COMPLIES WITH THE REQUIREMENTS OF THE RISK MANAGEMENT POLICY, PROVIDES AN OBJECTIVE ASSESSMENT, MONITORING AND MANAGEMENT OF KEY OPERATIONAL RISKS.

Interaction with concerned parties

One of the most important tasks of PJSC IDGC of Siberia is the timely establishment of effective communications with government authorities and public organizations.

During 2018, the Company cooperated with the press centers of civil defense and emergency situations, the Ministry of Internal Affairs, state authorities of the constituent entities of the Russian Federation, municipalities, as well as the deputies in the entire territory of the company.

Altayenergo

1. In the framework of cooperation with the Government of the region, an Agreement on socio-economic partnership between the Government of the Altay Region and the electric grid company of PJSC IDGC of Siberia has been concluded. The ground for signing the agreement was the RIF in the city of Sochi in February 2019
2. Conducting public meetings with representatives of municipalities, the business community. Discussion of technological connection issues, development of the territory
3. Implementation of the branch's investment program in accordance with the regional development plan. Interaction with the Government of the region, the purpose of which is to purposefully invest in the development of the grid complex, where necessary territory
4. Within the framework of interaction with the Main Directorate of the Ministry of Emergency Situations in the Altay Region, joint work is carried out during an emergency and ORR (flood, fire-hazardous season, and HP at power facilities)
5. Within the framework of interaction with the Ministry of Education and Science of the Territory Government, as well as the education committee of the city of Barnaul, joint work is being carried out to implement the program of electrical injury prevention among the younger generation
6. Within the framework of interaction with the Altai Chamber of Commerce and Industry and the Union of Industrialists of the Altay Region, work is underway to improve the functioning of the regional power grid complex
7. Within the framework of interaction with the Government of the Territory, work is underway to consolidate the territory's grid assets

Buryatenergo

1. Meeting with representatives of the legislative power of Republic of Buryatia – November 08, 2018
   - On-site meeting with members of the Committee of the People's Khural of Republic of Buryatia on economic policy, environmental management and ecology on the implementation of the Buryatenergo branch of PJSC IDGC of Siberia in preparing for the AWP 2018-2019. and prospects for the development of the power system of Republic of Buryatia
   - According to the results of the meeting, the deputies made a decision to recommend to the Government of Republic of Buryatia to work out the issue of providing subsidies for reimbursement of part of the costs (95% of the amount) of KFH and IP for the purchase of mini-AGEU. As well as for the reconstruction and development of the electric grid complex of Republic of Buryatia, consider the possibility of increasing the financing of the investment program of the Buryatenergo branch within the framework of tariff regulation for the period 2018-2028
2. Meeting with representatives of the business community and representatives of state and legislative authorities under the leadership of the director of the branch of PJSC IDGC of Siberia – "Buryatenergo" – December 19, 2018
   - Away meeting and a round table on the implementation by the branch of the repair and investment programs of 2018, the process of technological connection.
   - Based on the results, it was recommended that the Regional Development Fund of the Republic of Belarus and the Ulan-Ude Development Fund inform the investors and representatives of the business community about the technological connection procedure and the branch's interactive services, as well as inform the branch about the availability of investors and the timing of the projects. In addition, a number of recommendations were adopted to the Government of the Republic of Belarus.
3. Antiterrorist teachings of IDGC of Siberia – September 21, 2018
4. The event, held for the first time at the Buryatenergo branch in conjunction with the Ministry of Internal Affairs and the FSB of the region, was actively covered in the media (electronic, television, radio). When writing information materials, the Department of Public Relations of PJSC IDGC of Siberia productively interacted with the press services of the regional Ministry of Internal Affairs and the FSB
5. Single voting day on September 9 and Election of the President of the Russian Federation on March 19, 2018
6. Power engineers provided reliable power supply for polling stations. In the process of writing press releases, operational interaction was organized with the Election Commission of Republic of Buryatia
7. Assignment of the title "Honored Power Engineer of Republic of Buryatia" to Deputy Director General – Director of the Branch of PJSC IDGC of Siberia – "Buryatenergo" – June 08, 2018
8. The Head of Republic of Buryatia gave a high assessment to the work of the employees of the Buryatenergo branch. Power engineers received letters and thanks. Branch Director Andrei Medelyanov was awarded the title "Honored Power Engineer of Republic of Buryatia"
9. Launch of a new production workshop at the Instrument Making Association – July 12, 2017
10. This event became possible due to the agreement of the Government of the Republic with PJSC ROSSETI, which provides for the supply of Buryat products for the needs of the energy sector of Russia. The event was widely reported in the media, in the preparation of a press release, interaction was built with the press service of the Government of Republic of Buryatia
11. A working meeting chaired by the Deputy Minister of Energy of the Russian Federation Vyacheslav Kravchenko with representatives of the fuel and energy complex of the Republic – May 5, 2018
12. At the meeting, the program for the development of the electric power industry in Republic of Buryatia for 2018-2022. presented by the General Director of PJSC IDGC of Siberia. Pavel Akilin said that the main trend in the development of the Republic's power grid complex in the next 5 years will be an increase in the reliability of power supply to consumers in Buryatia and electrify isolated villages and remote peasant farms
13. The event became a large-scale platform for discussing the strategy for the development of the infrastructure complex, as well as the presentation of promising projects of industrial and innovation potential of Buryatia. Coverage in most media of the Republic
14. Russian Investment Forum – February 15, 2018
15. The Director of the Buryatenergo branch as part of the delegation of PJSC IDGC of Siberia took part in the work of the RIF, in particular, at the Territory of Rosseti

site. PJSC ROSSETI in Sochi presented a strategy for building a digital grid in Russia until 2030. The event was covered in the federal media.

16. DSO organized constant interaction:
    - With the press services of the municipal administrations and the education departments of the Ministry of Defense of the Republic, as well as with the press service of the State Traffic Safety Inspectorate for the Republic of Belarus on the prevention of electrical injuries (actions are held to distribute printing products of PJSC IDGC of Siberia), on the participation of schoolchildren in specialized competitions (ROSSETI Olympiad)
    - With the press service of the General Directorate of the Ministry of Emergency Situations in Republic of Buryatia on emergency recovery work for technological violations
    - With the press services of educational institutions of Republic of Buryatia on the interaction of the branch with SUZs and universities (student detachments, employment of graduates, etc.)
    - Non-profit organizations, incl. Union Young Professionals (WorldSkills Russia), KWN of Republic of Buryatia, the creative association AMiK, BRO All-Russian Electrical Trade Union, etc.

PSP, Republic of Altay

1. Systematic interaction with the press center of the Directorate of the EMERCOM of Russia in the Republic of Armenia, interaction with the press center of the Government of the Republic of Altay and municipalities in the framework of eliminating negative social grids and media:
    - On the elimination of accidents at the electric grid facilities
    - Conducting joint exercises with real actions to eliminate accidents with a deployed field kitchen, broadcasting in the media
    - On technological connection
    - Operation of metering devices, tariff setting, power outages, elimination of technological violations
2. International Forum Russian Energy Week – 2018, which was held from 3 to 6 October in Moscow. A memorandum of cooperation was signed between Hevel companies, PJSC IDGC of Siberia and the French company SAFT about installing a drive on Kosh-Agachskaya SES to save 1 MW of electricity

Krasnoyarskenergo

1. During 2018, the Krasnoyarskenergo branch interacted with the press centers of civil defense and emergency situations, the Ministry of Internal Affairs, state authorities of the constituent entities of the Russian Federation, municipalities, as well as the deputy corps throughout the Company presence
    - Joint exercises on handling of interaction in cases of emergency situations (in case of massive power supply limitation)
    - Training to work out actions in limiting the power supply of the Universiade objects
    - Universiade Headquarters
    - Public meetings with residents of the region
    - All-Russian Power Engineering Exercises on the territory of Krasnoyarsk
    - The result is a positive background in the media, the removal of a number of problematic issues
2. As part of building a constructive dialogue with leading industry experts, the Krasnoyarskenergo branch took part in major public events:
    - As a speaker at the Siberian Energy Forum. The main topics of discussion: the development of the power supply grid of the Krasnoyarsk Region, technological connection, interaction in the local grid operator
    - Meetings with representatives of government and business, the Consumer Council, deputies of the Legislative Assembly of the Krasnoyarsk Region. The main topic of discussion was the issues of technological connection of consumers to power grids

Kuzbassenergo-RES

1. Civil Defense and Emergency Situations – operational interaction in emergency situations in order to fully and objectively inform consumers, the Ministry of Internal Affairs and the authorities to resolve issues of reducing receivables from territorial grid companies in the region
2. Meetings and meetings with the head of the executive branch – execution of a previously signed regulatory agreement, issues of tariff regulation of adjacent grid companies, implementation of large socially significant investment projects for the region, in particular, transfer to the centralized power supply of remote villages of the Tashtagol district

Omskenergo

1. Pavel Livinsky, General Director of Rosseti, discussed the priority areas for the development of the Omsk Region power grid with the acting Governor of the region, Alexander Burkov. The head of IDGC of Siberia, Vitaly Ivanov also took part in the working meeting. During the meeting, issues related to the passage of the autumn-winter peak loads in the region, modernization of the electric grid infrastructure, interaction with consumers, as well as other aspects of the development of the electric grid complex of the subject were touched upon. The parties also agreed to hold large-scale exercises in the region involving the forces of the Ministry of Emergency Situations, local Local grid operators and district administrations in order to work out the interaction in eliminating technological disruptions at power grid facilities
2. Working meeting of Vitaly Ivanov, General Director of PJSC IDGC of Siberia, First Deputy Chairman of the Omsk Region Government, Valery Boyko, and Director of IDGC of Siberia Branch – Omskenergo, Sergei Modenov. The key topic of discussion was the digitization of the regional power grid complex. During the meeting, Vitaly Ivanov recalled that in a message to the Federal Assembly, President of the Russian Federation Vladimir Putin paid special attention to issues of digitalization of the economy, including in the power industry. Omskenergo, the branch of IDGC of Siberia, will direct almost 250 mln rub. to digitize grids in 2018. The meeting participants noted that a significant obstacle to the digitalization of the grid complex could be the fragmentation of grids. Today, more than 30 territorial grid organizations operate in the region, most of which do not plan to invest in the digitization of power facilities. In addition, there are ownerless, in-emergency power lines and substations in the region, which are not only a serious problem for the energy supply system, but also a direct threat to people's lives. The consolidation of energy assets on the Omskenergo balance sheet will allow the enterprise to create a full-fledged digital grid covering the entire Omsk region
3. Celebrations to the 75 th anniversary of the Omsk energy system: with the participation of the governor of the Omsk region A. L. Burkov, together with the press service of the governor of the Omsk region, with the press service of the Ministry of Construction and the housing and communal complex of the Omsk region, the leading media of the region
4. Raids on the prevention and control of energy stealing – jointly with Omskenergo, the press service of the Ministry of Internal Affairs, the regional media
5. Large-scale training exercises for the preparation of the AWP (Omskenergo profile units, the Emergencies Ministry, the Government of the Omsk Region, the city of Omsk, districts of the region). Media coverage in cooperation with the press service of Omskenergo, the Ministry of Emergency Situations, the regional media, with the support of the press service of the Omsk Region Government
6. Participation in the All-Russian festival “Together Brighter”, the organization of events of regional importance – together with the press service of the Government of the Omsk Region, the Ministry of Economy of the Omsk Region, the press service of the Education Department of the city of Omsk
7. Interaction with public organizations (in particular, OPORA Russia), management companies, representatives of the regional ministry of construction and specialized departments of the Omsk city administration – organizing and conducting public councils, consumer councils together with the press service of OPORA Russia, regional media, district media
8. Conducting public councils in the districts of the Omsk region – together with the leadership of municipalities, district media

Khakasenergo

1. Representatives of the Company agreed with the Emergency Situations Ministry of action and a special mode of operation during the period of severe frosts in January-February 2018. -
2. The Government of Republic of Khakassia supported the process of transferring the functions of a supplier of last resort to the Khakasenergo branch in the context of creating comfortable conditions for consumers.
3. Large-scale exercises of IDGC of Siberia in Khakassia in November 2018.
4. In conjunction with the Ministry of Internal Affairs of the Republic of Armenia, a set of preventive measures for children's electrical injuries was conducted. 12 events in different districts of Khakassia, organized with the help of ODN.

Chitaenergo

1. In 2018, we actively cooperated with the press service of the Main Directorate of the EMERCOM of Russia in the Zabaikalye Region in the work on the prevention and elimination of technological violations caused by flooding (July-August). As a result of the joint work, it was possible to prevent panic among the population, consumer dissatisfaction associated with the power outage of negative publications in the media. In the same way, in close cooperation with the Ministry of Emergency Situations, the branch fulfills all technological violations. In addition, there is a joint activity on training exercises, training.
2. Systematic cooperation is maintained by the press service of the Government of the Zabaikalye Region, government bodies, and district administrations. In May 2018, Sergey Menyaylo, plenipotentiary representative of the President of the Russian Federation in the Siberian Federal Territory, visited the facilities of the electric grid complex of Chita in the Transbaikalia and held a meeting on improving the reliability of the Chita electric grid complex and power grid consolidation. The joint work on the organization, conduct and media coverage of the event made it possible to draw public attention to the enormous importance of the task of consolidating grids in Chita and minimize the risks of negative consumer perception of the possibility of transferring grids to the ownership of IDGC of Siberia.

FORUMS

As part of building a constructive dialogue with the leading experts of the industry, PJSC IDGC of Siberia took part in 9 major public events. Among them are participation in the Krasnoyarsk Economic Forum (Krasnoyarsk), the St. Petersburg International Economic Forum (St. Petersburg), the Russian Investment Forum (Sochi), the International Forum "Russian Energy Week" (Moscow), the Forum "Electrical grids" (Moscow) and the Siberian Energy Forum (Krasnoyarsk).

Forum	Mode of participation
Krasnoyarsk Economic Forum (Krasnoyarsk)	Took part Akilin Pavel Evgenievich – the first deputy general director
St. Petersburg Economic Forum (St. Petersburg)	The General Director of IDGC of Siberia, Vitaly Ivanov, made a presentation at the panel discussion "Digital Transformation of the Electric Power Industry of Russia: Preparedness for Challenges, Openness to Opportunities", during which participants discussed specific steps for digital transformation and the main stages of building a digital grid. Also during the forum, the company representatives held a number of working meetings with the heads of the regions on whose territory IDGC of Siberia works. A memorandum of understanding was signed between IDGC of Siberia and the Russian representative office of the French company SAFT
Russian Investment Forum (Sochi)	The delegation of IDGC of Siberia, headed by General Director Vitaly Ivanov, took part in the congress and exhibition venue "Territory of Rosseti". The main topic for discussion at the plenary discussion was the strategy of building a digital grid in Russia
International Forum Russian Energy Week (Moscow)	IDGC of Siberia, the group of companies Hevel and the French company SAFT signed a memorandum of cooperation. As part of the agreements, a storage unit will be installed on the territory of the Republic of Altai to save electricity generated at solar power plants and to be transferred to consumers through the grid complex. The implementation of a unique project will significantly improve the reliability of the region's energy supply, eliminate energy shortages, and create new jobs
Forum Electrical Grids (Moscow)	The General Director of IDGC of Siberia, Vitaly Ivanov, together with the Minister of Energy of Russia Alexander Novak and the head of Rossetti, Pavel Livinsky, took part in the examination of the exhibition and in the working program of the forum
Siberian Energy Forum (Krasnoyarsk)	The General Director of IDGC of Siberia, Vitaly Ivanov, made a presentation "The energy system of the Yenisei Siberia in the figure – HYIP or reality? Experience of IDGC of Siberia in plenary session. It was particularly about pilot projects: six digital substations and nine digital areas of electrical grids. Among the projects implemented is Russia's first digital substation 110 kW "Im. Mn Smorgunova. Also at the forum was presented the stand of IDGC of Siberia

In 2018, PJSC IDGC of Siberia was among the best energy companies in Russia in the field of communications based on the All-Russian Media-Fuel and Energy Complex contest, which was won four times by the Public Relations Department of IDGC of Siberia. This victory was the result of the systematic work of the DSO with the regional, federal media, the blogger community and the public in informing about the Company activities and creating a positive image of PJSC IDGC of Siberia.

Innovative activities

Key areas of the Innovative Development Program of PJSC IDGC of Siberia

1. **Transition and large-scale implementation of digital substations of a voltage class of 35-110 (220) kW**
2. **Transition to digital active-adaptive grids with distributed intelligent automation and control systems**
3. **Transition to the integrated efficiency of business processes and automation of management systems**
4. **Application of new technologies and materials in the power industry**

COSTS OF THE MAJOR INNOVATIVE ACTIVITIES

Item No.	Directions of innovative development	Planned costs, mln rub. (net of VAT)	Actual costs, mln rub. (net of VAT)
1	Transition to digital substations of various voltage classes	Not planned	0
2	Transition to digital active-adaptive grids with distributed intelligent automation and control systems	1,162.30	1,175.69
3	Transition to the integrated efficiency of business processes and automation of management systems	161.85	175.2
4	The use of new technologies and materials in the power industry	15.15	15.44

The costs for the purchase of innovative products (technologies, solutions, goods, works, services, determined by the approved innovative development program of PJSC IDGC of Siberia) in the reporting year were:
- The planned value – 1,339.3 mln rub. excluding VAT
- The actual value – 1,366.33 mln rub. without VAT

In the direction **“Transition to digital substations of various voltage classes” in 2018, PJSC IDGC of Siberia launched the implementation of pilot projects “Digital Substation”**:

- Reconstruction of the 35/10 kW Substation Prudskaya (Altaienergo)
- Reconstruction of the 35/10 kW Omskaya substation (Omskenergo)
- Reconstruction of the 35/10 kW Verkh-Chita substation (Chitaenergo)

The goal of these innovative projects is to create substations with a high level of automation of technological process management, equipped with developed information technology and control systems and facilities (Automated system of monitoring and diagnostics, Automated system of technological process management, automated measuring and information system for electric power fiscal metering, Coefficient of ecological and economic effect, Relay Protection and Automation Devices), in which all the processes of information exchange between substation elements and external systems, as well as substation operation control are carried out in digital form based on IEC protocols.
At the same time, the primary power equipment of the digital substation and the components of information technology and control systems will be functionally and structurally oriented to support digital data exchange.

In 2018, PJSC IDGC of Siberia concluded contracts for the design and exploration work. The completion of activities on pilot projects Digital Substation is scheduled for 2020-2021.

In the framework of the direction of innovation development **“Transition to digital active-adaptive grids with distributed intelligent automation and control systems”, in 2018, PJSC IDGC of Siberia launched the implementation of pilot projects of “Digital PDZ”:**
- Pavlovsky Distribution Zone, Production Department Central Electric Grids, pilot zone of distribution grids from Pavlovskaya 110/10 kW substation (Altaienergo)
- Pribaykalsky Distribution Zone of Production Department BES, pilot zone of distribution grids from 110/35/10 kW substation Pribaykalskaya (Buryatenergo)
- Mayminsky Distribution Zone, pilot zone of distribution grids from 110/10 kW Substation Mayminskaya (Gorno-Altai Electric Grids)
- Yemelyanovsky Distribution Zone of Production Department KES, a pilot zone of distribution grids from 110/35/10 kW Ozernaya substation (Krasnoyarskenergo)
- Topkinsky Distribution Zone, Production Department of North-Eastern Electric Grids, pilot zone of distribution grids from 35/10 kW substation Shishinskaya (Kuzbassenergo RES)
- City RES of POS ZES, a pilot zone of distribution grids from 35/10 kW substation Omskaya (Omskenergo)
- Chita Distribution Zone of Central Electric Grids, pilot zone of distribution grids from 35/10 kW Verkh-Chita substation (Chitaenergo)
- Ust-Abakansky Distribution Zone, pilot zone of distribution grids from Kalininskaya 110/10 kW substation (Khakasenergo)

The goal of these projects is to create a highly automated distribution electrical grid, ensuring observability and controllability through digital communication systems and equipment, supporting IEC protocols, controlled in real time and tracking the parameters and modes of operation of all participants in the transmission and consumption of electrical energy, supporting self-diagnosis functions and self-healing, ensuring the functioning of the energy management system Blain, intelligent adaptation modes of operation and automatic modes of synchronization with consumers and distributed generation devices, as well as keeping the intelligent consumed and the produced electric energy.

In 2018, all branches of the Company signed contracts for the design and exploration work. The completion of measures for the pilot projects of the **“Digital PDZ** ” is scheduled for 2020.

Also within the framework of this direction, in the reporting year, a comprehensive innovative project **“Creation of smart electricity metering systems, with the possibility of integration into a unified management system providing remote control functions and issuing information about grid operation parameters** ” was carried out.

In 2018, an innovative project **“Intelligent switching devices (reclosers) 6-35 kW with integrated connection controllers and the possibility of combining into a single management information system”** was also carried out, the purpose of which is to introduce elements of an active-adaptive grid with a distributed intelligent control system (recloser) requiring maintenance and repairs, with high performance and telecontrol and alarm system, which increases reliably ti electricity consumers and power quality, reduced operating costs.

Within the framework of the **“Transition to the integrated efficiency of business processes and automation of management systems”, in 2018, a comprehensive innovative project “Modernization of operational hardware and software complex to provide dispatch, technological and situational management (SCADA)”** was carried out, the purpose of which is to create the ASTU software and hardware complex , DMS, OMS, GIS), using a single information model of the electrical grid, providing reception, storage, display, processing and analysis of all types of operational and non-operational tons lemetrical information, manual input data, information received from adjacent technological and corporate automation systems for managing the operation and development of the electrical grid, as well as providing remote monitoring and dispatcher control functions for power facilities to automate the process of collecting and displaying information on the state of the primary equipment of the power grid complex, to quickly determine the location of the accident, which in turn will reduce the interruption of power supply and smart It is time to eliminate technological violations.

In 2018, in the branch of PJSC IDGC of Siberia Omskenergo, the project **"The use of new technologies and materials in the power industry"** was carried out on the reconstruction of Substation Tara with the installation of a 110 kW controlled shunt reactor. This measure is necessary to normalize and smoothly regulate voltage levels on buses of 110 kW substations in the northern regions of the Omsk region, where the voltage levels in some substations exceed the permissible values and do not meet the requirements of the international standard IEC 38-83. The installation of a controlled shunt reactor at the 110 kW Tara substation will reduce electrical energy losses in 110 kW grids.

COOPERATION WITH HIGHER EDUCATION ESTABLISHMENTS

In PJSC IDGC of Siberia, there are 13 cooperation agreements with universities of the Siberian region providing training in electric power specialties. The key partners of the Company are:

1. FSBEI of HE Altai State Technical University. I. I. Polzunova, Barnaul
2. FSBEI of HE East-Siberian State University of Technology and Management, Ulan-Ude
3. FSBEI of HE Kuzbass TF Technical University Gorbachev, Kemerovo
4. FSAEI of HE Siberian Federal University, Krasnoyarsk
5. Khakassky Technical Institute – a branch of FSAEI of HE Siberian Federal University and FSBEI HPE KSU named after N.F. Katanova, Abakan
6. FSBEI of HE Omsk State University of Communications, Omsk
7. FSBEI of HE Omsk State Technical University, Omsk
8. Federal State Budgetary Educational Institution of Higher Education Transbaikal State University, Chita
9. FSBEI HE Irkutsk National Research University, in respect of which the Company performs the functions of coordinator of interaction with companies of the Rosseti Group

In the partner universities there are basic departments created with the assistance of the Company

- Branch of the Department Power supply of industrial enterprises of the Altai State Technical University. I. I. Polzunova on the basis of the branch of PJSC IDGC of Siberia – Altaienergo
- Branch of the Department Power supply of mining and industrial enterprises of the Kuzbass State Technical University. T. F. Gorbachev on the basis of Kuzbassenergo-RES, a branch of PJSC IDGC of Siberia
- The base department of the Omsk State University of Communications on the basis of the branch of PJSC IDGC of Siberia – Omskenergo
- The base department of Electric Power Industry of the Khakass Technical Institute – a branch of the Siberian Federal University on the basis of the branch of PJSC IDGC of Siberia – Khakasenergo

In accordance with the Order of PJSC ROSSETI dated October 6, 2016 No. 426r "On Approval of the Concept of Interaction of Companies of the ROSSETI Group with Educational Organizations", IDGC of Siberia approved a Program of Interaction with Educational Institutions, the purpose of which is to implement a systematic approach to interacting with educational institutions, and providing following areas of work:

- Career guidance activities
- Organization of work of student energy groups
- Organization of practice of students, including paid
- Targeted training in universities in the framework of budgetary places and providing scholarship support to target groups
- Participation in educational activities – updating of curricula, the formation of the subject of final qualification works, participation in state examination commissions
- Organization of internships for teachers at the Company facilities
- Participation in the modernization of educational bases – equipping classrooms, laboratories, departments
- Attracting students and teachers of educational institutions to competitions of scientific works conducted by the Company
- Training and advanced training of the Company employees

INNOVATION DEVELOPMENT PLANS

In accordance with the R&D Program, in 2018 the following activities were performed at PJSC IDGC of Siberia:

- Research Formation of an electronic database of energy supply facilities at remote, including those without technological connection with the energy infrastructure of the territories located in the area of responsibility of PJSC IDGC of Siberia and the development of methods for integrated power supply solutions based on distributed energy sources, including the number of renewable
- Research Study of the complex of technical solutions necessary for the implementation of technological connection of generating plants to the 6-20 kW electrical grid;
- Research Development of a unified integration platform of information systems of PJSC IDGC of Siberia

2018 RESULTS

In 2018, three licensing agreements were signed on the use of R&D results of PJSC IDGC of Siberia:

1. License agreement dated January 26, 2014 No. 43.4000.48.18 with LLC Plant of Metal Structures of Siberia (LLC ZMK of Siberia) for the right to use the utility model Fast-mounted power transmission line support
2. License agreement No. 43.4000.477.18 dated November 23, 2014 with SevZapRegionStroy LLC for the right to use the rights to utility models "Mushroom foundation with keyway of the support plate and stand" and "Mushroom foundation with the bolt joint of the support plate and rack"
3. License agreement dated November 11, 2018 No. 43.4000.457.18 with PJSC Uyarzhelezobeton (PJSC UZhBK) for the right to use the utility models Mushroom foundation with keyway and base plate spigot and Mushroom foundation with bolt joint of the base plate and rack

Cost structure of the Innovation Development Program, mln rub.

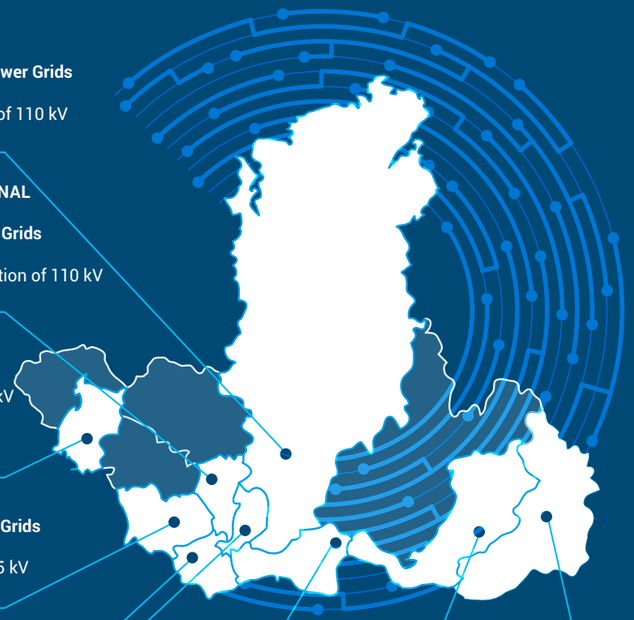
Name of the indicator	2016	2017	2018	2018 (plan)	2019
Energy efficiency improvement	–	–	–	–	–
Development of new technologies in production	–	13.26	15.44	15.15	125.21
Quality control system	–	–	–	–	–
Cooperation with universities and research organizations	2.08	1.59	2.05	0.6	0.6
Modernization of existing facilities	–	–	–	–	–
R&D plan	4.82	29.15	43.15	45.15	63.09

Purchases of innovative products

Name of the indicator	2016	2017	2018	2018 (plan)	2019
Volume of purchases of innovative products/services, mln rub	452.17	688.25	1,366.33	1,339.30	926.72
Share of purchases of innovative products/services in total purchases, %	8.20	9.34	10.10	4.00	4.00
Number of patents	117	116	113		

DIGITAL TRANSFORMATION OF IDGC OF SIBERIA

MAP OF DIGITAL PILOT PROJECTS



KRASNOYARSKENERGO
Emelyanovsky Regional Power Grids
318 mln rub.
Molodezhnaya substation of 110 kV
408 mln rub.

KUZBASSENERGO REGIONAL POWER GRIDS
Topkinsky Regional Power Grids
198 mln rub.
Novo-Chertinskaya substation of 110 kV
339 mln rub.

OMSKENERGO
City Regional Power Grids
130 mln rub.
Crystall substation of 110 kV
440 mln rub.
Omsk Substation of 35 kV
170 mln rub.

ALTAYENERGO
Pavlovsky Regional Power Grids
183 mln rub.
Prudskaya Substation of 35 kV
309 mln rub.

GORNO-ALTAY POWER GRIDS
Mayminsky Regional Power Grids
116 mln rub.

KHAKASENERGO
Ust-Abakan Regional Power Grids
126 mln rub.

TYVAENERGO
Kaa-Khemsky Regional Power Grids
733 mln rub.

BURYATENERGO
Pribaykalsk Regional Power Grids
116 mln rub.

CHITAENERGO
Chitisnky Regional Power Grids
144 mln rub.
Verkh-Chita substation of 35 kV
60 mln rub.

6 → 2018–2022
digital substations

9 → 2018–2020
digital districts of power grids

3.4 bln rub. of investments to Siberian Federal District

DIRECTION OF DIGITAL TRANSFORMATION

Expenses, mln rub	2018	2019	2020–2024	2025–2040
Intellectual accounting	26% (1 915)	34% (2 400)	50% (4 500)	100% (14 000)
Grid automatization	14% (2 000)	17% (3 900)	65,1% (10 100)	100% (330 000)
Integrated management system	18% (350)	31% (500)	67% (4 300)	100% (18 000)

STATUS OF DIGITAL TRANSFORMATION

- Introduction to concept of Digital transformation 2030
- Development of program “Digital transformation 2030”
  - Design initiatives
  - Efficiency indicators
- Development of strategy “Digital transformation 2040”
  - Goals of Company
  - Transformation of Business Processes
  - Milestones and KPI
  - Project portfolio

PROJECTS

1 IMPLEMENTED:
Digital centre of grid management
240 mln rub. of investments

2 IMPLEMENTED:
Digital substation named after M.P.Smorgunov
340 mln rub. of investments

3 AT A STAGE OF IMPLEMENTATION:
Digital substation “Molodezhnaya”
346 mln rub. of investments

IN 2019 KRASNOYARSK WILL BECOME THE FIRST CITY IN RUSSIAN WITH TWO DIGITAL SUBSTATIONS

CONTROLLED SHUNT REACTOR

In 2018, in the branch of PJSC IDGC of Siberia Omskenergo implemented the project "The reconstruction of Substation Tara with the installation of a controlled shunt reactor with thyristor control (CSRT) 25 Mvar, 110 kW" within the program section "Application of new technologies and materials in the power industry".

CSRT is one of the types of Static thyristor compensator (STK).

CSRT IS A UNIQUE DOMESTIC PRODUCT THAT HAS NO ANALOGUES IN WORLD PRACTICE.

CSRT is a transformer, on the secondary winding of which thyristor valves are turned on, and can provide a reduction in voltage fluctuations, as well as balancing (balancing) the voltages across the phases caused by the presence of a powerful asymmetrical load. In this case, the phase-by-phase control of reactive power is used.

To control the power of the device, thyristor valves are used that control the current of the valve winding of the device. By changing the magnitude of the current of the valve winding, an inertia-free regulation of the magnetic flux in the core of the reactor is achieved, which ensures a high rate of change in power in any direction. Automatic power control is made according to the deviation of the measured three-phase voltage.

The reactors allow to ensure smooth adjustment of reactive power with high speed in order to unload the equipment of grids and substations from reactive power flows and reduce losses in this equipment, stabilize the voltage on the substation buses, and increase the static and dynamic stability of the power system.

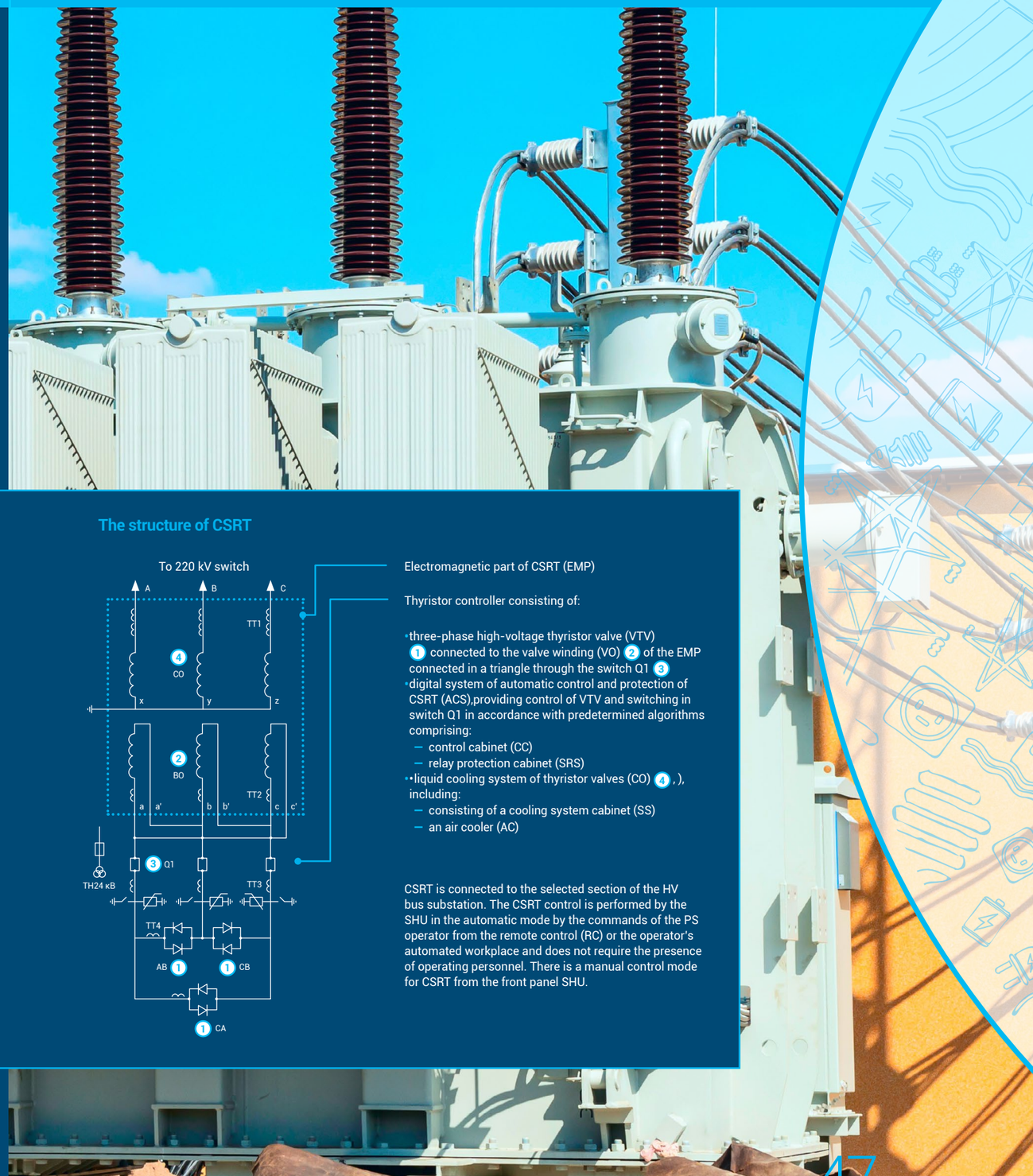
The implementation of this project is necessary for the normalization and smooth regulation of voltage levels on buses of 110 kW substations in the northern regions of the Omsk region, where the voltage levels in some substations exceed the allowable values.

Installing CSR at 110 kW substation Tara will also reduce power losses in 110 kW grids.

Completion of construction is scheduled for 2020, according to the results of 2018 project documentation was developed for this project, construction and installation works of the main electrical equipment are underway.

CSRT has the following advantages over STK with transformer connection:

- **high reliability of the circuit, since the short-circuit mode for CSRT is nominal**
- **ability to perform at any desired voltage class**
- **reducing the size, cost and losses in the JCC as a whole**



The structure of CSRT

Electromagnetic part of CSRT (EMP)

Thyristor controller consisting of:

- three-phase high-voltage thyristor valve (VTV) 1 connected to the valve winding (VO) 2 of the EMP connected in a triangle through the switch Q1 3
- digital system of automatic control and protection of CSRT (ACS),providing control of VTV and switching in switch Q1 in accordance with predetermined algorithms comprising:
  - control cabinet (CC)
  - relay protection cabinet (SRS)
- liquid cooling system of thyristor valves (CO) 4 ,), including:
  - consisting of a cooling system cabinet (SS)
  - an air cooler (AC)

CSRT is connected to the selected section of the HV bus substation. The CSRT control is performed by the SHU in the automatic mode by the commands of the PS operator from the remote control (RC) or the operator's automated workplace and does not require the presence of operating personnel. There is a manual control mode for CSRT from the front panel SHU.

WE CREATE OPPORTUNITIES
FOR BETTER LIFE CONDITIONS IN THE REGIONS OF PRESENCE

REPUBLIC OF ALTAY

STRATEGIC TASKS THE REGION DEVELOPMENT

- Strategic priorities of social and economic development of the Republic of Altai perspective till 2035 are following the development of the most perspective sectors of the economy: tourism; agro-industrial sector; food-processing industry; sanatorium complexes; biopharmaceutical complexes; power sector.
- According to long-term forecast of social and economic development of the Republic of Altai expected to increase gross of regional product, of the volume industrial production - to 6 times, of the volume of civil works - to 6,8 times, of the population - to 4,1%

DEVELOPMENT PLANS FOR THE POWER COMPLEX

- IDGC of Siberia plans to carry out a technological connection of solar generation:

2019

Mayminskaya SES – Phase 2 LLC AvelarSolar Technology 5.0 Republic of Altay, Mayminsky district;
Ust-Koksinskaya SES – 3 turn 15.0 Republic of Altay, Ust-Koksinsky District.

2020

Chemal SES 10 mW, Republic of Altay, Chemal District;
Republic of Altay 25 MW, Shebalinsky District.

2023

Turochak SES 25 MW, Republic of Altay, Turochaksky District

- Development of energy infrastructure, engineering electrical communications of the Republic of Altai, improving energy efficiency and reducing losses in the transmission and distribution of electricity.
- Reconstruction of the Substation -35/6 kW Prudskaya with the transfer of 110 kW power supply (replacement of the power source 2 * 10 to 2 * 10MVA).
- Reconstruction of a 35 kW overhead line PE -332, EV-325, C-325 (120 km) (replacement of village with support for w / b, replacement of wire).

In the framework of the implementation of a pilot project "Digital PDZ" planned to complete in 2020 launching of the Pavlovsky Distribution Zone from Central Electric Grids and development of distribution grids from Pavlovskaya 110/10 kW substation (Altaienergo).

TECHNOLOGICAL CONNECTION OF THE ATLANT ICE PALACE IN THE REPUBLIC OF ALTAY

The palace is being built at the expense of the federal budget at the direction of the president of the Russian Federation VV Putin. Construction is scheduled to be completed by mid-May 2019. The actual technological connection was completed on 12/13/2018.

We very closely interact with IDGC of Siberia in the weekly mode. I would give a very good assessment of the preparation of grids for the winter. In fact, this year the power engineers shook up all the grids, set up supports where needed, substations and so on. And thanks to this, the Republic of Altay today is in the zone of high reliability of power supply. Thanks you!

Robert Paltaller
First Deputy Prime Minister of the Republic of Altai

REPUBLIC OF BURYATIA

Strategic tasks the Region Development

IN ORDER TO BECOME AN IMPORTANT PART OF WORLD TRANSPORT CORRIDORS, REPUBLIC OF BURYATIA SHOULD ENSURE THE DEVELOPMENT OF TRANSPORT, ENERGY, COMMUNICATION INFRASTRUCTURE AT THE WORLD LEVEL AND PARTICIPATE IN THE IMPLEMENTATION OF NATIONAL PROJECTS IN THESE AREAS.

Strategy of social and economic development of Republic of Buryatia for the period up to 2035 is directed to infrastructure development.

Achieving the goal and implementation of priorities is based on the following tasks:
- formation of high quality of life of the population and conditions for the realization of human capital;
- modernization and innovative development of industries based on the principles of an environmentally-oriented economy and competitiveness in world and domestic markets;
- creation of a favorable investment climate for mobilization of the republic's own investment reserves and attraction of foreign domestic and foreign investments;
- ensuring dynamic and sustainable business development, the creation of new jobs, the growth of budget revenues and the population;
- formation of a self-sufficient and competitive agro-industrial complex on the basis of green modernization of technologies;
- formation of a comfortable environment for living of the population and risk-free business activities.

If the light goes out - everyone notices this, life stops. All socially significant objects tied to energy. Now we are signing an agreement with Rosseti. It aims to ensure that we jointly consider the investment program, separate measures for the digitalization of grids, which will improve the quality of grid management and their reliability, serve the public, reduce losses.

Alexey Tsydenov
Head of Republic of Buryatia

DEVELOPMENT PLANS FOR THE POWER COMPLEX

Program for the development of the electric power industry of Republic of Buryatia provides for:
- ensuring the reliability of the electric power system;
- expansion of the glades of 6-110 kW overhead lines;
- reconstruction of 35-110 kW overhead lines;
- measures for the reconstruction of existing and the installation of new devices RH and PA;
- replacement of OD-KZ with gas-insulated switches;
- complex reconstruction of electrical grids of 0.4-10 kW;
- replacement of equipment of 35-110 kW substations.

- Provision of technological connection of new consumers at the expense of:
  - reconstruction of closed main substation of 35-110 kV;
  - construction of 35-110 kV substation, 10-110 kV OPL, technological connection of 10/0,4 kV.
- Provision of power supply of population centre and farm holdings remote power grids by:
  - construction of 10 kV, technological connection of 10/0,4 kV;
  - installation of diesel and generator plants together with photovoltaic power plants.
- Providing of development of co-operation of businessmen of Republic Buryatiya with large manufacturers of electrical production.

In the framework of pilot projects of “Digital PDZ” plan to complet in 2020 Pribaykalsky Distribution Zone of Production Department BES, pilot zone of distribution grids from 110/35/10 kV substation Pribaykalskaya (“Buryatenergo”).

THE IDGC OF SIBERIA-BURYATENERGO REPAIR PROGRAM

In 2018, the IDGC of Siberia-Buryatenergo repair program amounted to 420 million rubles, and the investment program - 954 million rubles. The funds were used for the repair of overhead lines, substations, reconstruction of transformer substations and replacement of supports. There were also implemented measures for technological connection of consumers and modernization of retail electricity market metering systems.

420 mln rub.
amounted the IDGC of Siberia-Buryatenergo repair program in 2018

954 mln rub.
amounted the IDGC of Siberia-Buryatenergo investment program in 2018

~972.1 km
overhead power lines were commissioned as a result in 2018

REPUBLIC OF KHAKASSIA

STRATEGIC TASKS THE REGION DEVELOPMENT

Priorities for a regional development program:
- increase in the quality of life of the population and poverty reduction;
- reducing social tensions in single-industry municipalities of Republic of Khakassia;
- improving the sustainability of the budget system;
- creating a competitive structure of the economy, reducing mono-profile;
- creation of high-tech industries, providing import substitution and growth of export potential.

DEVELOPMENT PLANS FOR THE POWER COMPLEX

IDGC of Siberia actively assists the region in the implementation of a number of federal and republican projects for the development of the industrial potential of Khakassia. These include:
- the creation of the Beysky coal cluster;
- the development of metallurgical production based on mines in Abaza and Vershina Tyi;
- the construction of a plant for the production of electrolytic metal manganese in the village of Tuim;
- the creation of a repair and logistics center on the basis of the Abakanvagonmash enterprise;
- the development of a tourist zone in Ordzhonikidze district.

Tasks of IDGC of Siberia in the region:
- minimization of restrictions on the reception and delivery of power in individual power systems and nodes;
- bringing the parameters of power grid facilities to regulatory requirements for the reliability of power supply to consumers;
- implementation of a program to reduce electricity losses in electrical grids;
- development of alternative energy sources (Abakan solar power station);
- development of electrical connections between the main energy zones to ensure the balance of power flows and the realization of intersystem effects from the joint operation of the united energy systems in the UES of Russia.

In the framework of the implementation of pilots project "Digital PDZ" planned to complete in 2020 building of the Ust-Abakansky Distribution Zone and launching of the pilot zone of distribution grids from Kalininskaya 110/10 kW substation (Khakasenergo).

KHAKASENERGO CONNECTED MAYRYKHSKY COAL CUT TO THE POWER GRIDS

To the object provided 3,000 kWt of the powercapacity, it is enough for normal work and subsequent development of coal-mining enterprise. 110/35 kW Rajkovo substation became the power supply for Mayrykhsky coal cut. Subsidiary specialists conducted in due time all necessary technological events on connection to the electric systems. For power capacities reception coal company constructed a modern substation of voltage 35 kW and maximum capacity no less than 8,900 kWt. Managing Company of Mayrykhsky coal cut expected to extract 1 million tons of coal in year.

The work of power engineers of IDGC of Siberia to ensure the functioning of the power grid complex of Khakassia in 2018, to ensure the successful passage of the autumn-winter period, a 15% reduction in the accident rate in the electricity grid during the heating season. Power engineers responsibly fulfill their obligations, despite the heavy financial burden that lay on the company after the adoption of the functions of a guaranteeing supplier from April 1, 2018.

Valentin Olegovich Konovalov
Chairman of the Government of Republic of Khakassia

ALTAY REGION

STRATEGIC TASKS THE REGION DEVELOPMENT

The development scenario of the Altay Region is implemented within the framework of the scenario of accelerated growth of the country and implies increased economic growth rates based on a more intensive inflow of investments and the most favorable conditions on world food markets. A high growth rate will be achieved due to intensive renovation of the production base in such sectors as engineering, construction, real estate operations, services, including tourism. It is planned to increase the volume of industrial production by 2.5 times.

DEVELOPMENT PLANS FOR THE POWER COMPLEX

In the period up to 2025, in the Altay Region, about 13 investment projects of power grid construction will be implemented to optimize and improve the power supply schemes of large cities and towns. Special attention will be paid to the development of inter-system electrical connections, guaranteeing the reliability of the exchange of electrical energy and power between the Altay Region and the neighboring regions of Russia: Novosibirsk and Kemerovo Regions, Krasnoyarsk Region, and the Republic of Kazakhstan. The implementation of investment projects in the field of energy will increase the installed capacity of power plants by 1.6 times to 2,783.7 MW. This will allow eliminating the shortage of electricity in the Altay Region already by 2020 and will ensure reliable development of the economy. By 2025, the per capita consumption of electricity is expected to increase by 1.2 times while reducing the level of electrical consumption of GRP by 2.5 times.

In the framework of the implementation of pilots project "Digital PDZ" planned to complete in 2020 building of the Mayminsky Distribution Zone and launching of the pilot zone of distribution grids from 110/10 kW Substation Mayminskaya (Gorno-Altai Electric Grids).

THE LARGEST INDUSTRIAL COMPLEX CONNECTED IN 2018 - LLC PAVLOVSKIY DOK; PAVLOVSKY DISTRICT

4,900 kW

In 2017, the construction of a new plant started in the Altay Region - Pavlovsky woodworking plant, which is part of the group of enterprises of the forest holding company Altailes. The plant's products - MDF plates of medium and high density - will be manufactured under the Altaidekor brand. The output is 250 thousand m3 per year. Investment in the project will amount to 6 billion rubles. The launch of the plant is scheduled for April 2019.

The partnership between the Altay Region and IDGC of Siberia has lasted for more than 10 years. Recent years have been characterized by an active, constructive dialogue and joint effective actions aimed at both uninterrupted power supply to consumers and the development of the region as a whole. Reconstruction and modernization of equipment, construction of new facilities, stable operation of the power grid complex in the autumn-winter period - all this ensures the stable operation of all industries.

Viktor Tomenko
Altay Region Governor

ZABAIKALYE REGION

STRATEGIC TASKS THE REGION DEVELOPMENT

The strategy of development of Zabaikalye Region provides look-ahead development on the edge at the expense of structural transformations as a part of the branches of specialisation of regional economy connected with the transition to a new industrial technology in mining industry processing factories, construction, agriculture, timber cuttings, use of modern equipment. Increase of productivity and economic efficiency at the expense of modernisation and update of enterprises in traditions and branches connected with them is supposed.

The role of "locomotives" of regional development and "drivers" of qualitative growth will be executed by mountain-processing industry, commodity transport logistic, meat animal industries, deep processing of wood and by increased level of activity of the business-structures and edge population.

DEVELOPMENT PLANS FOR THE POWER COMPLEX

Investment program provides:
- reconstruction of 110-35 kV overhead line from a tap on the 110/10 kV Butuntai SS to the 110/35/6 kV SS Akatuy (with replacement of wooden single-chain supports with fiber-optic links), 62.1 km;
- construction of 110 kV overhead line from 110/35/6 kV substation Novo-Shirokaya to 110/35/6 kV substation Blagodatka, 70 km;
- construction of 110 kV OHL from 220/110/10 kV Substation Bagulnik to 110/10/6 kV Substation Zarechnaya, 30 km

In the framework of the implementation of pilots project "Digital PDZ" planned to complete in 2020 Chita Distribution Zone of Central Electric Grids and creation of pilot zone of distribution grids from 35/10 kV Verkh-Chita substation (Chitaenergo).

CONNECTION TO THE POWER GRIDS OF THE BRANCH OF IDGC OF JSC.

In 2018 in the Zabaikalye Region, the following were connected to the power grids of the branch of IDGC of JSC:
- the power grid complex of the Steppe airfield is applicant of OBORONENERGO JSC, with a capacity of 7.868 MW;
- object for the construction of an enterprise for the extraction and processing of oxidized ores of the Delmachik gold ore deposit the applicant Ltd. ZOLOTO DELMACHIK, with a capacity of 4.9 MW;
- apartment buildings in Chita applicants: OOO MIR, OOO PGS, JSC RUS, ZAO Zheldoripoteka, LLC IC Energozhilstroy with a total capacity of 1.434 MW.

The coordinated work of IDGC of Siberia specialists allowed minimizing all possible risks associated with power outages. During the days while restoration work was carried out, we saw that people work practically for wear. Therefore, I sincerely thank all those awarded and all IDGC of Siberia employees who participated in the elimination of technological violations for the work.

Consolidation of power grid assets in order to ensure reliable and high-quality power supply to consumers is a priority task for the regional, regional capital and power engineering authorities. A lot of work has been done in this direction.

Natalia Zhdanova
Governor of the Zabaikalye Region

KEMEROVO REGION

STRATEGIC TASKS THE REGION DEVELOPMENT

The target development model of the Kemerovo region defines the following development priorities:
- Kemerovo is the only city beyond the Urals, through which the federal highway Moscow - Vladivostok passes by 2024, it is expected to complete the construction of a bypass road;
- the Siberian Art Cluster will be created in Kuzbass;
- to improve the quality and availability of medical services in Kuzbass, 16 new healthcare facilities will be created;
- by 2035, the tourist complex of Kuzbass will be represented by: the tourist and recreation cluster "Gornaya Shoriya" and 11 natural and recreational areas;
- until 2024, it is planned to implement at least 136 investment projects in metallurgy, mechanical engineering, oil refining, chemical industry and other industries;
- for five years in Kuzbass more than 9 thousand highly productive workplaces will be created due to the opening and expanding large enterprises. Another 4,500 seats are in the agro-industrial complex.

DEVELOPMENT PLANS FOR THE POWER COMPLEX

- In order to develop key areas of the Innovative Development Program of PJSC IDGC of Siberia on the transition to digital active-adaptive electric grids with an intelligent management system, in the period from 2019 to 2024 more than 2.5 billion rubles will be allocated to the formation of a digital grid. Including measures for technical re-equipment of 35-110 kV substations, for the implementation of measures to equip in full TP 6-10 / 0.4 kV with devices for technical metering of electric energy.
- In the field of public utilities, it is planned to replace and build new elements of engineering infrastructure, especially in municipalities with high grid wear (Leninsk-Kuznetsky, Mezhdurechensky, Prokopyevsky municipal districts - wear degree more than 70-80%). , Prokopievsky districts carried out the reconstruction of distribution grids with a capacity of 10 kV providing electricity to housing and utilities facilities with a length of 40 km in the amount of 89.944 million rubles.
- During 2018 -2019, as part of the development of charging infrastructure for electric transport, installation of 11 charging stations in the amount of 11.080 million rubles was implemented.

In the framework of the implementation of pilots project "Digital PDZ" planned to complete in 2020 building of Topkinsky Distribution Zone, Production Department of North-Eastern Economic Grid and pilot zone of distribution grids from 35/10 kV substation Shishinskaya (Kuzbassenergo RES).

CENTRALIZED POWER SUPPLY IN THE REGION

For the first time in 15 years, another remote settlement of the Tashtagol District of the Kemerovo Region was transferred to centralized power supply. This correlates with the direction of the Strategy (creation of a tourist and recreational cluster Mountain Shoria). In the village of Ust-Kabyrz, the power engineers put into operation new distribution grids as part of an investment project to improve the reliability of electricity supply in the village of Ust-Kabyrs and transfer the village of Parlagol to centralized power supply. In Kuzbass, a network of filling stations for electric vehicles was created in 2018.

The development of our region and the improvement of the quality of life of Kuzbass people is our main priority, and today we have taken another step towards the realization of this goal. Sheregesh has already become a brand of Kuzbass, a growth point for the development of Russian tourism. High-quality and reliable power supply to remote villages will help develop ecotourism, thereby giving another impetus to the development of the south of Kuzbass.

Sergey Tsivilev
Governor of the Kemerovo Region

KRASNOYARSK REGION

STRATEGIC TASKS THE REGION DEVELOPMENT

IMPROVING THE QUALITY OF LIFE, INCREASING HUMAN CAPITAL ARE THE MOST IMPORTANT PREREQUISITES FOR AN INTENSIVE, INNOVATIVE TYPE OF ECONOMIC GROWTH THAT CAN PROVIDE THE NECESSARY EFFICIENCY OF THE REGIONAL ECONOMY.

The fundamental principle of the region's long-term social and economic policy will be the priority of social interests and social development. The priorities of social development, ensuring the all-round development of man and the increase of human capital, are 3 social priorities - self-realization, well-being, comfortable environment. Realization of these priorities by improving the level of material well-being, improving health, expanding access to education, opportunities for spiritual and physical development of a person, affordability of housing and comfortable living conditions, improving the quality of the environment will ensure continuous and sustainable improvement of the quality of life of the population of the region.

Strategic plan achievement of following ratings is scheduled:
- release of innovative products - at least 20% of the GRP;
- GRP growth in comparable prices by 1.5-1.8 times;
- the growth of industrial production by 1.7-2 times and an increase of 30% in agriculture;
- population growth of 150 thousand people (exceed 3 million);
- the increase in life expectancy for 7 years (up to 77 years);
- growth of housing provision up to 30 m2 per person.

An agreement on cooperation within the project was signed at the Krasnoyarsk Economic Forum in 2018. The main goals of the project are to enhance the socio-economic development of the regions, increase their investment attractiveness, create new jobs, increase tax revenues and real incomes of residents of the Yenisei regions of Siberia. Currently, the TRC includes 32 investment projects with a total declared investment value of more than 1.9 trillion rubles for the period 2019-2027. More than 60 companies take part in the implementation of instrumentation and control, including those that are leaders in the global industrial products markets.

Planned effects from the project until 2027:

528 bln rub.
of tax deductions from the project realesation

250%
increase in turnover of SMEs

>70 thsd.
of new jobs

Steady growth in foreign direct investment

Sustainable population growth in Yenisei Siberia

Doubling the human development index

DEVELOPMENT PLANS FOR THE POWER COMPLEX

In 2019-2023, work to improve the availability and reliability of energy supply will continue. It is planned to build two 110 kW OHL Center - Emelyanovo overhangs to the new 220/110/10 kW Zharki substation. Yemelyanovsky district.

In 2019, it is planned to complete work on the complex reconstruction of 110 / 10kW Substation No. 33 Molodezhnaya with the replacement of 2x25 transformers with 2x40 MBA and the reconstruction of switchgear and control switchgears (UN2019). Krasnoyarsk. After that, Krasnoyarsk will become the first city in Russia with two digital substations.

In the framework of the direction of innovation development "Transition to digital active-adaptive grids with distributed intelligent automation and control systems", the completion of activities under the "Digital PDZ" pilot project is scheduled for complete in 2020 - Yemelyanovsky Distribution Zone of Production Department KES, a pilot zone of distribution grids from 110/35/10 kW.

TECHNOLOGICAL CONNECTION OF UNIVERSIADE 2019 FACILITIES (KRASNOYARSK)

In preparation for the Universiade-2019 IDGC of Siberia provided technological connection to 13 Universiade facilities, including seven sports facilities (Yenisei Stadium, Arena Sever Stadium, Biathlon Academy, etc.) and six socially significant facilities (Regional Clinical Hospital, Regional emergency hospital, campus "Feathers", etc.)

By 2019, it was possible to significantly increase the reliability of power supply to consumers in the city of Krasnoyarsk and remove restrictions on the connection of additional power to 20 power centers 35-110 in the city of Krasnoyarsk. A reserve has been created for technological connection of new objects. The lack of capacity has ceased to be a deterrent to the development of Krasnoyarsk.

According to the evaluation of the International University Sports Federation, the Krasnoyarsk Universiade is one of the best in the history of student competitions. During the Universiade, there were no power outages affecting the functioning of stadiums and other infrastructure facilities. Ensuring reliable power supply of the Universiade facilities is implemented at a high level. In many ways, this was made possible thanks to your active participation and with your active support. Please accept the most sincere words of gratitude for your great contribution to the preparation and holding of the Universiade.

Alexander Uss
Governor of the Krasnoyarsk Region

OMSK REGION

STRATEGIC TASKS THE REGION DEVELOPMENT

Based on the prospects for the socio-economic development of the Omsk region, it is expected to implement the following areas:
- development of industry in the Omsk region, including priority clusters and industrial infrastructure;
- development of the agro-industrial complex of the Omsk region;
- development of the power and heat sector;
- ensuring the growth of the construction and real estate sector;
- development of the transport and logistics sector;
- stimulating the development of small and medium enterprises;
- development of communication;
- ensuring territorial development of the Omsk region.

HE DEVELOPMENT POTENTIAL OF THE ELECTRICITY AND HEAT SECTOR IS ASSOCIATED PRIMARILY WITH THE MODERNIZATION OF GENERATING CAPACITY, AS WELL AS TRUNK AND DISTRIBUTION GRIDS AND THE CONSTRUCTION OF NEW SUBSTATIONS.

IN THE LONG TERM, IN THE OMSK REGION, THE DEVELOPMENT OF THE ENERGY SYSTEM WILL BE ENSURED THROUGH DEEP TECHNOLOGICAL MODERNIZATION OF THE SECTOR AND INCREASING ITS EFFICIENCY.

Just as a person cannot live without a heart, the city and the region cannot live without a power system. You are conducting a large-scale modernization of energy companies, increasing the capacity of the regional energy system, introducing innovative technologies, creating the prerequisites for the development of Omsk and the entire region. If energy develops, it means that industry, agriculture and housing and utilities will develop. If figuratively, then you create the weather in every house and apartment.

Alexander Burkov
Governor of the Omsk Region

Development plans for the power complex

Among the key projects in 2019 is the second stage of the reconstruction of the Krasnoyarskaya substation, the modernization of the Tara and Sosnovskaya substations.

Measures on digitalization of Omskenergo grids are implemented within the framework of the Rosseti strategy on digitalization of the Russian power grid complex. Electrical grids will be equipped with modern diagnostic tools, electronic control systems, algorithms, digital technical devices.

Modernization of digital communication channels in the following sections:
- SS Surgutskaya - PS Gidrouzel (FOCL 9.5 km);
- Substation Surgut - KRK (fiber optic 10.1 km);
- Substation Surgut - CHP-4 (VOLS 11.2 km);
- Substation Surgut - CHP-3 (fiber optic 4.7 km) in the Omsk region.

In the framework of the implementation of pilots project “Digital PDZ” planned to complete in 2020 building of the City RES of POS ZES and the pilot zone of distribution grids from 35/10 kW substation Omskaya (Omskenergo).

CONSTRUCTION OF THE ENERGY INFRASTRUCTURE FOR THE AVANGARD HOCKEY ACADEMY UNDER CONSTRUCTION	On the territory of the central complex of the academy there will be several large sources of energy consumption: the Ice Palace with two ice rinks, hotels for non-resident pupils, a medical center, sports halls, a press center, training classes, a rehabilitation center, a canteen.
TRANSMISSION OF POPULATION TO THE ELECTRIC HEATING	Transmission of population to the electric heating in the Azov, Bolsherechensky, Znamensky, Krutinkom, Novovarshavsky, Okoneshnikovsky, Pavlograd, Ekaterininsky, Tarsky, Ust-Ishimsky, Cherlaksky, Tarsky, Gorky districts. This made it possible to decommission emergency and unprofitable boiler houses operating on fuel oil and to provide heat in Omsk houses, regardless of the fuel supply.

03

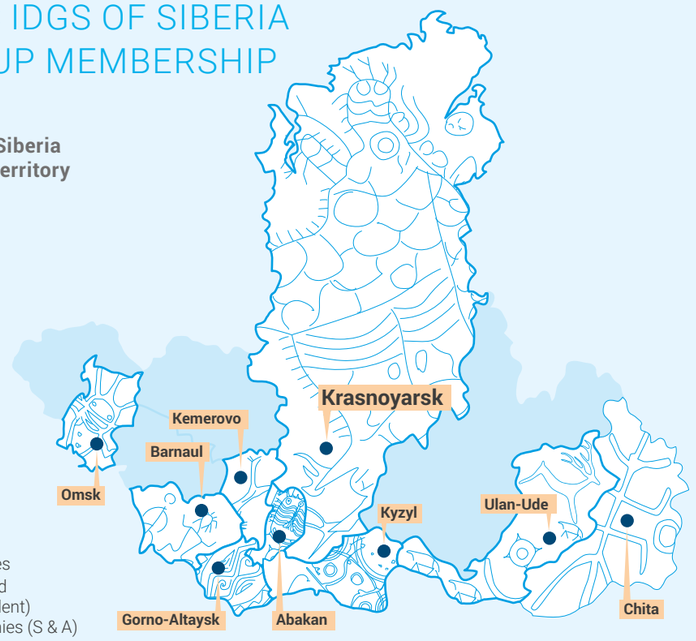
Paraskeva Pyatnitsa Chapel //
Krasnoyarsk Region

MAIN RESULTS OF WORK

- Material and Technical Base
- Capacity tramsmission
- Technological connections to electricity grids
- Additional services
- Integrated quality management system

Material and Technical Base

PJSC IDGS OF SIBERIA GROUP MEMBERSHIP



REPUBLIC OF ALTAY
- Gorno-Altayskiye Capacity Grids

KEMEROVO REGION
- Kuzbassenergo – Regional Electric Grids

REPUBLIC OF KHAKASSIA
- Khakasenergo

ALTAY REGION
- Altaienergo

OMSK REGION
- Omskenergo
- Sotsfera JSC

ZABAIKALYE REGION
- Chitaenergo

REPUBLIC OF BURYATIA
- Buryatenergo

KRASNOYARSK REGION
- Krasnoyarskenergo
- JSC Sibirelektrosetservis
- JSC ESC Siberia

REPUBLIC OF TYVA
- JSC Tyvaenergo

The power system of IDGC of Siberia includes overhead and cable power lines, as well as transformer substations of different voltage classes and reserve capacity to ensure reliable capacity supply in emergency situations. All power facilities are included in the centralized system of operational - dispatch control.

THE TOTAL LENGTH OF 0.4-110 (220) KV POWER LINES OF THE COMPANY ALONG THE HIGHWAY IS

250.3 thsd. km

THE TOTAL NUMBER OF 35-110 KV TRANSFORMER SUBSTATIONS AND 6-10-35 / 0.4 KV TRANSFORMER SUBSTATION

>51 pcs.

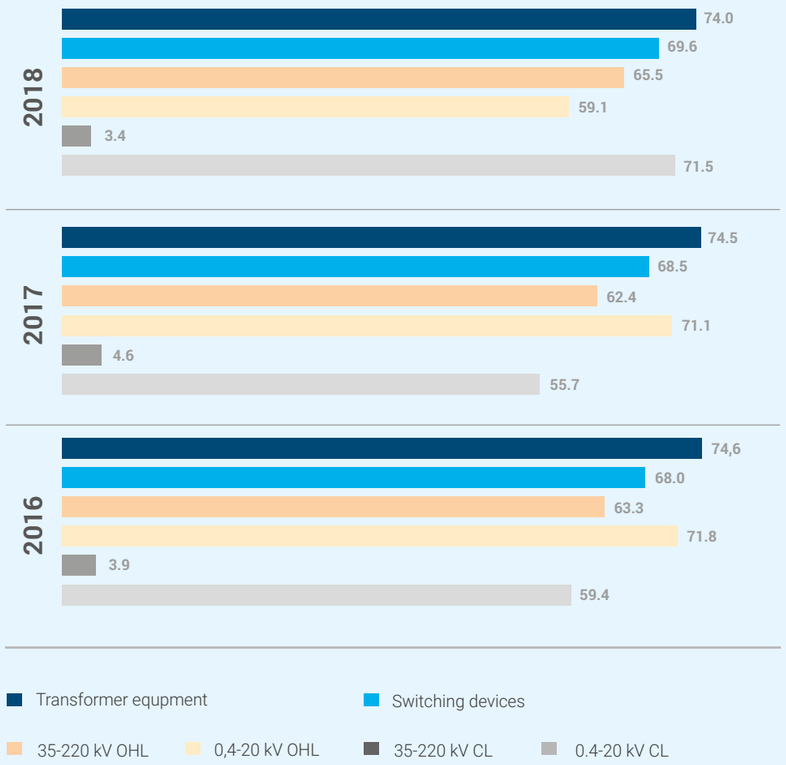
General characteristics of the transmission capacities for 2016 - 2018.

Asset type	2016	2017	2018	Δ, %
The length of the 0.4-220 kV OHL circuits, km.	244,589.0	244,567.7	245,448.3	0.36
The length of the 0.4-110 kV CL circuits, km.	5,647.2	5,728.0	6,059.1	5.78
Number of 35-220 kV Electirc substations, pcs.	1,744	1,748	1,750	0.11
Capacity of the 35-110 kV Electirc substations, MVA	30,075.9	30,279.0	30,653.5	1.24
Number of 6-35 / 0.4 kV, pcs.	48,829	49,833	51,332	3.01
Capacity of 6-35 / 0.4 kV Trasforming substations, MVA	11,479.9	11,529.9	11,591.6	0.54
The scope of service, thousand c.u.	1,498.2	1,525.2	1,562.5	2.45

TEAR AND WEAR OF GRIDS AND EQUIPMENT DOES NOT DIFFER BETWEEN THE REGIONS, THERE IS NO DISTINCT GRID SPECIFICITY BY REGIONS.

Age structure of the substations power lines and equipment, %

Technical grid condition, tear and wear of the equipment, %



THE COMPANY'S EFFORTS ARE AIMED AT OVERCOMING THE TENDENCY OF AGING OF KEY ASSETS ON ACCOUNT OF THEIR MODERNIZATION, THE USE OF INNOVATIVE EQUIPMENT AND TECHNOLOGIES FOR RECONSTRUCTION, ELECTRIC GRIDS TECHNICAL RE-EQUIPMENT AND CONSTRUCTION.

TEAR AND WEAR OF THE EQUIPMENT DECREASED BY

0.7 items

Capacity tramsmission

PRODUCTIVE ACTIVITY RESULTS FOR 2018

Productive activity results for 2018

Region	Grid output, million kWh	Grid input to consumers and related Local Grid Operator within the balance sheet and operation responsibility, million kWh	Loss	
			million kWh	%
Altay Region (Altayenergo)	7,668.58	7,126.67	541.91	7.07
Republic of Buryatia (Buryatenergo)	4,504.85	4,183.42	321.44	7.14
Republic of Altay (Gorno-Altayskiye Capacity Grids)	545.13	462.12	83.01	15.23
Krasnoyarsk Region (Krasnoyarskenergo)	14,386.97	12,777.83	1,609.14	11.18
Kemerovo Region (Kuzbassenergo – Regional Electric Grids)	16,187.75	15,544.85	642.90	3.97
Omsk Region (Omskenergo)	8,839.22	8 233.54	605.67	6.85
Republic of Khakassia (Khakasenergo)	2,954.79	2 745.08	209.71	7.10
Zabaikalye Region (Chitaenergo)	6 215,25	5 632,43	582,82	9,38
PJSC IDGC of Siberia	**61 302,54**	**56 705,95**	**4 596,59**	**7,50**

In 2018. The scope of electricity supply from the grid to consumers and related Local Grid Operator within the balance sheet and operation responsibility amounted to 56.705.95 million kWh. which is 5.58 % less than the result of the previous year. The electricity supply decrease from the network was reglistered in Republic of Khakassia (Khakasenergo). The decrease is due to exclusion of the last mile in corpore from July 2018 in the amount of 4.341.455 million kWh.

The reliability of the Company's transmission facilities is ensured by the timely implementation of the repair program. technological re-equipment and reconstruction of obsolete assets. Elimination of identified defects and the restoration of equipment life are carried out within framework of the repair program. and replacement of the most critical networks and equipment is carried out under the technological re-equipment and reconstruction program. The implementation of the 2018 repair program amounted to 4.1 billion rubles. (116 % of plan).

1. Within balance limit and physical limit of operational responsibility.
2. Appendices no.1,2 - Implementation of repair program.

ENSURING THE RELIABILITY OF TRANSMISSION IN EXTREME ENVIRONMENTAL CONDITIONS

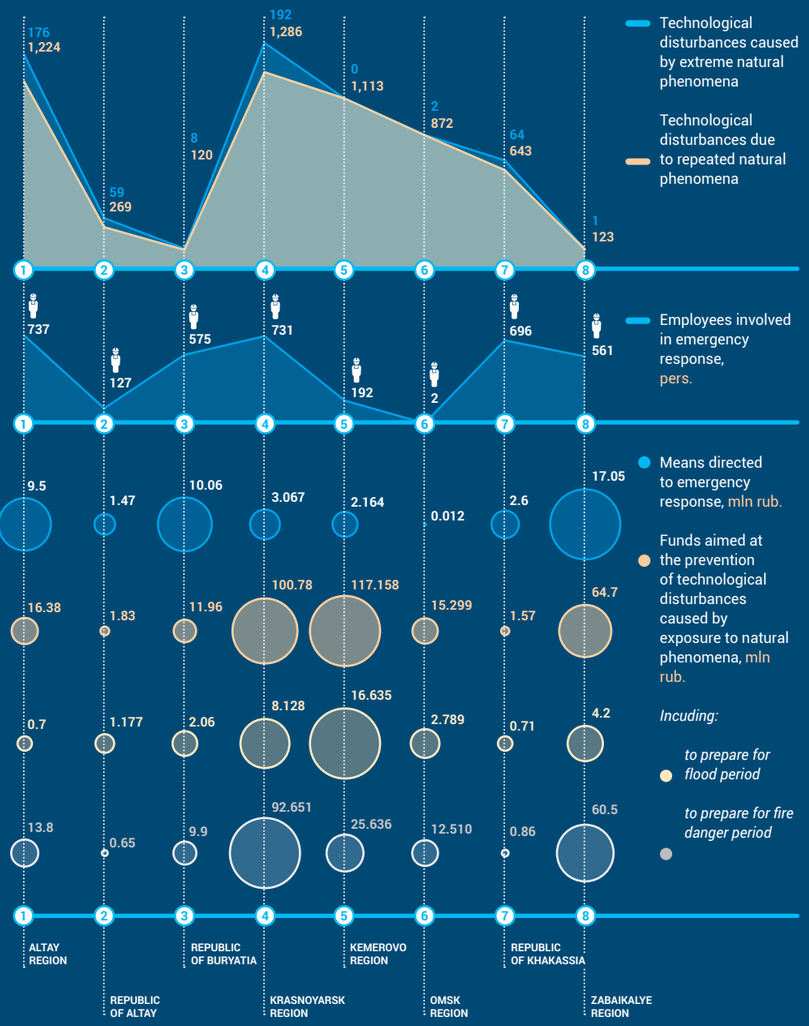
IN 2018 ON THE PJSC IDGC OF SIBERIA TERRITORIES WERE RECEIVED:

208 storm warnings

337 warnings of adverse weather events

196 times high alert mode was introduced

54 times pecial operation mode was introduced



PREPARATION TO THE XXIX WINTER UNIVERSIADE 2019

5.6 bln rub.

investment volume on the training program power system of the Krasnoyarsk Region to international competition

in 32

times have been increased annual investment to the power grid infrastructure of the Krasnoyarsk in 2018

THE MAIN RESULTS OF WORK:

- launch of the substation “Belyye Rosy” and “Ozernaya”;
- launch of supermodern digital control centre;
- technological connection of 13 Universiade objects (7 sports “Yenisey”, “Arena Sever”, “Biathlon Academy” and 6 socially significant objects;
- reconstruction of 10 substations of Krasnoyarsk;
- conducting from November 22, 2018 to December 22, 2018 of large-scale exercises of power engineers of PJSC Rosseti.

UNIVERSIADE’S HERITAGE:

- a reserve for technological connection has been created for 8 years;
- accident rate in 0.4–110 kV networks reduced by 23%;
- ime of liquidation of technological violations: today it is less than 1 hour.

IDGC of Siberia, presented to the Krasnoyarsk to the Universiade not only updated networks and reliable power supply, but also new bright «decorations» – elements urban improvement: 3D «Yenisei Siberia» and «Light Tunnel».

3D «Yenisei Siberia» inscription with dynamic illumination is installed in the area of Nikolayevsky Bridge on the left bank. The weight of each letter is about 3 tons, and the total mass of the structure is 52 tons. The inscription is about 8 meters height and 112 meters length. More than 1.5 thousand assembly bolts and studs were used to create this. Each letter is separately highlighted by illumination.

16 pylons of power transmission lines, two Krasnoyarsk and Oktyabrsky District steles, the building of the Oktyabrsky District of electrical grids received dynamic lighting within the framework of «Light Tunnel» project,. Thus, a significant part of the way from the airport to the locations of the participants of the competition and guests of the city will overcome by the «Light Tunnel»..

Power transmission service tariff

Power transmission service tariffs are approved by the executive authorities in the field of state regulation of tariffs of the Russian Federation regions in the relevant areas of the Company's activity. Power transmission service tariffs to the regions of the Company's[1] presence were approved on January 1, 2018.The regulation of power transmission service tariffs in all branches of PJSC IDGC of Siberia are performed by indexing the required gross revenue in 2018.

Chnages in time of the average power transmission service tariff across the branches, rub./ kWh

Branch	2016	2017	2018	Pulling, %
Altay Region (Altaienergo)	1.05	1.06	1.01	–4.72
Republic of Altay (Gorno-Altayskiye Capacity Grids)	2.55	2.66	2.68	0.75
Republic of Buryatia (Buryatenergo)	1.25	1.22	1.29	5.74
Krasnoyarsk Region (Krasnoyarskenergo)	0.92	1.01	1.13	11.88
Kemerovo Region (Kuzbassenergo-Regional Electric Grids)	0.44	0.49	0.50	2.04
Omsk Region(Omskenergo)	0.87	0.89	0.85	–4.49
Republic of Khakassia (Khakasenergo)	0.45	0.59	1.09	84.75
Zabaikalye Region (Chitaenergo)	1.2	1.22	1.22	0.00
Average for PJSC IDGS of Siberia	**0.78**	**0.86**	**0.92**	**6.98**
Increase, %	107%	110%	107%	

The decrease in the average tariff for the Altayenergo branch is connected with the transfer of the Altayenergo branch from the regulation of the return on invested capital method to the long-term indexation method of NVB and the exclusion of return on invested capital.

The increase in the average tariff for the Krasnoyarskenergo branch is due to the inclusion of shortfall in income from the termination of the last mile contracts in Krasnoyarsk Region (the contract has been terminated since 2010). The decrease in the average tariff for Omskenergo branch is associated with a decrease in capital gains taken into account when approving the required gross revenue.

The increase in the average tariff for Khakasenergo branch is connected with the termination of the last mile agreements on the territory of Republic of Khakassia from July 1, 2017 in accordance with Federal Law No. 308-FZ of November 6, 2013 On Amendments to the Federal Law On Electric Capacity Industry and Article 81 of the Federal Law On Joint-Stock Companies.

In accordance with the Federal Law of November 06, 2013 No. 308-FZ On Amendments to the Federal Law On Electric Capacity Industry and Article 81 of the Federal Law On Joint-Stock Companies, the last mile agreements are prolonged in Republic of Buryatia and Zabaikalye Region until July 01, 2029. In these territories, in relation to consumers of the last mile from 2014, a separate voltage level NV-1 was introduced to calculate the power transmission service tariffs.

The size of the cross-subsidy rate is determined as the difference between the size of the cross-subsidy rate in the previous year and the amount of cross-subsidy, which is not less than 7 % of the size of the cross-subsidy rate as of January 1, 2014 in Republic of Buryatia and Zabaikalye Region, from July 1, 2017.

1. List of tariff resolutions passed by regulatory bodies of constituent territories of the Russian Federation in Company activity zones is given in Appendix 18 of the Full Version of the Annual Report at official Company's website

According to the Federal Law of 06.11.2013 No. 308-FZ, the rate as of January 1, 2014 for Republic of Buryatia is set at 550 rub. per thsd kilowatt-hours, for Zabaikalye Region – 420 rub. per thsd kWh.

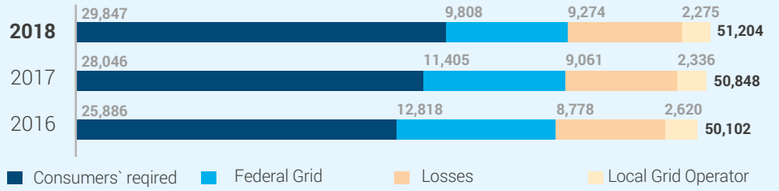
The company, not agreeing with the results of the adopted tariff-balance decisions for 2018, appealed to FAS Russia.[1]

Average power transmission service tariff in the territories of PJSC IDGS of Siberia presence, rub./ kWh

Region / Consumer groups	2018		
	1 st halfyear	2 nd halfyear	Surplus
Altay Region			
Population	1.64	1.63	–1%
Other consumers	1.51	1.54	2%
Republic of Buryatia			
Population	1.74	1.76	1%
Other consumers	2.05	2.12	3%
Republic of Altay			
Population	2.31	2.24	–3%
Other consumers	3.04	3.08	1%
Krasnoyarsk Region			
Population	1.17	1.14	–2%
Other consumers	1.66	1.67	1%
Kemerovo Region			
Population	0.79	0.82	3%
Other consumers	1.51	1.51	0%
Omsk Region			
Population	1.28	1.22	–5%
Other consumers	0.94	0.98	4%
Republic of Khakassia			
Population	0.83	0.84	1%
Other consumers	1.48	1.45	–2%
Zabaikalye Region			
Population	1.56	1.60	2%
Other consumers	1.92	1.91	0%

The difference in power transmission service tariffs in the regions of PJSC IDGC of Siberia presence is associated with different concentrations of large and medium-sized enterprises in regions of the Siberian Federal District.

Approved required gross revenue for PJSC IDGS of Siberia power transmission



1. Measures to resolve disputes regarding adopted tariff-balance resolutions are given in Appendix 18 of the Full Version of the Annual Report at official Company's website

The reduction in the payment of services of PJSC FGC UES is connected with the termination of the last mile agreements on the territory of Republic of Khakassia from July 1, 2017 in accordance with Federal Law No. 308-FZ as of November 6, 2013 On Amending the Federal Law On Electric Capacity Industry and Article 81 of the Federal Law On Joint-Stock Companies.

The increase in own required gross revenue is due to the inclusion of shortfall in income from the termination of the last mile contracts in Krasnoyarsk Region (the contract has been terminated since 2010), compensation for lost revenue due to the transition of consumers to direct contractual relations with PJSC FGC UES in Kemerovo Region.

Dynamics of the required gross revenue for power transmission service tariffs for the regions, mln rub.

Region	2016		2017		2018	
	Total	Own	Total	Own	Total	Own
Altai Region (Altaienergo)	7,471	4,291	7,389	4,453	7,078	4,225
Republic of Altay (Gorno-Altayskiye Capacity Grids)	1,059	705	1,095	726	1,118	740
Republic of Buryatia (Buryatenergo)	4,845	2,893	4,766	2,888	5,012	3,048
Krasnoyarsk Region (Krasnoyarskenergo)	11,319	5,898	12,454	6,993	13,736	8,291
Kemerovo Oblatt (Kuzbassenergo-Regional Electric Grids)	7,326	3,556	7,722	4,058	7,915	4,949
Omsk Region (Omskenergo)	6,766	3,839	6,855	3,969	6,530	3,586
Republic of Khakassia (Khakasenergo)	5,022	1,245	4,057	1,596	2,973	1,590
Zabaikalye Region(Chitaenergo)	6,294	3,460	6,510	3,363	6,842	3,419
IDGC of Siberia PJSC	50,102	25,887	50,848	28,046	51,204	29,847

Required gross revenue of the branch Buryatenergo increased due to the growth of the value of the included economically justified expenses / lost revenue on the basis of the activity for the previous regulatory periods. The increase in required gross revenue of the Krasnoyarskenergo branch is connected with the inclusion of shortfall in income from the termination of the last mile agreements in the Krasnoyarsk Region (the contract has been terminated since 2010).

Required gross revenue of the Khakasenergo branch decreased with the termination of the last mile agreements on the territory of Republic of Khakassia from July 1, 2017 in accordance with Federal Law No. 308-FZ as of November 6,2013 On Amending the Federal Law On Electric Capacity Industry and Article 81 Federal Law On Joint Stock Companies.

DIGITAL SUBSTANTIONS

110/10 kV substation named after M.P. Smorgunov (IDGC of Siberia) has been operating for more than a year in Solontsy village in Krasnoyarsk Region.

THE SUBSTATION WAS ONE OF THE MOST IMPORTANT INVESTMENT PROJECTS OF IDGC OF SIBERIA TO IMPROVE THE RELIABILITY AND QUALITY OF CAPACITY SUPPLY, WHICH WILL OCCUR DUE TO THE HIGH DEGREE OF AUTOMATION AND CONTROLLABILITY OF EQUIPMENT.

The main task of the new substation is the capacity supply of low-rise construction in the area, as well as one of the largest multifunctional shopping complex beyond the Urals. The planned volume of sales of electric capacity will be 79,800 kWh in 2018.

Completion of work at Molodezhnaya the second digital substation will increase observability, controllability, reduce commercial and technical losses of electricity, increase reliability and reduce SAIDI SAIFI. The launch of the Molodezhnaya is scheduled for the summer of 2019. It will supply electricity to most of the city center. Krasnoyarsk will be the first Russian city with two digital substations. In addition, 14 more digital projects are at various stages of implementation, and more than 2.8 billion rubles will be allocated for implementation by 2022.

14

digital projects

are at various stages of implementation

>2.8

bln rub.

will be allocated by 2022

Loss minimization

Actual losses of electricity in 2017-2018

Name of S&A	Lsses of electricity						
2017			2018			Pulling	
	mln Kwh	%	% in comparable conditions	mln Kwh	%	mln Kwh	pct
Altay Region (Altaienergo)	542.71	7.17	7.17	541.91	7.07	−7.55	−0.10
Republic of Altay (Gorno-Altayskiye Capacity Grids)	82.81	15.62	15.62	83.01	15.23	−2.14	−0.39
Republic of Buryatia (Buryatenergo)	299.57	6.74	7.26	321.44[1]	7.14	−5.23	−0.12
Krasnoyarsk Region (Krasnoyarskenergo)	1,633.05	11.59	11.59	1,609.14	11.18	−59.11	−0.41
Kemerovo Region (Kuzbassenergo-RES)	692.17	4.29	4.29	642.90	3.97	−52.26	−0.32
Omsk Region (Omskenergo)	645.70	7.51	7.51	605.70	6.85	−58.37	−0.66
Republic of Khakassia (Khakasenergo)	229.99	3.20	8.05	209.71[2]	7.10	−28.19	−0.95
Zabaikalye Region(Chitaenergo)	614.96	9.85	9.85	582.82	9.38	−29.45	−0.47
PJSC IDGC of Siberia	4,740.97	7.32	7.88	4,596.62	7.50	−234.27	−0.38

The actual losses of electricity in the electric networks of PJSC IDGC of Siberia following the results of 2018 amounted to 4,596.62 mln kWh or 7.50% of the supply to the network. Smart metering devices were installed and uncounted consumption was detected to reduce energy losses in 2018. These measures resulted to lower losses:

- From the business plan by 0.27% (168.02 mln kWh)
- From 2017 in comparable conditions by 0.38% (234.27 mln kWh)

Scope of measures to lower the electricity losses

Name of branch / IDGS	Smart devices setup, thsd pcs.	The volume of identified unaccounted consumption, included in the scope of provided services, mln KWh
Altay Region (Altayenergo)	12.0	8.6
Republic of Altay (Gorno-Altayskiye Capacity Grids)	2.5	2.1
Republic of Buryatia (Buryatenergo)	13.5	8.7
Krasnoyarsk Region (Krasnoyarskenergo)	25.9	257.3
Kemerovo Region (Kuzbassenergo – Regional Electric Grids)	38.1	1.4
Omsk Region (Omskenergo)	15.0	15.2
Republic of Khakassia (Khakasenergo)	14.0	33.6
Zabaikalye Region (Chitaenergo)	10.7	21.8
PJSC IDGS of Siberia	131.7	348.7

1. The comparability of electric energy balance indicators in 2018 compared with the conditions of 2017 was influenced by the consolidation of the networks of Kabansky District Municipality (Babushkin) and PJSC Buryatzoloto, the productive supply of 23.1 mln kWh
2. Comparability of electric energy balance indicators in 2018 compared with conditions of 2017 was affected by exclusion of the "last mile" volume, grid release and net release of 4,341.5 mln kWh

Technological connections to electricity grids

Technological connections of IDGC of Siberia to electricity grids in 2018

Name of the type connection	Number of submitted applications to yransformer substantion		Contracts concluded		Contracts executed (actual connection performed)	
	pcs	kW	pcs	kW	pcs	kW
Up to 15 kW total	35,727	448,240	30,349	383,204	27,738	345,449
Including physical entity	32,097	415,357	27,771	360,377	25,234	324,227
From 15 to 150 kW, total	2,999	207,017	2,123	145,849	1,460	90,933
From 150 to 670 kW, total	705	252,546	292	104,491	320	109,139
More than 670 kW	338	1,423,182	94	278,865	105	294,916
Electric capacity generation facilityies	14	181,983	4	52,400	1	5,000
IDGC of Siberia	39,783	2,512,968	32,862	964,809	29,624	845,438

The number of applications to PJSC IDGC of Siberia increased by 7% in 2018. At the same time, the total scope of the maximum capacity of applications submitted is higher than in 2017 by 25% or by 509.17 MW.

The main increase was revealed in the category of applications with a capacity of up to 15 kW (an increase in the amount by 4.6%, increase in the maximum capacity by 4.9%) and in the category of applications with a category with a capacity over 15 kW and up to 150 kW (an increase in the amount by 43%, an increase in the maximum by 41%). The number of contracts concluded in 2018 increased by 12% or 3,449 units, the total capacity of the concluded contracts increased by 8% or 68.13 MW compared to 2017.

The reason for the increase in the number of applications filed and contracts concluded is mainly a change of federal legislation due to the expansion at the legislative level of the category of preferential technological connection (up to 150 kW).

29,624 contracts for technological connection of capacity receiving devices with a total capacity of 845.44 MW were actually executed in 2018. Including electrical installations of the preferential category of applicants up to 15 kW are 27,738 units and 345.45 MW, respectively. Completed contracts (performed connection to the electrical grid) is 1% or 248 units more than in 2017. The total capacity of the connected electrical installations slightly decreased compared to the figure for 2017 by 2.5 MW due to the predominance of the category of small and medium businesses among applicants.

In general, the planned values were exceeded by 24.1% in terms of the number of contracts in 2018, in terms of maximum capacity, the shortfall was 14.13%, due to the termination of a number of large contracts with a total capacity of 72 MW, as well as an extension of the execution period for the next periods under contracts with a total capacity of 67 MW.

For the up to 15 kW category of applicants, over-fulfillment of the planned targets was ensured: +21.5% by the number of contracts, +27.5% by the maximum capacity volume. These figures are due to the predominance in the total number of executed contracts for the implementation of technological connection of contracts belonging to the up to 15 kW category of applicants, as well as over 15 kW and up to 150 kW categories, i. e. categories of small and medium businesses. The direct growth in the number of executed contracts was due to the increased work on the elimination of overdue obligations under technological connection contracts in 2018.

Dinamics of data on technological connections

Region	Number of submitted applications to yransformer substantion				Contracts concluded				Contracts ex connectior		
	Increase/decrease, pcs.		Increase/decrease, kW		Increase/decrease, pcs.		Increase/decrease, kW		Increase/decrease, pcs.		Inc
	,%	+/–	,%	+/–	,%	+/–	,%	+/–	,%	+/–	,'
PJSC IDGS of Siberia	7	2,652	25	509,174	12	3,449	8	68,134	1	248	–(
Altay Region (Altayenergo)	–1	–32	–9	–27,678	–1	–51	–19	–27,701	–15	–607	
Republic of Altay (Gorno-Altayskiye Capacity Grids)	43	1,009	–11	–15,837	47	847	30	17,505	0	8	
Republic of Buryatia (Buryatenergo)	1	37	81	124,368	0	1	7	4,884	–6	–183	–
Krasnoyarsk Region (Krasnoyarskenergo)	8	830	25	128,695	19	1,473	29	65,450	22	1,579	
Kemerovo Region (Kuzbassenergo – Regional Electric Grids)	14	430	11	52,866	19	498	–22	–43,336	3	84	
Omsk Region (Omskenergo)	–7	–320	116	188,075	–6	–227	22	16,951	–2	–69	–
Republic of Khakassia (Khakasenergo)	15	635	35	40,785	27	904	44	27,090	–20	–725	–
Zabaikalye Region (Chitaenergo)	2	63	15	17,900	0	4	12	7,291	7	161	1

INTERNATIONAL PARTNERSHIP

PJSC IDGC OF SIBERIA, HEVEL GROUP OF COMPANIES AND THE FRENCH COMPANY SAFT SIGNED A MEMORANDUM OF COOPERATION AT THE SITE OF THE RUSSIAN ENERGY WEEK 2018 INTERNATIONAL FORUM.

As part of the agreements, a storage unit will be installed on the territory of Altay Republic to save electricity generated at solar capacity plants and to be transferred to consumers through the grid complex.

The first energy storage device with a capacity of 1 megawatt will be installed in the mountain Kosh-Agach village of Altay Republic where the largest solar capacity station with a capacity of 10 MW was built in Russia in 2014. In the next few years, thanks to the construction of new energy facilities by the Havel Group of Companies, the production of solar energy will increase to 140 MW with a peak consumption in the winter time of 110 MW. Surplus electricity will be saved using SAFT drives and sent to consumers through the networks of IDGC of Siberia, if necessary - for example, at night or during technological switching.

The implementation of a unique project will significantly improve the reliability of the region's energy supply, eliminate energy shortages, and create new jobs. IDGC of Siberia plans to implement similar projects in the Zabaikalye Region and Republic of Buryatia where the number of sunny days per year (over 300) allows us to develop solar generation and thus solve the problem of reliable capacity supply to consumers.

Gorny Altay is one of the most ecologically clean regions in the country. Therefore, we have relied on solar generation, which we are actively developing together with capacity engineers. Back in 2006, we didn't have our own generation at all, and after a few years we could forget what energy shortage is due to solar electricity, its accumulation and distribution across networks. This will increase the reliability of energy supply, as well as create new jobs in the region and increase the tax base.

Robert Paltaller
First Deputy Chairman of the Government of the Republic of Altai

Altay Region

There is a slight decline, both in the number of applications submitted, and in terms of the maximum capacity capacity planned for technological connection. This decrease is associated with an increase in control by PJSC IDGC of Siberia for the completeness and correctness of the information provided in applications for technological connection. The number of concluded contracts decreased accordingly. The decrease in the number of contracts executed in 2018 is mainly due to the lack of notifications of readiness for technological connection by the applicants. At the same time, there is an increase in capacity under the executed contracts, which is caused by the connection of larger consumers in comparison with 2017.

APPLICATIONS SUBMITTED – 4,164 PCS WITH MAXIMAL CAPACITY 52,601.7 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF APPLICATIONS: –1% (– 32 PCS)**
- **CAPACITY FOR SUBMITTED APPLICATIONS: –9% (–27,678 KW)**

CONTRACTS CONCLUDED – 3,753 PCS WITH MAXIMAL CAPACITY 121,550 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF CONCLUDED CONTRACTS: –1% (–51PCS)**
- **CAPACITY FOR CONCLUDED CONTRACTS: –19% (–27,701 KW)**

CONTRACTS EXECUTED – 3,466 PCS WITH MAXIMAL CAPACITY 99,382.24 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF EXECUTED CONTRACTS : – 5% (–607 PCS)**
- **CAPACITY FOR EXECUTED CONTRACTS: +18% (+15,512 KW)**

THE CONNECTION OF THE LARGE WOODWORKING INDUSTRY WAS PERFORMED IN 2018, –4,9 MW (PAVLOVSKIY DOK LLC)CONNECTION OF THE OBJECT PROVIDES WITH ADDITIONAL WORK PLACES, INCREASE THE SCOPE OF CAPACITY FLOW IN PJSC IDGS OF SIBERIA GRIDS, FACILITATE THE REGION WOOD INDUSTRY DEVELOPMENT.

Republic of Altay

A significant increase in applications submitted and contracts concluded during 2018 indicates an increase in the investment attractiveness of the region. At the same time, the decrease in the maximum capacity value of the submitted applications shows a high demand for technological connection services among small and medium businesses with relatively large consumers. The increase in the number of concluded contracts indicates an increase in the population's literacy in the preparation of a package of documents and a decrease in the number of rejected applications relative to 2017. Compared to 2017, the volume of executed contracts did not change significantly, the growth of the maximum capacity under executed contracts is due to the fulfillment by the applicants of their obligations under larger contracts for 2017.

APPLICATIONS SUBMITTED – 3,370 PCS WITH MAXIMAL CAPACITY 128,751 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF APPLICATIONS: +43% (+1,009 PCS)**
- **CAPACITY FOR SUBMITTED APPLICATIONS: –11% (–15,837 KW)**

CONTRACTS CONCLUDED – 2,652 PCS WITH MAXIMAL CAPACITY 76,397 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF CONCLUDED CONTRACTS: +47% (+847 PCS)**
- **CAPACITY FOR CONCLUDED CONTRACTS: +30% (+17,505 KW)**

CONTRACTS EXECUTED – 1,718 PCS WITH MAXIMAL CAPACITY 39,084 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF EXECUTED CONTRACTS: +0,1% (+8 PCS)**
- **CAPACITY FOR EXECUTED CONTRACTS: +24% (+7,525 KW)**

THE CONNECTION OF THE ONGUDAY SOLAR ELECTRIC GENERATING STATION WAS PERFORMED IN 2018, – 5,0 MW (ALTAYSKIE SOLAR ELECTRIC GENERATING STATION LLC)CONNECTION OF THE OBJECT PROVIDES WITH ADDITIONAL WORK PLACES, INCREASE THE SCOPE OF CAPACITY FLOW IN PJSC IDGS OF SIBERIA GRIDS, FACILITATES THE REGION ALTERNATIVE ENERGY DEVELOPMENT, ALLOWS TO PROVIDE POPULATION OF FAR DISTRICTS WITH ADDITIONAL MAIN SUBSTATION.

Republic of Buryatia

Regarding the indices of 2017, the changes in the region are insignificant, which indicates the steady demand for the technological connection service and the absence of sharp fluctuations in this area in terms of the number of applicants. At the same time, an increase in the maximum capacity of applications submitted and contracts concluded indicates an increase in energy-intensive industries in the region. A slight decrease in the number of executed contracts is due to the lack of requests from applicants for readiness for technological connection.

APPLICATIONS SUBMITTED – 3,912 PCS WITH MAXIMAL CAPACITY 277,896 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF APPLICATIONS: +1% (+37 PCS)**
- **CAPACITY FOR SUBMITTED APPLICATIONS: +81% (+124,368 KW)**

CONTRACTS CONCLUDED – 3,146 PCS WITH MAXIMAL CAPACITY 75,729 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF CONCLUDED CONTRACTS: +0,03% (+1 PCS)**
- **CAPACITY FOR CONCLUDED CONTRACTS: +7% (+4,884 KW)**

CONTRACTS EXECUTED – 2,953 PCS WITH MAXIMAL CAPACITY 58,094 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF EXECUTED CONTRACTS : –6% (–183 PCS)**
- **CAPACITY FOR EXECUTED CONTRACTS: –11% (–6,864 KW)**

THE CONNECTION OF THE IRRIGATION SYSTEM PUMP STATION WAS PERFORMED IN 2018, –0,56 MW (YARIKTO LLC)CONNECTION OF THE OBJECT PROVIDES WITH ADDITIONAL WORK PLACES, INCREASE THE SCOPE OF CAPACITY FLOW IN PJSC IDGS OF SIBERIA GRIDS, FACILITATATES THE REGION AGRICULTURAL DEVELOPMENT.

Krasnoyarsk Region

The increase in the amount of applications received and contracts concluded due to changes in federal legislation due to the expansion at the legislative level of the preferential category of technological connection (up to 150 kW), which makes the technological connection service more attractive for small and medium businesses. The significant increase in the number of executed contracts is due to the increased work in 2018 to eliminate overdue obligations under technological connection contracts. Number of organizational and administrative documents were issued, aimed at the most effective implementation of existing obligations on technological connection.

APPLICATIONS SUBMITTED – 11,598 PCS WITH MAXIMAL CAPACITY 649,711 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF APPLICATIONS: +8% (+830PCS)**
- **CAPACITY FOR SUBMITTED APPLICATIONS: +25% (+128,695 KW)**

CONTRACTS CONCLUDED – 9,172 PCS WITH MAXIMAL CAPACITY 290,335 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF CONCLUDED CONTRACTS: +19 % (+1,473 PCS)**
- **CAPACITY FOR CONCLUDED CONTRACTS: +29 % (+65,450 KW)**

CONTRACTS EXECUTED – 8,882 PCS WITH MAXIMAL CAPACITY 237,373 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF EXECUTED CONTRACTS : +22% (+1,579 PCS)**
- **CAPACITY FOR EXECUTED CONTRACTS: +18% (+35,649 KW)**

THE CONNECTION OF THE WASTE RECYCLING MANUFACTORY FOR WOOD PROCESSING WAS PERFORMED IN 2018, 4,9 MW (ZHAO JIJIJUN)CONNECTION OF THE OBJECT PROVIDES WITH ADDITIONAL WORK PLACES, INCREASE THE SCOPE OF CAPACITY FLOW IN PJSC IDGS OF SIBERIA GRIDS, DECREASE QUANTITY OF UNUSED WASTE FOR WOOD PROCESSING.

Kemerovo Region

The growth in the number of applications filed and contracts concluded is due to a change in federal legislation due to the expansion at the legislative level of the preferential category of technological connection (up to 150 kW). This factor is due to a significant increase in the maximum capacity of the applications received. However, due to the smaller number of large applicants relative to 2017, the volume of capacity under the concluded contracts decreased. The increase in the number of executed contracts is due to the ongoing work on the elimination of overdue obligations under technological connection agreements. A number of organizational and administrative documents were issued, aimed at the most effective implementation of existing obligations on technological connection.

APPLICATIONS SUBMITTED – 3,522 PCS WITH MAXIMAL CAPACITY 528,955 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF APPLICATIONS: +14% (+430 PCS)**
- **CAPACITY FOR SUBMITTED APPLICATIONS: +11% (+52,866 KW)**

CONTRACTS CONCLUDED – 3,076 PCS WITH MAXIMAL CAPACITY 151,336 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF CONCLUDED CONTRACTS: +19% (+498 PCS)**
- **CAPACITY FOR CONCLUDED CONTRACTS: –22% (–43,336 KW)**

CONTRACTS EXECUTED – 2,991 PCS WITH MAXIMAL CAPACITY 150,730 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF EXECUTED CONTRACTS: +3% (+84 PCS)**
- **CAPACITY FOR EXECUTED CONTRACTS: +8% (+11,079 KW)**

THE CONNECTION OF THE RESIDENTIAL HOUSES, SOCIAL AND CULTURAL FACILITIES WAS PERFORMED IN 2018, 2,8 MW (SDS-STROY LLC)CONNECTION OF THE OBJECT PROVIDES POPULATION WITH RESIDENTIAL APPARTMENTS, INCREASE THE SCOPE OF CAPACITY FLOW IN PJSC IDGS OF SIBERIA GRIDS.

Omsk Region

A slight decrease in the number of applications filed, concluded and executed contracts is due to the work being done to strengthen control over the completeness and accuracy of the information provided in applications for technological connection. A significant increase in maximum capacity caused by one-time applications of large consumers and is not systemic. The implementation of technological connection of large consumers is a long-term procedure and will be implemented in the following reporting periods. This explains the lack of growth of the maximum capacity value under the executed agreements on the implementation of technological connection in 2018.

APPLICATIONS SUBMITTED – 4,309 PCS WITH MAXIMAL CAPACITY 350,090 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF APPLICATIONS: –7% (–320 PCS)**
- **CAPACITY FOR SUBMITTED APPLICATIONS: +116% (+188,075 KW).**

CONTRACTS CONCLUDED – 3,805 PCS WITH MAXIMAL CAPACITY 92,685 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF CONCLUDED CONTRACTS: –6% (–227 PCS)**
- **CAPACITY FOR CONCLUDED CONTRACTS: +22% (+16,951 KW).**

CONTRACTS EXECUTED – 4,145 PCS WITH MAXIMAL CAPACITY 115,041 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF EXECUTED CONTRACTS : – 2% (–69 PCS)**
- **CAPACITY FOR EXECUTED CONTRACTS: –47% (–103,897 KW).**

THE CONNECTION OF THE HOG-RAISING FARM PEDIGREE BREEDING UNIT FOR LIVESTOCK UNIT WAS PERFORMED IN 2018, 1,16 MW (OB PJSC)CONNECTION OF THE OBJECT PROVIDES WITH ADDITIONAL WORK PLACES, INCREASE THE SCOPE OF CAPACITY FLOW IN PJSC IDGS OF SIBERIA GRIDS, INCREASE REGIONAL PROVISION OF THE POPULATION WITH MEAT PRODUCTS, FACILITATES THE REGION AGRICULTURAL DEVELOPMENT.

Republic of Khakassia

Significant growth of contracts submitted and contracts concluded during 2018 are due to the activities of the executive capacity of the Republic of Khakassia on the implementation of the program for the allocation of land plots for individual housing construction in connection with the expansion at the legislative level of the category of "preferential" technological connection (up to 150 kW). The decrease in the number and, accordingly, the maximum capacity under the executed contracts, is caused by the smaller number of notifications on gas transmission to technological connection on the part of the applicants during 2018.

APPLICATIONS SUBMITTED – 4,939 PCS WITH MAXIMAL CAPACITY 156,171 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF APPLICATIONS: +15% (+635 PCS)**
- **CAPACITY FOR SUBMITTED APPLICATIONS: +35% (+40,785 KW)**

CONTRACTS CONCLUDED – 4,244 PCS WITH MAXIMAL CAPACITY 88,141 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF CONCLUDED CONTRACTS: +27% (+904 PCS)**
- **CAPACITY FOR CONCLUDED CONTRACTS: +44% (+27,090 KW)**

CONTRACTS EXECUTED – 2,835 PCS WITH MAXIMAL CAPACITY 50,483 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF EXECUTED CONTRACTS : – 20% (–725 PCS)**
- **CAPACITY FOR EXECUTED CONTRACTS: –20% (–12,492 KW)**

THE CONNECTION OF THE CEMENT RECYCLING AND THE FABRICATED METAL PRODUCTS MANUFACTORY WAS PERFORMED IN 2018, 0,43 MW (NON PROFIT COMPANY HOUSING FUND OF ABAKAN)CONNECTION OF THE OBJECT PROVIDES WITH ADDITIONAL WORK PLACES, INCREASE THE SCOPE OF CAPACITY FLOW IN PJSC IDGS OF SIBERIA GRIDS, INCREASE REGIONAL PROVISION OF THE POPULATION WITH MEAT PRODUCTS, FACILITATES THE REGION CONSTRUCTION INDUSTRY DEVELOPMENT.

Zabaikalye Region

Regarding the indicators of 2017, the changes in terms of the number of applications from applicants and the number of contracts for the implementation of technological connection in the region are insignificant; technological connection (up to 150 kW).
A significant increase in the number of executed contracts was caused by the work carried out in 2018 to eliminate overdue obligations under technological connection contracts.
A number of organizational and administrative documents were issued, aimed at the most effective implementation of existing grid connection obligations.

APPLICATIONS SUBMITTED – 3,478 PCS WITH MAXIMAL CAPACITY 139,802 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF APPLICATIONS: +2% (+63 PCS)**
- **CAPACITY FOR SUBMITTED APPLICATIONS: +15% (+17,900 KW)**

CONTRACTS CONCLUDED – 3,014 PCS WITH MAXIMAL CAPACITY 68,636 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF CONCLUDED CONTRACTS: +0,01% (+4 PCS)**
- **CAPACITY FOR CONCLUDED CONTRACTS: +12% (+7,291 KW)**

CONTRACTS EXECUTED – 2,634 PCS WITH MAXIMAL CAPACITY 95,251 KW CHANGES AS COMPARED TO 2017:
- **NUMBER OF EXECUTED CONTRACTS : +7% (+161 PCS)**
- **CAPACITY FOR EXECUTED CONTRACTS: +115% (+50,986 KW)**

THE CONNECTION OF THE MINING AND PROCESSING PLANT FOR DEVELOPING BEREZOVSK IRON ORE DEPOSIT WAS PERFORMED IN 2018, 0,4 MW (MINING COMPANY LUNEN LLC)CONNECTION OF THE OBJECT PROVIDES WITH ADDITIONAL WORK PLACES, INCREASE THE SCOPE OF CAPACITY FLOW IN PJSC IDGS OF SIBERIA GRIDS, INCREASE REGIONAL PROVISION OF THE POPULATION WITH MEAT PRODUCTS, FACILITATES THE REGION METAL MINING DEVELOPMENT.

The number of socially significant projects includes connected facilities from 11 educational institutions: kindergartens, schools, educational centers with a total capacity of 0.39 MW;
4 health care facilities: hospitals, clinics, obstetric centers, with a total capacity of 0.09 MW and others: boiler houses, a cultural center, a recreation park of a natural park, a gas pipeline – 0.12 MW.

INCREASING THE REGION ATTRACTIVENESS ON THE DOING BUSINESS INDEX

As part of the execution of the target model of simplifying business procedures and increasing the investment attractiveness of the constituent entities of the Russian Federation[1], PJSC IDGC of Siberia carried out the following measures

1. A calculator was created for preliminary and control calculations directly on the corporate website of PJSC IDGC of Siberia of technological connection fees by type of rates and composition of measures in technical terms
2. The possibility of signing a draft agreement in the "Personal Account" on the website of PJSC IDGC of Siberia by means of an electronic digital signature (EDS)
3. The work has been organized to ensure the preparation and issuance to the applicant of the act on the implementation of technological connection and other documents related to technological connection, at the stage of actual supply of voltage to the applicant's receiving capacity devices
4. The system has been introduced for the procurement of construction (reconstruction) of capacity grids by the grid organization for the planned volumes of technological connection using framework agreements
5. Work was carried out with the executive authorities of the regions located in the area of presence of PJSC IDGC of Siberia, to issue a regulatory document providing for the elimination of the need to obtain permits for the construction of capacity grid facilities of voltage class up to 20 kW inclusive, required for technological connection (adopted in all regions of presence of PJSC IDGC of Siberia)
6. At the regional level, commissions have been set up to coordinate projects for the construction of linear facilities, consisting of representatives of all owners of linear facilities in the area, and representatives of local governments

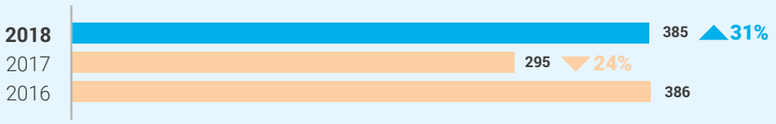
PAYMENT FOR TECHNOLOGICAL CONNECTION

Payment for technological connection services is carried out in accordance with the current legislation on the basis of the amount of fees approved by the authorized executive authorities in the field of state regulation of tariffs.

The cost of technological connection of capacity receiving devices with a maximum capacity of up to 15 kW does not exceed 550 rub. In 2018, the average rate for technological connection for the Company as a whole increased by 31% and amounted to 385 rub/kW.

The increase is due to the entry into force of the Guidelines for determining the amount of payment for technological connection to electric networks.

Dynamics of rate average per capacity unit, rub/kW



1. Order of the Government of the Russian Federation of January 31, 2017 No. 147-p

The increase in the rate is due to the change in the method of forming tariff rates. According to the Order of the Federal Antimonopoly Service of Russia No. 1135/17b dated August 29, 2017[1], when calculating tariff rates, data not only of PJSC IDGC of Siberia, but also of other local grid operators is taken into account. So, when calculating uniform standardized tariff rates and rates per unit of maximum capacity, data provided by all territorial grid organizations are taken into account.

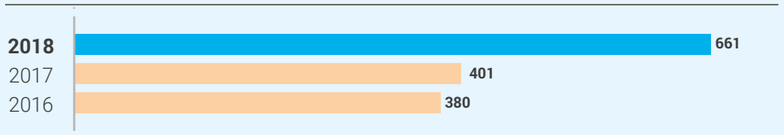
From 2018, the rates of payment for technological connection according to Methodological Guidelines 1135 are set uniform for the whole network organizations by the method of comparing analogues based on the data provided by the network organizations on actual costs of technological connection for each of the last 3 years. Until 2018, the rates for technological connection were set on the basis of the planned expenses for each Network Organization sent by the Network organizations.

Additional

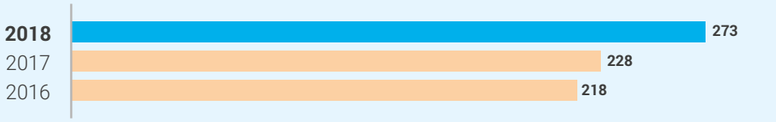
The company actively uses existing technical capabilities and unique competencies of highly qualified employees to develop additional services. Among the most sought-after were: testing electrical equipment and elements of electrical networks, the provision of road transport services, installation and replacement of metering devices, customer disconnection/connection services, the provision of a diesel generator set (display electronic unit), analysis of transformer oil, development of design and estimate documentation in 2018. The consumer service center, consumer offices and PDZ on the stands and on the Company's website www.mrsk-sib.ru contain information about the additional services provided. The site also provides information on the cost of services. Customer service centers provide verbal information to consumers applying for technological connection about the possibility of obtaining services related to technological connection and other types of additional services implemented by the Company's branches.

At the end of 2018, revenue from the sale of additional services amounted to 661 mln rub. The largest share is accounted for by services on changing network topologies (under reorganization agreements) – 59% (388 mln rub.).

Revenue from additional services, mln rub.

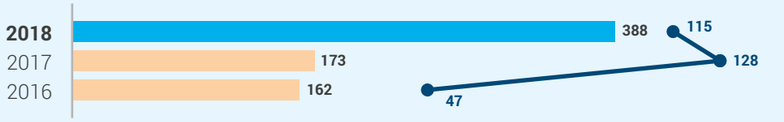


Revenue from additional services, excluding network topologies services, mln rub.



1. Approved by the order of the Federal Antimonopoly Service of Russia dated August 29, 2017 No. 1135/17 (Methodical instructions No. 1135/17)

Revenue from services of agreements for rearegement, mln rub.



Services for leasing facilities of subsidiaries and affiliates, such as: placement of advertising structures, fiber-optic communication cable on OHL, provision of autonomous sources of capacity supply, etc., amounted to 10% of revenue (66 mln rub.). Less demand was services for the construction of capacity grid facilities (7% of revenue), services for limiting / renewing the mode of electricity consumption (5%). During 2018, consumers of five branches took advantage of the service for carrying out work attributed to the applicant's competence in implementing technological connection (including the turnkey technological connection service), 774 applications were executed for a total amount of 23 mln rub. (4% of revenue). which is 15% higher than the level of revenue received in 2017.

Integrated quality management system

The Company has an integrated management system consisting of three components, each of which is certified according to the requirements of international standards.[1].

ISO 9001	valid till 16.12.2019
ISO 50001	valid till 16.12.2019
ISO 14001	valid till 31.10.2020

1. Quality management system
2. The quality management system is a component of the overall management system of the Company. It is designed to ensure the high quality of the services provided in accordance with the requirements of regulatory documents, the needs and expectations of consumers and the satisfaction of all stakeholders, including employees, shareholders, investors and partners of the Company.
3. Environment management system
4. Environment management system is a part of the Company's general management system, including the organizational structure, activity planning, distribution of responsibilities, practical work, as well as procedures, processes and resources for developing, implementing, evaluating the achieved results of implementation and improvement of environmental policies, goals and objectives.
5. Energy management system
6. Energy management system – it is a tool of the Company's general management system, which provides ongoing research that allows you to have knowledge of the distribution and levels of energy consumption in the enterprise, as well as the optimal use of energy resources for both production and non-production needs.

Integrated management system key participants:
- Board of Directors
- Director General and Board
- Energy Management System Specialist
- Owners of Business Processes
- Internal Control Department, Risk Management and Quality Management Department
- Structural units of the Company and its branches

1. All certificates are up to date. Certification was carried out by the Russian Register Certification Association in 2018

04

Lake Baikal // Republic of Buryatia

CORPORATE MANAGEMENT

- Evaluation of corporate management efficiency
- Management Bodies
- Corporate Control
- System of Remuneration Payable to Members of Company Management Bodies
- Authorized Capital
- The Company at the Securities Market
- Dividends
- Interaction with Shareholders and Investor

Corporate Management System and Practice

Company Corporate Management System (hereinafter Model) complies with requirements of legislation of the Russian Federation and requirements stated to issuers of securities included to section "Second Level" of the list of securities admitted to trades at MICEX. Company Corporate Management Model ensures efficiency of the Corporate Management System, its compliance with shareholders' interests and high standards of information disclosure. The Model provides for functioning of efficient internal control and risk management system.

Main Elements of the Corporate Management System

Ensuring and protecting shareholders' rights	Company creates favorable opportunities for execution of rights and legal interests by shareholders and for cushioning of violation risks related to such rights and interests. Best practices are introduced during preparation and holding of Company General Meeting of Shareholders, transparency of Company dividend policy is improved
Management and control bodies. Corporate Secretary	Efficient system of interaction between management and control bodies was established in the Company. Members of the Board of Directors have sufficient experience and qualification to be a member of the Board, independent directors play a key role in well-balancing of resolutions being passed. Corporate Secretary ensures work of the Board of Directors through interaction between members of the Board and Company management
Risk management, internal control and internal audit	Efficient internal control and risk management system was established in the Company. The system is aimed at provision of reasonable confidence in achievement of Company goals. The Company regularly holds an internal audit in order to provide systematic independent assessment of reliability and efficiency of risk management and internal control system and corporate management practices
Transparency and information disclosure	The Company ensures timely, full and accurate disclosure of information on its activity and securities, in compliance with the current legislation
Corporate social responsibility, business ethics	The Company is a socially responsible organization that pays a great deal of attention to ecology, labor protection and implementation of social programs. The Company follows high ethical standards and values stated in the Corporate Ethics Code

ANNOUNCEMENT ON COMPLIANCE WITH CORPORATE MANAGEMENT PRINCIPLES MADE BY THE BOARD OF DIRECTORS

The Company pays a great deal of attention to the improvement of corporate management system efficiency. We strive to observe corporate management principles provided for by the Corporate Management Code, to improve Company investment appeal and adhere to interests of all Company shareholders.

EVALUATION OF CORPORATE MANAGEMENT EFFICIENCY

The Company approved and enacted Company standard CS 2.045/0 "Evaluation of Corporate Management Efficiency in PJSC IDGC of Siberia. Methodology" (hereinafter Methodology). This Methodology was designed on the basis of methods for self-estimation of corporate management quality in state-participated companies.[1]

This Methodology provides for estimation from the point of compliance with principles and recommendations of corporate management that are stated in the Corporate Management Code.[2]

In 2018 Company Department for internal audit evaluated efficiency of Company corporate management for 2017. Corporate management was evaluated at the level of 79%, i. e. assessed as "Efficient with Remarks" (corporate management is efficient, but with remarks, particular components or issues have to be improved).

Evaluation of a corporate management compliance and efficiency level

Component name	Number of estimation criteria	Maximum possible amount of points	Internal audit estimation	Compliance level, %
Shareholders' rights	22	79	65	82
The Board of Directors	56	203	135	67
Executive management	5	40	33	83
Transparency and disclosure of information	15	135	110	81
Risk management, internal control and internal audit	16	63	61	97
Corporate social responsibility, business ethics	6	31	29	94
Total points:	120	551	433	79

Results of self-evaluation of corporate management for compliance with principles and recommendations of the Corporate Management Code

Principles of corporate management	Observed	Partially observed	Not observed
Shareholders' rights	12	0	1
The Board of Directors	29	4	3
Corporate Secretary	2	0	0
Remuneration system for members of the Board of Directors, executive bodies and other key employees	9	0	1
Internal control and risk management system	6	0	0
Disclosure of information on the Company	6	1	0
Significant corporate events	4	1	0
Total	68	6	5

1. Approved by the Order of Rosimushchestvo No. 306 as of 22.08.2014
2. Recommended by the letter of the Bank of Russia No. 06-52/2463 as of 10.04.2014 "On the Corporate Management Code"

IMPROVEMENT OF THE CORPORATE MANAGEMENT SYSTEM IN 2018

In order to implement recommendations of the Corporate Management Code, the Company designed and implemented the Road Map for Enhancement of Corporate Management Efficiency[1] in 2018 that covers all the aspects of Company corporate management system.

Large-scale work is aimed at analysis and improvement of internal documents and revision of a role played by independent directors in the committees of the Company Board of Directors.

The Board of Directors elected a senior independent director and approved the Methodology for Evaluating Performance of the Company Board of Directors complying with the Corporate Management Code. Self-evaluation was performed and information on such evaluation (self-evaluation) of performance of the Board of Directors was placed on the Company website.

Company internal documents were updated in a part of bringing them in compliance with the requirements of the legislation of the Russian Federation and recommendations of the Corporate Management Code, including Company documents controlling the issues of information disclosure and protection of insider information.

In a result of this work, the Company managed to achieve a level of corporate management called "Advanced Practice" (its corporate management corresponds to advanced practice and has potential for improvement in some issues).

Management Bodies

THE BOARD OF DIRECTORS

The Board of Directors is a strategic management body of the Company that performs general management of the Company activity, except for decision-making on the issues included to the competence of the General Shareholders Meeting by legislation of the Russian Federation.

Activity of the Board of Directors is governed by Federal Law "On Joint Stock Companies" and other legal acts of the Russian Federation, Company Charter and Regulation on the Company Board of Directors.

1. Approved by Decree No. 987 as of 21.12.2017

Composition of the Board of Directors

According to the Charter, the Company Board of Directors consists of 11 members elected by the General Shareholders Meeting. In 2018 the Company was managed by two (2) compositions of the Board of Directors of PJSC IDGC of Siberia:

Composition elected by annual General Shareholders Meeting on 16.06.2017:[1]
- Aleksandr Nikolaevich Fadeev, Adviser, Deputy Director General for Safety in PJSC "Russian Grids", Chief Adviser in PJSC "Russian Grids"
- Vitalii Pavlovich Bobrov, Director of a branch of PJSC "Russian Grids", namely, Centre for Technological Supervision
- Mikhail Aleksandrovich Bychko, Director of the Department for Capital Construction in PJSC "Russian Grids"
- Yurii Vladimirovich Goncharov, Adviser in the Office of the Executive Director, Alternate Deputy Executive Director for Corporate Management, Deputy Director General for Corporate Management in PJSC "Russian Grids"
- Samuil Moiseevich Zilberman, Adviser of the Director General for Special Projects in PJSC IDGC of Siberia
- Ekaterina Andreevna Kosogova, Director fir Tariff-Making in LLC Siberian Generating Company
- Mikhail Varfolomeevich Kuznetsov, Director General, Chairman of the Board, a member of the Board of Directors of LLC Siberian Generating Company
- Yurii Nikolaevich Pankstyanov, Director of the Department for Tariff Policy, Adviser in PHSC Russian Grids
- Veniamin Shmuilovich Pinkhasik, unemployed, a pensioner
- Vladimir Valeryevich Rashevsky, Director General, Chairman of the Board in JSC SIBENCO
- Kirill Andreevich Trubitsyn, Director for Legal Affairs in LLC Siberian Generating Company

Composition elected by annual General Shareholders Meeting on 08.06.2018:[2]
- Yurii Vladimirovich Goncharov, Deputy Director General for Corporate Management in PJSC "Russian Grids"
- Pavel Vladimirovich Grebtsov, Director of the Department for Tariff Policy in PJSC "Russian Grids"
- Samuil Moiseevich Zilberman, Adviser of the Director General for Special Projects in PJSC IDGC of Siberia
- Dmitrii Borisovich Akopyan, Director of the Department for Investment Activity in PJSC "Russian Grids"
- Mikhail Varfolomeevich Kuznetsov, Director General, Chairman of the Board of LLC Siberian Generating Company
- Ekaterina Andreevna Kosogova, Director fir Tariff-Making in LLC Siberian Generating Company
- Elena Borisovna Peshekhonova, Head of the Directorate for HR Audit and Analysis within the Department for HR Policy and Organizational Development of PJSC "Russian Grids"
- Veniamin Shmuilovich Pinkhasik, unemployed, a pensioner
- Vladimir Valeryevich Rashevsky, Director General of JSC SIBENCO
- Kirill Andreevich Trubitsyn, Director for Legal Affairs in LLC Siberian Generating Company
- Sergei Ivanovich Miromanov, Head of the Directorate for Electric Grid Assets Consolidation within the Department for Perspective Grid Development and Technological Connection of PJSC "Russian Grids"

1. The positions are given by the moment of advance
2. The positions are given by the moment of advance

YURII VLADIMIROVICH GONCHAROV
Deputy Director General for Corporate Management in PJSC Russian Grids

SAMUIL MOISEEVICH ZILBERMAN
Adviser of the Director General for Special Projects in PJSC IDGC of Siberia

EKATERINA ANDREEVNA KOSOGOVA
Director fir Tariff-Making in LLC Siberian Generating Company

MIKHAIL VARFOLOMEEVICH KUZNETSOV
Director General, Chairman of the Board of LLC Siberian Generating Company

SERGEI IVANOVICH MIROMANOV
Head of the Directorate for Electric Grid Assets Consolidation within the Department for Perspective Grid Development and Technological Connection of PJSC Russian Grids

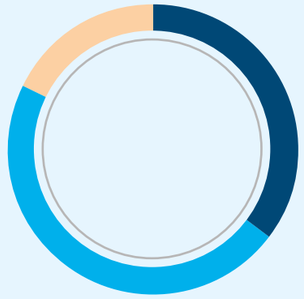
ELENA BORISOVNA PESHEKHONOVA
Head of the Directorate for HR Audit and Analysis within the Department for HR Policy and Organizational Development of PJSC Russian Grids

VENIAMIN SHMUILOVICH PINKHASIK
Unemployed, a pensioner

VLADIMIR VALERYEVICH RASHEVSKY
Director General of JSC SIBENCO

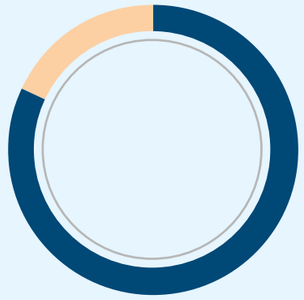
KIRILL ANDREEVICH TRUBITSYN
Director for Legal Affairs in LLC Siberian Generating Company

Length of Employment in the Board of Directors



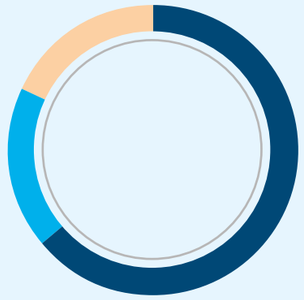
Less than 1 year	36
From 1 to 5 years	48
More than 5 years	18

Gender Composition of the Board of Directors



Men	82
Women	18

Age of Members of the Board of Directors



Under 50	64
50–60	18
Over than 60	18

Biographies of Members of the Board of Directors

Yurii Vladimirovich Goncharov

Status	Chairman of the Board of Directors, Non-Executive Director
Year of birth	1977
Education	Higher, Moscow State Mining University, major in Management; Higher, Moscow Institute of Economics, Policy and Law, major in Jurisprudence
Professional experience[1]	2018 – present – PJSC IDGC of Siberia, Chairman of the Board of Directors 2018 – present – PJSC MOESK, Member of the Board of Directors 2017 – present – JSC IDGC of Ural, Chairman of the Board of Directors 2017-2018 – PJSC IDGC of Siberia, Member of the Board of Directors 2014 – present – JSC Tyumenenergo, Member of the Board of Directors 2014-2017 – JSC IDGC of Ural, Member of the Board of Directors 2013 – present – PJSC "Russian Grids", Deputy Director General for Corporate Management, Senior Adviser 2013 – PJSC "Russian Grids", Alternate Deputy Executive Director for Corporate Management, Adviser in the Office of the Executive Director

Pavel Vladimirovich Grebtsov

Status	Non-Executive Director
Year of birth	1976
Education	Higher, Chelyabinsk College of Law within the Ministry of Social Protection for the Public of the Russian Federation, major in Legal Studies and Accounting in the Social Security System; M. V. Lomonosov Moscow State University, major in Management; Plekhanov Russian University of Economics, major in Management
Professional experience	2018 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2018 – present – PJSC FTC, Member of the Board of Directors 2018 – present – PJSC "Russian Grids", Director of the Department for Tariff Policy, Alternate Deputy Director General for Economics, Deputy Director General for Economics 2015-2018 – unemployed 2011-2015 – REC of Moscow City, First Deputy Chairman of REC of Moscow, Chairman of REC of Moscow

1. Hereinafter in biographies of the members of management and control bodies, all positions occupied by this person in the Issuer and other organizations for the last five years are specified and presented in chronological order, including part-time jobs as well as participation in management bodies in other companies

Samuil Moiseevich Zilberman

Status	Executive Director
Year of birth	1946
Education	Higher, Krasnoyarsk Polytechnic Institute, major in Power Grids and Systems. Doctor of Engineering, member of the Russian Engineering Academy
Professional experience	2017 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2016 – present – PJSC IDGC of Siberia, Adviser of the Director General for Special Projects, Deputy Head of the Department for HR Management and Organizational Projecting 2015-2016 – PJSC FGC UES, Adviser of the Chairman of the Board 2012-2015 – branch of PJSC FGC UES – MES of Siberia, Director General of the branch On November 20, 2007, Samuil Moiseevich Zilberman received a public award of the Russian Federation, namely, order of Peter the Great, II degree, for achievements and great contribution to development and strengthening of the state of Russia. In 2008, Samuil Moiseevich Zilberman was awarded with medal "For Merit to the Fatherland", II degree, by the Order of the President of the Russian Federation for his long-term diligent work and labor success. Participation share of the person in the authorized capital of PJSC IDGC of Siberia, %: 0.0004 Share of common shares of PJSC IDGC of Siberia owned by the person, %: 0.0004

Dmitrii Borisovich Akopyan

Status	Non-Executive Director
Year of birth	1967
Education	Higher, Krasnodar Polytechnic Institute of the Order of the Red Banner of Labor, major in Industrial and Civil Engineering; Kuban Institute of International Entrepreneurship and Management, major in Finances and Credit
Professional experience	2018 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2018 – present – PJSC IDGC of North Caucasus, Member of the Board of Directors 2018 – present – PJSC IDGC of the Center, Member of the Board of Directors 2018 – present – PJSC IDGC of the North-West, Member of the Board of Directors 2018 – present – JSC IDGC of Ural, Member of the Board of Directors 2018 – present – PJSC IDGC of the South – branch of Rostovenergo, Deputy Director General – Director of the branch 2016-2018 – PJSC "Russian Grids", Director of the Department for Investment Activity 2014-2016 – LLC Lider, Deputy Director – Chief Engineer 2013-2014 – LLC Sevkavenergostroy, First Deputy Director

Mikhail Varfolomeevich Kuznetsov

Status	Non-Executive Director
Year of birth	1968
Education	Higher, M. V. Lomonosov Moscow State University, Physics Department
Professional experience	2018-2019 – JSC Siberian Generating Company, Member of the Board of Directors 2015-2018 – Charity Fund "Siberian Generating Company – Warming Hearts", President 2014 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2014-2018 – Association "Council of Power Producers and Strategic Investors in Power Industry", Member of the Supervision Board 2014-2018 – PJSC DEK, Member of the Board of Directors 2013-2018 – LLC Siberian Generating Company, Director General, Chairman of the Board, Member of the Board of Directors, Member of the Strategy Committee 2014-2016 – Association "Market Council for Organization of Efficient System of Wholesale and Retail Trade with Power and Capacity", Member of the Supervision Board

Ekaterina Andreevna Kosogova

Status	Non-Executive Director
Year of birth	1975
Education	Higher, Perm State University, major in Jurisprudence; Higher, Ural Branch of the Russian Academy of State Service at the President of the Russian Federation, major in Corporate Management
Professional experience	2018 – present – Joint Stock Company Siberian Energy Company (JSC SIBENCO), Member of the Board of Directors 2015 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2013 – present – LLC Siberian Generating Company, Director for Tariff-Making

Elena Borisovna Peshekhonova

Status	Non-Executive Director
Year of birth	1971
Education	Higher, North-Western Academy of State Service, specialty: Manager
Professional experience	2018 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2017 – present – PJSC "Russian Grids", Head of the Directorate for HR Audit and Analysis within the Department for HR Policy and Organizational Development, Director of the Department for HR Management 2017-2017 – State Budgetary Institution Moscow Analytical Center in the Sphere of Urban Economy, First Deputy Director 2015-2017 – JSC Mosgiprotrans, Deputy Director General for Personnel 2014-2015 – LLC Modern Technologies in Construction, HR Director 2014-2014 – CJSC Baltic Glass, HR Director 2013-2014 – CJSC Lenstroytrans, HR Director

Veniamin Shmuilovich Pinkhasik

Status	Independent Director
Year of birth	1946
Education	Higher, Leningrad M.I. Kalinin Polytechnic Institute, specialty: Electrical Engineer; Academy of National Economy within the RF Government, major: Management in Power Industry (retraining)
Professional experience	2016 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2014-2015 – JSC IDGC of Siberia, Member of the Board of Directors 2014-2014 – JSC IDGC of the North-West, Adviser in the Affairs Department

Vladimir Valeryevich Rashevsky

Status	Non-Executive Director
Year of birth	1973
Education	Higher, Financial Academy within the RF Government Postgraduate studentship in the Financial Academy within the RF Government, PhD in Economics was awarded Major: Global Economics, qualification: Economist
Professional experience	2016 – present – JSC SIBENCO, Member of the Board of Directors 2016 – present – Non-Commercial Partnership "Market Council for Organization of Efficient Wholesale and Retail Trade with Power and Capacity", Member of the Supervisory Board 2013 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2013-2016 – SIBENCO PLC, Member of the Board of Directors 2012-2015 – Non-Commercial Partnership "Council of Participants of Railroad Operator Services Market", Member of the Presidium 2011 – present – LLC Siberian Generating Company, Member of the Board of Directors 2010 – present – Skolkovo Fund, Member of the Fund Board 2008 – present – All-Russia Association of Employers within the Russian Association of Industrialists and Entrepreneurs, Member of the Board 2006 – present – Non-Commercial Organization "Fund of Social and Economic Regional Support, SIBENCO – Regions", Chairman of the Board 2005 – present – JSC SIBENCO, Chairman of the Board 2004 – present – JSC SIBENCO, Director General

Kirill Andreevich Trubitsyn

Status	Independent Director
Year of birth	1975
Education	Higher, Tomsk State University, major in Jurisprudence
Professional experience	2018 – present – JSC SIBENCO, Member of the Board of Directors 2015 – present – PJSC DEK, Member of the Board of Directors 2014 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2014 – present – LLC Siberian Generating Company, Director for Legal Affairs 2016-2017 – JSC Sotssfera, Member of the Board of Directors 2014-2017 – JSC Power Service Company of Siberia, Member of the Board of Directors 2014-2015 – JSC Sibirelektrosetservis, Member of the Board of Directors

Sergei Ivanovich Miromanov

Status	Non-Executive Director
Year of birth	1973
Education	Higher, Moscow Power Engineering Institute, specialty: Manager
Professional experience	2018 – present – PJSC IDGC of Siberia, Member of the Board of Directors 2018 – present – JSC IDGC of Ural, Member of the Board of Directors 2013 – present – PJSC "Russian Grids", Head of the Directorate for Electric Grid Assets Consolidation

General Information

In 2018, all members of the Board of Directors, except for Samuil Moiseevich Zilberman, had no participation shares in the authorized capital of PJSC IDGC of Siberia / had no common shares, and did not make any transactions for acquisition or disposal of shares. Samuil Moiseevich Zilberman's participation share in the authorized capital of PJSC IDGC of Siberia / share of common shares amounted to 0.0004% and he did not make any transactions for acquisition or disposal of shares in 2018.

- All members of the Board of Directors gave their consent for the disclosure of their personal data
- There was no conflict of interests between the members of the Board of Directors in 2018
- The Company has no information on filing of any claims against the members of the Board of Directors in 2018
- Liability of directors, officials and companies of PJSC IDGC of Siberia is insured. Expenses for insurance amounted to 2,145 thsd rub. in 2018

Report on the Activity of the Board of Directors

In 2018 Company Board of Directors held 44 meetings (39 in absentee meetings and 5 in-presence ones) with the participation of all members of the Board of Directors, where 189 issues were considered, including issues of significant importance to the Company, such as preparation and conveyance of annual General Shareholders Meeting, consideration of reports made by Company Director General on passing the autumn-winter period of 2017-2018, Company preparedness to the autumn-winter period of 2018-2019 and on preparedness to the Winter Universiade Krasnoyarsk 2019.

In terms of consideration of issues related to various directions of Company activity, the Board of Directors approved several documents required for implementation of Company activity, including:

1. Restated Regulation on Dividend Policy of PJSC IDGC of Siberia
2. Regulation on Technological and Price Audit of Investment Programs and Reports on Implementation of Investment Programs of PJSC IDGC of Siberia
3. Standards Conditions for Formation of Investment Programs of PJSC IDGC of Siberia
4. Draft Investment Program for 2019-2023 and draft amendments introduced in the investment program of PJSC IDGC of Siberia for 2018-2022
5. Restated Program of Disposal of Non-Core Assets of PJSC IDGC of Siberia
6. Procedure for the Organization of Sale of Non-Core Assets of PJSC IDGC of Siberia
7. Program for Mitigation of Personnel Injury Risks at Electric Grid Facilities of PJSC IDGC of Siberia for 2018
8. Combined based on RAS principles and consolidated based on IFRS principles Business Plan of PJSC IDGC of Siberia for 2018 and Estimates for 2019-2022
9. Restated Regulation on Information Policy of PJSC IDGC of Siberia
10. Restated Regulation on the Disposal of Public Utility Facilities Owned by PJSC IDGC of Siberia
11. Procedure for Rearrangement of Facilities of PJSC IDGC of Siberia on the Initiative of Third Parties
12. Methodology of Assessment of Performance of the Board of Directors and Committees of the Board of Directors of PJSC IDGC of Siberia
13. Adjusted Plan for the Development of a System of Business Assets Management in PJSC IDGC of Siberia for 2016-2018
14. Regulation on Internal Technical Control System in PJSC IDGC of Siberia
15. Plan for Decommissioning of PCB-Containing Equipment for 2018-2023
16. Restated Regulation on Insider Information of PJSC IDGC of Siberia
17. Methodology for Determination of Capacity Margins in the Power Centers of the Company
18. Updated Program of Modernization (Renovation) of Electric Grid Facilities of PJSC IDGC of Siberia for 2018-2026;
19. Restated Standard of Consumer Service Quality;
20. Restated Regulation on the Placement of Temporarily Disposable Monetary Resources of PJSC IDGC of Siberia;
21. Scenario Conditions of Company Investment Program Formation;
22. Adjusted Plan for the Development of the System of Business Assets Management in PJSC IDGC of Siberia for 2016-2019.

Report on transactions of interest made by the Company in 2018 is presented in Appendix X. Major and significant transactions were not made by the Company and its sub-controlled legal entities in 2018.

CORPORATE SECRETARY

According to the requirements of the Corporate Management Code recommended by the Bank of Russia, Corporate Secretary is an employee of the Company. An employee of Department of Corporate Management and Shareholder Interaction of PJSC IDGC of Siberia shall also act as the Corporate Secretary.

Inna Aleksandrovna Polikarpova

Status	Company Corporate Secretary
Year of birth	1983
Education	Higher, Krasnoyarsk State University, major in Taxes and Taxation. Higher, Siberian Federal University, major in Jurisprudence
Professional experience[1]	2009 – present – PJSC IDGC of Siberia, Chief Specialist of the Department of Corporate Management and Shareholder Interaction, Chief Expert of the Department of Corporate Management and Shareholder Interaction, Corporate Secretary of PJSC IDGC of Siberia

The person did not participate in control and management bodies of other organization when acting as the Corporate Secretary of PJSC IDGC of Siberia.

The person does not have a participation share/common shares in the authorized capital of PJSC IDGC of Siberia.

No transactions on acquisition and/or disposal of Company shares were made.

Consent for personal information disclosure was obtained.

There is no conflict of interests.

1. All positions held by this person in the Issuer and other companies for the last 5 years and at present, in chronological order, including part-time jobs

COMMITTEES OF THE BOARD OF DIRECTORS

Committees of the Board of Directors are established for preliminary consideration of the uttermost important agenda issues of the Board of Directors Meeting, settlement of disputes between shareholders prior to meeting, preparation of well-grounded recommendations to the Board of Directors for passing resolutions.

At present the Company has created and implemented the following committees:
- Committees on Strategy, Development, Investments and Reforming
- Reliability Committee
- Audit Committee
- Personnel and Remuneration Committee
- Committee on Technological Connection to Electric Grids

Committee on Strategy, Development, Investments and Reforming

The Committee was elected by the resolution of the Company Board of Directors dated 25.04.2007. Essential tasks of the Committee include development and submission to the Board of Directors of proposals on Company business priorities, enhancement of investment attractiveness, improvement of investment activity, Company performance evaluation, and organization of functioning and efficiency of PJSC IDGC of Siberia risk management system.

Staff of the Committee on Strategy, Development, Investments and Reforming[1]

Full name	Position occupied by the moment of election
Sergei Yurievich Lebedev[2]	Director of the Department for Strategic Development of PJSC "Russian Grids", Chairman of the Committee
Vitalii Anatolyevich Domnich[3]	Acting Director of the Department for Strategic Development of PJSC "Russian Grids", Chairman of the Committee
Vitalii Valeryevich Ivanov	Director General of PJSC IDGC of Siberia
Dmitrii Sergeevich Kapustin	Head of the Directorate for Innovative Technical Policy and Power Efficiency Improvement within the Department for Technological Development and Innovations of PJSC "Russian Grids"
Sergei Ivanovich Miromanov	Head of the Directorate for Electric Grid Assets Consolidation within the Department for Perspective Grid Development and Technological Connection in PJSC "Russian Grids"
Anton Mikhailovich Naumov	Leading Expert of Consolidated Project Management and Reporting within the Department of Investment Activity of PJSC "Russian Grids"
Natalia Vladimirovna Paramonova	Head of the Economic Planning Directorate within the Department for Tariff Policy in PJSC "Russian Grids"
Veniamin Shmuilovich Pinkhasik	Honored power engineer of the Russian Federation
Kirill Andreevich Trubitsyn	Director for Legal Affairs in LLC Siberian Generating Company

1. Elected by the Company Board of Directors on 31.07.2018
2. Powers are terminated at the meeting of the Board of Directors on 04.12.2018, Minutes No. 300/18
3. Elected at the meeting of the Board of Directors on 04.12.2018, Minutes No. 300/18

In 2018, the Committee on Strategy, Development, Investment and Reforming had 16 meetings, 5 of these meetings were held in the form of joint attendance. Recommendations to the Board of Directors on the issues related to the competence of the Committee were considered and presented, including:

- On the approval of the Regulation of Dividend Policy of PJSC IDGC of Siberia
- On consideration of scenario conditions of Company investment program formation
- On conduct of technological and price audit of investment programs and reports on Company investment program implementation
- approval of the draft investment program for 2019-2023 and draft amendments introduced into the Investment Program of PJSC IDGC of Siberia for the period of 2018-2022[1] and other issues.

Remuneration to the members of Committee shall be paid pursuant to the Regulation on Payment of Remuneration and Compensations to Members of Committee on Strategy, Development, Investment and Reforming of PJSC IDGC of Siberia Board of Directors. Total amount of remuneration and compensation paid to the members of the Committee in 2018 amounted 978 thsd rub.

The Regulation on the Committee and Regulation on Payment of Remuneration and Compensations to Members of the Committee can be viewed in the Internet: http://www.mrsk-sib.ru/index.php?option=com_content&view=category&layout=blog&id=1179&Itemid=1985&lang=ru40

Annual report on the Committee on Strategy, Development, Investment and Reforming for corporate year 2017-2018 was considered by the Company Board of Directors[2] prior to the annual General Shareholders Meeting.

Reliability Committee

The Committee was elected by the resolution of the Company Board of Directors dated 30.03.2006. Primary task of the Committee is evaluation of technical management performance, taking necessary actions to ensure reliable work of equipment and personnel in crisis and pre-crisis situations, meeting requirements of complex reliability, assessment of completeness and sufficiency of measures taken after accidents and big technological violations and control over their fulfillment.

Staff of the Reliability Committee[3]

Full name	Position occupied by the moment of election
Pavel Borisovich Dynkin	Deputy Director General for Economics and Finances in PJSC IDGC of Siberia
Samuil Moiseevich Zilberman	Adviser of the Director General for Special Projects in PJSC IDGC of Siberia
Igor Anatolievch Sorokin	Deputy Director General for Technical Issues, Leading Engineer of PJSC IDGC of Siberia
Vladimir Petrovich Suchkov	Head of the Department for Power Supervision and Power Efficiency in the branch of PJSC "Russian Grids" – Center for Technological Supervision
Kirill Andreevich Trubitsyn	Director for Legal Affairs in LLC Siberian Generating Company
Vladimir Anatolievich Ukolov	Deputy Director of the Situation Analytical Center of PJSC "Russian Grids"

1. Approved by the Order of Ministry of Energy of Russia dated 28.12.2015 No. 1043
2. 06.06.2018 (Minutes No. 284/18)
3. Elected by the Company Board of Directors on 31.07.2018

In 2018, the Reliability Committee had 8 meetings, 2 of these meetings were held in the form of joint attendance. Recommendations to the Board of Directors on the issues related to the competence of the Committee were considered and presented, including:

- On consideration of the report on implementation in 2017 of the Plan for the Development of a System of Business Assets Management in PJSC IDGC of Siberia for 2016-2018;
- Program for Mitigation of Personnel Injury Risks at Electric Grid Facilities of PJSC IDGC of Siberia for 2018
- Adjusted Action Plan for the development of business assets of PJSC IDGC of Siberia for 2016-2019
- On consideration of the report made by Company Director General on passing the autumn-winter period of 2018-2019 by PJSC IDGC of Siberia
- On the approval of the updated program for modernization (renovation) of power grid facilities of PJSC IDGC of Siberia for 2018-2026
- On analysis of quality of investigating into the reasons of technological violations (accidents); evaluation of completeness and sufficiency of measures developed based on the results of investigation of technological violations (accidents)
- On consideration of the program for maintenance and repair of PJSC IDGC of Siberia for 2019;
- And other issues

Remuneration shall be paid to members of the Committee pursuant to the Regulation on Payment of Remuneration and Compensations to members of the Reliability Committee of PJSC IDGC of Siberia Board of Directors.

Regulation on the Committee and Regulation on Payment of Remuneration and Compensation to members of the Committee can be viewed in the Internet: http://www.mrsk-sib.ru/index.php?option=comcontent&view=category&layout=blog&id=1179&Itemid=1985&lang=ru40 .

Annual report on the Reliability Committee for corporate year 2017-2018 was considered by Company Board of Directors[1] prior to annual General Shareholders Meeting.

Audit Committee

The Committee was elected by Company Board of Directors on 12.12.2008. Main tasks of the Audit Committee are audit of accounting (financial) statements of the Company and supervision over its preparation, control over reliability and efficiency of functioning of internal control system, risk management system, corporate management practice, control over holding of external audit and selection of an auditor, ensuring independence and objectivity of internal audit functions, supervision over efficiency of a system for counteraction to unfair acts of Company employees and third parties.

Staff of the Audit Committee[2]

Full name	Position occupied by the moment of election
Pavel Vladimirovich Grebtsov	Director of the Department for Tariff Policy in PJSC "Russian Grids"
Dmitrii Borisovich Akopyan	Director of the Department for Investment Activity in PJSC "Russian Grids"
Sergei Ivanovich Miromanov	Head of the Directorate for Electric Grid Assets Consolidation within the Department for Perspective Grid Development and Technological Connection of PJSC "Russian Grids"
Kirill Andreevich Trubitsyn	Independent Director, Director for Legal Affairs in LLC Siberian Generating Company
Veniamin Shmuilovich Pinkhasik	Independent Director

1. 06.06.2018 (Minutes No. 284/18)
2. Elected by the Company Board of Directors on 29.06.2018

The Audit Committee within Company Board of Directors includes independent directors qualified experienced in the field of preparation, analysis, assessment and audit of accounting (financial) statements:

- Veniamin Shmuilovich Pinkhasik, honored power engineer of the Russian Federation
- Kirill Andreevich Trubitsyn, Director for Legal Affairs in LLC Siberian Generating Company

In 2018, the audit Committee had 18 meetings, 5 of these meetings were held in the form of joint attendance. The following issues were considered at the meetings of Company Audit Committee in 2018:

- Candidacy of external auditor was preliminary approved for audit of accounting (financial) statements of the Company for 2018
- External audit efficiency was assessed, including evaluation of external auditor's opinion for 2017
- Accounting (financial) statements of the Company prepared in accordance with RAS and consolidated financial statements prepared in accordance with IFRS, written information of external auditor on main issues of accounting (financial) statements of the Company, information on nonstandard transactions and events of the Company, as well as formation of reserve of doubtful debts and estimated liabilities were considered
- Information of executive bodies on implementation of Company internal control policy, Anticorruption policy, including results of anticorruption monitoring, reports of executive bodies on implementation of corrective action plans on the elimination of deficiencies revealed by the Revision Commission of the Company, internal auditor of the Company and external control (supervisory) bodies, on implementation of measures taken in result of informing on potential unfair acts of employees, and results of investigations was considered; plans, internal audit budget and KPI of the Head of Internal Audit for 2018 were approved

The Regulation on Committee can be viewed in the Internet: http://www.mrsk-sib.ru/index.php?option=com_content&view=category&layout=blog&id=1179&Itemid=1985&lang=ru40 .

Annual report on the Audit Committee for corporate year 2017-2018 was considered by Company Board of Directors[1] prior to annual General Shareholders Meeting.

1. 06.06.2018 (Minutes No. 284/18)

Personnel and Remuneration Committee

The Committee was elected by resolution of the Company Board of Directors dated 12.12.2008. Main tasks of the Committee include development and submission to the Company Board of Directors of proposals on determination of principles and criteria for fees of the Company Board of Directors members, members of the collegial executive body and the person performing functions of the sole executive body, including management company or manager, material terms and conditions of agreements made with members of the collegial executive body and the person performing functions of the sole executive body, criteria of candidates selection to the Company Board of Directors, collegial executive body and the sole executive body, appraisal of performance of the sole executive body (management company, manager) and collegial executive body.

Staff of the Personnel and Remuneration Committee[1]

Full name	Position occupied by the moment of election
Elena Borisovna Peshekhonova	Head of the Directorate for HR Audit and Analysis within the Department for HR Policy and Organizational Development of PJSC "Russian Grids"
Sergei Ivanovich Miromanov	Head of the Directorate for Electric Grid Assets Consolidation within the Department for Perspective Grid Development and Technological Connection of PJSC "Russian Grids"
Kirill Andreevich Trubitsyn	Director for Legal Affairs in LLC Siberian Generating Company

In 2018 the Personnel and Remuneration Committee had 12 meetings in absentee, 4 of these meetings were held in the form of joint attendance. Recommendations to the Board of Directors on the issues related to the competence of the Committee were considered and presented, including:

- On approval of candidates for positions in Company executive body
- On election of Company Director General
- On election of members of Company Management Board
- On election of the Corporate Secretary of the Board of Directors
- On approval of the organizational structure of Company executive body
- On determination of status of members of Company Board of Directors

The Committee considered results of activity of deputies of the Company Director General, on approval of the program of introductory course for newly elected directors of PJSC IDGC of Siberia.

Regulation on the Committee and Regulation on Payment of Remuneration and Compensation to the members of the Committee can be viewed on the corporate website of IDGC of Siberia at the address: http://www.mrsk-sib.ru/index.php?option=com_content&view=category&layout=blog&id= 1179&Itemid=1985&lang=ru40 .

Annual report on the Committee for corporate year 2017-2018 was considered by Company Board of Directors[2] prior to annual General Shareholders Meeting.

1. Elected by the Company Board of Directors on 31.07.2018
2. 06.06.2019 (Minutes No. 284/18)

Committee on Technological Connection to Electric Grids

The Committee was elected by resolution of the Company Board of Directors dated 10.02.2009. Main task of the Committee is development and submission to the Company Board of Directors of proposals on improvement of the legislative grounds of antimonopoly regulation and Company internal by-laws on provision of non-discriminatory access to technological connection of consumers to electric grids, appraisal of efficiency of the Company performance related to technological connection of consumers to electric grids.

Staff of the Committee on Technological Connection to Electric Grids[1]

Full name	Position occupied by the moment of election
Veniamin Shmuilovich Pinkhasik	Honored Power Engineer of the Russian Federation and CIS
Kirill Andreevich Trubitsyn	Director for Legal Affairs in LLC Siberian Generating Company
Aleksandr Yurievich Korneev	Director of the Department for Perspective Development of the Grid and Technological Connection in PJSC "Russian Grids"
Anna Igorevna Yakhova[2]	Chief Expert of the Directorate for Perspective Development of the Grid within the Department for Perspective Development of the Grid and Technological Connection in PJSC "Russian Grids"
Nadezhda Ivanovna Lebedeva[3]	Chief Expert of the Directorate for Technological Connection Regulation within the Department for Perspective Development of the Grid and Technological Connection in PJSC "Russian Grids"
Dmitrii Nikolaevich Skripalshchikov[4]	Head of the Directorate for Perspective Development of the Grid in PJSC "Russian Grids"
Egor Vladimirovich Kalenyuk[5]	Deputy Director General for Service Implementation and Development in PJSC IDGC of Siberia

1. Elected by the Company Board of Directors on 31.07.2018
2. Authorities were terminated at the meeting of the Board of Directors dated 20.09.2018, Minutes No. 294/18
3. Authorities were terminated at the meeting of the Board of Directors dated 20.09.2018, Minutes No. 294/18
4. Elected at the meeting of the Board of Directors dated 20.09.2018, Minutes No. 294/18
5. Elected at the meeting of the Board of Directors dated 20.09.2018, Minutes No. 294/18

In 2018 the Committee had 6 meetings in absentee. The following issues were considered at the meetings in 2018:

Report on implementation of the investment program in a part of technological connection
- Report on implementation of measures based on applications regarding improper quality of services on technological connection submitted to the Company from state bodies and PJSC "Russian Grids" for 2017
- Analysis of technological connection of small and medium businesses in 2017-2018 and implementation of measures on improvement of availability of technological connection to power grids
- Offers on improvement of the regulatory legal basis related to technological connection of power receiving devices of consumers and electric grid facilities belonging to grid organizations, to electric grids
- Action plan of the Company for technological connection of power receiving devices of consumers to electric grids of PJSC IDGC of Siberia for 2019; report on the development of "Complex programs for development of power grids of 35 kW and higher in the territory of the Russian Federation for a 5-year period" in 2018
- List of events implemented and planned to be implemented within the Action Plan (Road Map) "Accessibility Upgrade of Power Infrastructure"[1] by PJSC IDGC of Siberia

Remuneration shall be paid to members of the Committee pursuant to the Regulation on Payment of Remuneration and Compensation to members of the Committee on Technological Connection to Electric Grids of PJSC IDGC of Siberia Board of Directors.

Regulation on the Committee and Regulation on Payment of Remuneration and Compensation to the members of the Committee can be viewed on the corporate website of IDGC of Siberia at the address: http://www.mrsk-sib.ru/index.php?option=com_content&view=category&layout=blog&id= 1179&Itemid=1985&lang=ru40

Annual report on the Committee on Technological Connection to Electric Grids for corporate year 2017-2018 was considered by Company Board of Directors[2] prior to annual General Shareholders.

1. Approved by RF Government Decree No. 1144-p dated 30.06.2012
2. 06.06.2018 (Minutes No. 284/18)

MANAGEMENT BOARD

Provision on the Management Board can be seen on the corporate website of PJSC IDGC of Siberia at the address

The Board, Company collegial executive body, operates by virtue of the Company Charter and Provisions for the Board of PJSC IDGC of Siberia.

Management Board is responsible for actual implementation of targets, development strategy and Company policy, and manages Company current activity within its competence determined by the Company Charter, resolutions of the General Shareholders Meeting and Company Board of Directors.

Main tasks of Management Board are:

- ensuring observance of rights and legal interests of Company shareholders;
- designing suggestions for Company development strategy;
- implementation of Company financial and administrative policy, development of resolutions for the most important issues of current economic activity and coordination of Company subdivisions' work;
- improvement of efficiency of internal control and risk monitoring system;
- ensuring achievement of high level of return on Company assets and maximal revenue from Company activity.

STAFF OF THE MANAGEMENT BOARD[1]

Full name	Position
Vitalii Valerievich Ivanov	Chairman of the Management Board, Director General of PJSC IDGC of Siberia
Pavel Evgenievich Akilin	Deputy Chairman of the Management Board, First Deputy Director General of PJSC IDGC of Siberia
Nikolai Vasilievich Arkhipov	Deputy Director General for Security of PJSC IDGC of Siberia
Pavel Borisovich Dynkin	Deputy Director General for Economics and Finances of PJSC IDGC of Siberia
Egor Vladimirovich Kalenyuk	Deputy Director General for Service Implementation and Development in PJSC IDGC of Siberia
Andrei Igorevich Levinsky	Deputy Director General for Corporate Management of PJSC IDGC of Siberia
Igor Anatolievich Sorokin	Deputy Director General for Technical Affairs, Leading Engineer of PJSC IDGC of Siberia

In 2018 the following changes were introduced into the composition of the Management Board:

Changes into the composition of the Management Board

Full name	Date of termination of authorities	Date of commencement of authorities	Reason for termination of authorities
Vladislav Evgenievich Shvets	12.07.2018		Death
Ruslan Anatolievich Iakovlev	25.05.2018		Personnel changes in the Company
Pavel Borisovich Dynkin		25.05.2018	
Egor Vladimirovich Kalenyuk		12.02.2019	

1. As of 31.12.2018

BIOGRAPHIES OF MEMBERS OF THE MANAGEMENT BOARD

Vitalii Valerievich Ivanov

Status	Chairman of the Management Board
Year of birth	1970
Education	Higher, Omsk Institute of Railroad Transport, specialty: Electrical Engineer
Professional experience	2016 – present – PJSC IDGC of Siberia, Acting Director General, Chairman of the Management Board, Director General 2013 – present – PJSC "Russian Grids", Director for Operation, Maintenance and Repairs, Director of the Situation-Analytical Centre, Deputy Director General for Situation-Analytical Management, Deputy Director General for Anti-Emergency Management, Deputy Director General for Crimean Federal District, Deputy Director General

Pavel Evgenievich Akilin

Year of birth	1975
Education	Higher, Izhevsk State Technical University, major in Corporate Economics and Management. Higher, State Management University under MBA – Corporate Management program
Professional experience	2017 – present – PJSC IDGC of Siberia, Adviser of Director General, Acting Deputy Director General for Economics and Finances, Deputy Director General for Economics and Finances, Deputy Chairman of the Management Board, First Deputy Director General, Director General. 2013-2017 – LLC Inter RAO – Power Generation Management, Deputy Director General for Economics and Finances

Nikolai Vasilievich Arkhipov

Year of birth	1958
Education	Higher, Krasnoyarsk Agricultural Institute, qualification: Lawyer.
Professional experience	2010 – present – PJSC IDGC of Siberia, Deputy Director General for Security, member of the Management Board

Pavel Borisovich Dynkin

Year of birth	1973
Education	Higher, Far-Eastern State University, qualification: Orientalist and Economist, Chinese Translator
Professional experience	2016 – April 2019 – PJSC IDGC of Siberia, Adviser of Director General, Deputy Director General for Economics and Finances 2014-2015 – JSC IDGC of the North Caucasus, Adviser, Deputy Director General for Economics and Finances, Adviser for Financial Issues

Egor Vladimirovich Kalenyuk

Year of birth	1970
Education	Higher, Khabarovsk Polytechnic Institute, Far-Eastern State Transport University, qualification: Engineer
Professional experience	2018 – April 2019 – PJSC IDGC of Siberia, Senior Adviser of Director General, Acting Deputy Director General for Service Implementation and Development, Deputy Director General for Service Implementation and Development, member of the Management Board 2016-2018 – JSC Energy Service Company Lenenergo, Director General, Adviser of Director General 2016-2016 – PJSC Lenenergo, Adviser of Director General 2014-2015 – JSC IDGC of the North Caucasus, Adviser

Andrei Igorevich Levinsky

Year of birth	1968
Education	Higher, Omsk State University, major in Jurisprudence
Professional experience	2008 – present – PJSC IDGC of Siberia, Director for Legal Affairs, Head of Department for Legal Support, Director for Legal Support, Adviser of Director General, Deputy Director General, Head of the Executive Body, Deputy Director General for Corporate Management, member of Management Board

Igor Anatolievich Sorokin

Year of birth	1969
Education	Higher, Omsk Polytechnic Institute, major in Engineering and Physics of Low Temperatures. Higher, Tomsk Polytechnic University, major in Electric Power Systems and Grids.
Professional experience	2016 – present – PJSC IDGC of Siberia, Acting Deputy Director General for Technical Affairs, Leading Engineer, Deputy Director General for Technical Affairs, Leading Engineer, member of Management Board 2012-2016 – Branch of PJSC IDGC of South, Astrakhanenergo, Firest Deputy Director, Leading Engineer of the branch

General Information

In 2018, all members of the Management Board, except for Andrei Igorevich Levinsky, had no participation shares in the authorized capital of PJSC IDGC of Siberia / had no common shares, and did not make any transactions for acquisition or disposal of shares. Andrei Igorevich Levinsky's participation share in the authorized capital of PJSC IDGC of Siberia / share of common shares amounted to 0.000037% and he did not make any transactions for acquisition or disposal of shares in 2018.

All members of the Management Board gave their consent for the disclosure of their personal data.

There was no conflict of interests between the members of the Management Board in 2018.

The Company has no information on filing of any claims against the members of the Management Board in 2018.

Liability of directors, officials and companies of PJSC IDGC of Siberia is insured. Expenses for insurance amounted to RUB 2,145 thsd in 2018.

Report on Performance of the Management Board

In 2018 Company Management Board held 50 meetings, 8 of them were held in a form of joint attendance.

Issues of current Company activity, including production-finance issues, issues of business-planning and investment, reports of deputies of the Director General for various directions and issues presented for consideration of the Board of Directors requiring additional consideration by the Management Board, were considered at the meetings of the Management Board.

Pursuant to the Regulation on PJSC IDGC of Siberia Management Board[1], a labor agreement with a member of the Management Board shall be signed by Chairman of the Company Board of Directors on behalf of the Company or by a person authorized by the Company Board of Directors.

Terms and conditions of labor agreements, including terms of powers, shall be determined by the Company Board of Directors or a person authorized by the Company Board of Directors for execution of rights and obligations of an employee on behalf of the Company in regard to members of the Management Board. Remuneration shall be paid pursuant to labor agreements.

DIRECTOR GENERAL

Director General, elected by resolution of the Company Board of Directors, Company sole executive body, performs management of current activity of PJSC IDGC of Siberia. Competence of Company Director General includes all matters related to Company current operations management, except for the issues falling within the competence of Company General Shareholders Meeting, Board of Directors and Management Board.

Director General is subordinate to the Board of Directors, operates in compliance with resolutions passed by Company Board of Directors, and systematically accounts for its performance to the Board of Directors.

By resolution of PJSC IDGC of Siberia Board of Directors dated 16.11.2016, Vitalii Valerievich Ivanov was elected acting Director General and on 16.05.2017 was elected Company Director General.

Biography of Vitalii Valerievich Ivanov is presented in the section "Biographies of Members of the Management Board".

1. Approved by resolution of the annual General Shareholders Meeting dated 26.06.2015 (Minutes No. 11)

Corporate Control

INTERNAL CONTROL SYSTEM

Company Internal control system (hereinafter – ICS) is an element of the general control system of the Company aimed at provision of reasonable guarantees for achievement of goals in the following directions:

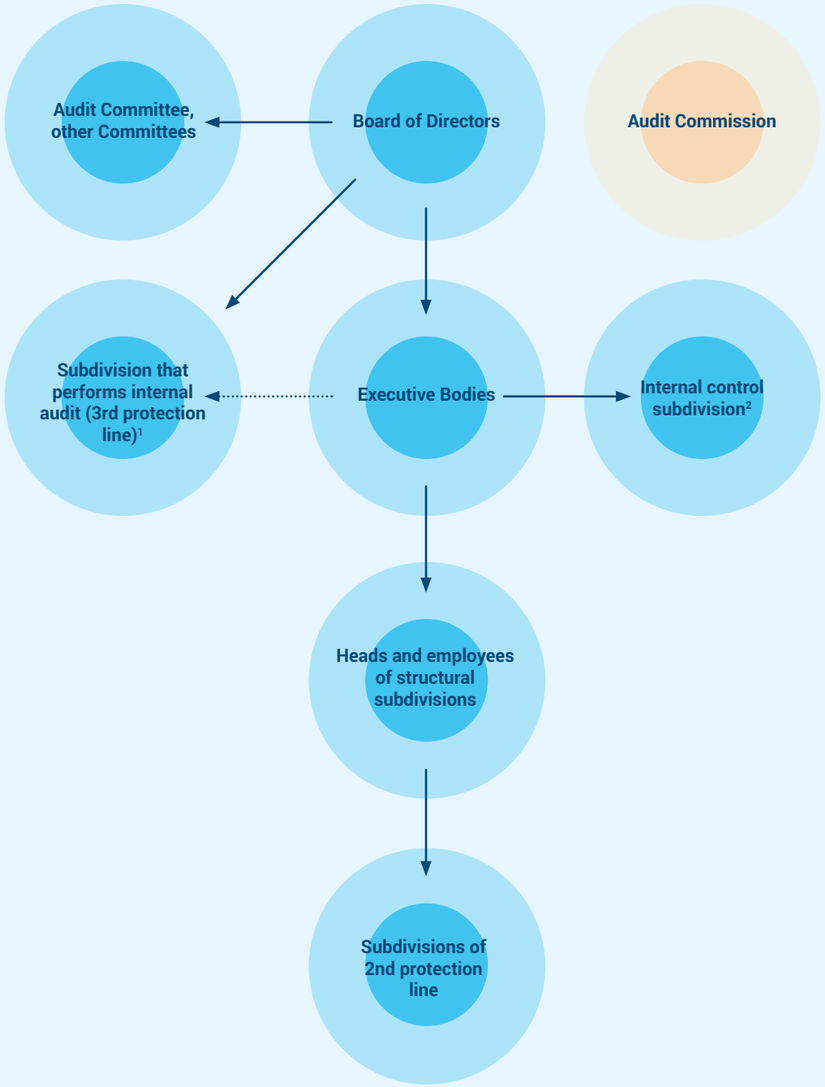
- Efficiency and effectiveness of Company activity, including achievement of financial and operational indicators, preservation of Company assets
- Compliance with applicable legislative norms and local regulatory acts of the Company, including during performance of economic activity and accounting
- Ensuring credibility and promptitude of accounting (financial) and other statements

ICS covers all directions of Company activity, control procedures shall be constantly fulfilled in all processes (directions of Company activity) at all levels of management.

Company ICS shall function in compliance with a model of “three protection lines”. This model means implementation of internal control in the Company at three levels:

1. Level of management bodies (sole and collective executive bodies), blocks and subdivisions of the Company performing control procedures due to their functions and official duties – first protection line
2. Level of controlled Company subdivisions – second protection line
3. Level of Internal Audit Subdivision – third protection line

Participants of the Internal Control System and Their Functions



1. Department of Internal Audit.
2. Department of Internal Control, Risk and Quality Management.

Functions performed by participants of ICS are stated in the Company Internal Control Policy[1] and regulations on structural subdivisions.

Name of a participant	Main functions in the field of ICS
	1st protection line
Audit Commission	• controls financial and economic activity of the Company and based on these results prepares offers / recommendations on ICS improvement; • performs independent evaluation of reliability of data contained in the annual report and annual financial statements of the Company
Board of Directors	• defines principles and approaches to ICS organization, including approval of Company internal documents defining organization and the strategy of ICS development and improvement, approves Company Internal Audit Policy; • controls activity of Company executive bodies in the main (priority) directions; • reviews report made by the Management Board on organization and functioning of Company ICS; • annually reviews reports of an internal auditor on ICS efficiency; • reviews results of external independent evaluation of ICS efficiency
Audit Committee within the Board of Directors	• preliminary reviews internal documents of the Company before their approval by the Board of Directors, defining structure and strategy of development and improvement of Company ICS, Policy of Internal Control and future amendments thereto; • preliminary, before consideration by the Board of Directors, reviews results of assessment of ICS efficiency according to internal auditor's report on ICS efficiency and reports following results of making external independent assessment of ICS, prepares offers / recommendations on Company ICS improvement; • supervises ICS in a part of consideration of issues related to supervision over reliability of Company bookkeeping (financial) reporting of the Company, over election of an external auditor and conduct of external audit, and over ensuring compliance with regulatory legal requirements, in a part of consideration of a report of the Management Board on ICS organization and functioning, and in a part of consideration of issues related to analysis and evaluation of compliance with the Policy of Internal Control
Other committees within the Board of Directors	• supervise implementation of the established financial and operational indicators, compliance with applicable law, rules and procedures established by local regulatory acts, as well as reliability and timeliness of reporting formed by the Company
Executive bodies of the Company (the Management Board, the Sole Executive Body)	• secure creation and efficient functioning of ICS; • are in charge of execution of decisions made by the Board of Directors in the sphere of ICS organization
Management Board	• forms directions and plans of ICS development and improvement; • prepares reports on Company financial and economic activity and on Company ICS organization and functioning; • studies results of independent external assessment of ICS efficiency, forms measures on ICS development and improvement
Sole Executive Body	• approves regulating and methodological documents of the Company on the issues of ICS organization and functioning, except for documents approval of which is included within the competence of Company Board of Directors; • ensures fulfillment of Company action plans needed to solve its tasks; • organizes bookkeeping and management accounting and preparation of bookkeeping (financial) and other reporting; • submits for consideration of the Company Board of Directors reports on Company financial and economic activity and on Company ICS organization and functioning
Collegial working bodies created by Company executive bodies for the purpose of fulfilling particular functions (commissions, work groups):	• implement control procedures and/or develop recommendations on the improvement of control procedures, separate components (elements) of internal audit and internal audit system
Commission for Monitoring of a Situation with Payments for Services on Power Transmission	• control over a situation with payments for rendered services on power transmission for troubled debtors
Commission for Control over Accounts Receivable and Payable	• control over execution of planned indicators of cancellation of accounts receivable/payable
Commission for Observation of Norms of Corporate Ethics and Settlement of Conflicts of Interests	• control over settlement of issues related to observation of norms of corporate ethics and settlement of conflicts of interests in regard to chairmen and members of Commissions of branches
Investment Commission	• evaluation of economic justification of considered investment plans and target investment programs
Central Tender Commission	• considers and approves purchases in accordance with the Uniform Purchase Standard; • initiates holding of internal audit, official investigations and submits suggestions to Company Director General on holding Company employees liable for nonperformance or improper implementation of standards of purchase activity
Deputies of the Director General, directors in various fields of activity, heads with immediate subordination to the Director General, heads of structural subdivisions of Company executive body / Deputies of the Director General – directors of branches, deputies of directors of branches, heads of structural subdivisions of Company branches	Fulfill functions on design, documentation, implementation, monitoring and development of ICS in the functional spheres of Company activity responsibility for organization and coordination / implementation under which is vested on them by regulatory documents of the Company / provisions on structural subdivisions, including: • Ensure implementation of internal audit principles • Organize formation of efficient processes (directions of activity), including development and implementation inclusive of the newly identified risks or change in the existing control procedures • Ensure regulation of processes (directions of activity) supervised • Organize performance of control procedures • Perform evaluation (monitoring) of control procedures performance • Evaluate processes (directions of activity) supervised on the subject of a need for their optimization aimed at improvement of efficiency and correspondence to the changing conditions of the external and internal environment, organize development of offers on control procedures improvement • Ensure elimination of drawbacks revealed in control procedures and processes (directions of activity)

1. Approved by resolution of the Board of Directors dated 29.02.2016 (Minutes No. 180/16)

Name of a participant	Main functions in the field of ICS
Employees of structural subdivisions of executive body of Company branches, who execute control procedures as their official duties	• Execute control procedures • Ensure timely informing of immediate managers about cases when performance of control procedures has become impossible for some reasons and/or a design of control procedures shall be changed due to alteration of internal and/or external conditions of Company functioning • Submit offers on introduction of control procedures in corresponding activity areas for the review by immediate managers
2nd protection line	
Department of Internal Control, Risk and Quality Management	• Develops and ensures implementation of main and methodological documents on creation and improvement of ICS • Facilitates management in the process of control environment building, develops recommendations on description and implementation in the processes (directions of activity) of control procedures and assignment of responsibilities to officials • Coordinates activity on maintenance and monitoring of target state of ICS • Prepares information about ICS state for the interested parties • Interacts with state control and revision bodies on the issues of internal control • Audits quality management system
Security Department	• Controls execution of commercial transactions in terms of economic security and degree of contractors' reliability • Fulfills control measures aimed at identification of corruption breaches of law by Company employees
Department of Legal Support	• Ensures protection of Company rights and legal interests in courts, in relations with law enforcement, supervisory and controlling bodies and other organizations • Carries out legal examination of draft contracts and local regulatory acts of the Company
Department of Affairs Management	• Exercises control over implementation of instructions contained in the Minutes of the Management Board, Company orders, minutes of the meetings and instructions of Company Director General, thus, minimizing risks related to untimely implementation of major instructions
Department of Corporate Management and Shareholder Interaction	• Exercises control over compliance of resolutions passed by executive authorities of Company management with the legislation of the Russian Federation, Company standards, Company organization-administrative documents and Company interests, thus, minimizing risks of noncompliance with requirements of legislation on shareholding and internal regulatory documents on Company management
Department of Production Security and Production Control	• Control over compliance with requirements of rules and regulations of production security, laws and other regulatory and legal acts in the field of labor protection
3rd protection line	
Department of Internal Audit	• Following the results of internal audit, designs recommendations on improvement of control procedures, particular components (elements) of internal control and ICS; • Exercises independent internal evaluation of ICS efficiency and issues recommendations for improvement of ICS efficiency and performance

In order to implement Strategy for Development and Improvement of ICS of PJSC "Russian Grids" and S&A of PJSC "Russian Grids"[1], the Company approved restated Policy on PJSC IDGC of Siberia Internal Control[2].

Internal Control Policy shall determine goals, principles of functioning and elements of Company ICS, main functions and responsibility of participants of ICS, and procedure for evaluation of ICS efficiency.

The Company has the Procedure for implementation of Policy of Internal Control that describes applied aspects of application of norms stated by Policy of Internal Control (CS 3.008/0).

Control procedures for processes and sub-processes of main and supporting activity and Company management processes are stated in risk and control matrices.

The Company approved[3]and implemented action plans for improvement of internal audit and risk management efficiency in the Company.

Improvement and Evaluation of ICS Efficiency in 2018

In the reporting year the Company implemented the following activities aimed at ICS improvement:
- Implemented methods of corruption risk evaluation, inclusive of the existing methods of Company risk management
- Offers training on the subject "Internal Audit and Risk Management" in order to improve Company personnel awareness, the relevant article is printed
- Responsibility for prevention, evaluation, monitoring and accountability for risks is introduced
- Analysis of execution of tasks given by the administration and managerial bodies of the Company, as well as of execution of instructions of external bodies and the Audit Commission, was carried out

To guarantee efficiency and correspondence of ICS to requirements and conditions being objectively changed, Company internal auditor assesses efficiency of ICS: its correspondence to a target state and maturity level.

Efficiency of ICS following the results of 2018 was considered at the meeting of the Board of Directors of PJSC IDGC of Siberia[4]. These resolutions proved "Optimal" (5.1 points) level of ICS maturity in the conditions of positive dynamics preservation (a gain of 0.1 point).

In accordance with the requirements of the Policy of Internal Control, independent external evaluation of ICS will be performed in 2019.

1. Approved by Resolution of the Board of Directors of PJSC "Russian Grids" dated 10.02.2014 (Minutes No. 143)
2. Resolution of the Board of Directors dated 29.02.2016 (No. 180/16)
3. Company Decree dated 17.07.2018 No. 500 "On Approval of the Action Plan Aimed at the Improvement of Appraisal of the Internal Audit and Risk Management Systems"
4. Minutes No. 111 on 29.03.2019 with preliminary discussion of the issue by the Audit Committee within the Board of Directors, Minutes No321/19 dated 08.05.2019

INTERNAL AUDIT

A subdivision in charge of implementing an internal audit function in the Company is the Internal Audit Department. As of 31.12.2018, staff number in the Internal Audit Department amounted to 12 people and actual headcount – to 11 people.

The Internal Audit Department is functionally subordinate to the Company Board of Directors, and administratively – to Company Director General.

The Board of Director exercises control and organizes activity of the Internal Audit Department.

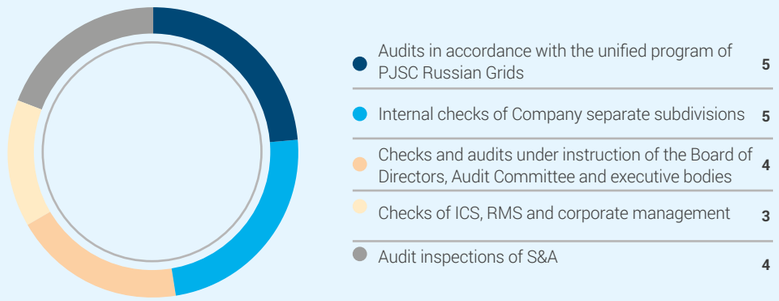
Internal audit is aimed at rendering assistance to the Board of Directors and executive bodies of the Company in the improvement of efficiency of Company management, improvement of its financial and economic activity, including by means of systemic and gradual approach to analysis and evaluation of risk management systems, internal control and corporate management as tools of assuring reasonable confidence in the achievement of goals set to the Company.

Tasks, main principles of internal audit organization and functioning, functions and powers of the Internal Audit Department are defined in the Policy of Internal Audit of PJSC IDGC of Siberia[1].

The Company approved the following main documents regulating the function of internal audit:
- Company Policy of Internal Audit and Code of Internal Auditor Ethics[2]
- Program on Internal Audit Quality Guarantee and Upgrade[3]
- Regulation on the Internal Audit Department[4]
- Internal standards of internal audit and practical application designed on the basis of International Professional Standards of Internal Audit

In 2018 the Internal Audit Department carried out 21 control events.

Structure of DIA control events in 2018 is as follows, pcs.



1. Approved by resolution of the Board of Directors dated 28.02.2017 (Minutes No. 223/17 dated 03.03.2017)
2. Approved by resolution of the Board of Directors dated 28.02.2017 (Minutes No. 223/17 dated 03.03.2017)
3. Approved by resolution of the Board of Directors dated 26.12.2016 (Minutes No. 216/16 dated 28.12.2016)
4. Approved by resolution of the Board of Directors dated 26.12.2016 (Minutes No. 216/16 dated 28.12.2016)

Following results of control events held by internal audit in 2018, 190 corrective actions aimed at elimination and prevention in the future of violations and drawbacks revealed were designed, including 139 actions planned for 2018, among which 137 were implemented.

Implementation of corrective events is controlled by the Audit Committee within the Company Board of Directors by listening to periodic reports of Company management on implementation of plans for corrective actions for elimination of defects detected by Company Revision Commission, Company internal auditor and external control bodies.

EXTERNAL AUDIT

Issuer's Auditor shall check issuer's financial and economic activity in compliance with the requirements of the legislation of the Russian Federation based on the agreement made.

Following results of the competitive selection held by PJSC "Russian Grids", issuer's Board of Directors shall recommend the relevant candidacy of the Auditor to be approved by the General Shareholders Meeting of the Company.

Candidacy of LLC Ernst & Young was recommended[1] to managerial bodies of PJSC IDGC of Siberia for approval as an auditor for the purpose of auditing accounting statements for 2018-2020 prepared in accordance with the Russian Standards of Accounting and auditing of consolidated financial statements for the years ending on 31.12.2018, 31.12.2019 and 31.12.2020 prepared in accordance with IFRS.

The Audit Committee within the Board of Directors of PJSC IDGC of Siberia resolved to recommend the Company Board of Directors to present the candidacy of LLC Ernst & Young for approval at the annual General Shareholders Meeting for the purpose of auditing Company accounting statements for 2018 prepared in accordance with RAS and auditing of consolidated financial statements for the year ending on 31.12.2018 prepared in accordance with IFRS.

By resolution of the annual General Shareholders Meeting of PJSC IDGC of Siberia, the candidacy of LLC Ernst & Young was approved as Company auditor for 2018.

Auditor's work within the frames of special audit engagements was not performed.

1. Minutes of the meeting of the Tender Commission of PJSC "Russian Grids" in absentia No. 13/595p dated от 16.04.2018

EVALUATION BY THE AUDIT COMMITTEE OF EXTERNAL AND INTERNAL AUDIT EFFICIENCY

In accordance with the Program on Internal Audit Quality Guarantee and Upgrade of PJSC IDGC of Siberia[1], feedback from the Audit Committee shall be received by head of the internal audit in various forms during interaction with the Audit Committee, including analysis of decisions/recommendations of the Audit Committee on the issues relating to the competence of internal audit, as well as by means of questioning of members of the Audit Committee.

Within the frames of self-evaluation of internal audit performance for 2018, the results of questioning of members of the Audit Committee were obtained, in accordance with which the level of satisfaction of the Audit Committee with the results of performance of Company Internal Audit Subdivision in 2018 is "compliant".

In accordance with the Regulation on the Audit Committee within the Board of Directors of PJSC IDGC of Siberia[2], the Audit Committee shall evaluate external audit efficiency.

The issue of external audit efficiency for 2018 was considered by the Audit Committee[3]. By virtue of the decision, the Auditor's Opinion and procedures implemented by Company external auditor during auditing of Company accounting (financial) statements for 2018 are deemed compliant with the terms of the agreement and requirements of the legislation of the Russian Federation.

REVISION COMMISSION

The Revision Commission is elected by the General Shareholders Meeting of PJSC IDGC of Siberia for the purpose of control over Company financial and economic activity till the next annual General Shareholders Meeting. Company Revision Commission consists of 5 members. In accordance with the Regulation on the Revision Commission[4], Company Revision Commission is a permanent elected body of internal control in the Company exercising periodic control over Company financial and economic activity, its separate subdivisions, officials of Company managerial bodies and structural subdivisions of Company executive apparatus, by means of documentary and actual checks of:

- Legitimacy, economic feasibility and efficiency (practicability) of economic and financial transactions made by the Company in the period audited
- Completeness and accuracy of reflection of economic and financial transactions in Company documents

Tasks of the Company Revision Commission are as follows:

- Control over financial and economic activity of the Company
- Independent evaluation of reliability of data specified in the annual report of the Company and annual accounting statements

The Company Revision Commission acts for the benefit of Company shareholders and is subordinate to the General Shareholders Meeting of the Company in its activity.

1. Approved by the Company Board of Directors on 26.12.2016 (Minutes No. 216/16 dated 28.12.2016)
2. Approved by the Company Board of Directors on 29.02.2016, inclusive of amendments introduced by resolution of the Board of Directors on 26.10.2016 (Minutes No. 208/16 dated 28.10.2016)
3. Minutes No. 111 dated 17.04.2019
4. Approved by Resolution of the annual General Shareholders Meeting of PJSC IDGC of Siberia (Minutes No. 13 dated 16.06.2017)

The Company Revision Commission does not depend on officials of the managerial bodies of the Company when carrying out its activity.

The Company Revision Commission is liable to the General Shareholders Meeting for reliability and objectivity of results of checks performed.

Financial and economic activity of the Company is checked following results of Company activity during a year, as well as at any time on the initiative of the Company Revision Commission, by resolution of the General Shareholders Meeting of the Company, Company Board of Directors or at the request of a shareholder(s) holding minimum 10% of Company voting shares in the aggregate.

RISK MANAGEMENT SYSTEM

Risk Management System (hereinafter – RMS) is adopted in the Company. Purpose of this System is ensuring stable continuous functioning and development of the Company by timely identification, evaluation and efficient management of risks that threaten the efficiency of administrative activity and reputation of the Company, health of employees, environment and proprietary interests of shareholders and investors.

For the purpose of development of RMS in the Company, the Board of Directors approved the Risk Management Policy[1].

Main Participants of the Risk Management Process

Participant's name	Main functions in RMS
Board of Directors	Approves Company internal documents that determine organization and functioning of Company RSM; Considers reports of Company executive bodies on organization, functioning and efficiency of the risk management system, evaluates functioning of RMS and designs recommendations on its improvement.
Authorized Committee within the Board of Directors	Exercises control over efficiency of risk management procedures and estimates efficiency of measures on risk management and RMS improvement.
Executive bodies (Management Board, Director General)	Sets requirements to a form and completeness of information on Company risks; Forms directions and plans for development and improvement of RMS; Holds analysis of risk portfolio and designs measures for reaction strategy and redistribution of resources in relation to relevant risk management.
Risk Owners	Responsible for timely determination and evaluation of risks, selection of a risk management method, timely development and implementation of risk management events and regular risk monitoring.
Executors of risk management events	Responsible for timely detection and/or minimization of risks, implementation of events aimed at risk management, timely and in full.
Risk Management Subdivision	Implements functions for total coordination of risk management processes.
Internal Audit Subdivision	Performs internal independent evaluation of RMS efficiency and issues recommendations for upgrade of RMS efficiency and performance.

1. Minutes No. 182/16 dated 24.03.2016

Main Risk Factors Related to Company Activity

Importance of a risk is a combination of probability of its occurrence and scope of its consequences for the Company. Importance of a risk is evaluated according to the following scale.

Brief description of risks that can influence achievement of Company goals, including strategic goals, main events for risk management and dynamics of risk significance in comparison with 2017 and within 2018 are stated in Table 93 (↑ – increase of risk importance, ↓ – decrease of risk importance, no designation – no change in risk evaluation).

LEVEL OF RISK IMPORTANCE

- **Critical**
- **Significant**
- **Moderate**

EVALUATION OF RISK IMPORTANCE AND DYNAMICS

- **Increase of risk importance**
- **Decrease of risk importance**
- **No designation - no change in risk evaluation**

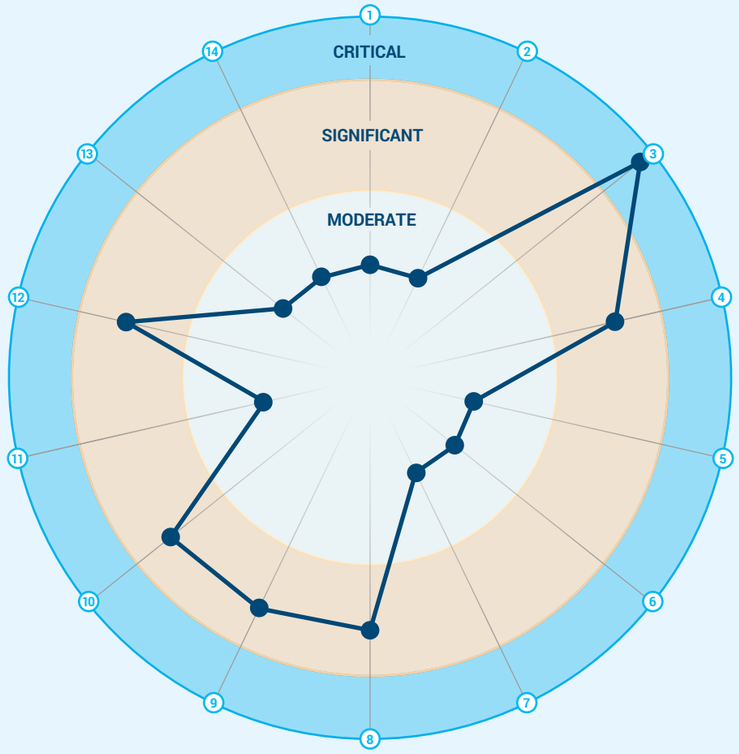
Evaluation of Risk Importance

No	Risk name	Risk description	Activities on minimization of risk consequences	Evaluation of risk importance and dynamics
Industry risks:				
1	Tariff risks	1. Reduction of Company potential proceeds in a result of approval of the required gross proceeds by the regulator at a level not covering economically justified expenses of the Company.	1. Filing applications to judicial and regulatory authorities for consideration of disputes related to tariff and balance decisions. 2. Development of offers on optimization of the legislation in the sphere of tariff making. 3. Preparation and filing to regulatory authorities of materials on justification of inclusion of fallout revenues into tariffs of the next regulation period.	↓
2	Technological connection risks	1. Reduction in a volume of technological connection services due to changes in a composition of initially declared applicants. 2. Bringing the Company to responsibility for violation of antitrust law when performing technological connection (TC) to electric grids.	1. Control over the receipt of applications and making and performance of agreements on TC. 2. Holding claim-related work in respect of applicants who are in breach of the terms of implementing actions defined in the agreements. 3. Control over the execution of agreements on TC of a privileged category of consumers.	
3	Risks of overdue and uncollectible indebtedness growth	Growth of overdue debtor indebtedness in a result of nonpayment by major contractors (guarantee suppliers) can lead to: • change in a volume of raised borrowed resources and an amount of expenses for their service; • change in an amount of bad debt provision; • reduction of Company net profit.	1. Filing claims regarding indebtedness collection. 2. Control over collection of debts according to enforcement orders. 3. Control over the order of overdue debt payment included in the register of creditor requests within the frames of bankruptcy proceedings.	
Country and regional risks:				
4	Risks related to political and economic situation in the country and region	1. Decrease of general business activity in a result of world financial crisis influence. 2. Growth of interest rates on credits and loans.	1. Implementation of actions aimed at optimization of a share of borrowings in total structure of the capital. 2. Enhancement of efficiency of operational and investment expenses.	
5	Risks related to geographical characteristics of the country or region, including increased risk of natural disasters and possible termination of transport communication	Systematic violations of working efficiency and efficiency of electric grid functioning, as well as failures of power supply to consumers due to emergency situations, natural disasters (hurricanes, rain storms and ice storms, high waters and floods, snowdrifts etc.).	1. Expansion of a park of reserve electricity capabilities and automatic equipment for emergency and recovery works. 2. Modernization of electric grid assets. 3. Improvement of a system for data collection and transfer.	
Financial risks:				
6	Risks related to monetary policy of the Central Bank of the Russian Federation	Growth of interest rates on credits and loans that lead to the growth of the relevant Company expenses.	1. Monitoring of measures on implementation of monetary policy of the Central Bank of the Russian Federation. 2. Preparation of proposals and formation of a complex of measures on ensuring financial stability of the Company. 3. Making credit agreements with the biggest banks possessing considerable credit resources at relatively low interest rates.	
7	Risks related to changes in exchange rates	Instability of exchange rates. Appreciation of products, equipment, accessories and services being procured.	Making agreements with suppliers on a long-term basis with fixed prices and amounts pursuant to conduct of competitive procurements.	
8	Risks related to inflation	1. Decrease of real cost of receivables in the conditions of significant delay or default in payment. 2. Growth of operating expenses.	Control and timely work with receivables and operational efficiency.	
Legal risks:				
9	Legal risks	1. Making contracts based on conditions encroaching on Company financial interests and resulting in growth of other expenses. 2. Risk of infringement of the law by the Company in a result of variations of interpretation of regulatory acts and changes in the application practice. 3. Execution of judicial acts against the Company.	1. Control over contract work in the Company. 2. Analysis of practice for application of norms of the Russian legislation. 3. Coordination of actions with the CO in a part of provision of justifying materials and execution of orders. 4. Improvement of personnel qualification.	
Tax risks:				
10	Tax risks	Risks of bringing the Company to tax responsibility in case of changes in state fiscal policy in relation to separate taxes and levies, as well as change (not for a taxpayer's benefit) of judicial practice for separate categories of tax cases.	1. Timely monitoring of tax legislation. 2. Personnel training. 3. Control over compliance with legal requirements in the field of taxes. 4. Survey and generalization of judicial practice on the issues of RF Tax Law.	

No	Risk name	Risk description	Activities on minimization of risk consequences	Evaluation of risk importance and dynamics
Risk of loss of goodwill:				
11	Reputation risk	Negative informational messages, biased and incompetent coverage of problems in a distribution grid complex on the part of mass media.	1. Preparation of press releases about various aspects of IDGC of Siberia activity, distribution of press releases in mass media. 2. Interaction with mass media, formation of positive image.	
Risks related to Company activity:				
12	Operation and technological risk	Systemic interruptions of power supply to service consumers.	1. Renovation of the grid and target programs on the increase in reliability aimed at the improvement of a technical condition of the grid. Analysis of reasons for technological violations. 2. Qualitative planning of repairs and timely monitoring and control over a condition of equipment at substations and HV line elements. 3. Modernization of electric grid assets, commutation equipment and teleautomation systems.	
13	Investment risk	1. Violation of planned terms for capital investment assimilation. 2. Low profitability of socially important investment projects.	1. Planning of investment programs with respect to the key efficiency criteria: • increase of grid infrastructure availability, • reduction of depreciation and modernization of electric grid facilities, • achieving a high load of capacities commissioned. 2. Performance of import-substituting activities. 3. Control over performance of obligations by contractors.	
14	Environmental risk	Negative impact on the environment.	1. Protection of atmospheric air. 2. Protection and rational use of water and land resources. 3. Protection of fauna. 4. Industrial environmental control.	

Positive impact on tariff risk reduction was produced by agreements on socio-economic cooperation made between the Company and administrations of presence regions.

Evaluation of risk importance



1. Tariff risks
2. Technological connection risks
3. Risks of overdue and uncollectible indebtedness growth
4. Risks related to political and economic situation in the country or region
5. Risks related to geographical characteristics of the country or region
6. Risks related to monetary policy of the Central Bank of the Russian Federation
7. Risks related to changes in exchange rates
8. Risks related to inflation
9. Legal risks
10. Tax risks
11. Reputational risk
12. Operation and technological risk
13. Investment risk
14. Environmental risks

Main Directions of Improvement of Activity in the Sphere of Risk Management

The Company organizes training for its employees following the recent changes in the sphere of risk management. Various tools for identification, evaluation, documenting, subsequent evaluation and management of risks are used. Risks and constantly monitored and reviewed.

Registers of key operational risks, operational risks of main and other business processes, significant environmental aspects, risks of occupational health and safety are formed and updated. The action plan for risk management for 2018 is implemented in full.

In order to improve activity in the sphere of risk management, the Company:
- Develops and implements key risk indicators and risk appetite
- Continues activity on automation of control procedures in the fields of activity

ANTICORRUPTION POLICY

System of Anticorruption Policy Implementation in the Company (local regulatory acts adopted in the reporting period within the frames of implementation of requirements of the federal anticorruption law)

Subject to Art.13.3 of Federal Law No. 273-FZ dated 25.12.2008 "Concerning Anticorruption", PJSC IDGC of Siberia has the responsibility to develop and take measures on prevention and control of corruption.

In the progress on implementation of Anticorruption Policy in 2018, events aimed at improvement of legal control over Company anticorruption policy were implemented, several local regulatory acts were passed (3 orders and 4 decrees; 5 standards were updated twice; 2 methodologies were developed).

Main Directions of Anticorruption Policy

Events aimed at detection and settlements of conflicts of interests

One of the fundamental issues of anticorruption policy implementation is the management of a conflict of interests. Main tools for the settlement of a conflict of interests are initial and annual declaration of a conflict of interests and declaration of information on incomes.

At the stage of initial declaration, 750 declarations (2017 – 1,001; 2016 – 372) submitted by candidates for vacant positions were checked. For 2 candidates features of a conflict of interests were revealed; the relevant heads were familiarized with the reports.

Events for inspection of information on income generated by heads for 2017 – 64 (2017 – 61; 2016 – 62) were held. 294 statements (2017 – 285; 2016 – 291) on income and proprietary liabilities of declarants and their relatives were checked. In the progress of inspection characteristics of affiliation, conflicts of interests, pre-conflict situations and other abusive acts connected with positions taken were not detected.

A complex of measures on annual declaration of a conflict of interests in PJSC IDGC of Siberia was implemented. Average headcount of the Company subject to declaration (as of 31.12.2017) amounted to 5,205 people. 5,151 employees of PJSC IDGC of Siberia (2017 – 5,129; 2016 – 2,547) submitted their declarations. These are reasonable excuses for non-submission of declarations: dismissal in 2018, maternity/paternity leave, change of a place of residence. Specific weight of employees who successfully passed declaration, inclusive of those dismissed, amounted to 99.78%.

Activity of branch commissions on the issues of annual declaration campaign and control over execution of decisions was coordinated. 14 meetings (2017 – 12; 2016 – 10) were held and 66 pre-conflict situations (2017 – 15; 2016 – 13) were revealed.

Counteraction and prevention of corruption during interaction with partners and contractors (anticorruption events)

PJSC IDGC of Siberia regularly checks its contractors on the subject of their reliability, affiliation and interest in order to reduce risks of Company involvement in corruption activity. The Company distributes policies, procedures and rules aimed at prevention and counteraction to corruption and used in the Company (anticorruption standard, anticorruption provision, etc.) among its contractors and business partners. In the reporting period:
- the following information was recorded in the Automated System of Analysis and Collection of Information on Beneficiaries: on contracts and addendums made, on contractors and full chains of contractors' titles (50,427). Contracts containing chains of contractors' titles – 2,575; beneficiaries revealed – 4,846
- check on the subject of affiliated relations, conflict of interests, level of reliability and due diligence between participants of trading and purchasing procedures and employees of the Company was performed for 2,177 purchases, whereby, 6,299 participants submitted their offers

In accordance with the action plan aimed at prevention and identification of corruption symptoms in the sphere of technological connection, the module "TC-Anticorruption Indicators" was formed in SAP base to find applications with features of corruption among the total mass.

In the process of module testing 14,756 applications for technological connection were analyzed according to particular scenarios. 559 applications for discounted tariff (RUB 550) were found. During the check 7 cases were revealed and sent for professional assessment to the Department for Perspective Development and Technological Connection, which confirmed that tariffs for 3 applications were defined incorrectly due to incorrect operation of PC SAP ERP. Addendums on adjustment of TC price were formed.

Constant work with applications on possible facts of corruption is performed. In the reporting period the Company received 15 applications via a feedback form.

In 2018 agreements on compliance with the requirements of the Anticorruption Policy and Code of Corporate Ethics and Code of Conduct for Employees were made with newly arrived employees of the Company – 3,758 (2017 – 4,011; 2016 – 4,023).

Participation in workgroups and collective initiatives for counteraction and prevention of corruption (interaction with state authorities and civil institutes in the course of anticorruption policy)

In order to coordinate activity of power grid organizations, a workgroup for improvement of methodological support in the field of counteraction to corruption was established.

Within the reporting period workgroup meetings in absentia were held on the following issues: improvement of efficiency of measures on development and implementation of standards and procedures aimed at assurance of diligent work in accordance with the Order of PJSC "Russian Grids" No. 133 dated 24.07.2015; addition to the typical requirements towards the bidders of a typical form of bidder's declaration; training of employees of structural subdivisions of PJSC "Russian Grids" (S&A of PJSC "Russian Grids") in the field of prevention and counteraction to corruption, inclusive of the terms and periodicity of training in accordance with the National Anti-Corruption Plan for 2018-2020.

The Company participated in an alignment meeting held by PJSC "Russian Grids" on September 3-6, 2018 in Saint-Petersburg on the subject: "Current Problems of Prevention and Counteraction to Corruption in Power Grid Complex".

Information on measures aimed at implementation of the Anticorruption Policy of PJSC "Russian Grids" and S&A of PJSC "Russian Grids" is regularly placed: on the corporate website of PJSC IDGC of Siberia in the section "Anticorruption Policy" and in the corporate newspaper. The corporate website of PJSC IDGC of Siberia – www.mrsk-sib – has a feedback mechanism for filing applications on possible facts of corruption.

Company goals for 2018 and for a midterm period in the field of Anticorruption Policy:

- Organization of the process of teaching Company employees on the issues of prevention and counteraction to corruption (following results of development of uniform approaches in PJSC "Russian Grids" and notification thereof to S&A of PJSC "Russian Grids")
- Organization of risk management process in the field of prevention and counteraction to corruption
- Identification of abuse, features of corruption, violations of regulatory legal and local acts of the Company by personnel in the process of their professional activity

INSIDER INFORMATION

Company activity in the sphere of control over insider information is organized in accordance with the Federal Law No. 224-FZ dated 27.07.2010 "On Counteraction to Illegal Use of Insider Information and Market Manipulation, and on Introduction of Changes into Separate Legislative Acts of the Russian Federation" and Company standard CO 5.170/0 "Insider Information. Regulation".

The Company implements the following activities aimed at compliance with the law on control over insider information:
- Updating Company insider list and provision of the list to bidding process organizers
- Changing numerical composition of Company insiders by the beginning and end of a reporting period
- Current control over compliance with the law on insider information

AS of 31.12.2018, the Company had 487 insiders. In the reporting period, 141 (2017 – 132; 2016 – 145) insiders were included into the list and 143 (2017 – 152; 2016 – 74) insiders were excluded from the list. Information on changes in the insider list is monthly submitted to PJSC MICEX.

Information on results of trade with Company shares at trading platforms of bidding process organizers at the securities market, and on the analysis of factors influencing the cost of Company securities is provided.

Insider information is disclosed by PJSC IDGC of Siberia is disclosed via the following channels:
- On the corporate website in the Internet – http://www.mrsk-sib.ru
- On the page of the information agency authorized by the Bank of Russia to disclose information at the securities market – http://www.e-disclosure.ru/portal/company.aspx?id=12072.

In 2018 PJSC IDGC of Siberia disclosed the following insider information:
- 5 notices on the procedure of ensuring access to insider information
- 131 notices on insider information disclosure
- 13 documents containing insider information

System of Remuneration Payable to Members of Company Management Bodies

REMUNERATION AND COMPENSATION PAYABLE TO MEMBERS OF THE BOARD OF DIRECTORS

Remuneration and compensation for members of the Board of Directors shall be paid pursuant to the Regulation on payment of remuneration and compensations to members of the Board of Directors of PJSC IDGC of Siberia, in accordance with which:
- Remuneration shall be paid by Company in money
- Remuneration to the Chairman and members of Company Board of Directors, classified as persons in respect of which the federal law provides for a limitation or a prohibition for obtaining any payments from commercial organizations, shall not be accrued and paid
- Remuneration to members of Company Board of Directors shall be paid following the results of work for the period from election of a candidate to members of Company Board of Directors and until the election of new composition of Company Board of Directors
- Members of Company Board of Directors shall obtain payment in lump sum in Russian rub.
- Amount of remuneration for each member's participation in Company Board of Directors shall be calculated taking into account total number of meetings of Company Board of Directors that took place during the last corporate year and number of meetings attended by the member of Company Board of Directors
- Amount of remuneration of members of Company Board of Directors depends on results of Company activity and individual work of members of the Board of Directors
- Remuneration to members of Company Board of Directors shall be paid following the results of work for the period from election of a candidate to members of Company Board of Directors and until the election of new composition of Company Board of Directors.

Amount of remuneration for each member's participation in Company Board of Directors shall be calculated taking into account total number of meetings of Company Board of Directors that took place during the last corporate year and number of meetings attended by the member of Company Board of Directors. Remuneration shall be paid within 60 days after the annual General Shareholders Meeting of the Company.

Basic part of remuneration (Rbase) is defined depending on Company profit for the financial year calculated according to RAS and amounts to:

Revenue	Rbase
more than RUB 200 bln	RUB 1,000,000
more than RUB 30 bln	RUB 900,000
more than RUB 10 bln	RUB 800,000
more than RUB 1 bln	RUB 700,000
more than RUB 600 mln	RUB 600,000
less than RUB 600 mln	RUB 500,000

Moreover, the following benefits are provided for in addition to remuneration: 30% of the amount of remuneration – to the Chairman of Company Board of Directors; 20% of the amount of remuneration – to the Chairman of the Specialized Committee within Company Board of Directors; 10% of the amount of remuneration – for membership in the Specialized Committee within Company Board of Directors.

Remuneration is not paid if a member of Company Board of Directors did not participate in more than 50% of meetings held (from the moment of its election till the moment of termination of its authorities).

Members of the Board of Directors get additional remuneration from net profit in case of increase in the amount of market capitalization of the Company during a period of work of the Board of Directors, amounting to 0.0175% of the increase in Company market value calculated for the period from election as a member of Company Board of Directors and until the election of new composition of Company Board of Directors.

Total amount of additional remuneration payable to members of Company Board of Directors may not exceed 5% of the net profit for the financial year calculated according to RAS.

A member of the Board of Directors shall be compensated for expenses related to participation in a meeting of the Board of Directors based on the norms of reimbursement of travel expenses existing in the Company as of the meeting date within three business days upon submission of documents confirming such expenses.

A member of the Board of Directors may refuse from remuneration provided for in the Regulation partially or in full by filing the relevant application in the name of the sole executive body (Director General) of the Company.

Information on remuneration and compensations paid to members of Company Board of Directors in 2018 (thsd RUB)

Name of the Indicator	Amount, thsd RUB
Remuneration for participation in work of the management body	13,137
Salary	2,935
Premiums	1,404
Commission charges	–
Other types of remuneration	10
Total remuneration	**17,486**
Compensations	**590**

Information on remuneration and compensations accrued for members of Company Board of Directors in 2018 (thsd RUB)

No	Full name	Remuneration for participation in the Board of Directors	Additional remuneration for increase in market value of the Company	Compensation for expenses related to participation in the Board of Directors
1	Aleksandr Nikolaevich Fadeev	900.0	402.8	131
2	Samuil Moiseevich Zilberman	761.5	402.8	–
3	Vitalii Pavlovich Bobrov	744.2	402.8	–
4	Yurii Nikolaevich Pankstyanov	761.5	402.8	–
5	Yurii Vladimirovich Goncharov	692.3	402.8	101
6	Mikhail Aleksandrovich Bychko	900.0	402.8	160
7	Mikhail Varfolomeevich Kuznetsov	692.3	402.8	–
8	Kirill Andreevich Trubitsyn	900.0	402.8	99
9	Ekaterina Andreevna Kosogova	761.5	402.8	99
10	Vladimir Valeryevich Rashevsky	692.3	402.8	–
11	Veniamin Shmuilovich Pinkhasik	900.0	402.8	–

In 2018 no loans (credits) were issued to members of the Board of Directors. No training of members of the Board of Directors was performed in 2018 at the Company expenses.

REMUNERATION PAYABLE TO MEMBERS OF COMMITTEES WITHIN THE BOARD OF DIRECTORS

By resolution of the Board of Directors of PJSC IDGC of Siberia[1] the following regulations were approved:

- Restated Regulation on payment of remuneration and compensations to members of the Reliability Committee of the Board of Directors
- Restated Regulation on payment of remuneration and compensations to members of the Committee on Strategy, Development, Investments and Reforming of the Board of Directors
- Restated Regulation on payment of remuneration and compensations to members of the Audit Committee of the Board of Directors
- Restated Regulation on payment of remuneration and compensations to members of the Personnel and Remuneration Committee of the Board of Directors
- Restated Regulation on payment of remuneration and compensations to members of the Committee on Technological Connection to Electric Grids of the Board of Directors

1. 11.09.2009 (Minutes No. 740/09)

Payments shall be made in accordance with i. 4 of the approved Regulations for participation in meetings of a Committee of the Board of Directors held in a form of joint attendance to a member of such Committee in the amount equivalent to two (2) minimum monthly tariff rates for the first labor rate defined in the sectoral tariff agreement for power sector of the Russian Federation on a date of the relevant meeting of the Committee, subject to indexation defined in the agreement, within thirty (30) calendar days after such meeting.

Amount of remuneration payable to the Chairman (Deputy Chairman for each meeting at which functions of the Chairman of a Committee of the Board of Directors were performed) shall be increased by 50%.

Amount of remuneration payable to a secretary of a Committee of the Board of Directors for each meeting amounts to one (1) minimum monthly tariff rate on a date of the relevant meeting of the Committee, subject to indexation defined in the agreement, within thirty (30) calendar days after such meeting.

For participation in a meeting of a Committee of the Board of Directors held in absentee, a member of the Committee of the Board of Directors receive remuneration in the amount equivalent to one (1) minimum monthly tariff rate, subject to indexation defined in the agreement, within thirty (30) calendar days after such meeting.

Amount of remuneration payable to the Chairman (Deputy Chairman for each meeting at which functions of the Chairman of a Committee of the Board of Directors were performed) shall be increased by 50%.

Amount of remuneration payable to a secretary of a Committee of the Board of Directors for each meeting amounts to zero point five (0.5) minimum monthly tariff rate on a date of the relevant meeting of the Committee, subject to indexation defined in the agreement, within thirty (30) calendar days after such meeting.

A member of a Committee of the Board of Directors may refuse from remuneration provided for in the Regulation partially or in full by filing the relevant application in the name of the Director General of the Company.

The following amendments are introduced into all Regulations on payment of remuneration and compensations to members of the Committees of Company Board of Directors[1]: if the Chairman and/or members of Committees of the Board of Directors are also members of the Company Board of Directors, their remuneration shall be paid in accordance with the procedure and in the amount provided for by Company internal document regulating the process of payment of remuneration and compensations to members of the Company Board of Directors approved at the General Shareholders Meeting of the Company.

Total remuneration and compensations paid to members of the Committees in 2018 amounted to:
- Committee on Strategy, Development, Investments and Reforming – RUB 978 thsd
- Reliability Committee – RUB 196 thsd
- Committee on Technological Connection to Electric Grids – RUB 114 thsd

1. Resolution of the Board of Directors of PJSC IDGC of Siberia dated 02.02.2016 (Minutes No. 179/16)

REMUNERATION PAYABLE TO MEMBERS OF THE MANAGEMENT BOARD AND THE DIRECTOR GENERAL

Members of the Management Board receive monthly remuneration for exercise of authorities of a Member of the Board based on the addendum to their labor contract.

Remuneration to the Director General was paid in accordance with the labor contract and the Provisions for Financial Stimulation of the Director General of PJSC IDGC of Siberia approved by resolution of PJSC IDGC of Siberia Board of Directors as of 17.07.2007.

Information on remuneration and compensations paid to members of Company Management Board in 2018 (thsd RUB)

Name of the indicator	2018
Remuneration for participation in work of the management body	1,579
Salary	58,042
Premiums	39,471
Commission charges	–
Benefits	–
Other types of remuneration	7
Total Remuneration	99,099
Compemsations	–

REMUNERATION PAYABLE TO THE CORPORATE SECRETARY

Information on remuneration and compensations paid to the Corporate Secretary (thsd RUB)

Name of the indicator	2017
Remuneration for performance of functions of the Corporate Secretary	326
Salary	1,311
Premiums	363
Commission charges	–
Other types of remuneration	1
Total Remuneration	2,001
Compemsations	–

REMUNERATION PAYABLE TO MEMBERS OF THE REVISION COMMISSION

Validity of the Regulation on payment of remuneration and compensations to members of the Revision Commission of PJSC IDGC of Siberia (restated)[1] shall apply to members of Company Revision Commission, not classified as persons in respect of which the federal law provides for a limitation or a prohibition for obtaining any payments from commercial organizations.

Remuneration shall be paid to a member of Company Revision Commission based on results of its work during a corporate year and depends on a degree of its participation in work of the Revision Commission.

Remuneration payable to a member of the Revision Commission is determined according to a basic part of remuneration (Rbase) defined depending on Company profit for the financial year calculated according to RAS and in accordance with the scale given below:

Group	Amount of Company profit for the financial year	Amount of basic part of remuneration
1	more than RUB 200 bln	RUB 150,000
2	more than RUB 30 bln	RUB 135,000
3	more than RUB 10 bln	RUB 120,000
4	more than RUB 1 bln	RUB 105,000
5	more than RUB 600 mln	RUB 90,000

Personal participation coefficient (Cp) is calculated by the Chairman of the Revision Commission and notified to the sole executive body of the Company.

Remuneration shall be paid within thirty (30) calendar days after the annual General Shareholders Meeting of the Company and submission of the calculation of personal participation coefficient Cp for members of the Revision Commission by the Chairman of the Revision Commission to the sole executive body of the Company.

Members of the Revision Commission to which restrictions, in case of visiting of Company facilities, participation in meetings of Company Revision Commission held at the place of Company actual location, as well as performance of other tasks of Company Revision Commission, do not apply, shall receive compensation of documentary proved expenses related to participation in events of Company Revision Commission.

A member of the Revision Commission of the Company may refuse from remuneration and compensations provided for in the Regulation partially or in full by filing the relevant application in the name of the sole executive body of the Company.

1. Approved by resolution of the annual General Shareholders Meeting of PJSC IDGC of Siberia as of 08.06.2018

REMUNERATION PAYABLE TO THE AUDITOR

An issue related to determination of the amount of payment for auditor's services belongs to the competence of Company Board of Directors.

Amount of payment for auditor's services under an agreement of audit of accounting statements prepared according to RAS and audit of consolidated financial statement prepared in accordance with IFRS for 2018 is determined by resolution of the Board of Directors of PJSC IDGC of Siberia[1].

Agreement made with LLC Ernst & Young[2] of audit of accounting statements prepared according to RAS and audit of consolidated financial statement prepared in accordance with IFRS for 2018. Actual remuneration for holding compulsory annual audit for 2018 amounted to RUB 5,751,166.93.

1. Minutes No. 289/18 dated 06.07.2018
2. No. 18.4000.274.18 made on 12.07.2018

Authorized Capital

Authorized Capital of the Company

Name of the indicator	As of 31.12.2018	
	ordinary share	privileged share
State registration number of issue (additional issue)	1-01-12044-F	2-01-12044-F
Number of ordinary shares issued, ea	94,815,163,249	5,071,030,570[1]
Size of the Authorized Capital, RUB	9,481,516,324.9	507,103,057
Nominal value per share, RUB	0.10	0.10
Number of authorized shares, ea	1,157,512,902	0

Information on number of registered persons[2]

Type of shareholders	Number of holders	Number of shares, ea		Share in the authorized capital, %
		ordinary	privileged	
Shareholders – natural persons:	24,773	2,144,750,080	0	2.15
including non-residents of the RF	44	12,648,989	0	0.01
including residents of the RF	24,689	2,132,101,091	0	2.14
Shareholders – legal entities:	166	283,898,227	0	0.28
including non-residents of the RF	16	53,511,341	0	0.05
including residents of the RF	150	230,386,886	0	0.23
Nominee shareholders:	7	92,378,180,379	5,071,030,570	97.57
Securities of non-corporate entities – legal entity	1	8,334,563		
Pledge holders:	6	0	0	0.000
Issuer account:	1	0	0	0.000
Total:	24,907	94,815,163,249	5,071,030,570	100.000

1. 100% of privileged shares belongs to PJSC "Russian Grids"
2. The information is given as of 31.12.2018, exclusive of data on nominee holders' clients

Information on a share in the authorized capital belonging to registered persons holding more than 5% of the Company shares

Shareholder name	Share in the authorized capital, %	
	31.12.2017	31.12.2018
Limited Liability Company and Depositarnyie Korporativnyie Tekhnologii (nominee holder)	60.12	60.12
Non-Banking Credit Organization Closed Joint Stock Company National Settlement Depository	37.42	37.44
Total:	97.54	97.56

Changes in composition of persons entitled to directly or indirectly dispose of at least 5% of votes that account for Company voting shares[1]

Shareholder	As of 23.05.2017[2]	As of 14.05.2018[3]	Changes, %
	Share, %	Share, %	
PJSC "Russian Grids"	55.59	55.59	0
SIBERIAN ENERGY INVESTMENTS ltd	10.39	0	–10.39
ERGLIS LIMITED	21.17	21.17	0
AIM Capital SE	8.82	19.21	+10.39

Information on a share in authorized capital of the Company being federally owned, owned by constituent territories of the Russian Federation, being a municipal property

Shareholder name	Number of ordinary shares, ea	Share in the authorized capital, %
Russian Federation in a person of Federal Agency for State Property Control (federal property)	52,611,656	0.0526716
Altay Region in a person of Main Directorate of Property Relations of Altay Region (property of constituent territories of the Russian Federation)	3,154	0.0000032
Omsk City Municipal Institution, Omsk Region, in a person of Department of Property Relationships within Omsk City Administration (municipal property)	221,344	0.0002216
Total	52,836,154	0.0528964

1. As of the last date of formation of a list of persons entitled to participate in the General Shareholders Meeting
2. Dates of formation of a list of persons entitled to participate in the General Shareholders Meeting are specified
3. Dates of formation of a list of persons entitled to participate in the General Shareholders Meeting are specified

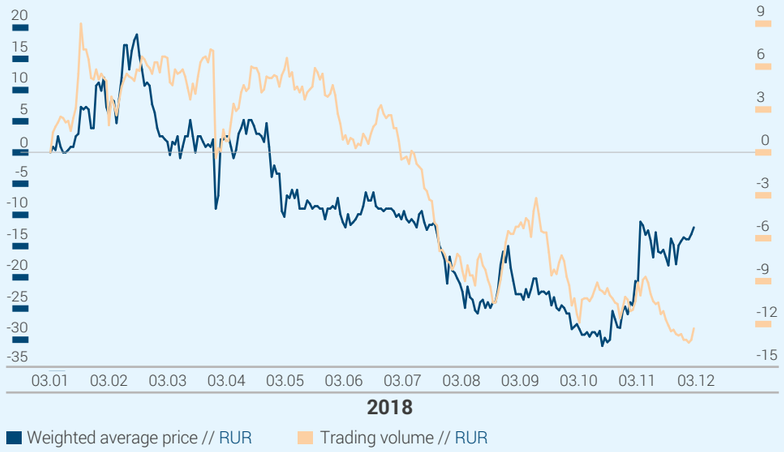
The Company at the Securities Market

As of 31.12.2018, Company shares were listed in the second quotation list of PJSC MICEX.

Comparative dynamics of PJSC IDGC of Siberia weighted average price fluctuations at PJSC MICEX

Source: *PJSC MICEX*

Comparative dynamics of fluctuations of IDGC of Siberia capitalization and values of the field indicator of MICEX Power Industry[1]



Source: *PJSC MICEX*

1. The indicator Power Industry is a price index weighted by market capitalization for the most liquid shares of Russian power companies admitted to circulation at MICEX.

For the period from January 03, 2018 till December 29, 2018, capitalization of PJSC IDGC of Siberia decreased by 11.59% (from RUR 0.1165 to RUR 0.103), and value of field indicator of MICEX Power Industry decreased by 12.28%.

Factors that influenced changes of capitalization of PJSC IDGC of Siberia in 2018:
- publication of accounting (financial) statements prepared under RAS and IFRS;
- passing by the annual General Shareholders Meeting of the Company of resolution on dividend payment based on results of 2017.

As of 29.12.2018, Company capitalization amounted to RUR 9,765,961,815.

Results of Company securities trading in 2018

Bidding process organizer name	Volume (ea)	Volume (RUR)	Number of transactions	Transaction prices	
				Min. price (RUR)	Max. price (RUR)
PJSC MICEX	878,880 ,000	97,316,311	10,924	0.0715	0.1395

In 2018, monetary volume of trading as compared to 2017 decreased by 41%. Free float amounted to 4%.

Dividends

In the reporting year, the Regulation on PJSC IDGC of Siberia Dividend Policy, in accordance with which Company dividend policy shall be based on the following principles, was approved:

- compliance of the adopted Company practice of accrual and payment of dividends with the legislation of the Russian Federation and corporate management standards;
- best combination of Company and shareholders' interests;
- Best configuration of interests of Company and shareholders;
- dividends shall not be less than 50% of net profit determined according to data of financial statements, including consolidated one, prepared in accordance with International Standards of Financial Reporting and calculated in accordance with an order determined by Regulation on PJSC IDGC of Siberia Dividend Policy;
- ensuring dividend payment with quarterly periodicity when implementing the following criteria;
- ensuring maximal transparency (clearness) of mechanism for determination of dividend amount and procedure for its payment;
- ensuring positive dynamics of dividend payment under the condition of growth of Company net profit;
- availability of information for shareholders and other interested parties on Company dividend policy;
- necessity to maintain a required level of Company financial and technical condition (implementation of Investment Program) ensuring Company development perspectives.

DIVIDEND DISTRIBUTION

Name of the indicator, (thsd RUB)	for 2015 (annual General Shareholders Meeting 2016)	for 2016 (annual General Shareholders Meeting 2017)	for 2017 (annual General Shareholders Meeting 2018)
Undistributed profit (loss) of the reporting period, including:	(237,022)	(1,803,610)	904,146
Reserve fund	–		45,207
Profit for development	–		489,360
Dividends	–		369,579
Loss recovery for the previous years	–	–	–

Information on profit distribution in accordance with resolutions of annual General Shareholders Meetings (AGSM):
- AGSM 2016 (for 2015) – AGSM Minutes No. 12 dated 02.06.2016
- AGSM 2017 (for 2016) – AGSM Minutes No. 13 dated 21.06.2017
- AGSM 2018 (for 2017) – AGSM Minutes No. 14 dated 09.06.2018

In accordance with the Company Charter, a resolution on profit distribution based on results of 2018 will be made based on a resolution of the annual General Shareholders Meeting (AGSM).

DIVIDEND HISTORY

Period	Dividend accrued (thsd RUB)	Dividend paid, incl. taxes (thsd RUB)	Dividend amount per ordinary share (RUB)	Share of dividend paid, %	Dividend amount per privileged share (RUB)
AGSM at 2007 year-end (date of holding 29.05.2008)	Annual General Shareholders Meeting of PJSC IDGC of Siberia made a decision not to pay dividends at 2007 year-end				
AGSM at 2008 year-end (date of holding 26.06.2009)	142,273	140,188	0.001592	98.5	0
AGSM at 2009 year-end (date of holding 18.06.2010)	Annual General Shareholders Meeting of PJSC IDGC of Siberia made a decision not to pay dividends at 2009 year-end				
AGSM at 2010 year-end (date of holding 15.06.2011)	Annual General Shareholders Meeting of PJSC IDGC of Siberia made a decision not to pay dividends at 2010 year-end				
AGSM at 2011 year-end (date of holding 29.06.2012)	Annual General Shareholders Meeting of PJSC IDGC of Siberia made a decision not to pay dividends at 2011 year-end				
AGSM at 2012 year-end (date of holding 24.06.2013)	289,186	285,394	0.003050	98.7	0
AGSM at 2013 year-end (date of holding 25.06.2014)	Annual General Shareholders Meeting of PJSC IDGC of Siberia made a decision not to pay dividends at 2013 year-end				
AGSM at 2014 year-end (date of holding 26.06.2015)	28,445	28,022	0.0003	98.5	0
AGSM at 2015 year-end (date of holding 01.06.2016)	Annual General Shareholders Meeting of PJSC IDGC of Siberia made a decision not to pay dividends for ordinary and privileged shares at 2015 year-end				
AGSM at 2016 year-end (date of holding 16.06.2017)	Annual General Shareholders Meeting of PJSC IDGC of Siberia made a decision not to pay dividends for ordinary and privileged shares at 2016 year-end				
AGSM at 2017 year-end (date of holding 08.06.2018)	369,579	363,817	0.0037	98	0.0037

Following the results of 2017, Company registrar, namely, JSC STATUS, shall pay dividends to Company shareholders. Following the results of 2017, the amount of unpaid dividends was RUB 0.5 mln.
Reasons for non-payment of full amount of dividends:
- Data necessary for performance of payment was missing from questionnaires of registered persons entitled to receive dividends
- Return of dividends non-received by shareholders and sent by postal order

Interaction with Shareholders and Investors

Interaction with shareholders and investors is carried out in accordance with the current RF law and Company internal documents: Company Standard 3.119/0 “Interaction with Shareholders. Regulation” and Company Standard 3.088/0 “Interaction with the Investment Community. Regulation”. In March and December 2018, Company management held two face-to-face personal meetings with representatives of the investment community at which preliminary results of Company activity for 2017 and 2018, as well as tasks for 2019, were discussed.

05

Fountain «The Power of Mining Traditions» // Kemerovo Region

RESPONSIBLE BUSINESS PRACTICE

- Personnel Policy
- Industrial Safety and Labor Protection
- Safety of Third Parties
- Environmental Protection
- Procurement Operations
- Social Investments into the Presence Regions

Personnel Policy

Corporate values adopted in the Company are a connecting link for all spheres of activity complying with the directions of development and social commitments adopted in the Company.

Values and ethnic norms of the Company are fixed in the Code of Corporate Ethics and Corporate Behavior of Company Employees[1] and cover such spheres as:
- Reliability
- Human resource
- Efficiency
- Safety
- Social responsibility

The key objectives of the Company personnel and social policy designed to ensure the achievement of the target points of the Electric Grid Development Strategy, are as follows:
- Planning of personnel requirements
- Timely provision of the Company needs for personnel with the required qualifications
- Ensuring the effectiveness of personnel, the growth of labor productivity

Goals of the personnel and social policy are achieved by implementing a complex of measures in the field of organization design, human resourcing and personnel development, management of personnel's activity efficiency (motivation), provision of social benefits and warranties, and ensuring the safety of personnel activity and work culture.

Structure of the staff by segments, persons

Branch name	2016	2017	2018	2018 (plan)	2019
Altay Region (Altayenergo)	3,610	3,690	3,630	3,732	3,654
Republic of Altay (Gorno-Altayskiye Power Grids)	518	562	558	548	564
Republic of Buryatia (Buryatenergo)	2,055	2,136	2,200	2,141	2,567
Krasnoyarsk Region (Krasnoyarskenergo)	4,750	4,585	4,687	4,784	4,766
Kemerovo Region (Kuzbassenergo – Regional Electric Grids)	2,598	2,695	2,648	2,668	2,667
Omsk Region (Omskenergo)	2,811	2,915	2,867	2,913	2,883
Republic of Khakassia (Khakasenergo)	1,022	1,075	1,355	1,074	1,077
Zabaikalye Region (Chitaenergo)	2,355	2,375	2,373	2,459	2 ,382
Total for PJSC IDGC of Siberia	19,719	20,033	20,318	20,319	20,560

Change in the headcount of PJSC IDGC of Siberia is conditioned by natural personnel circulation and admittance of personnel to the production department of the branch Khakasenergo due to assignment of a status of a guarantee supplier in relation to the area of operations JSC Khakasenergosbyt in the territory of Republic of Khakassia.

1. Approved by the Board of Directors of PJSC "Russian Grids", Minutes No. 252 dated 22.02.2016

Structure of the staff by categories, persons

Employees	2016	2017	2018
Total	19,719	20,033	20,318
men	15,415	15,638	15,834
women	4,304	4,395	4,484
Top executives (by grades: Director General and not lower than level 2)	13	16	16
men	13	16	15
women	0	0	1
Heads of functional subdivisions (not included in the previous category)	2,707	2,903	3,133
men	2,359	2,528	2,740
women	348	375	393
Specialists	6,651	6,832	6,737
men	3,746	3,830	3,671
women	2,905	3,002	3,066
Workers	10,348	10,282	10,432
men	9,297	9,264	9,408
women	1,051	1,018	1,024 1024

Structure of the staff by age, persons

Employees	2016	2017	2018
Total	19,719	20,033	20,318
up to 30 (inclusively)	4,014	3,989	3,702
31-40	6,425	6,642	6,912
41-50	4,427	4,647	4,936
51-55	2,113	1,986	1,965
above 55	2,740	2,769	2,803
Average age of employees	40	40	40
working pensioners	959	999	1,112

In 2018, share of employees at the age below 40 decreased by 0.8%, at the age from 41 to 50 – increased by 1.1% and at the age above 51% decreased by 0.3%. The basis of the Company is formed by the most active and efficient age group – personnel at the age from 31 to 50 possessing high professional skills and personal motivation.

The number of young people at the age below 30 and aged employees is balanced, which enables more experienced employees to share their experience and mastery with the youth.

Distribution of employees by education, persons

Employees	2016	2017	2018
Higher vocational education, incl. employees of the following categories:	7,723	8,136	8,434
workers	1,478	1,561	1,687
specialists, office workers and technical executives	4,532	4,725	4,742
heads	1,713	1,850	2,005
Two higher educations, incl. employees of the following categories:	900	875	912
workers	82	71	84
specialists, office workers and technical executives	536	524	534
heads	282	280	294
Academic degree	14	16	17
Secondary vocational education, elementary vocational education, incl. employees of the following categories:	8,012	8,204	8,382
workers	5,918	6,023	6,236
specialists, office workers and technical executives	1,425	1,451	1,356
heads	669	730	790
Secondary (complete) general education, basic general education (incomplete secondary)	3,070	2,802	2,573
Total	19,719	20,033	20,318

Policy in the sphere of personnel development is aimed at the maintenance of high professional level of employees. More than 45% of Company employees have high vocational education and 41% of employees have secondary and elementary vocational education.

RECRUITMENT

Personnel are recruited to vacant positions in case of transfer or dismissal of employees, and to newly created positions.

As of 31.12.2018, Company management personnel reserves comprise 1,890 employees of the executive body and branches.

Out of 580 appointments to management positions conducted in 2018 in the Company branches and executive body, 367 posts (63.3%) are staffed by internal candidates, of whom 244 employees (42.1%) are from the candidate pool. Due to systematic work personnel reserves, the ratio of the provision with managerial succession pool of all the established positions of head officers amounted to 93.4%.

For the purpose of collection of information on potential candidates, labor market is monitored and external candidate pool is formed for the following positions: mid-level executives (from the level of department head), heads and chief engineers for production departments, regional electric grids, operations supervisors, etc.

Staffing by segments (average for the Group), %

Branch name	2016	2017	2018	2018 (plan)
Altay Region (Altayenergo)	94.5	96.84	98.03	97
Republic of Altay (Gorno-Altayskiye Power Grids)	95.84	98.47	97.48	97
Republic of Buryatia (Buryatenergo)	95.79	96.59	97.9	97
Krasnoyarsk Region (Krasnoyarskenergo)	92.7	97	97.31	97
Kemerovo Region (Kuzbassenergo – Regional Electric Grids)	94.65	97.01	97.19	97
Omsk Region (Omskenergo)	96.04	98.19	97.5	97
Republic of Khakassia (Khakasenergo)	98.26	98.42	97.3	97
Zabaikalye Region (Chitaenergo)	92.79	97.13	97.55	97
total for PJSC IDGC of Siberia	94.54	97.23	97.56	97

Distribution of newly admitted employees by regions,persons

Branch name	2016	2017	2018
Altay Region (Altayenergo)	488	638	420
Republic of Altay (Gorno-Altayskiye Power Grids)	90	120	90
Republic of Buryatia (Buryatenergo)	346	487	528
Krasnoyarsk Region (Krasnoyarskenergo, IA)	813	943	902
Kemerovo Region (Kuzbassenergo – Regional Electric Grids)	363	499	389
Omsk Region (Omskenergo)	623	647	522
Republic of Khakassia (Khakasenergo)	173	206	492
Zabaikalye Region (Chitaenergo)	413	470	438
Total	3,309	4,010	3,781

By the results of selection, employee of the Department for Personnel Management and Organization Design (DPM) conducts preliminary interviews (including by telephone) with candidates selected by the head of the structural subdivision, in order to evaluate candidates' personal and business qualities, understand their motives for the job change, and after that organizes personal interviews of the candidates with the head of the structural subdivision. In the process of selection, no discriminating criteria are applied to the candidates. Dropout of candidates due to sex, age, nationality or religion is not allowed. The Company has workplaces for the disabled people. Information on such vacancies is sent to job centers. When selecting among the candidates, the head of the structural subdivision conducts an interview, solely inclusive of the specificity of the relevant vacancy and the requirements specified in the job description. The following aspects are assessed:

- A level of professional knowledge, skills and abilities of the candidates
- Availability of qualities required for work performance

Number of employees newly hired in the reporting period, persons

Employees	2016	2017	2018
Total number of newly hired employees in the reporting period	3,309	4,010	3,781
Share of employees hired in the reporting year, % (hired/headcount)	16.3	19.931	18.572
Share of employees hired in 2017 and remaining by the end of 2018[1]		77.9	79.5

1. Number of working employees (by the end of the reporting period) hired in the previous year / total number of employees hired in the previous year

Distribution of newly hired employees by age, persons

Employees	2016	2017	2018
Up to 30 (inclusively)	1,774	2,144	1,874
31-40 years	801	1,047	1,079
41-50 years	395	516	526
51-55 years	118	153	152
Above 55 years	221	150	150

The Company actively engages young specialists – more than 70% of the total number of employees hired – to increase its human capital. The biggest share of employees hired is presented by young people under 30. The second category in terms of number is presented by employees having experience in specialty at the age below 40, which has positive impact on personnel efficiency.

Distribution of newly hired employees by sex, persons

Employees	2016	2017	2018
Men	2,534	3,106	2,832
Women	775	904	949

Due to the specificity of production in the power industry, traditionally, most workplaces are occupied by men – they are almost 3-fold more than women. Whereby, there is no sex discrimination during hiring: women occupy both office and production positions, such as electricians.

Distribution of newly hired employees by education, persons

Employees	2016	2017	2018
Higher vocational education, incl. employees of the following categories:	1,175	1,536	1,389
Workers	473	543	414
specialists, office workers and technical executives	564	823	828
heads	138	170	147
Two higher educations, incl. employees of the following categories:	101	123	166
Workers	15	10	11
specialists, office workers and technical executives	58	77	113
heads	28	36	42
Academic degree	2	2	3
Secondary vocational education, elementary vocational education, incl. employees of the following categories:	1,248	1,497	1,316
workers	1,037	1,321	1,119
specialists, office workers and technical executives	174	140	177
heads	37	36	20
Secondary (complete) general education, basic general education (incomplete secondary)	783	852	907
Total	3,309	4,010	3,781

In 2018, 41% of specialists with higher vocational education were put on a payroll. More than 30% of newly admitted employees have secondary professional and elementary professional education. Personnel policy aimed at the attraction of certified specialists enables the Company to ensure higher quality of work and improves its readiness for the implementation of long-term digital transformation programs.

PERSONNEL ADAPTATION PROGRAMS

In accordance with the provision on adaptation, adaptation procedure shall be applied to every person admitted (transferred) to PJSC IDGC of Siberia. A mentor is appointed for a newly admitted/transferred employee; an adaptation program for a period of up to three months is formed; and an orientation program aimed at informing on Company activity is implemented. Adaptation programs are formed individually for a newly admitted/transferred employee. They mostly provide for mastering of operating procedures, methods and tools of immediate activity, familiarization with regulatory documents and the required reporting. In 2018, the adaptation program was applied to 1,280 employees with the appointment of 1,037 mentors.

Personnel turnover coefficient[1]

Employees	2016	2017	2018	Average value for 3 years
Actual value	9.7	6.0	4.1	6.6
Turnover distribution by regions				
Altay Region (Altayenergo)	10.1	8.4	2.5	7
Republic of Altay (Gorno-Altayskiye Power Grids)	14.3	10.2	5.1	9.9
Republic of Buryatia (Buryatenergo)	10.8	5.6	5.8	7.4
Krasnoyarsk Region (Krasnoyarskenergo and IA)	14,4	7.1	5.0	8.8
Kemerovo Region (Kuzbassenergo – Regional Electric Grids)	6.4	5.4	5.1	5.6
Omsk Region (Omskenergo)	3.7	2.6	3.6	3.3
Republic of Khakassia (Khakasenergo)	5.4	3.2	1.3	3.3
Zabaikalye Region (Chitaenergo)	10.2	5.5	4.5	20.2

The Company is an attractive employer, which is confirmed by a low level of personnel turnover. In 2018 the coefficient decreased by 1.9% as compared to 2017 and by 5.6% as compared to 2016. Personnel turnover is at the level typical of production enterprises (10-15%).

To keep personnel within the Company, reasons for employees' dismissal are monitored, based on the results of which activities on retention are designed: introduction of increments, an opportunity to receive specialized education at Company expense, involvement of personnel into social and sports life of the Company.

1. According to the methodology of 2017

STAFF TRAINING

Staff training is one of the priorities of the Company personnel policy and is governed by the provisions of the Personnel and Social Policy of PJSC IDGC of Siberia, as well as the requirements of the Staff Rules in the Electric Power Industry of the Russian Federation and other regulatory documents. 90% of the staff training program falls on courses of compulsory education. Siberian Corporate Power Training Center (Private Institution of Continuing Professional Education) (SibCPTC (PI CPE)) is a corporate training center that is a key supplier of educational services to the Company. In 2018, 93.3% (14,773 people) of the total number of employees trained passed professional training, retraining and further training in SibCPTC (PI CPE). 7% of employees trained fall on the share of third-party organizations accordingly.

Share of employees that passed compulsory training by segments, %

Employees	2016	2017	2018	2018 (plan)
Average for the Group	42.5	62.6	83.8	83.8
Altay Region (Altayenergo)	17.9	38.6	83.0	83.0
Republic of Altay (Gorno-Altayskiye Power Grids)	48.1	83.5	97.6	97.6
Republic of Buryatia (Buryatenergo)	34.3	64.6	83.7	83.7
Krasnoyarsk Region (Krasnoyarskenergo)	19.6	42.2	52.6	52.6
Kemerovo Region (Kuzbassenergo – Regional Electric Grids)	89.7	69,8	99.0	99.0
Omsk Region (Omskenergo)	31.9	67.5	93.1	93.1
Republic of Khakassia (Khakasenergo)	70.0	90.0	107.9	107.9
Zabaikalye Region (Chitaenergo)	28.8	44.7	55.0	55.0
Total for PJSC IDGC of Siberia	38.4	56.9	80.2	80.2

From 2016 the Company keeps increasing the share of employees having passed compulsory training, but equal increase in the share of trained employees between the branches has not been achieved yet due to different financial situations in the regional departments.

Average hours of training (all types) per employee, hour

Employees	2016	2017	2018	2018 (plan)
Per employee	31.5	46	59.6	59.6
Per employee by categories:				
workers	43.7	63.9	83.1	83.1
specialists, office workers and technical executives	27.7	40.5	52.6	52.6
heads	22.9	33.1	43.1	43.1

WORK WITH SPECIALIZED UNIVERSITIES

IDGC of Siberia actively uses potential of universities in the Siberian region to develop its personnel potential. Agreements on cooperation are made with nine universities. In 2018, 323 young specialists from among the graduates were employed.

Within the frames of university programs, Company specialists annually implement a lot of measures, such as:

- Professional orientation of high school students and students of specialized educational institutions (including participation in the work of admission commissions of specialized educational institutions). In 2018, 272 schools were covered, 252 excursions were held, and students were involved into 28 activities on professional orientation. All in all, 11,267 pupils and students took part in the professional-orientation program
- Organization of student power crews and on-the-job training of students from specialized educational institutions. In 2018, 417 people took part in the power crews, and 1,516 people passed on-the-job training
- Formation of Company candidate pool from among students of specialized educational institutions receiving corporate scholarship. Placement of the reservist list on the Company website. Company candidate pool in 2018 included 300 young specialists
- Updating training and practical programs of specialized educational institutions, including equipment in classrooms, laboratories and departments. Organization of teachers' training, formation of topics for graduate qualification papers, and participation in state examination commissions

In 2018, a training polygon was established on the base of Chita Polytechnic College, the Institute of Power Supply of Industrial Enterprises at Altay State University was equipped, and the polygon on the base of Buryat Republican Industrial College was equipped. These activities were cost-free for the Company due to transfer of discarded equipment.

PERSONNEL ASSESSMENT

Personnel, including top executives and top managers, are assessed using various methods. The main tool for assessment of a level of competence development is called "360 degrees", implying questioning of the employee and people around. A typical questionnaire shall be filled out by the employee, its immediate supervisor, line manager, representatives of superior organizations interacting with the employee, colleagues from related subdivisions and subordinates. Based on the analysis of the questionnaires, weak and strong points of the employee are revealed and zones of its competence development are formed.

Labor efficiency, profit

Branch name	2016	2017	2018	2018 (plan)	Change, %	2019 (plan)
Altay Region (Altayenergo)	845.34	879.77	857.35	908.73	−2.55	970.37
Republic of Altay (Gorno-Altayskiye Power Grids)	1,001.38	1,033.39	991.31	981.54	−4.07	1,341.72
Republic of Buryatia (Buryatenergo)	1,015.82	1,051.08	994.38	988.52	−5.39	1,092.82
Krasnoyarsk Region (Krasnoyarskenergo)	1,154.04	1,563.85	1,757.79	1,778.80	12.40	1,976.68
Kemerovo Region (Kuzbassenergo – Regional Electric Grids)	821.51	1,214.20	1,384.37	1,335.41	14.01	1,483.83
Omsk Region (Omskenergo)	1,005.52	939.92	952.28	1,036.50	1.32	1,127.43
Republic of Khakassia (Khakasenergo)	838.61	1,093.12	304.10	1,037.79	−72.18	1,440.71
Zabaikalye Region (Chitaenergo)	1,193.83	1,233.65	1,240.37	1,220.75	0.54	1,494.19
total for PJSC IDGC of Siberia	971.67	1,120.95	1,122.12	1,183.98	0.10	1,344.01

Labor efficiency is calculated as a ratio of profit (less federal grid companies and territorial grid organizations) to number of man-hours worked; this indicators directly depends on the abovementioned factors, increase in labor efficiency in this context is possible in case of increase in profit or reduction of man-hours worked.

In addition to the method "360 degrees", specialists laying claims for career growth shall have an interview on the competences with an employee of the DPM or external experts. Moreover, psychological testing and practical testing is performed, if necessary, based on cases enabling to assess a level of competence development.

Based on the results of testing, correspondence of employees' education and work experience to the approved qualification requirements, including professional standards, for the relevant type of activity is assessed.

IN 2018, 39 PEOPLE PASSED COMPLEX ASSESSMENT, BASED ON THE RESULTS OF WHICH 1 PERSON WAS TRANSFERRED TO A HIGHER POSITION AND 1 PERSON WAS INCLUDED INTO THE CANDIDATE POOL. 212 CHIEF ENGINEERS OF PRODUCTION DEPARTMENTS AND REGIONAL ELECTRIC GRIDS WERE ASSESSED USING THE METHOD "360 DEGREES".

Professional and managerial potential of chief engineers of S&A of PJSC "Russian Grids", was assessed covering 220 persons, and 21 directors of production departments and heads of regional electric grids of the branch Chitaenergo passed psychological testing using Maintest program. Based on the results of the assessment, recommendations on the development of corporate competences were given.

SOCIAL PACKAGE

Employee's social package consists of: payment for labor, motivation programs, benefits, compensations and other social payments. Composition and volume of a social package is defined by local regulatory acts of the Company.

Financial Incentives

Company system of payment for labor is based on the uniform principles, inclusive of regional specificities, and ensures the competitive income level for comparable positions in the regions. Main provisions of the system of payment for labor are fixed in the Sectoral Tariff Agreement for Power Sector in the Russian Federation and collective agreement of Company branches. The system of payment for labor provides for a fixed part – wage, extra payments and increments, and a variable part – premiums. Wage component of personnel's salary is subject to indexation in accordance with the requirements of the Sectoral Tariff Agreement for Power Sector in the Russian Federation and collective agreement of Company branches. A scheme of revenue formation for every employee shall be available and explained if necessary.

A principle of payment based on a result is implemented via an incentive system taking into account personal efficiency of the employee and its contribution into the achievement of corporate goals and tasks. Company key goals are achieved by employees by means of application of the uniform balanced system of key performance indicators.

The Company uses programs of additional financial incentives for employees aimed at growth of labor efficiency, reduction of losses and increase in volumes of works performed using own resources.

An additional tool of motivation of Company employees for efficient labor are procedures for remuneration and recognition of employee's merits (corporate awards), holding of contests "the best in its profession", "the best subdivision", and "the best company in the electric grid complex".

The Company tries to create decent working and living conditions for its employees and their family members. The basis of financial incentives is made up by competitive salary. It is formed by virtue of the Regulation on Payment for Labor, Motivation, Benefits, Compensations and Other Social Payments used in PJSC IDGC of Siberia.

The Company uses a time-rate-plus-bonus payment system having common elements and differences typical of particular branches.

Common elements are as follows:

1. Differential payment for labor depending on personnel categories, a level of labor difficulty and intensity, employee's qualification, nature of work and working conditions, as well as requirements to the scope of works and level of knowledge
2. Additional payments:
   - Of compensating nature, related to a work mode and labor conditions
   - Of stimulating nature, connecting the amount of payment for employee's labor with its personal business qualities (level of competence, availability of unique knowledge and skills) ensuring increased efficiency of its labor activity, as well as payments related to formation of personnel's material interest in the reduction of a level of power losses
3. Awarding bonuses to employees for main results of production and economic activity, connecting the amount of payment for labor with the results of employee's work and the results of Company and branches' work
4. Long-service award and remuneration based on the year-end results

Ratio of average salary of employees in PJSC IDGC of Siberia to average salary of people in the presence regions for 2018 amounts to from 1.1 (branch Khakasenergo) to 1.7 (branch Gorno-Altayskiye Power Grids) and is indicative of a competitive level of salary of employees in PJSC IDGC of Siberia.

Non-Financial Incentives

In order to develop non-financial incentives of personnel and to maintain personnel's health having immediate influence on the reliability of professional activity, mass cultural events and recreational activities are held.

Moreover, the Company performs industrial insurance of employees' life and voluntary medical insurance.

Award policy in PJSC IDGC of Siberia is implemented in accordance with internal documents and current local regulatory acts. In 2018, one employee of the Company got a state reward, 75 – departmental awards, 124 – corporate awards of PJSC "Russian Grids", 23 – awards of Industrial Association of Employers in Energy Sector, 313 – awards of PJSC IDGC of Siberia, 1,701 – awards of Company branches, 463 – regional awards.

Work with Pensioners

Work with pensioners includes organization of work of the Council of Veterans of PJSC IDGC of Siberia, payment of financial aid to Company pensioners on holidays and one-time payments, upon applications, in difficult life circumstances.

The amount of social payments to pensioners in 2018 was RUB 22,088,897; the number of pensioners who received payments was 8,997 persons.

Non-state pension provision in the Company is implemented within contracts made Non-State Pension Fund of Power Industry (JSC Non-State Pension Fund Otkrytie, general contract No. 366 as of 10.08.2008). Non-state pension is paid on a monthly basis during 10 years.

Number of pensioners who received non-state pensions in 2018 was 2,734 persons. Total amount of pensions paid in 2018 was RUB 64,297,000.

The target group of participants of the program "Supporting" includes Company employees having pension grounds and falling into the following age category: men and women born in 1966 and earlier, whose employment history in the power sectors is minimum 25 years.

RESPECT FOR EMPLOYEES' LABOR RIGHTS

Labor Disputes Commission

The procedure for work and regulation of activity of the Labor Dispute Commission (LDC) of PJSC IDGC of Siberia and its branches is defined in the Company standard.
The Commission is formed at the initiative of employees (employee representative body) and (or) employer of the equal number of employees' and employer's representatives.

LDC considers individual labor disputes, except for those for which the Labor Code of the Russian Federation and other federal laws provide for another procedure of consideration.

An employee may apply to LDC within three months after it becomes aware or shall become aware of the fact of violation of its labor right.

To apply to LDC, an application shall be prepared in accordance with the established form. The Labor Disputes Commission considers the application within 10 calendar days upon its receipt and makes a decision by secret voting by majority of votes presenting at the meeting of the Commission.

Labor Movement

In order to form and maintain high standards of corporate ethics, Company management follows the policy of social partnership. The Company is a member of the All-Russian Industrial Association of Employers in Energy Sector (ERA Association of Russia) participating in the development and execution of the Sectoral Tariff Agreement for Power Sector.
To ensure control over respect for employee's legal rights and interests, Company branches have primary labor union organizations in which 57% of the total headcounts participate. Relations between labor unions and the employer are built based on the principle of peer interaction between the parties of the labor relations. Opinion of members of a labor union organization, as direct representatives of an employee, is taken into account when making a collective agreement, when developing professional standards, when forming balanced position for disputable production issues, as well as when preparing programs of socioeconomic cooperation with regional administrations.

Collective Agreement

A practice related to execution of Collective Agreement exists is every branch of the Company. The Agreements governs social and labor relations and provides for rights and obligations of the parties of social partnership in the Company, namely: an employer, employees and an authorized representative of employees. To ensure control over respect for employee's legal rights and interests, Company branches have primary labor union organizations in which 57% of the total headcounts participate. Provisions of the Agreement are based on the principles of equality, respect and observance of rights and legal interests of the parties of social partnership in the Company, voluntariness, legitimacy, justification of assumption of obligations, and obligatory and practical nature of their discharge. In 2018 no facts of breach of the Collective Agreement were found.

Goals of the Collective Agreement are as follows:
- Development of contractual relations between the parties of social partnership in the Company
- Alignment of interests of the parties of social partnership in the Company during regulation of social and labor relations
- Exercise of social and economic rights and guarantees of employees provided for by the labor law and the Sectoral Tariff Agreement
- Improvement of labor efficiency, production efficiency and competitive ability of the Company
- Attraction and retention of qualified employees
- Observance of labor and industrial discipline, job safety requirements, fire safety requirements, safety specifications and occupational health requirements
- Ensuring social stability in the Company and maintenance of an image of a socially responsible company in the outside environment

Industrial Safety and Labor Protection

During the reporting period in PJSC IDGC of Siberia there are no:
- Facts of accidents and incidents occurring at hazardous production facilitie
- Cases of damage to the life and health of employees, the environment, as well as the property of the Company and third parties from the impact of negative consequences of incidents and accidents

Scope of expenses for the programs, thsd RUB

Program name	2016	2017	2018	2018 (plan)
Industrial safety	111,819	597,045.53	2,094,310	2,094,310
Occupational safety				
Health (occupational diseases)				

Increase in expenses is related to implementation of activities aimed at the liquidation of injury-risk equipment. All the branches have performed installation and restoration of safety interlocks at substations 35 kW and above; replacement of transformer substations having integrated power transformer cameras and switchgears 6-20 kW with transformer substations having low-voltage inputs laid inside switchgears 6-20 kW.

In accordance with Cl. 226 of the Labor Code of the Russian Federation, financing for improvement of labor conditions and labor protection in branches and the Company in general is implemented in the amount of minimum 0.2% of the amount of expenses for production of goods (works, services).

Special Evaluation of Labor Conditions (SELC)

In the Company, a total of 18,013 workplaces are subject to SELC, of which a SELC/ARM was conducted at 18,013 workplaces. According to the results of SELC, 2,562 workplaces that do not meet the regulatory requirements for labor protection, employing 2,666 workers, have been identified.

The main causes of non-compliance of workplaces with the requirements of occupational safety are the following harmful (dangerous) factors: noise; vibration; infrasound; tension and severity of the labor process (jobs: electricians for repair of overhead lines, electricians for operation of distribution networks, electricians for repair of equipment of switchgears); non-ionizing radiation, illumination (workstations of engineering technicians).

Employees who perform their duties at workplaces that do not comply with state regulatory requirements for labor protection are paid compensation for work in harmful labor conditions, are provided with additional leaves, milk or other equivalent products. The problematic (controversial) moments during the SELC in 2018 were not identified.

Traumatism

Number of cases of occupational traumatism of employees	2016	2017	2018
Minor	2	4	0
Severe	0	1	1
Fatal (specify the region and sex)	4	1	3
Injury rate[1]	0.303	0.300	0.200
Traumatism severity rate[2]	0.202	0.050	0.150

Main reasons of accidents of 2018 are as follows:
- Failure to implement organizational and technical activities in full
- Failure to exercise constant control over work of crew members on the part of a supervisor in charge for works and a superintendant
- Absence of mutual control and self-control on the part of crew members
- Permission for workplace preparation and admission to work under a work permit issued with violations
- Failure to ensure safe performance of works at intermediate reinforced concrete supports in accordance with a work permit

Activities on Prevention of Analogous Incidents:
- Adjustment is made: CO 3.047/0 "Organization of Supervisors' Work. Regulation", CO 5.038 "Operational and Technological Management"
- Requirement on a necessity to specify information on the availability of injury-risk equipment in the line "Special Notes" of a work permit is introduced
- Warning safety signs "Caution! Injury-risk equipment" are placed on injury-risk equipment of transformer substations 35-110 kW
- In 2018 operational and operational-repair personnel and operations supervisors from the master category of branches passed training on the subject: Conscious Safety
- Bonus award criteria "Absence of the Injured during Industrial Incidents" were introduced for all employees
- In October 2018, a delegation was sent from PJSC IDGC of Siberia to the branch of PJSC IDGC of Volga – Orenburgenergo – in order to adopt positive experience of work in the sphere of labor safety. Based on the results of the trip, an organizational and administrative document containing an action plan aimed at the improvement of efficiency of the occupational safety management system was created
- In January 2019, external audit of a status of labor safety in subdivisions of the branch of PJSC IDGC of Siberia – Buryatenergo – was held, during which reasons of incidents, standards, provisions and other organizational and administrative documents of the Company in the sphere of labor safety were analyzed. Based on the audit results, mechanisms for corporate culture implementation via a training center with compulsory involvement of lecturers from among specialists of the branch and Company executive body were designed

1. Injury rate = N × 1000 / N (N – number of occupational incidents for the reporting period with loss of labor capacity for one and more days taken into account, Ч – average number of staff)
2. Traumatism severity rate = D / N (D – total number of days of incapacity for work for all cases; N – total number of incidents)

Plans for 2019:
- In July 2019, for the purpose of adoption of experience, it is planned to visit companies with advanced experience in the field of labor safety, such as EVRAZ and JSC GAZPROM.
- Road map with terms of work completion in December 2019 is designed to implement the project "digital electrician". This project will enable not just to see a level of professional training of electric personnel, but also to have efficient impact on the increase of personnel qualification
- Moreover, by the present moment, mobile application "digital engineer" is launched in the test mode, which will enable to improve a level of control and responsibility on the part of operational personnel and to prevent gross violations of organizational and technical events ensuring safe performance of works

In order to secure the priority of preservation of Company employees' life and health in relation to any other results of labor activity, in 2018 in accordance with the requirements of Federal Law No. 197-FZ as of 30.12.2001 "Labor Code of the Russian Federation", work on maintenance of safe labor conditions at workplaces and prevention of occupational traumatism and third-party traumatism at Company facilities was performed, including measures of "Complex Program for Reduction of Risks Related to Traumatism of Personnel of PJSC IDGC of Siberia" and third parties at electric grid facilities of the Company" were taken in full.

The Complex Program for Reduction of Risks Related to Traumatism of Personnel of PJSC IDGC of Siberia for 2018 provided for 224 measures.

Reasons and circumstances of incidents occurred with employees of S&A of PJSC "Russian Grids" in 2018 were analyzed with Company personnel. Facts of failure to analyze reasons and circumstances of incidents and to file to the personnel operational and informational messages on incidents occurred in 2018 are not revealed.

Safety of Third Parties

Complex Program for Reduction of Risks Related to Traumatism of Third Parties at Electric Grid Facilities of PJSC IDGC of Siberia for 2018 provided for 114 measures.

In 2018, 4 incidents occurred. Within the frames of implementation of measures aimed at prevention of occupational traumatism and third-party traumatism, for the purpose of further improvement of work on its prevention, by virtue of Order of PJSC "Russian Grids" No. 55 as of 29.03.2018 "On the Approval of Programs for Reduction of Risks Related to Traumatism at Electric Grid Facilities", the Company developed and approved "Complex Program for the Reduction of Risks Related to Traumatism of Personnel and Third Parties at Electric Grid Facilities of PJSC IDGC of Siberia" by Decree of PJSC IDGC of Siberia No. 353 as of 24.05.2018.

Goals and tasks of the Program: implementation of measures facilitating prevention of occupational traumatism and death of third parties in a result of electric shock.

Expected result – prevention of occupational traumatism and third-party traumatism.

The program includes the following:
- Measures on prevention of electric injuries among children and teenagers
- Measures on prevention of electric injuries among children and teenagers from troubled families and abandoned children
- Measures on prevention of electric injuries among employees of third-party and contracting organizations, including with owners and drivers of heavy-duty and load-lifting special vehicles operating in immediate proximity to power facilities
- Measures on prevention of stealing of equipment and materials from power facilities resulting in traumatism and death of third parties
- Measures on prevention of electric injuries in case of unauthorized connection to power grids
- Measures on evaluation and bringing of technical state of electrical installations in compliance with the rules of safe operation (project, electrical installation code, other standard process documentation)

Control over implementation of measures of the Complex Program is exercised during checks of workplaces and operating crews during Safety Days, and target and complex checks performed within the frames of internal technical control system.

Environmental Protection

Goal of the environmental policy of PJSC IDGC of Siberia is the improvement of a level of Company environmental safety, and growth of capitalization of Company distribution organizations by ensuring reliable and environmentally-safe transport and distribution of power. Goal of environmental policy in the sphere of ensuring environmental safety of power industry is gradual limitation of load of the fuel and energy sector on the environment by means of reduction of pollutant emission (discharge) into the environment and reduction of production and consumption waste generation.

PJSC IDGC of Siberia joined the implementation of environmental policy in the electric grid complex approved by the decision of the Board of Directors of PJSC "Russian Grids" as of 01.03.2017 (Minutes No. 254 as of 03.03.2017) and approved the Action Plan for the implementation of the environmental policy for 2017-2019 (Extract from the minutes of the meeting of the Board of Directors of PJSC IDGC of Siberia No. 255/17 as of 14.11.2017).

The basic principles of the environmental policy of PJSC IDGC of Siberia are as follows:
- Continuous improvement of environmental protection and environmental management system
- Complying with the established standards of impact on the environment
- Compliance of Company activity with all statutory requirements
- Openness and accessibility of environmental information to the public
- Informing all employees of PJSC IDGC of Siberia and other interested parties on environmental aspects of Company activity
- Regular analysis of the impact of the Company activities on the environment, taking into account the results of such analysis for establishing and reviewing environmental goals and objectives
- Constant financial and organizational support of the environmental policy
- Involvement of Company personnel and constant improvement of a level of their competence in environmental issues

Compliance with the Requirements of the Environmental Law in a Part of Execution of the Required Authorization Documents.

In 2018, 14 projects of Waste Generation and Disposal Targets were developed for the total amount of RUB 565.8 thsd. No Waste Generation and Disposal Targets shall be developed in 2019.

In 2018, 5 projects of maximum permissible discharges were developed for the total amount of RUB 1,056.00 thsd, including:
- in branch of PJSC IDGC of Siberia – Omskenergo – 2 projects for the sum of RUB 390.00 thsd
- in branch of PJSC IDGC of Siberia – Chitaenergo – 1 project for the sum of RUB 410.00 thsd
- in branch of PJSC IDGC of Siberia – Buryatenergo – 2 projects for the sum of RUB 256.00 thsd

The Program of Environmental Policy Implementation in 2018 was developed in every branch of PJSC IDGC of Siberia. Principles of the environmental policy are implemented by means of control over compliance with the environmental law, environmental monitoring, environmental management regulation, environmental certification, environmental and resource target programs, environmental audit and technical measures.

Branches of PJSC IDGC of Siberia exercise industrial environmental control in accordance with the Programs of Industrial Environmental Control. Total expenses for PJSC IDGC of Siberia in 2018 amounted to RUB 906.72 thsd. 228 measurements were taken.

Expenses for environmental protection, mln RUB

Name of the indicator	2016	2017	2018	2018 (plan)
Total	26,183.67	33,380.35	25,056.23	14,632.68
Current expenses	13,091.83	16,690.17	12,528.11	7,316.48
Protection of water resources	5,367.62	5,316.31	4,314.03	477.67
Protection of atmospheric air	2,262.72	4,031.48	1,912.31	3,668.44
Protection of the environment from wastes	5,461.49	7,342.38	6,301.77	3,170.09

Index fluctuations are random and depend on a period of development of design documentation and implementation of measures on burial of PCB-containing equipment according to the schedule.

Expenses for prevention of impact on the environment and environmental management system, thsd RUB

Name of the indicator	2016	2017	2018
Training and preparation of employees (further training, participation in conferences, etc.)	1,009.40 (110 pers.)	1,107.40 (135 pers.)	2,093.85 (238 pers.)
External certification of management systems/recertification	–	450.0	436.0

The Company performed certification of the integrated management system against the requirements of the international standards ISO 9001, ISO 14001, ISO 50001, ISO 45001.

Main directions for achieving the required goal for the purpose of implementation of the environmental policy of PJSC IDGC of Siberia are as follows:

- Reduction of wastes of hazard class IV – V and wastes transferred for disposal
- Decommissioning and disposal of PCB-containing equipment in accordance with the Stockholm Convention on Persistent Organic Pollutants
- Implementation and application of the best existing technologies in the sphere of waste management, subject to economic and social factors
- Cooperation with public organizations working in the sphere of preservation of the population of rare birds listed in Red Book, as well as with research and scientific organizations carrying out works in the sphere of environmental protection, participation in volunteer campaigns, holding campaigns on waste paper collection
- Improvement of the system of PJSC IDGC of Siberia readiness for action in case of occurrence of man-caused emergencies
- Environmental risk management, development and implementation of measures on their mitigation

Number of Facilities Having Negative Impact on the Environment by Categories.

As of 2018, number of facilities having negative impact on the environment and put on file amounts to 1,079 for PJSC IDGC of Siberia, including:

- In the branch of PJSC IDGC of Siberia – Altayenergo: 154 facilities of hazard class IV
- In the branch of PJSC IDGC of Siberia – Buryatenergo: 263 facilities (233 – hazard class III and 30 – hazard class IV)
- In the branch of PJSC IDGC of Siberia – Gorno-Altayskiye Power Grids: 16 facilities of hazard class IV
- In the branch of PJSC IDGC of Siberia – Kuzbassenergo – Regional Electric Grids: 90 facilities (62 – hazard class III and 28 – hazard class IV)
- In the branch of PJSC IDGC of Siberia – Krasnoyarskenergo: 298 facilities (188 – hazard class III and 110 – hazard class IV)
- In the branch of PJSC IDGC of Siberia – Omskenergo: 36 facilities (34 – hazard class IV and 2 – hazard class III)
- In the branch of PJSC IDGC of Siberia – Khakasenergo: 59 facilities of hazard class IV
- In the branch of PJSC IDGC of Siberia – Chitaenergo: 163 facilities (102 – hazard class III and 61 – hazard class IV)

Protection and Rational Use of Water Resources

Water wells in PJSC IDGC of Siberia are operated based on mineral licenses issued by territorial Subsurface Management Departments at the location of the branches. PJSC IDGC of Siberia has 26 licenses for the use of subsurface resources (wells) issued in relation to 32 wells.

The branch of PJSC IDGC of Siberia – Altayenergo – has 1 license for the use of 1 well.

The branch of PJSC IDGC of Siberia – Buryatenergo – has 7 licenses for the use of subsurface resources (wells) issued in relation to 7 wells.

The branch of PJSC IDGC of Siberia – Krasnoyarskenergo – has 10 licenses for the use of 12 wells.

The branch of PJSC IDGC of Siberia – Omskenergo – has 2 licenses for the use of 2 wells.

The branch of PJSC IDGC of Siberia – Khakasenergo – has 5 licenses for the use of 9 wells.

The branch of PJSC IDGC of Siberia – Chitaenergo – operates one water well No. 27-124 based on mineral license CHIT 03616 VE as of 10.07.2017 issued to PJSC IDGC of Siberia by the Ministry of Natural Resources for the Zabaikalye Region and valid till 31.12.2031. Well No. 27-124 is used for own production and household needs of the production department TsES.

The branch of PJSC IDGC of Siberia – Krasnoyarskenergo – reissued 2 licenses.

In 2018, for all water wells of branches of PJSC IDGC of Siberia compulsory measures on the protection and defense of water bodies were performed in accordance with the requirements of the license agreements:

- In-process control over the quality of water was performed in accordance with SanPiN 2.1.4.1175-02 "Hygienic Requirements to the Quality of Water for Non-Public Water Supply. Sanitary Protection of Sources"
- Water consumption was measured using a water gauge and technical state of water wells was checked (state of pipe casings and heads, pumping equipment, measurements of well depth) and fixed in the special Log
- State statistical reports on the form 2-TP (water sector) "Information on Water Use" were formed and submitted to territorial departments of water resources within the Yenisei Basin Management
- Water tax for water extraction from water well was paid
- Quality of ground waters was checked

The wells are used for own production and household needs, needs of the population and other enterprises. Contracts are made with all the consumers.

No polluted waste waters are discharged into water bodies at the production sites of branches of PJSC IDGC of Siberia that is why there are no treatment facilities and a circulation water system.

In 2018, water consumption decreased by 5.39% (142.792 thsd m^3) as compared to 2017 (150.49 thsd m^3), which was conditioned by decrease in water consumption for domestic needs.

Total amount of water extracted by sources, m^3

Name of the indicator	2016	2017	2018	2018 (plan)
Surface water	0	0	0	0
Ground waters	220,528	44,190	28,605	28,605
Wastewater from another organization	0	0	0	0
Municipal and other water supply systems	71,504	96,500	106,087	106,087

Reduction in water consumption is conditioned by transfer of wells to third-party organizations and municipalities. The right for the use of resources is terminated, and licenses are returned to the licensing authority.

Total volume of wastes discharged, m^3

Name of the indicator	2016	2017	2018	2018 (plan)
Waste volume	292,032	140,690	134,692	134,692

Such index deviations are related to the fact that during production processes variables for waste volume can form, such as decommissioning of equipment and increase in cross-cut cleanup.

Protection and Rational Use of Soils

In 2018, the following measures were implemented in branches of PJSC IDGC of Siberia:

- Contracts were made with regional operators on collection and transport of solid municipal wastes
- Production wastes were transferred for disposal, neutralization and placement. Under contracts with specialized enterprises, demercuration of waste fluorescent lamps and disposal of used machinery and worn-out tires was performed. Wastes of ferrous and non-ferrous scrap metals were transferred to third-party organizations for reclamation. Moreover, under contracts made with municipal and rural organizations servicing specialized landfills, solid wastes were transferred for placement and liquid domestic wastes were taken to treatment facilities
- Laboratory and analytical control in places of production waste accumulation was performed
- State statistical reports on the form 2-TP (wastes) "Information on Formation, Use, Neutralization, Transport and Placement of Production and Consumption Wastes" were formed and submitted to territorial departments of the Federal Supervisory Natural Resources Management Service and regional Ministries of Natural Resources. Constant supervision over places of waste accumulation is performed in terms of their compliance with the norms of the environmental law of the Russian Federation and requirements of Company internal standards
- Repair works on oil-filled equipment of 35-110 kW substations were carried out, including, among other technological activities, activities on oil leakage elimination and replacement of rubber seals
- Sites for temporary accumulation of solid municipal and solid domestic wastes were organized in all structural subdivisions of branches of PJSC IDGC of Siberia

In 2018, insignificant increase by 10.41% (5,612.515 tons) in the volume of waste production in relation to the indicators of 2017 (5,083.46 tons) took place. Such increase was caused by retirement of machinery wastes (computers, printers, CPUs, scanners, telephones and plateaus) in 2018.

Total mass of wastes by types and treatment methods, tons

Waste class	2016	2017	2018
Class 1	2.481	2.503	1.761
Class 2	16.139	12.99	7.947
Class 3	134.083	188.966	164.173
Class 4	1,324.88	1,505.707	1,989.303
Class 5	3,847.514	3,373.293	3,449.33
Total	5,325.097	5,083.46	5,612.52

The wastes were transferred for placement on a landfill under a contract made with a specialized organization.

Emissions

Activity on the protection of atmospheric air is carried out in accordance with the designed and agreed projects of maximum permissible emissions and permits obtained for production sites of branches of PJSC IDGC of Siberia. Pollutant emissions into the atmospheric air originate from organized and unorganized sources, which is proved by inventory of atmospheric pollution sources held within the frames of development of projects of maximum permissible emissions. In accordance with these projects, control over compliance with the norms of pollutant emissions into the atmosphere is exercised by computational method (branch of PJSC IDGC of Siberia – Chitaenergo) with the attraction of accredited laboratories. In general in 2018 pollutant emissions into the atmosphere from stationary sources for PJSC IDGC of Siberia did not exceed the specified standards of maximum permissible emissions.

Air emissions, tons

Name of the indicator	2016	2017	2018
Gross volume of pollutants	233.24	124.71	155.37

The following activities were performed:
- Projects of maximum permissible emissions were agreed, permits for pollutant emissions into the atmosphere were obtained
- Annual forms of statistical reports 2-TP (air) were prepared and agreed
- Stationary sources of emissions producing negative impact on the environment were registered in state bodies, and certificates of state registration of a facility producing negative impact on the environment were obtained

During automobile maintenance, control over toxicity of vehicle exhaust gases is exercised.

In 2018 in the branch of PJSC IDGC of Siberia – Altayenergo – instrumental measurements of pollutant emissions into the atmosphere were taken at 52 stationary sources under the program of industrial environmental control.

In the branch of PJSC IDGC of Siberia – Omskenergo – instrumental measurements of pollutant emissions into the atmosphere were taken under the program of industrial environmental control for the purpose of control over compliance with the standards of maximum permissible emissions at 3 stationary sources (boiler rooms at bases of the production department Eastern Electric Grids and Northern Electric Grids, in Kormilovsky Regional Electric Grids) for the amount of RUB 49.0 thsd.

Noise was studied under a contract at Pachinskaya substation, Polutornik substation, Kolmogorovskaya substation and Urskaya substation for the amount of RUB 22.08 thsd for the purpose of production control at the border of the calculated sanitary protection zone. The noise level is within the permissible limits.

Dust- and gas-trapping equipment was not used in the Company, and there was no need to install noise barriers in 2018.

Biodiversity and Land Conservation

Within the frames of the All-Russian Socioeconomic Campaign “Distribution Power Grid Complex – for Environmental Protection” and the target communication program “Let’s Preserve the Forest Energy”, in spring 2018 clean-up events were organized in the territory of all structural subdivisions of branches of PJSC IDGC of Siberia. Within the frames of such inner clean-up events, territories aligning to bases of regional electric grids, production departments and branch substations were cleared out. Aesthetics of “Power Men Alleys” is maintained in all Company branches.

Employees of the branches of PJSC IDGC of Siberia – Krasnoyarskenergo, Altayenergo and Kuzbassenergo – Regional Electric Grids – participated in the All-Russian Festival “Brighter Together”.

From 2012 on, the branch of PJSC IDGC of Siberia – Chitaenergo – constantly cooperates with Federal State Budgetary Institution “State Nature Biosphere Reserve Daursky” for the purpose of prevention of death of wild birds on overhead transmission lines.

Fauna Protection, Including Protection of Birds from Death on 6-10 kW Overhead Transmission Lines

Within the frames of compliance with the requirements of Federal Law No. 52-FZ dated 24.04.1995 “Concerning Fauna” and the schedule approved by PJSC IDGC of Siberia, in 2018 the Company procured and installed 4,984 pcs. for the total amount of RUB 3,562.44 thsd.
- Branch of PJSC IDGC of Siberia – Buryatenergo – 30 pcs. for the amount of RUB 14.1 thsd
- Branch of PJSC IDGC of Siberia – Gorno-Altayskiye Power Grids – 417 pcs. for the amount of RUB 101.3 thsd
- Branch of PJSC IDGC of Siberia – Krasnoyarskenergo – 1,021 pcs. for the amount of RUB 885.5 thsd
- Branch of PJSC IDGC of Siberia – Kuzbassenergo – Regional Electric Grids – 60 pcs. for the amount of RUB 19.00 thsd
- Branch of PJSC IDGC of Siberia – Khakasenergo – 314 pcs. for the amount of RUB 61.6 thsd
- Branch of PJSC IDGC of Siberia – Chitaenergo – 3,142 pcs. for the amount of RUB 2,480.94 thsd

Technical Measures

Performance of Obligations of the Stockholm Convention on Persistent Organic Pollutants in a Part of Decommissioning of PCB-Containing Equipment.

In 2018, PCB-containing equipment was not transferred for destruction. A plan for decommissioning and disposal of PCB-containing equipment was developed and approved at the Board of Directors of PJSC IDGC of Siberia. According to the plan, works on equipment decommissioning and transfer for disposal are planned beginning from 2019.

Use of Advanced Technologies and Solutions Aimed at Rational Use of Natural Resources and Reduction of Negative Impact Produced on the Environment during Production Activity.

According to the Regulations on Technical Policy IDGC of Siberia, one of the main strategic goals of the Company development is the minimization of negative impact produced on the environmental during construction, reconstruction, operation and repair of power facilities. At present, self-supporting insulated wires are used in the reconstruction and new construction of 0.4-10.1 kW overhead transmission lines. The use of this technology makes it possible to cut down trees and shrubs during the construction and further operation of overhead transmission lines in minimum volumes, as well as to ensure safety of birds during contact with overhead transmission lines in the territory of branches presence. During reconstruction and new construction of 110/35/10 kW substations in branches of PJSC IDGC of Siberia, modern 110 kW SF6 circuit-breakers and modern 10 and 6 kW vacuum circuit breakers are used. SF6 circuit-breakers require no column heating in winter period, thus, reducing power consumption for own needs, moreover, absence of transformer oil in SF6 and vacuum circuit-breakers increases time between repairs and considerably reduces negative impact produced on the environment.

The Program of Industrial Environmental Control

Carrying out industrial environmental control:
- In the field of waste management
- Over pollutant emissions to atmosphere from stationary sources
- Over water extraction from underground sources (wells)

In compliance with the requirements of environmental law and internal standards, the Program of Industrial Environmental Control is annually developed. According to the IEC Program, the following activities were carried out in structural divisions of branches to reduce the impact of production activities on the environment:
- Sampling (measurements) from stationary sources of emissions
- Vehicle checks for emissions of CH and CO, smoke during vehicle inspection
- Monitoring of the state of the environment (soil) in the places of temporary storage (accumulation) of industrial wastes

- Laboratory investigations of the quality of groundwater of water wells

Based on the results of the monitoring:
- Factual emissions of pollutants into the atmospheric air do not exceed the established standards for maximum permissible emissions
- Regular visual inspection shows the absence of contamination of soil with harmful substances and the absence of cluttering of places of accumulation and storage of wastes
- Water analysis of underground wells of the branches confirms the compliance of the investigated indicators with the requirements of SanPiN 2.1.4.1175-02 Hygienic Requirements to Quality of Water of Non-Centralized Water Supply Systems"

Qualification of Company Personnel

In 2018, 230 managers and specialists of PJSC IDGC of Siberia in general received training for the total amount of RUB 2,036.75 thsd under the following programs:
- "Ensuring Environmental Safety of General Economic Management Systems by Managers and Specialists";
- "Ensuring Environmental Safety during Works in the Field of Managing Wastes of Hazard Class I-IV".

Including:
- branch of PJSC IDGC of Siberia – Altayenergo: 31 managers and specialists received training for the amount of RUB 277.45 thsd;
- branch of PJSC IDGC of Siberia – Buryatenergo: 38 managers and specialists received training for the amount of RUB 324.65 thsd;
- branch of PJSC IDGC of Siberia – Kuzbassenergo – Regional Electric Grids: 55 managers and specialists received training for the amount of RUB 467.65 thsd;
- branch of PJSC IDGC of Siberia – Krasnoyarskenergo: 60 managers and specialists received training for the amount of RUB 529.500 thsd;
- branch of PJSC IDGC of Siberia – Omskenergo: 40 managers and specialists received training for the amount of RUB 274.7 thsd;
- branch of PJSC IDGC of Siberia – Chitaenergo: 13 managers and specialists received training for the amount of RUB 146.3 thsd;
- branch of PJSC IDGC of Siberia – Khakasenergo: 1 manager received training for the amount of RUB 16.00 thsd.

Environmental Audit. Information about the development, implementation and certification of the environmental management system taking into account requirements of international standard ISO 14001

In 2017, PJSC IDGC of Siberia obtained a certificate for compliance with the requirements of GOST R ISO 14001-2016 (Certificate No. 17.1665.026 as of 31.10.2017).

In 2018 within the frames of environmental management system 3 recertification audits (check by external auditors), 2 inspections, 1 environmental audit and 19 internal checks were held, based on the results of which 72 drawbacks were found.

Recertification audits for the compliance to the requirements of standard GOST R ISO 14001-2016 were held in the executive body of PJSC IDGC of Siberia and the branches Gorno-Altayskiye Power Grids and Khakasenergo. Based on the results of the recertification audit of the environmental management system, a plan of corrective and prevention actions aimed at elimination of these drawbacks was developed.

Within the environmental management system, PJSC IDGC of Siberia updated the following Company standards (CO):
- CS 5.111/0-03 "Industrial Environmental Control. Regulation"
- CS 3.019/0-07 "Submission of Accounting Documents. Regulation"
- CS 5.030/0-01 "Formation of Environmental Goals and Programs in the Sphere of Environmental Protection. Regulation"

Moreover, registers of important environmental aspects of Company branches were updated in 2018.

Procurement Operations

For the purpose of procurement operations, the Company uses the Unified Standard of Procurement of PJSC "Russian Grids". Participants are selected by means of procurement procedures in accordance with the Unified Standard of Procurement of PJSC "Russian Grids".

Procurements from small and medium-sized enterprises are carried out in accordance with the Federal Law No. 223-FZ dated 18.07.2011 "Concerning Procurement of Goods, Works and Services by Individual Types of Legal Entities" and the RF Government Decree No. 1352 dated 11.12.2014 "On the Specificities of Participation of Small and Medium-Sized Enterprises in the Procurement of Goods, Works and Services by Individual Legal Entities".

Procurements from national producers are carried out in accordance with the Unified Standard of Procurement of PJSC "Russian Grids" (Procurement Regulations). Preferences of the Russian goods are determined in accordance with the RF Government Decree No. 925 dated 16.09.2016 "On the Priority Given to the Russian Goods, Works and Services Performed and Rendered by the Russian Entities in Comparison with Foreign Goods, Works and Services Performed and Rendered by Foreign Entities".

The Company uses the following main principles of procurement activities:
- Informational openness of purchases – ensuring openness of procurement activities in accordance with the requirements of the current Russian law, as well as the degree required and sufficient to provide for a possibility of making decisions by potential contractors on participation in the procurement procedures of IDGC of Siberia
- Equality, fairness, absence of discrimination and unreasonable restrictions on competition in relation to the participants of the procurement – suppliers, contractors and executives are mostly selected using a competitive procedure, on the basis of equal competitive opportunities, without discrimination and unreasonable restrictions in relation to the participants of the procurement, in accordance with the justified requirements to potential participants of the procurement and goods, works and services procured, inclusive of life cycle, if necessary
- Targeted and cost-effective spending of money for the purchase of goods, works, services and the implementation of measures aimed at reducing the costs of the customer – selection of technical and commercial proposals based on the whole aggregate of price and non-price predefined criteria determining economic and other required efficiency of procurements
- There is no restriction on admission to participation in procurement by establishing immeasurable requirements to the participants of the procurement
- Transparency and manageability of procurement activities – planning, accounting, monitoring, control and audit of procurement activities at all its stages in IDGC of Siberia
- Professionalism and competence of employees involved in the procurement activities of IDGC of Siberia – personal responsibility of officials for efficient organization of procurement procedures, as well as for their decisions made in relation to the procurements and precise performance of actions required by procurement-regulating documents
- Compliance with the current legislation regulating the organization of procurement activities, as well as anti-corruption legislation, including the Anti-Corruption Standard of procurement activities

In 2018, 2,208 purchases were made for a total amount of RUB 36,912 mln, VAT included.

Including by methods of procurement:
- 462 purchases by means open one-stage tenders for the amount of RUB 24,590 mln, VAT incl. (20.92% of the total amount of purchases, 66.62% of total purchases in value terms)
- 510 purchases by means of open requests for prices for the amount of RUB 624 mln, VAT incl. (23.10% of the total amount of purchases, 1.69% of total purchases in value terms)
- 683 purchases by means of open requests for proposals for the amount of RUB 5,999 mln, VAT incl. (30.93% of the total amount of purchases, 16.25% of total purchases in value terms)
- 369 purchases based on results of framework agreements made for the amount of RUB 2,855 mln, VAT incl. (16.71% of the total amount of purchases, 7.74% of total purchases in value terms)
- 184 purchases from a single supplier for the amount of RUB 2,843 mln, VAT incl. (7.70% of total purchases in value terms)

Including by activity types:
- New Construction – 730 purchases for the amount of RUB 12,346 mln, VAT incl. (33.06% of the total amount of purchases, 33.45% of total purchases in value terms)
- Reconstruction and Technical Reequipment – 470 purchases for the amount of RUB 6,312 mln, VAT incl. (21.29% of the total amount of purchases, 17.10% of total purchases in value terms)
- Power Repair (Repair) Production and Maintenance – 603 purchases for the amount of RUB 2,336 mln, VAT incl. (27.31% of the total amount of purchases, 6.33% of total purchases in value terms)
- IT-Procurement – 99 purchases for the amount of RUB 887 mln, VAT incl. (4.48% of the total amount of purchases, 2.40% of total purchases in value terms)
- R&D – 2 purchases for the amount of RUB 164 mln, VAT incl. (0.09% of the total amount of purchases, 0.44% of total purchases in value terms)
- Consulting Services – 2 purchases for the amount of RUB 79 mln, VAT incl. (0.09% of the total amount of purchases, 0.22% of total purchases in value terms)
- Other Purchases – 302 purchases for the amount of RUB 14,787 mln, VAT incl. (13.68% of the total amount of purchases, 40.06% of total purchases in value terms)

732 simple and small purchases for the amount of RUB 237 mln, VAT incl.

The number of purchases using e-commerce tools was 2,024 purchases for the amount of RUB 34,068 mln, VAT incl. (100.00% of the total number of purchases, 100% of total purchases (excluding purchases from a single supplier) in value terms.

The economic effect following the results of procurement procedures for the period amounted to RUB 1,386 mln, VAT incl. or 3.91% of the planned declared cost of competitive procurement.

The share of open procurement procedures in the structure of purchases amounted to 100% of the total number of completed procurement procedures and 100% of total purchases in value terms (excluding purchases from a single supplier).

Competitive procurement procedures

	Total	Purchases		purchases from a single supplier (contractor, executive)	other means of procurement
		tenders			
		open			open in e-format
Total trades, other means of procurement (lots) and purchases from a single supplier (contractor, executive)	2,208	462		184	1,930
Number of contracts made	1,773	331		184	1,258

Economic Effect, thsd RUB

	Total initial (maximum) price of contracts (lots) tendered	Total cost of contracts made	Economy	
			RUB	%
2016	Economic effect in IDGC of Siberia is calculated based on tenders held (not contracts)	Economic effect in IDGC of Siberia is calculated based on tenders held (not contracts)	RUB 1,598 mln	8.1
2017			RUB 2,011 mln	7.36
2018			RUB 1,386 mln	3.91

Import Substitution

In accordance with the Order No. 116 dated 30.08.2017 of PJSC "Russian Grids", PJSC IDGC of Siberia implements a corporate plan of import substitution of PJSC "Russian Grids". The following activities are performed in accordance with the plan:

- Execution of agreements of equipment manufacturers on the organization of manufacture of electrical products designed within the frames of R&D of PJSC "Russian Grids" or including components designed within the frames of R&D of PJSC "Russian Grids"
- Determination of pilot projects for the purpose of implementation of innovative equipment and systems
- Testing, approbation and pilot implementation of domestic analogues of import products at facilities of S&A in terms of their compliance with the requirements of PJSC "Russian Grids" and compatibility with equipment used
- Monitoring of industry registers of domestic products or tables for import-substituting products and manufacturers thereof formed by federal executive bodies together with development institutions
- Development of cooperation with the Chamber of Commerce and Industry of Russia, non-governmental organizations "OPORA ROSSII", "DELOVAYA ROSSIYA", SME Corporation, etc. on the issues of import substitution implementation in the electric grid complex of Russia, subject to technical potential of small and medium-sized enterprises (SME)
- Participation in the work of special working bodies created by federal executive bodies, in which representatives of organizations and representatives of State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" as a state corporation carrying out investment activity in various priority sectors of economics (hereinafter – working bodies) can participate
- Development of cooperation with constituents of the Russian Federation on the issues of participation in regional industrial enterprises in the implementation of import substitution and modernization of the domestic production base. Execution and performance of agreements on cooperation, road maps and minutes of meetings
- Development of cooperation with electric power industry entities for the purpose of information exchange and formation of uniform approaches to the issues of import substitution implementation, development of unified requirements to equipment and materials, and formation of a consolidate need for critical groups of equipment (JSC Rushydro, PJSC Inter RAO, LLC Gazprom Energoholding, SC Rosatom)
- Development of cooperation with entities of the military industrial sector for the purpose of implementation of available domestic developments at electric grid facilities. Involvement of entities of the military industrial sector into the process of placement of information products manufactured at the portal of the Ministry of Industry and Trade – GIS of Industry
- Development of cooperation with leading scientific institutions and centers (SkolTech, Federal Testing Center, Kurchatov Institute, Moscow Power Engineering Institute, All-Russian Power Engineering Institute, All-Russian Research and Development Institute for Cable Industry, etc.) for the purpose of monitoring of perspective development having no analogues in Russia and abroad

Procurement from Small and Medium-Sized Enterprises

Name of the indicator	2016	2017	2018
Share of procurements from small and medium-sized enterprises, %	67.5	54.3	68.6

In 2018, 1,515 tenders were conducted in which the subjects of small and medium-sized enterprises (SMEs) became the winners for a total of RUB 20,123 mln, VAT incl., which equaled to 68.61% of the total volume of tender procedures conducted, while the volume of purchases in which only the subjects of small and medium-sized enterprises could participate was 1,411 purchases for the amount of RUB 13,710 mln, VAT incl. or 63.90% of the total volume of procurements.

Including by activity types:

- New Construction and Expansion of Electric Grid Facilities – 547 purchases for the amount of RUB 11,636 mln, VAT incl. (36.11% of the total amount of purchases from SMEs, 57.82% of total purchases from SMEs in value terms)
- Reconstruction and Technical Reequipment of Electric Grid Facilities – 328 purchases for the amount of RUB 5,396 mln, VAT incl. (21.65% of the total amount of purchases from SMEs, 26.81% of total purchases from SMEs in value terms)
- Power Repair (Repair) Production and Maintenance – 441 purchases for the amount of RUB 1,561 mln, VAT incl. (29.11% of the total amount of purchases from SMEs, 7.76% of total purchases from SMEs in value terms)
- IT-Procurement – 71 purchases for the amount of RUB 433 mln, VAT incl. (4.69% of the total amount of purchases from SMEs, 2.15% of total purchases from SMEs in value terms)
- R&D – 1 purchase for the amount of RUB 58 mln, VAT incl. (0.07% of the total amount of purchases from SMEs, 0.29% of total purchases from SMEs in value terms)
- Consulting Services – 2 purchases for the amount of RUB 79 mln, VAT incl. (0.13% of the total amount of purchases from SMEs, 0.39% of total purchases from SMEs in value terms)
- Other Purchases – 125 purchases for the amount of RUB 960 mln, VAT incl. (8.25% of the total amount of purchases from SMEs, 4.77% of total purchases from SMEs in value terms)

Social Investments into the Presence Regions

For the purpose of improvement of a level of communications with service consumers, monitoring of public opinion of the quality of services rendered, and timely settlement of current conflict situations during work with consumers, the Company uses face-to-face and distance communication channels. Such communications and client-oriented approach enables the Company to interact with consumers in 24 × 7 × 365 format by means of face-to-face servicing – personal contact of consumers with Company employees – and distance servicing: unified contact center, Internet reception desk of the Director General or a branch director, Personal Account, Online Consulting, Email services and postal messages. Application are processed and considered in accordance with the Uniform Service Quality Standards. Moreover, in order to improve quality of consideration and adoption of measures based on service consumers' applications, improve a level of consumers' satisfaction with service quality and increase a level of loyalty to the Company in the presence regions of the branches and JSC Tyvaenergo, public meetings, live phone-ins and personal meetings of managers with different target categories of consumers are held.

Based on results of 2018, the share of complaints obtained from consumers (7,640 pcs.) amounted to 2% of the total number of applications.

Most complaints were related to the issues of technological connection (25%), electric power transmission (24%) and electric power cutoff (19%). A smaller share was formed by complaints on the issues of commercial accounting (13%) and maintenance of electric grid facilities (14%).

All the consumers' complaints were answered. For all rightful complaints, corrective actions were executed or planned to be executed.

PJSC IDGC OF SIBERIA RENDERED CHARITABLE ASSISTANCE IN THE AMOUNT OF RUB 38,750 THSD TO VARIOUS ORGANIZATIONS, INCLUDING CHARITABLE FUND FOR NAVAL FLEET SUPPORT CRUISER VARYAG.

In 2018, PJSC IDGC of Siberia became a general partner of the Contest Sibir.PRO held from 2006 with support of an authorized representative of the President of Russia in the Siberian Federal District.

The contest is aimed at the unification of efforts of governmental authorities and local government bodies, business structures and mass media in solving priority state tasks. It popularizes positive experience of implementing programs for socioeconomic development, as well as projects revealing the potential and determining the perspectives of the territories in Siberia. The motto of the project is "Power, business and mass media: partnership for the sake of stability and prosperity of Siberia!"

Participants of the main journalistic contest of Siberia are presented by printed, electronic and network mass media from all 12 regions of the district – all in all, about 159 participants. 766 applications were filed.

During XIII contest Sibir.PRO, a new nomination called PRO Svet was introduced by the general partner of the project PJSC IDGC of Siberia. The winner was an author from "Trans-Baikal Information Agency", Elena Khzanyan, with her work "Transformer Substations Are Not a Playground".

"Thanks to the contest Sibir.PRO we obtained dozens of works on our industry development, construction of facilities and heroic power men - wonderful journalistic materials having received a high appraisal of the expert community. But the winner's work was devoted to prevention of child injury and differed from other works with its nonstandard and creative approach. This topic is very important, serious and sensitive. Assistance rendered by mass media and public in the prevention of child electric injury is priceless and helps to preserve health and lives of our children."

Vitaly Ivanov
Director General of PJSC IDGC of Siberia

06

Omsk State Academic Drama Theatre // Omsk Region

FINANCIAL PERFOMANCE

- Analysis of the financial condition and performance results of the Company
- Analysis of Financial Performance by Segments

Analysis of the financial condition and performance results of the Company

LIQUIDITY

Name of the indicator	31.12.2016	31.12.2017	31.12.2018
Absolute liquidity ratio	0.01	0.05	0.00
Acid liquidity ratio	0.70	0.94	0.47
Current liquidity ratio	0.81	1.07	0.53
Working capital to current assets ratio	–0.23	0.06	–0.69

FINANCIAL STABILITY

Name of the indicator	31.12.2016	31.12.2017	31.12.2018
Equity-assets (leverage) ratio	0.39	0.39	0.37
Ratio of joint debt to EBITDA	4.92	3.63	3.64
EBITDA, %	2.10	3.36	3.48

CREDITS

Name of the indicator	2016	2017	2018
Long-term borrowed funds	16,751,700	25,469,511	21,169,936
including:			
credits	16,751,700	25,469,511	21,169,936
Short-term borrowed funds	6,558,140	3,484,085	10,575,271
including:			
credits	6,558,140	3,484,085	10,575,271

Change in a credit level is conditioned by financing of construction of objects included in the investment program using borrowed funds in 2018.

PROFITABILITY

Name of the indicator	31.12.2016	31.12.2017	31.12.2018
Return on equity (ROE), %	2.93	3.11	-6.28
Return on total assets (ROTA) for income before taxation, %	2.04	1.83	-2.52
Profitability of EBITDA, %	15.68	15.37	9.96

BUSINESS ACTIVITY

Name of the indicator	31.12.2016	31.12.2017	31.12.2018
Turnover rate of payables	3.11	4.0	4.35
Growth rate of receivables and payables ratio	1.16	1.59	0.79
Total receivables to payables ratio	1.17	1.55	1.23
Share of receivables in revenue	0.29	0.24	0.22

Liquidity ratios allow assessing the Company ability to repay short-term obligations using current assets.

Current liquidity ratio allows assessing the amount of current assets, which accrue to one ruble of current liabilities; the value of the ratio is 0.53 according to the results of 2018.

Acid liquidity ratio is identical to current liquidity ratio. It estimates the liquidity of assets, but is calculated based on a narrower range of current assets, the least liquid part is excluded from the calculation: production stocks, input VAT and long-term receivables. According to the results of 2018, its value amounted to 0.47.

Working capital to current assets ratio for 2018 amounted to 0; it has a positive value.

Equity-assets (leverage) ratio characterizes the ratio of equity to the total amount of the organization's capital (assets) and shows how the organization is independent from creditors. The smaller the value of the ratio, the more the organization is dependent on borrowed sources of financing, the less stable its financial and economic state. As of 31.12.2018, the equity-assets (leverage) ratio was 0.37.

The ratio of joint debt to EBITDA for the year 2018 is 3.64, which corresponds to the results of 2017.

Return on equity (ROE) for the year 2018 is positive because of the positive financial result for the year 2018.

The ratio of turnover of accounts payable is the indicator characterizing the speed of repayment of debts to suppliers, at the end of 2018 it is 4.35 – its value has been improved in relation to the value for 2017.

In 2018, the receivables rate of growth is less than the payables rate of growth, the ratio is 0.79.

The size of receivables exceeds the size of payables, and as of 31.12.2018, their ratio is 1.23.

In order to improve the financial condition of the Company, to compensate for the shortfall in income in the presence regions of PJSC IDGC of Siberia, work has been organized to increase tariffs for the transmission of electricity. Previously unprofitable branches received tariff and balance decisions for 2019, ensuring break-even of current activity, as well as compensation for the shortfall in income of the previous periods in the medium term.

Program of Increasing Operational Efficiency and Cuts in Spending

Program of increasing operational efficiency and cuts in spending of PJSC IDGC of Siberia was approved by the Board of Directors of the Company on 29.12.2017 (Minutes of the meeting of the Board of Directors No. 263/17 dated 29.12.2017). The implementation of the Program's measures is taken into account in the business plan, investment program, energy saving and energy efficiency program, innovative development program and other target programs developed by the Company.

The Program's performance indicators take into account the targets set by the Strategy for the Development of the Electric Grid Complex of the Russian Federation (approved by Russian Federation Government Decree No. 511-p dated 03.04.2013) and the Directive of the Russian Federation Government No. 2303p-P13 dated 16.04.2015, providing for annual reduction of specific operating expenses by minimum 2%.

Reduction of manageable operating expenses in 2018 as compared to 2012, for the purpose of the Strategy for Development the Electric Grid Complex of the Russian Federation approved by Russian Federation Government Decree No. 511-p dated 03.04.2013, amounted to RUB 3,966 mln or 27% with a target value 15%.

Within the framework of increasing operational efficiency, the Company implemented measures that allowed obtaining an economic effect in the following amount:

1. Increasing the management efficiency of fixed assets by reducing costs connected with the maintenance and management of non-core assets, including due to divestiture (disposal) of non-core assets
2. Increasing the efficiency of the procurement management system and supply chains through re-auctions
3. Increasing the efficiency through the implementation of the energy saving program and increasing energy efficiency (without taking into account the reduction of losses)
4. Increasing the efficiency due to reduction of electric power losses
5. Increasing the efficiency of working capital management, stipulating monitoring of compliance with payment terms in accordance with the current regulations and concluded contracts – is ensured by minimizing the volume of payments ahead of time set by contracts with counterparties
6. Optimization of repair costs, including:
   - The effect of initiating the revision of the rules for technical maintenance and other regulatory normative and technical documentation (provides for economic effect from 2020 onwards)
7. Increasing the efficiency of the procurement and supply chain management system is ensured by implementation of the following measures:
   - Increase in the share of open competitive procurements and decrease in the share of purchases by at a single source method (≥95% share of open procurement, ≤5% of purchase at a single source)
   - Preservation of the share of procurements on electronic trading platforms – ensuring a share of competitive procurements on electronic trading platforms at a level of not less than 95%
   - Optimization of reserves (category reserve management)
   - Minimization of the use of imported equipment and materials in design decisions and the formation of technical specifications
8. Optimization of transportation costs.

Planned economic effect from implemented activities achieved by means of optimization of the fuel and energy resources will be redistributed for the purpose of performance of additional activities on the organization of vehicles work on maintenance of Company electric grid complex in good working order and on prevention of emergencies.

Based on results of Company work for 2018, a target value for annual reduction of actual specific operating expenses of the Company was achieved.

ACCOUNTS RECEIVABLE

Analysis of change in accounts receivable, mln RUB[1]

Name of the indicator	31.12.2016	31.12.2017	31.12.2018
Accounts receivable, including:	16,151	14,958	14,531
Buyers and customers	13,363	12,110	11,132
including for electricity transmission	12,715	11,867	10,439
Advances made	461	762	828
Other accounts receivable	2,327	2,087	2,571

At the beginning of the reporting period accounts receivable of PJSC IDGC of Siberia amounted to RUB 14,958 mln, at the end of the reporting period – to RUB 14,531 mln, the decrease in debt for 2018 amounted to RUB 427 mln. The main impact was the decrease in debt for electricity transmission services by RUB 1,428 mln against the background of appearance of accounts receivable in the amount of RUB 458 mln in a result of picking up functions of a guarantee supplier in Republic of Khakassia by Order of the RF Ministry of Energy No. 179 as of 23.03.2018, as well as growth of other accounts receivable, including debt under sanctions for the breach of contractual liabilities.

At the end of 2018, receivables of buyers and consumers amounted to RUB 11,132 mln, which was RUB 978 mln (8%) lower than the level formed at the beginning of the year due to the decrease in debt for electricity transmission services.

Receivables for advances made amounted to RUB 828 mln, which was RUB 66 mln (23%) more than the level formed at the beginning of the year.

Other receivables amounted to RUB 2,571 mln, which was RUB 484 mln (23%) less than at the beginning of 2017.

The biggest share (72%) of Company receivables formed in payments for rendered services on electricity transmission.

According to the results of 2018, in a result of performed work on receivables collection, a level of payment for services on electricity transmission amounted to 99%.

1. Indicators are specified subject to Company bookkeeping report for the reporting period (inclusive of retrospection)

The Company implements the full range of measures to recover overdue receivables, including:

- Out-of-court resolution, including whole or partial limitation of energy supply to debtors
- Debt collection within the frame of legal boundaries
- Organization of measures to collect debt by the security service, including sending letters and appeals to law enforcement and other authorities
- Collection of penalties for untimely performance of terms of payment under contracts for the provision of electricity transmission services established by applicable law of the Russian Federation
- Consideration of issues related to settlement of arrears at meetings in order to implement additional measures, including:
- At balance commissions
- At meetings of the commission for monitoring of a situation with settlements for electricity transmission services and the commission for management of receivables and payables of PJSC IDGC of Siberia
- At meetings with the participation of heads of regional governments
- At meetings of the Board of Directors of PJSC IDGC of Siberia

In a result of the claim work conducted by the Company to recover overdue receivables for electricity transmission services rendered in 2018, positive court decisions were obtained in 368 court cases for a total amount of claims of RUB 2,845 mln, denied collection of RUB 120 mln in the framework of 93 cases. The share of claims satisfied in favor of the Company was 96%, which is equivalent to the same period of the previous year. In 2017, positive judicial decisions were made in respect of claims to the amount of RUB 6,937 mln (460 cases), denied to the amount of RUB 217 mln (52 cases).

Based on the results of the judicial decisions in 2018, enforcement orders for RUB 2,527 mln were received, of which RUB 663 mln or 26% were paid. For the same period of the last year, the enforcement lists for the amount of RUB 6,685 mln were received; RUB 2,174 mln or 33% were cancelled.

Coverage of past due receivables by events aimed at their reduction remains at a stable high level and amounts to 100% as of 31.12.2018.

In the reporting period, unreal receivables for a sum of RUB 921 mln were written off, including for rendered services on electricity transmission for a sum of RUB 408 mln.

ACCOUNTS PAYABLE

Analysis of change in accounts payable, mln RUB[1]

Name of the indicator	31.12.2016	31.12.2017	31.12.2018
Accounts payable,including:	13,764	9,645	11,827
Suppliers and contractors	9,300	5,119	8,587
Advanced received	1,185	1,871	1,060
Taxes and levies	1,058	892	864
Other accounts payable	2,221	1,763	1,316

1. Indicators are specified subject to Company bookkeeping report for the reporting period (inclusive of retrospection)

Payables as of 01.01.2018 amount to RUB 9,645 mln, growth for 2018 amounts RUB 2,182 mln; at the end of reporting period the level of payables is RUB 11,827 mln, including:

- Indebtedness to contractors and suppliers as of 31.12.2018 amounts to RUB 8,587 mln, growth is RUB 3,468 mln (68%) in a result of increase in debt for investment activity due to liquidation of overdue liabilities under agreements on technological connection made with a privileged category of consumers (RUB 863 mln), debt at the wholesale market for electricity and power related to the payment for purchased electricity for sale due to performance of functions of a guarantee supplier in Republic of Khakassia (RUB 416 mln), and obtaining additional advances for services on electricity transmission (RUB 361 mln)
- Indebtedness for advance payments received amounted to RUB 1,060 mln, which is less than the level of payables at the beginning of reporting period by RUB 811 mln (43%), including RUB 538 mln conditioned by performance of big agreements for services on technological connection with the reflection of profit in accounting statements
- Indebtedness for taxes and levies amounted to RUB 864 mln, which is RUB 28 mln (3%) less than as of 31.12.2017
- Other accounts payable amounts to RUB 1,316 mln, which is RUB 447 mln (25%) less than the level at the beginning of the year, including RUB 295 mln at the expense of discharge of Company obligations under agreements for rearrangement (reconstruction) of electric grid facilities

CAPITAL INVESTMENTS

Name of the indicator	2016	2017	2018	Change, %
Capital investments, mln **RUB** (VAT excl.)	5,528	7,367	13,441	82.45

Increase in capital investment financing for PJSC IDGC of Siberia in 2018 in general as compared to 2017 in conditioned by:

- Discharge of obligations under the regulatory agreement in the amount of RUB 0.9 bln made between PJSC IDGC of Siberia and Kemerovo Region Administration, providing for payment for works performed with reliability facilities, reconstruction of distribution grids, facilities of socially-significant consumers, and facilities influencing the receipt of a certificate of readiness for an autumn-winter period 2018/2019
- Attraction of additional borrowed funds for liquidation of overdue liabilities under agreements on technological connection in the amount of RUB 2.4 bln
- Attraction of credit funds in the amount of RUB 0.2 bln for acquisition of electric grid facilities in the territory of Republic of Buryatia within power grid consolidation
- Implementation of a complex of measures on construction and reconstruction of electric grid facilities in order to assure uninterrupted power supplier of venues of XXIX Winter Universiade 2019 to be held in Krasnoyarsk for the amount of RUB 2.0 bln using credit funds. Due to rescheduling of compulsory test competitions to earlier periods, by request of organizers of the Universiade and regional government, a period given for implementation of activities at the electric grid facilities was significantly reduced

Actual main volume of investments is allocated to financing of facilities for technological connection, including a privileged category of applicants, amounting to about 42% of the total financing volume in 2018.

PERSONNEL COSTS

Main indicators	2016	2017	2018	Change,%
Personnel costs	11,968	12,751	13,703	7.47
labor costs	9,245	9,851	10,599	7.59
Insurance contributions	2,723	2,900	3,104	7.03

Increase in costs as compared to the analogous period of the previous year is due to the following reasons:

- Wage indexation 2018/2017 (4%/4.7%)
- Staffing of workshop areas and subdivisions for production safety and production control
- Motivation of operational personnel (increase in salary of operational personnel within the Company standards)
- Increased payment for labor during afterhours (unfavorable weather conditions, failure recovery, technological connection)
- Hiring additional personnel for building and construction department staffing, as well as increase in the scope of works performed by personnel employed based on a piece-rate system of payment for labor
- Liquidation of overdue liabilities under agreements on technological connection (increase in the scope of personnel work during afterhours)
- Hiring personnel to the production department Energosbyt of the branch Khakasenergo

Analysis of Financial Performance by Segments

REVENUE FROM ELECTRIC POWER TRANSMISSION

Main technical indicators	2016	2017	2018	Change, %
Revenue from electric power transmission, mln RUB	46,487	50,835	51,364	1.04

Increase in actual revenue from electric power transmission in 2018 is conditioned by the following reasons:

- growth of boiler productive supply, whereby such growth is observed in all branches due to decrease in average daily temperatures in the 1st half of 2018;
- growth of average tariff;
- reduction of cost of load losses due to their cancellation from 01.08.2018 (RF Government Decree No. 810 dated 07.07.2017).

Change in revenue by branches:

Revenue for the branch **Buryatenergo** in comparison with 2017 grew by RUB 171 mln (3.5%), including increase in revenue due to growth of boiler productive supply by 16 mln kWh (0.4%) amounted to RUB 20 mln, due to growth of average tariff by 1.7% – to RUB 86 mln, and due to reduction of cost of load losses due to their cancellation from 01.08.2018 (RF Government Decree No. 810 dated 07.07.2017) – to RUB 66 mln.

Revenue for the branch **Gorno-Altayskiye Power Grids** in comparison with 2017 grew by RUB 47 mln (3.36%), including increase in revenue due to growth of boiler productive supply by 18 mln kWh (4.2%) amounted to RUB 48 mln, due to reduction of average tariff by 0.3% – revenue decreased by RUB 3.7 mln, and due to reduction of cost of load losses due to their cancellation from 01.08.2018 (RF Government Decree No. 810 dated 07.07.2017) – revenue grew by RUB 3 mln.

Revenue for the branch **Krasnoyarskenergo** in comparison with 2017 grew by RUB 1,564 mln (12.4%), including increase in revenue due to growth of boiler productive supply by 143 mln kWh (1.2%) amounted to RUB 153 mln, due to growth of average tariff by 8.8% – to RUB 1,146 mln, and due to reduction of cost of load losses due to their cancellation from 01.08.2018 (RF Government Decree No. 810 dated 07.07.2017) – to RUB 264 mln.

Revenue for the branch **Kuzbassenergo-Regional Electric Grids** in comparison with 2017 grew by RUB 731 mln (9.5%), including increase in revenue due to growth of boiler productive supply by 539 mln kWh (3.3%) amounted to RUB 264 mln, due to growth of average tariff by 3.4% – to RUB 278 mln, and due to reduction of cost of load losses due to their cancellation from 01.08.2018 (RF Government Decree No. 810 dated 07.07.2017) – to RUB 191 mln.

Revenue for the branch **Khakasenergo** in comparison with 2017 decreased by RUB 1.037 mln (–27%). From April 2018, the branch Khakasenergo performs functions of a guarantee supplier in Republic of Khakassia. Principles of reflection of revenue for services on electric power transmission in case of performance of functions of a guarantee supplier and without performance of functions of a guarantee supplier are different. The increase in revenue is conditioned by the following factors:

- Decrease in revenue due to reduction of boiler productive supply by 4,220 mln kWh (–61.4%) related to "last mile" cancellation from 01.07.2017 amounted to RUB 2,429 mln
- Increase in revenue due to growth of average tariff by 84.2% amounted to RUB 1,285 mln
- Increase in revenue due to reduction of cost of load losses due to their cancellation from 01.08.2018 (RF Government Decree No. 810 dated 07.07.2017) amounted to RUB 107 mln

Revenue for the branch **Chitaenergo** in comparison with 2017 grew by RUB 296 mln (4.3%), including increase in revenue due to growth of boiler productive supply by 30 mln kWh (0.5%) amounted to RUB 38 mln, due to growth of average tariff by 1.9% – to RUB 134 mln, and due to reduction of cost of load losses due to their cancellation from 01.08.2018 (RF Government Decree No. 810 dated 07.07.2017) – to RUB 125 mln.

Change in revenue for the branches **Altayenergo** and **Omskenergo** in comparison to 2017 is no more than 2%.

REVENUE FROM SERVICES ON TECHNOLOGICAL CONNECTION

Name of the indicator	2016	2017	2018	Change, %
Revenue from services on technological connection, mln **RUB** (VAT excl.)	565.7	467.5	995.2	112.88

Increase in revenue from services on technological connection is related to growth of the number of agreements on technological connection performed in 2018.

As for the number of agreements, target values were exceeded by 24.1% (over-fulfillment in absolute figures amounted to 5,754 agreements) due to the following reasons:

- Early performance of agreements on technological connection made with Housing Cooperative Serebryanny Bereg (RUB 15.2 mln), LLC Chinese National Chemical and Engineering Building Company No. 7 (RUB 14.6 mln), JSC OB (RUB 6.7 mln), JSC Omskelektro (RUB 3.7 mln), LLC Omsk RAPS and JSC Omsk RTS (RUB 3.2 mln), Administration of Azov German National Municipal Area (RUB 2.8 mln), Federal State-Owned Enterprise Directorate of Capital Construction Owner within the Ministry of Defense (RUB 2.1 mln), LLC Yastro and LLC Zima (RUB 1.6 mln), M. N. Zhigalov and LLC Dekoil (RUB 1.3 mln), Federal State-Owned Enterprise Correctional Camp No. 4 within the Directorate of the Federal Service for the Execution of Sentences of Russia (RUB 1.1 mln) (Omskenergo)
- Performance of big agreement for the total amount of RUB 22.6 mln (Committee for Municipal Property and Land Matters Management within the Administration of Petrovsk-Zabaikalsky Urban District, LLC PGS, JSC Zheldoripoteka, JSC RZD, Federal State Unitary Enterprise Unified Customer Group, CJSC AZSK, LLC Baikalrud, LLC Stroy Plus, LLC Electrochemical Company, LLC Manufacturing Company Quartz, Administration of Karymskoye Urban Settlement, etc.) (Chitaenergo)

Planned targets for the category of applicants below 15 kW was over-fulfilled by 21.5% (over-fulfillment in absolute figures amounted to 4,906 agreements). These indicators are conditioned by prevalence in the total number of agreements on technological connection performed of agreements relating to the category of applicants below 15 kW, as well as the category from 15 kW to 150 kW, i. e. the category of small and medium-sized business. Immediate growth of a number of agreements performed is conditioned by putting emphasis on works in liquidation of overdue liabilities under agreements on technological connection in 2018.

REVENUE FROM SERVICES ON ELECTRIC POWER SALE

Name of the indicator	2016	2017	2018	Change, %
Revenue from electric power sale, mln RUB	0	0	2,958	100.00

Increase in revenue from electric power sale is conditioned by deprivation of a status of a guarantee supplier of JSC Khakasenergosbyt in Republic of Khakassia by Order of the Ministry of Energy of Russia No. 179 dated March 23, 2018 and picking up by PJSC IDGC of Siberia of functions of a guarantee supplier from April 01, 2018. Revenue from electric power sale in 2018 amounted to RUB 2,958 mln.

REVENUE FROM IMPLEMENTATION OF ADDITIONAL SERVICES

Name of the indicator	2016	2017	2018	Change, %
Revenue from additional services, mln rub.	380	401	661	64.84

Based on results of 2018, revenue from implementation of additional services amounted to 661 mln rub. The biggest share falls on services on network topology change (under agreements on rearrangement) – 59% (388 mln rub.).

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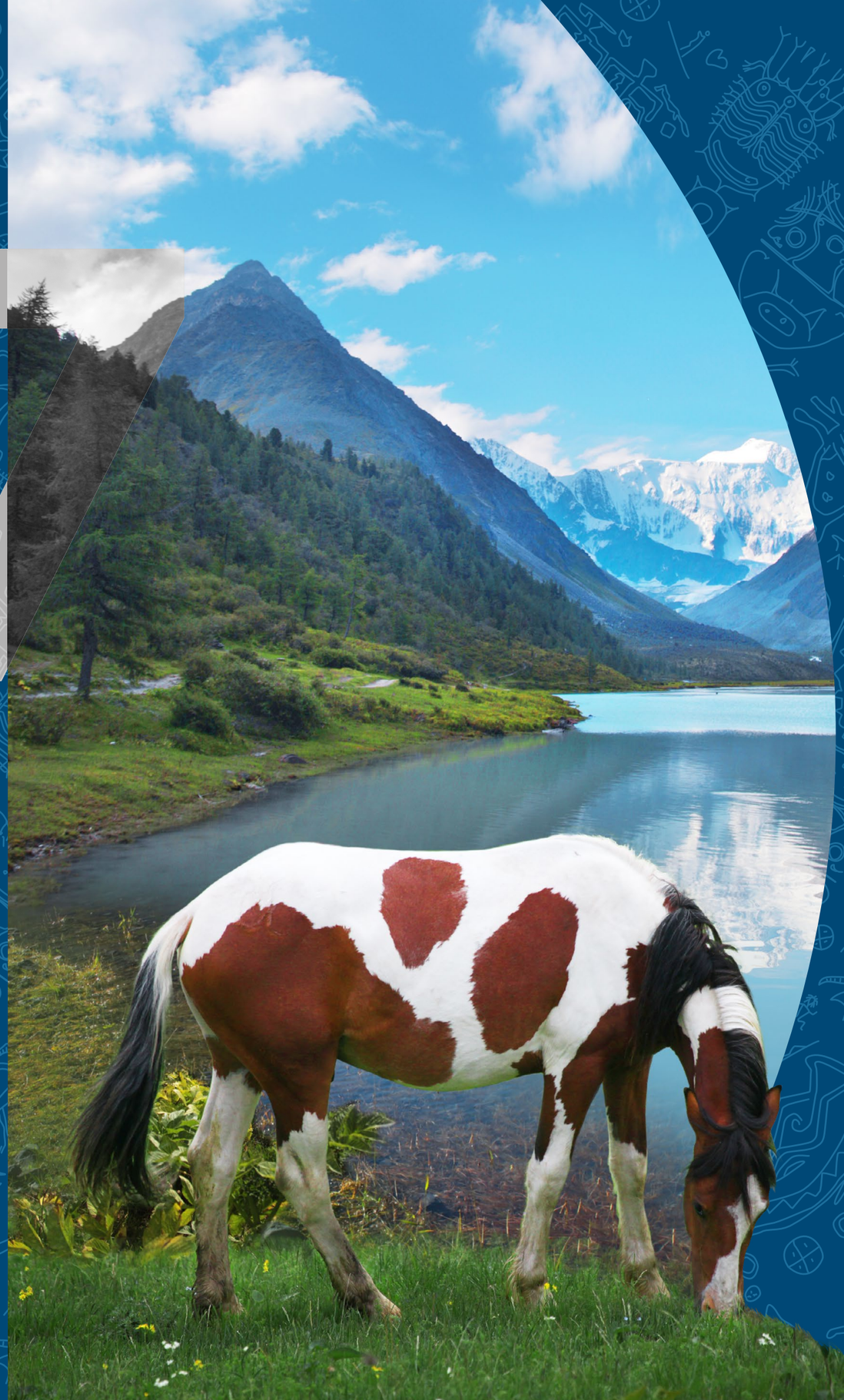

Katun River // Republic of Altay

APPENDICES

- Appendix no. 1. Consolidated financial statements under IFRS for the year that ended on December 31, 2018
- Appendix no. 2. Report on transaction of interest made by PJSC IDGC of Siberia in 2018
- Appendix no. 3. Information on observance of principles and recommendations of the Corporate Governance Code
- Appendix no. 4. Information on remuneration and compensations paid to members of Board of Directors and Company Corporate Secretary
- Appendix no. 5. Table for compliance of report text to management indicators (GRI)
- Appendix no. 6. Glossary
- Appendix no. 7. Information for Shareholders and Investors

Appendix No. 1 Consolidated financial statements under IFRS for the year that ended on December 31, 2018

INDEPENDENT AUDITOR'S OPINION

To Shareholders and Board of Directors of Public Joint-Stock Company Interregional Distribution Grid Company of Siberia.

Opinion

We have audited the consolidated financial statements of Public Joint-Stock Company Interregional Distribution Grid Company of Siberia and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, consolidated financial position of the Group as of December 31, 2018 and its consolidated financial performance and its consolidated cash flows for 2018 in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA).

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters.

Accordingly, our audit included performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How audit addressed the matter
Recognition and measurement of revenue from electricity transmission services	
Recognition and measurement of revenue from electricity transmission services was one of the most significant matters for our audit due to certain specifics of the electricity market mechanisms that give rise to the existence of disagreements among electricity supply, utilities, and other companies in relation to the volume and cost of the transmitted electricity. The amount of revenue challenged by counterparties is material to the Group's financial statements. Management's assessment of the probability of settling disputes in the Group's favor is highly subjective. Revenue is recognized when disagreements are resolved in favor of the Group with regard to assumptions. Information on revenue from electricity transmission services is disclosed in item 7 of Notes to the consolidated financial statements	We considered the applied accounting policy with regard to the recognition of revenue from electricity transmission services, assessed internal controls over the recognition of this revenue; checked the correctness of the corresponding revenue amounts based on the existing electricity transmission contracts; received, on a selective basis, confirmations of balances of receivables from counterparties; analyzed the results of litigations concerning disputable amounts of services provided, if any; and assessed existing procedures to confirm the volume of electricity transmitted
Allowance for expected credit losses on trade receivables	
The matter of creating allowance for expected credit losses on trade receivables is one of the most significant matters for our audit due to the material balances of trade receivables as of December 31, 2018, as well as due to the fact that management's assessment of the possible recoverability of these. receivables is based on assumptions, in particular, on the projected solvency of the Group's customers. Information on allowance for expected credit losses on trade receivables is disclosed in i. 18 of Notes to the consolidated financial statements	We analyzed an adequacy of the Group's accounting policy on the trade receivables with respect to creation of allowance for expected credit losses on trade receivables, as well as procedures to confirm the appropriateness of measurements made by the Group's management. including the analysis of repayment of trade receivables, the analysis of maturity and delayed performance of obligations, and the analysis of customers' solvency. We performed audit procedures in respect of the information used by the Group to determine the allowance for expected credit losses on trade. receivables, the structure of receivables by age and maturity, and tested the correctness of the charged allowance amounts based on management's estimates
Recognition, measurement and disclosure of provisions and contingent liabilities	
Recognition, measurement and disclosure of provisions and contingent liabilities in respect of litigations and claims from counterparties (including territorial electric grid and utilities companies) were among the most significant matters for our audit as they require significant judgments of management with respect to material amounts of balances of settlements with counterparties that are challenged in litigations or under the pretrial settlement. Information on provisions and contingent liabilities is disclosed in Note 26 to the consolidated financial statements	Audit procedures also involved analyzing decisions made by courts of different instances; considering the adequacy of management's judgments with regard to assessment of the possibility of an outflow of economic resources due to the dispute settlement; examining the compliance of the prepared documentation with provisions of existing contracts and legislation; and reviewing disclosures on provisions and contingent liabilities in notes to the consolidated financial statements
Impairment of non-current assets	
Due to the existence of the impairment indicators of non-current assets as of December 31, 2018, the Group performed impairment testing. The value-in-use of fixed assets, forming a significant share of the Group's non-current assets, as of December 31, 2018, was determined by the projected cash flow method. The matter of impairment testing of fixed assets was one of the most significant matters for our audit because the fixed assets balance forms a significant part of the Group's assets at the reporting date, and because management's assessment of the value-in-use is complex and largely subjective and is based on assumptions, in particular, on the projected electricity transmission volumes, transmission fees, as well as operating and capital expenditures that depend on the expected future market or economic conditions in the Russian Federation. Information on the results of the impairment analysis of non-current assets is disclosed by the Group in Note 13 to the consolidated financial statements	As part of our audit procedures, we also assessed the assumptions and methodologies applied by the Group, in particular, those relating to projected total revenue from the electricity transmission, fee solutions, operating and capital expenditures, long-term rates of fee growth and discount rates . We tested the incoming data imported in the model and the arithmetic accuracy of the model used to determine the recoverable amount in the impairment test of fixed assets. We engaged valuation specialists to analyze the model used to determine the recoverable amount in the impairment test of fixed assets. We also analyzed the sensitivity of the model to changes in the main indicators of assessment and the Group's disclosures of assumptions on which the results of impairment testing largely depend

Key audit matter	How audit addressed the matter
Assessment of retirement and other liabilities to employees	
The Group has defined benefit pension plans. Assessment of retirement and other liabilities to employees is a significant audit matter as management determines carrying values of defined benefit pension plans and the discounted value of respective liabilities on the basis of actuarial valuation that includes certain assumptions, and the amount of liabilities under defined benefit pension plans at the reporting date is highly sensitive to changes in those assumptions. Such assumptions include, but are not limited to, mortality, both during and after employment, rates of employee tur over, discount rate, future salary and benefit levels as well as the expected return on plan asset. Information on pension liabilities is disclosed in Note 24 to the consolidated financial statements	In the course of our audit procedures we also analyzed the applied assumptions, made sample testing of the Group's employee data used for actuarial calculations, as well as performed analytical procedures in respect of the carrying value of liabilities under the defined benefit pension plans and their changes during the period. We engaged the professional actuaries to provide assistance with these audit procedures. We also reviewed the respective disclosures in the consolidated financial statements

Other matters

The financial statements of the Public Joint-Stock Company "Interregional Distribution Grid Company of Siberia" and its subsidiaries for 2017 were audited by another auditor who expressed an unmodified opinion on those statements on March 15, 2018.

Other information included to the Company's annual report

Other information consists of the information included in the Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and Audit Committee of the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such intern al control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee of the Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report or report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control; obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Head in charge of the audit following which an independent audit report was prepared.

M. S. KHACHATURYAN

Partner LLC Ersnt & Young

March 18, 2019

Information in the audited entity:

Name:
Public Joint-Stock Company Interregional Distribution Grid Company of Siberia
The record was made to the Uniform State Register of Legal Entities on July 4, 2005, and state registration number was assigned 1027739707203
Location: 660021, Russia, Krasnoyarsk Region, Krasnoyarsk, 144a Bograda str.

Information on auditor:

Name:
LLC Ernst & Young
The record was made to the Uniform State Register of Legal Entities on December 5, 2002, and state registration number was assigned регистрационный номер 1027739707203.
Location: 115035, Russia, Moscow, 77 Sadovnicheskaia naberezhnaia, bld. 1
LLC Ernst & Young is a member of Self-Controlled Auditor Organization Russian Union of Auditors (Association). LLC Ernst & Young is included to the control copy of the register of auditors and auditor companies under primary main registration number 11603050648.

CONSOLIDATED STATEMENT ON PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(thsd rub., unless other specified)

	Notes	For a year that ended on December 31	
		2018	2017
Revenue	7	57,051,023	53,598,104
Operating expenses	9	(56,644,543)	(51,620,742)
Other income, net	8	2,980,883	2,979,108
Result from operating activities		**3,387,363**	**4,956,470**
Finance income	11	283,940	266,640
Finance costs	11	(2,593,373)	(2,452,196)
Total financial costs		**(2,309,433)**	**(2,185,556)**
Profit before income tax		**1,077,930**	**2,770,914**
Income tax expense	12	(654,546)	(408,075)
Profit for the year		**423,384**	**2,362,839**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		–	(5,508)
Reserve for exchange rates of foreign currency hen recalculated		–	
Income tax		–	1,102
Total items that may be reclassified subsequently to profit or loss		**–**	**(4,406)**
Items that will never be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments accounted for at fair value through other comprehensive income		1,924	–
Remeasurements of the defined benefit liability	24	(32,501)	21,311
Income tax		12,662	11,511
Total items that will not be reclassified subsequently to profit or loss		**(17,915)**	**32,822**
Other comprehensive income net of income tax		**(17,915)**	**28,416**
Total comprehensive income for the year		**405,469**	**2,391,255**
Profit/loss attributable to:			
Equity holders of the Company		429,363	2,352,168
Non-controlling interests		(5,979)	10,671
Total comprehensive income attributable to			
Equity holders of the Company		411,448	2,380,584
Non-controlling interests		(5,979)	10,671
Earnings per share			
Basic and diluted earnings per ordinary share (in RUB)	21	0.0045	0.0248

The consolidated financial statements were approved by Management Board on March 18, 2019 and signed by the following persons on behalf of the Company:

Head
under Power of Attorney dated April 19, 2017 No. 00/111 P. E. Akilin

Chief Accountant S. V. Prischepina

CONSOLIDATED STATEMENTS ON FINANCIAL POSITION

(thsd rub., unless other specified)

	Notes	December 31, 2018	December 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	13	48,168,488	40,078,608
Intangible assets	14	938,798	1,060,003
Trade and other receivables	18	2,729,534	1,485,901
Assets related to employee benefits plans	24	444,621	474,630
Financial investments	15	112,189	36,851
Deferred tax assets		2,510	36,087
Total non-current assets		**52,396,140**	**43,172,080**
Current assets			
Inventories	17	1,689,602	2,141,485
Income tax prepayments		440,631	57,702
Trade and other receivables	18	11,079,412	14,656,466
Short-term cash funds with limited use		132	1,279
Cash and cash equivalents	19	285,233	1,137,928
Total current assets		**13,495,010**	**17,994,860**
Total assets		**65,891,150**	**61,166,940**
Capital and liabilities			
Capital			
Authorized capital	20	9,988,619	9,988,619
Issuer's capital		1,198,452	1,198,452
Other reserves		(317,715)	(299,800)
Undistributed profit		5,998,808	5,938,557
Total equity attributable to equity holders		**16,868,164**	**16,825,828**
Non-controlling share		(3,776)	2,203
Total capital		**16,864,388**	**16,828,031**
Non-current liabilities			
Credit and loans	22	21,169,936	25,469,511
Trade and other payables	25	1,639,966	317,606
Employee benefits		564,607	605,130
Deferred tax liabilities		443,622	337,872
Total non-current liabilities		**23,818,131**	**26,730,119**
Short-term obligations			
Loans and borrowings	22	10,575,271	3,484,085
Trade and other payables	25	13,644,259	12,743,069
Provisions	26	978,188	1,277,276
Current income tax liabilities		10,913	104,360
Total current liabilities		**25,208,631**	**17,608,790**
Total liabilities		**49,026,762**	**44,338,909**
Total equity and liabilities		**65,891,150**	**61,166,940**

CONSOLIDATED STATEMENTS ON CASH FLOWS

(thsd rub., unless specified otherwise)

	Notes	For a year that ended on December 31	
		2018	2017 (revised data)
Cash flow flom operating activities			
Profit for a period		423,384	2,362,839
Adjustments for:			
Amortization of man assets and intangible assets	9	4,024,770	3,539,840
Depreciation and amortization of main assets		942,838	(51,592)
Financial expenses	11	2,593,373	2,452,196
Financial income	11	(283,940)	(266,640)
Loss from withdrawal of fixed asserts		(62,516)	(39,538)
Reserve for expected credit loss	9	3,642,503	3,361,875
Withdrawal of non-cash assets		32,620	124,164
Withdrawal of notes receivable		(17,036)	(173,774)
Other noncash transactions		437,878	1,119,484
Tax income expenses		654,546	408,075
Total influence of adjustments		**12,388,420**	**12,836,929**
Changes in assets related to employee remuneration		30,009	31,872
Changes of liabilities for employee remuneration		(103,159)	50,176
Cash flow from operating activity prior to changes in turnover capital and reserves		**12,315,270**	**12,918,977**
Changes in turnover capital:			
Change in trade and other receivables		1,944,028	706,222
Changes in stocks		572,056	418,592
Change in trade and other receivables		1,411,628	(5,621,085)
Change in stocks		(3,646,106)	(3,343,436)
Others		76,785	356,751
Cash flows from operating activities before income taxes and interest paid		**12,673,661**	**5,436,021**
Income tax, paid		(992,227)	(500,844)
Interests, paid		(2,505,175)	(2,373,460)
Net monetary funds received (used) from operating activity		9,176,259	2,561,717
Cash flow from investing activities			
Acquisition of property, plant and equipment and intangible assets		(12,714,764)	(7,955,798)
Proceeds from the sale of property, plant and equipment and intangible assets		272,715	306,561
Opening deposits and acquisition of financial investment		(73,414)	–
Closing deposits and withdrawal of financial investments		–	324,479
Interest received		55,140	61,830
Dividends received		3,928	3,550
Net cash flows used in investing activities		**(12,456,395)**	**(7,259,378)**
Cash flow from financing activities			
Proceeds from loans and borrowings		16,461,581	33,435,300
Repayment of loans and borrowings		(13,670,713)	(27,795,818)
Dividends paid		(363,427)	(10)
Net cash flows (used in) from financing activities		**2,427,441**	**5,639,472**
Net increase/(decrease) in cash and cash equivalents		**(852,695)**	**941,811**
Cash and cash equivalents at the beginning of period	19	**1,137,928**	**196,117**
Cash and cash equivalents at the end of period	19	**285,233**	**1,137,928**

CONSOLIDATED STATEMENTS ON CHANGES IN EQUITY

(thsd rub., unless other is specified)

	Equity attributable to Company holders						
Authorized capital	**Share capital**	**Reserves**	**Undistributed profit**	**Total**	**Non-controlling share**	**Total capital**	
Balance as of December 31, 2017	**9,988,619**	**1,198,452**	**(299,800)**	**5,938,557**	**16,825,828**	**2,203**	**16,828,031**
Profit for report period	–	–	–	429,363	429,363	(5,979)	423,384
Other comprehensive income	–	–	(30,577)	–	(30,577)	–	(30,577)
Income tax in regard to other comprehensive income	–	–	12,662	–	12,662	–	12,662
Total comprehensive income for report period	**–**	**–**	**(17,915)**	**429,363**	**411,448**	**(5,979)**	**405,469**
Transactions with Company owners							
Contributions and payments							
Dividends to Shareholders	–	–	–	(369,112)	(369,112)	–	(369,112)
Total contributions and payments	**–**	**–**	**–**	**(369,112)**	**(369,112)**	**–**	**(369,112)**
Total transactions with Company owners	**–**	**–**	**–**	**(369,112)**	**(369,112)**	**–**	**(369,112)**
Balance as of December 31, 2018	**9,988,619**	**1,198,452**	**(317,715)**	**5,998,808**	**16,868,164**	**(3,776)**	**16,864,388**
Balance as of January 1, 2018	**9,988,619**	**1,198,452**	**(328,216)**	**3,586,389**	**14,445,244**	**(8,468)**	**14,436,776**
Income for report period	–	–	–	2,352,168	2,352,168	10,671	2,362,839
Other comprehensive income	–	–	15,803	–	15,803	–	15,803
Tax income in regard to other comprehensive income	–	–	12,613	–	12,613	–	12,613
Total comprehensive income for report period	**–**	**–**	**28,416**	**2,352,168**	**2,380,584**	**10,671**	**2,391,255**
Balance as of December 31, 2017	**9,988,619**	**1,198,452**	**(299,800)**	**5,938,557**	**16,825,828**	**2,203**	**16,828,031**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Background

(a) Group and its activity

The primary activities of PJSC IDGC of Siberia (hereinafter referred to as the PJSC IDCG of Siberia or Company) and its subsidiaries (hereinafter together referred to as the Group) are provision of services for transmission and distribution of electricity for power grids, as well as the provision of services for technological connection of consumers to the network.

The parent company is PJSC "Russian Grids".

(b) Business environment

The Group's operations are located in the Russian Federation.

Russia continues to implement economic reforms and develop legal, tax and administrative infrastructure that would meet the requirements of a market economy. Stability of the Russian economy in the future will largely depend on success of these reforms, as well as on effectiveness of measures taken by government in economic, financial and monetary policies.

Sanctions imposed on Russia by some countries have a negative impact on the Russian economy. Interest rates in rub. remain high. Combination of these factors led to decrease in the availability of capital and increase in its value, as well as increased uncertainty regarding further economic growth, which could adversely affect the Group's financial position, results of operations and economic prospects. The management of the Group believes that it is taking appropriate measures to maintain the economic sustainability of the Group in the current environment.

The consolidated financial statements presented reflect management's views on the impact of business conditions in the Russian Federation on operations and financial position of the Group. Actual impact of future business conditions may differ from their management's estimates.

(c) Relations with State

The Russian Government, through the Federal Agency for the Management of State Property, is the ultimate controlling party of the Company.

As of December 31, 2018 share owned by the Russian Federation in the authorized capital of PJSC IDGC of Siberia amounted 0.05%, including common voting shares of 0.05%, privileged shares of 0%. As of December 31, 2017 share owned by the Russian Federation in the authorized capital of PJSC IDGC of Siberia amounted 0.05%, including common voting shares of 0.05 %, privileged shares of 0%.

The Russian Government directly affects the Group's operations through tariffs regulations. In accordance with the Russian legislation, the Group's tariffs are regulated by executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs. The number of consumers of the Group's services includes a large number of enterprises under state control.

2. Principles for preparation of consolidated financial statements

(a) Application on preparation of IFSR

These consolidated interim condensed financial statements were prepared in accordance with IAS 34 Interim Financial Reporting (IFRS).

Each subsidiary of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with the Russian Accounting Standards (RAS). The Group's consolidated financial statements are based on the statutory records with adjustments and reclassifications recorded in the consolidated financial statements for the fair presentations in accordance with IFRS.

(b) Base for cost determination

The consolidated financial statements are prepared on the historical cost basis, expect for:

- financial assets at fair value through profit or loss
- financial assets at fair value through other comprehensive income.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian rouble (RUB), which is the Group's functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in RUB has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimated and professional judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make a number of professional judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continuously reviews estimates and assumptions made based on experience and other factors that were used to determine the book value of assets and liabilities. Changes in estimates and assumptions are recognized in the period in which they were taken if the change affects only that period or are recognized in the period to which the change relates and in subsequent periods if the change affects both the given and for future periods.

Professional judgements that have the most significant effect on the amounts recognized in these Consolidated Financial Statements and estimates and assumptions that may require significant adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Impairment of fixed assets

At the end of each reporting period, the Group assesses whether there are any indicators that an asset may be impaired. Such indicators include changes in business plans, tariffs and other factors that may lead to unfavorable conditions for the Group's activities. When calculating the value of use, management estimates the expected cash flows from the asset or group of cash-generating assets and calculates an acceptable discount rate to calculate the present value of these cash flows. Detailed information is presented in the Note "Property, plant and equipment".

Impairment of accounts receivable

Allowance for impairment of accounts receivable is based on management assumptions of debt recovery made for each debtor individually. For the goal of allowance for expected credit losses the Group consistently takes into account all reasonable and verified information about past events, current and forecasted events, which is available without undue effort and is relevant to the assessment of receivables. The experience gained in the past based on the date currently available to reflect current conditions that did not have an impact on previous periods and in order to exclude the impact of past conditions that no longer exist.

Pension liabilities

The costs of the defined benefit pension plan and the related costs of the pension program are determined using actuarial calculations. Actuarial estimates provide for the use of assumptions regarding demographic and financial data. Since this program is long-term, there is considerable uncertainty about such estimates.

Deferred tax asset recognition

At each reporting date management assesses the amount of deferred tax assets and determines the amount to be reflected to the extent in which it is likely to be used as tax allowances. When determining future taxable profit and related tax allowances management uses estimates and assumptions based on prior periods' taxable profit and expectations related to the future profit that are reasonable under the circumstances.

(e) Change in accounting policies

The Group has applied the following new standards since January 1, 2018:

(i) IFRS 15 Revenue from Contracts with Customers

The Group recognizes revenue when (or as) the performance obligation is fulfilled by transferring the promised good or service (i. e. an asset) to customer. Revenue is measured at the transaction price or its part equal to the amount of consideration to which the Group expects to be entitled in exchange for transferring promised assets to a customer, excluding amounts collected on behalf of third parties (for example, net of recoverable taxes).

Trade receivables

Trade receivables shall be a rights of the Group to reimburse which is unconditional (a moment when such compensation becomes payable is conditioned only by passage of time).

Contractual obligations

The contractual obligation is an obligation to transfer goods or services to buyer for which the Group received compensation (or compensation for which is payable) from buyer. If buyer pays compensation before the Group transfers goods or service to the buyer, contractual obligation is recognized at the time payment is made or at the time the payment becomes payable (whichever is earlier). Contractual obligations are recognized as revenue when the Group fulfills its contractual obligations. Contractual obligations are recorded in the line "Advances received" in a composition of long-term and short-term trade and other payables.

Services for Power Transmission and Sale

Revenue from electricity transmission and sale is recognized during the period (accounting month) and is estimated by the output methods (cost of transferred volumes of electric energy). The tariffs for the electricity transmission (in respect to all subjects of the Russian Federation) and sale of electricity and capacity on the regulated market (in respect of constituent entities of the Russian Federation, not united in price zones of the wholesale electricity market) are approved by the executive authorities of subjects of the Russian Federation in the field of state regulation of tariffs (hereinafter – regional authority) within the limit minimum and (or) maximum levels approved by the Federal Antimonopoly Service.

Services for Technological Connection

Revenue recognition from this type of services is performed at the beginning of electricity supply and connection of the consumer to the power grid on the basis of the act on technological connection.

Payment for technological connection for an individual project, the standardized tariff rates, the rates for unit of maximum capacity and the form of payment for technological connection are approved by the regional energy commission (the department of prices and tariffs of the corresponding region) and do not depend on the proceeds from the provision of electricity transmission services. Payment for technological connection to the unified national electric network is approved by the Federal Antimonopoly Service.

The Group applied judgment that technological connection is a separate performance obligation that is recognized when the related services are provided. The technological connection agreement does not contain any further obligations after the provision of the connection service. According to the established practice and laws governing the electricity market, technological connection and transmission of electricity are subject to separate negotiations with different consumers as different services with different commercial purposes without connection in pricing, intentions, recognition or types of services.

Other services

Revenue from installation, repair and maintenance services and other sales is recognized when the customer receives control of the asset.

In accordance with IFRS 15 transition requirements, the Group has chosen to apply the standard retrospectively with the recognition of the cumulative effect of the initial application as part of the retained earnings opening balance as at January 1, 2018. The application of this standard had no a material impact on the Group's consolidated interim condensed financial statements, respectively, the opening balance of the retained earnings as at January 1, 2018 was not adjusted.

In result of simplification of a practical character provided by IFRS 15, the Group does not adjust the promised sum taking into account influence of a significant component of financing, should as of the moment of agreement making the Group expect that the period between transfer of the goods or service and payment for such goods or service shall not exceed one year.

(ii) IFRS 9 Financial instruments

The standard introduces new requirements for classification and measurement of financial instruments, impairment and hedge accounting. As the Group does not apply hedge accounting, the main changes relevant to the Group impacted its accounting policies for classification of financial instruments and impairment of financial assets.

According to IFRS 9, the financial assets are classified in the following measurement categories: those to be measured subsequently at amortized cost, those to be measured at fair value through profit or loss, and those to be measured at fair value through other comprehensive income. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are classified as at amortized cost only if both of the following criteria are met: the asset is held within a business model with the objective of collecting the contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In respect of impairment, IFRS 9 replaced the incurred loss model used in IAS 39 Financial instruments: Recognition and Measurement with a new expected credit loss (ECL') model that requires a timely recognition of expected credit losses. An allowance for expected credit losses shall be recorded for financial assets classified as at amortized cost.

According to IFRS 9, reserves under depreciation are evaluated or on the grounds of 12-month's Under IFRS 9, loss allowances are measured on either of the following bases: 12-month ECLs that result from possible default events within the 12 months after the reporting date; and lifetime ECLs that result from all possible default events over the expected life of a financial instrument. For trade receivables the Group measures loss allowances applying a simplified approach at an amount equal to lifetime ECLs. For other financial assets classified as at amortized cost loss allowances are measured as 12-month ECLs unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the lifetime ECLs.

In accordance with the transition provisions in IFRS 9, the Group applied the new rules retrospectively, except for the items that have already been derecognized at the date of initial application, which is January 1, 2018. The Group also used an exemption in IFRS 9 allowing not to restate prior periods presented as a result of adoption of the new classification and measurement requirements, but rather recognize any differences in the opening retained earnings as at January 1, 2018. The initial application of the standard did not result in any material changes in the financial Instruments measurement.

On January 1, 2018 (the date of the initial application of IFRS 9 Financial Instruments), The Group assessed the business models it uses to manage financial assets and classified the financial instruments held at that date onto appropriate IFRS 9 measurement categories. The main effects of the classification were the following.

	Reclassification of financial assets as of January 1, 2018				
	Balance as of January 1, 2018, in accordance with IAS 39	Assessed at fair value through profit or loss	Assessed at fair value through other comprehensive income	Assessed at depreciation value	Balance as of January 1, 2018, in accordance with IFRS 9
Available-for-sale financial assets assessed	36,851	–	(36,851)	–	–
At fair value through other comprehensive income	–	–	36,851	–	36,851
Total	**36,851**	**–**	**–**	**–**	**36,851**

Classification and estimation of financial instruments as of January 1, 2018 did not influence capital of the Group.

	Measurement category		Net assets value		
	IAS 39	IFRS 9	IAS 39	IFRS 9	difference
Non-current financial asset					
Financial investment, including:					
Shares	Available for sale	At fair value through other comprehensive income	36,851	36,851	–
Trade and other receivables, loans issued	Authorized cost	Authorized cost	1,478,645	1,478,645	–
Current financial asset					
Shares	Available for sale	At fair value through other comprehensive income	13,449,367	13,449,367	–
Trade and other receivables, loans issued	Authorized cost	Authorized cost	1,137,928	1,137,928	–
Long-term and short-term financial liabilities					
Credits and loans, trade receivables	Authorized cost	Authorized cost	38,684,350	38,684,350	–

(f) Change in presentation

Reclassification

Certain amounts of the previous year have been adjusted to conform to the current year disclosures.

	For a year that ended on December 31, 2017	Reclassification	For a year that ended on December 31, 2017 (revised data)
Operating expenses	**(50,557,968)**	**(1,062,774)**	**(51,620,742)**
Income/expenses form withdrawal of inventory and supplies	–	8,895	8,895
Income/expenses from previous years	–	(520,470)	(520,470)
Other operating expenses	–	(233,216)	(233,216)
Income/expenses from sale of main assets and construction in progress	6,266	(6,266)	–
Income as a part of commodities and materials received at liquidation of main assets	70,954	(70,954)	–
Expenses from withdrawal of main assets, including advances for main assets	(37,682)	37,682	–
Other operating expenses	278,445	(278,445)	–
Net other income/expenses	**1,916,334**	**1,062,774**	**2,979,108**
Income/expenses form withdrawal of inventory and supplies	8,895	(8,895)	–
Income/expenses from previous years	(520,470)	520,470	–
Other operating expenses	(233,216)	233,216	–
Income/expenses from sale of main assets and construction in progress	–	6,266	6,266
Income as a part of commodities and materials received at liquidation of main assets	–	70,954	70,954
Expenses from withdrawal of main assets, including advances for main assets	–	(37,682)	(37,682)
Other operating expenses	–	278,445	278,445

All reclassifications are insignificant.

(g) Application of new and revised standards and interpretations

Except for changes in accounting policies described in Note 2 (e), the following amendments to standards and interpretations effective from January 1, 2018 did not have an impact on these consolidated interim condensed financial statements:

- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Transfers of Investment Property (Amendments to IAS 40)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Investments in Associates and Joint Ventures (Amendments to IAS 28)
- Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The following new standards and interpretations have been issued and become effective for annual periods beginning on or after January 1, 2019 and have not been early adopter by the Group.

IFRS 16 "Leases"

The IFRS 16 "Leases" was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees leases of 'low-value' assets (e.g., personal computers) and short-term leases (i. e., leases with a lease term of 12 months or less). The Group intends to apply both exemptions.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i. e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i. e., the right-of-use asset). The Group will be required to recognize separately the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

In accordance with the transitional provisions of IFRS 16, the Group chose to apply the new rules retrospectively with cumulative effect of the initial application of the standard recognized as at January 1, 2019, recognizing the lease liability in the present value of the remaining lease payments using the additional interest rate borrowed funds at the date of initial application and the recognition of assets in the form of right of use by a value equal to the lease liability, adjusted for the amount of rental payments made in advance or accrued.

Also the Group plans to use allowed practical simplifications and not apply the new standards to lease agreements that expire within twelve months from the date of transaction.

The main objects of the Group's lease are electric grid facilities (electricity transmission networks equipment for electricity transmission, etc.) and land. Land lease agreements were concluded in previous periods in respect of the plots on which their own electricity transmission networks, equipment for electricity transmission and other assets of the Group are located. In addition, the Group leases non-residential real estate and vehicles.

The Group is in the process of recalculating the effects of applying IFRS 16 and expects that the effect of applying IFRS 16 may have the following impact on the Group's assets and liabilities:

Depreciation of assets and liabilities as of January 1, 2019 is not expected.

	As of January 1, 2019
Assets	
The right-of-use assets	1,006,198
Trade and other receivables	(17,489)
Liabilities	
Long-term lease liabilities	954,061
Short-term lease liabilites	55,890
Trade and other payables	(21,241)

In March 2018, the IASB issued a new edition of the Conceptual Framework for Financial Reporting. The new edition comes into force for mandatory application, starting from annual periods after January 1, 2020. At present, the Group is analyzing the impact of the new edition on the consolidated financial statements.

The following standards, amendments to standards and explanations are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Early repayment terms with potential negative reimbursement
- Business Combinations (Amendments to IFRS 3)
- Joint Arrangements (Amendments to IFRS 11)
- Income Taxes (Amendments to IAS 12)-Tax consequences of payments for Financial Instruments classified as Equity
- Borrowing Costs (Amendments to IAS 23)
- Long-term investments in associates and joint ventures (Amendments to IAS 28)
- Making changes to a program, reducing a program, or paying off program commitments (Amendments to IAS 19)
- IFRS 17 Insurance Contracts
- Amendments to IFRS IO IAS 28 "Sale or contribution of assets in transactions between an investor and its associate or joint venture"

3. Basic principles of accounting policy

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, with the exception of changes in accounting policies disclosed in Note 2 (d) and related to commencement from January 1, 2018 IFRS 15 "Revenue from Contracts with customers" and IFRS 9 "Financial Instruments".

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to risks connected to variable returns from its involvement with the entity or has the right to those returns and has the ability to affect those returns through its power over the entity the Financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses attributable to the non-controlling interests in a subsidiary are allocated to non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Business combinations

The Group measures goodwill at the acquisition date as:

1. The fair value of the consideration transferred; plus
2. The recognized amount of any non-controlling interests in the acquire; plus
3. The fair value of the pre-existing equity interest in the acquire if the business combination is achieved in stages; less
4. The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss for the period.

Transaction costs that the Group incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss for the period.

(iii) Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners, and there for no goodwill is recognized as a result. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entitles that are under the control of the shareholder that controls the Group are accounted for by the method of the predecessor.
The acquired assets and liabilities are recognized at the carrying amounts recognized previously in the consolidated financial statements of the acquired entities. Any cash or other contribution paid for the acquisition is recognized directly in equity.

(v) Investments in associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment also includes transaction cost. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Authorized capital

Ordinary shares and non-redeemable preference shares are both classified as equity.

(c) Property. plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The deemed cost of property, plant and equipment as at January 1, 2007, the date of transition to IFRS, was determined by using its fair value (deemed cost) at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed (built) assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net in the item Net other income, within the profit or loss for the period.

(ii) Subsequent expenses

The cost of replacing part (major component) of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows.

- Buildings 1-99 years
- Power Transmission Lines 1-91 years
- Power Transmission Equipment 1-91 years
- Other assets 1-97 years

Estimated useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates, and joint ventures. Evaluation of goodwill at initial recognition in described at Note Business Combination Transactions.

Subsequent evaluation

Goodwill is measured at cost less accumulated impairment losses. With respect to associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iv) Amortization

Amortization expense on intangible assets, other than goodwill is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives of intangible assets for the current and comparative period are as follows.

Software 5-19 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as financial leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum (discounted) lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the consolidated statement of the Group's financial position.

(f) Inventories

Inventories are measured at the lower of the cost or net realizable value. The cost of inventories is determined on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business of the Group, less the estimated costs of completion and selling expenses.

(g) Advances issued

Advances given are classified as non-current if they are connected with the acquisition of an asset which will be classified as non-current upon initial recognition. Advances given for the acquisition of an asset are included in its carrying amount upon the acquisition of control over the asset, and when it is probable that the Group will obtain economic benefit from its usage.

(h) Vale added tax

Output value-added tax (VAT) related to sales is payable to the tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. Amounts of VAT related to advances received and given as well as VAT prepayment are recognized in the consolidated statement of financial position on a net basis and disclosed as an asset within accounts receivable (VAT recoverable). Amounts of VAT to be paid to the tax authorities are presented separately within short-term accounts payable. Where a provision has been made for the impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

(i) Impairment of assets

(i) Financial assets

Allowance for expected credit losses on a financial instrument is estimated at each reporting date in an amount equal to the expected credit losses over the entire term, if the credit risk of this financial instrument has increased significantly since the moment of initial recognition, taking into account all reasonable and corroborated information, including forward-looking. For receivables, allowance for expected credit losses is always estimated at an amount equal to the lifetime expected credit losses.

As indicators of a significant increase in credit risk, the Group considers actual or expected difficulties of the issuer or debtor on the asset, actual or expected violation of the terms of the contract, expected revision of the terms of the contract due to the financial difficulties of the debtor under unfavorable conditions for the Group circumstances. Based on the usual practice of credit risk management, the Group defines default as the counterparty's inability to fulfill its obligations (including repayment of funds under the contract) due to a significant deterioration in its financial position.

The impairment loss on a financial asset is reflected by recognizing an allowance for impairment. For a financial asset carried at amortized cost, the amount of the impairment loss is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in subsequent periods the credit risk of the financial asset decreases as a result of an event that occurred after the loss was recognized, the previously recognized impairment loss is reversed by reducing the corresponding estimated reserve. As a result of the restoration, the carrying amount of the asset should not exceed its value, at which it would be reflected in the statement of financial position if the impairment loss was not recognized.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognized if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit (CGU) is presented as the greater of its two values: value in use of the asset (this unit) and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to CGU, For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of CGU. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which it related to.

The Group's corporate (general) assets do not generate separate cash inflows and are utilized by more than one CGU. Costs of corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognized in profit or loss. Impairment losses recognized with respect to cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU (group of CGU) on a pro rata basis.

An impairment loss with respect to goodwill is not reversed. With respect to other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization) if no impairment loss had been recognized.

(j) Employee remuneration

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate (independent) entity and will have no further (legal or constructive) obligation to pay further amounts. Obligations for contributions to defined contribution pension plans, including Russia's State Pension Fund, are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plan

The defined benefit program is a program for the payment of employee benefits at the end of an employment relationship with them, different from the defined benefit program. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension schemes is the discounted liability at the reporting date.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in other comprehensive income/expense.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other non-current employee benefits

The Group's net obligation with respect to long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is made using projected unit credit method.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably and it is highly probable that there will be an outflow of economic benefits.

(k) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it its probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(l) State subsidies

State subsidies are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant related to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

State subsidies that compensate the Group for low electricity tariffs (lost income) are recognized in the consolidated statement of profit or loss and other comprehensive income in the same periods in which the respective revenue is earned.

(m) Other expenses

(i) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. The amount of lease incentives received reduces the total lease expenses over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At the inception of an arrangement, The Group determines whether such an arrangement is or contains indicators of a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements proportionately to their fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then as asset and a liability are recognized at an amount equal to the fair value of the underlying asset contract. Subsequently the liability is reduced as payments are made and an imputed finance expense is recognized.

(ii) Social expenditure

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognized in profit or loss as incurred. The Group costs related to the financing of social programs, without making a commitment with respect to such financing in the future date are recognized in consolidated statement of profit or loss and other comprehensive income as they arise.

(n) Financial income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividends income, gains on the disposal of available-for-sale financial assets, discounts on financial instruments, and foreign currency gains. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Finance costs are comprised of interest expense on borrowings, financial leasing, foreign currency losses, discounts on financial instruments and impairment losses recognized on financial assets other than trade receivables. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(o) Income tax expense

Income tax expense is comprised of current and deferred tax. It is recognized in profit or loss for the period, except to the extent that it relates to a business combination, or items recognized in other comprehensive income or directly in equity.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous years.

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting nor taxable profit or loss

Temporary differences relating to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

Taxable temporary differences arising on the initial recognition of goodwill

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rate that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group accrues tax liabilities for open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions, and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Profit attributable to ordinary shareholders is calculated by adjusting profit attributable to owners of the Company by profit attributable to holders of preference shares.

4. Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i. e. as prices) or indirectly (i. e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Main subsidiaries

	Country of registration	Share of own/voting shares, %	
		December 31, 2018	December 31, 2017
JSC Tyvaenergo	Russian Federation	98.96	98.96
JSC Sotssfera	Russian Federation	100	100
JSC Power Service Company of Siberia	Russian Federation	100	100

6. Information by segments

The Management Board of PJSC IDGC of Siberia is the supreme body that makes decisions on operating activities.

The primary activities of the Group are provision of services for transmission and distribution of electricity for power grids, as well as the provision of services for technological connection of consumers to the network, as well as the sale of electricity to the end consumer in a number of regions of the Russian Federation.

The internal management system is based on segments (branches formed on a territorial basis) related to transmission and distribution of electricity, technological connection to electric grids and electricity sales to the end user in a number of regions of the Russian Federation.

Revenue indicators and EBITDA are used to reflect the performance of each reportable segment, since they are included in internal management reporting prepared on the basis of RAS reporting data and are regularly analyzed and evaluated by the Management Board. EBITDA is calculated as profit or loss before interest expenses, taxation and depreciation. The Management Board believes, that these indicators are most relevant when assessing the performance of certain segments in relation to other segments and other companies that operate in these industries.

In accordance with the requirements of IFRS 8 the following reportable segments were identified based on segment revenue, EBITDA and the total amount of assets submitted to the Management Board:

Altayenergo branch, Buryatenergo branch, Gorno-Altayskiye Power Grids, Kuzbassenergo REG, Krasnoyarskenergo, Omskenergo, Khakasenergo, Chitaenergo, Tyvaenergo;

other segments.

Unallocated indicators include general indicators of Company's executive body that is not an operating segment in compliance with requirements of IFRS 8.

Segment indicators are based on management information which is prepared on the basis of RAS financial statements and may differ those presented in the financial statements prepared in accordance with IFRS. The reconciliation of the indicators in the evaluation to the Management Board and similar indicators in these consolidated financial statements includes those reclassifications and adjustments that are necessary for reporting in accordance with IFRS.

(a) Information about segments

As of December 31, 2018 and for a year that ended on December 31, 2018:

	Altayenergo	Biryatenergo	Gorno-Altayskiye Power Grids	Kuzbassenergo REG	Krasnoyarskenergo REG	Omskenergo	Khakasenergo	Chitaenergo	Tyvaenergo	Others	Total
Revenue form external customers	7,791,862	5,219,563	1,217,337	8,459,656	14,525,112	6,570,630	4,557,664	7,219,928	1,371,727	67,883	57,001,362
Inter-segment revenue	792		–	321	286	–	–	13,211	–	80,756	95,366
Segment revenue	**7,792,654**	**5,219,563**	**1,217,337**	**8,459,977**	**14,525,398**	**6,570,630**	**4,557,664**	**7,233,139**	**1,371,727**	**148,639**	**57,096,728**
Including											
Power transfer	7,379,949	5,115,026	1,185,415	8,389,428	14,199,616	6,425,215	1,536,250	7,133,148	1,323,178	–	52,687,225
Technological connection	336,471	85,299	24,710	36,531	282,317	114,968	57,522	57,332	33,649	–	1,028,799
Power resale	–	–	–	–	–	–	2,958,313	–	–	–	2,958,313
Other profit	76,234	19,238	7,212	34,018	43,465	30,447	5,579	42,659	14,900	148,639	422,391
Financial income	3,086	405	262	911	5,169	335	1,841	446	7,506	183	20,144
Financial expenses	(103,295)	(342,717)	–	(143,769)	(997,073)	(32,484)	(212,031)	(184,298)	–	–	(2,015,667)
Amortization	840,626	437,083	234,774	1,027,302	873,549	650,030	298,425	795,800	103,471	4,677	5,265,737
EBITDA	**1,654,736**	**1,138,365**	**153,396**	**1,915,865**	**3,041,690**	**932,585**	**(1,406,150)**	**1,763,898**	**(1,027,925)**	**18,383**	**8,184,843**
Assets	**11,713,981**	**8,087,923**	**2,910,925**	**11,262,404**	**16,319,743**	**8,313,247**	**4,253,368**	**12,715,970**	**1,919,623**	**220,974**	**,77,718,158**
Including main assets and unfinished construction	10,828,059	3,539,702	2,771,689	10,252,416	13,114,224	7,365,164	3,441,103	7,467,240	1,267,998	109,691	60,157,286
Capital investment	1,449,481	960,630	468,152	2,541,883	4,682,183	1,242,590	719,291	1,014,394	200,744	20,940	13,300,288
Liabilities	**3,654,755**	**6,238,709**	**526,726**	**4,220,443**	**19,162,934**	**1,989,314**	**4,444,813**	**4,571,636**	**1,922,215**	**147,543**	**46,879,088**

As of December 31, 2017 and for a year that ended on December 31, 2017:

	Altayenergo	Biryatenergo	Gorno-Altayskiye Power Grids	Kuzbassenergo REG	Krasnoyarskenergo REG	Omskenergo	Khakasenergo	Chitaenergo	Tyvaenergo	Others	Total
Revenue form external customers	7,679,718	5,005,665	1,161,773	7,700,066	12,885,056	6,493,825	3,871,711	6,914,358	1,818,964	66,968	53,598,104
Inter-segment revenue	792	–	–	321	225	–	–	226	–	36,556	38,120
Segment revenue	**7,680,510**	**5,005,665**	**1,161,773**	**7,700,387**	**12,885,281**	**6,493,825**	**3,871,711**	**6,914,584**	**1,818,964**	**103,524**	**53,636,224**
Including											
Power transfer	7,400,318	4,944,148	1,138,011	7,658,117	12,636,164	6,373,995	3,847,546	6,837,033	1,172,166	–	52,007,498
Technological connection	28,338	44,087	16,116	22,118	205,687	90,811	17,318	43,007	626,901	–	1,094,383
Other profit	251,854	17,430	7,646	20,152	43,430	29,019	6,847	34,544	19,897	103,524	534,34
Financial income	734	337	101	296	365	521	1,499	750	,18,865	22	23,490
Financial expenses	(114,597)	(325,472)	–	(109,215)	(1,198,665)	(15,747)	(141,511)	,(91,788)	(5,131)	–	(2,002,126)
Amortization	767,298	377,555	210,225	901793	806,400	594582	277,042	778309	73,356	4301	4,790,861
EBITDA	**1,829,051**	**822,005,**	**273,152**	**1,457,218**	**3,313,780**	**797,540**	**(278,915)**	**(135,542)**	**587,930**	**850**	**8,667,069**
Assets	**12,038,335**	**7,006,666**	**2,584,610**	**9,925,792**	**13,797,181,**	**8,391,865**	**5,267,446**	**11,470,001**	**2,763,631**	**181,258**	**73,426,785**
Including main assets and unfinished construction	10,210,521	3,039,508	2,398,853	8,769,539	9,154,973	6,723,357	2,994,217	7,191,877	1,143,332	93,534	51,719,711
Capital investment	1,502,868	532,366	305,510	1,683,481	1,968,877	890,706	447,868	800,572,	303,823	30,962	8,467,033
Liabilities	**4,190,778**	**5,376,365**	**261,945**	**3,596,795**	**17,240,069**	**2,186,754**	**3,491,537**	**3,880,256**	**2,269,967**	**118,369**	**42,612,835**

(b) The reconciliation of key segment items measured as reported to the Management Group with similar items in these consolidated financial statements

The reconciliation of segment revenue:

	For a year that ended on December 31	
	2018	2017
Segment revenues	**57,096,728**	**53,636,224**
Intersegment revenue exclusion	(95,366)	(38,120)
Reclassification from other income	(2,611)	(134,252)
Segment revenues	52,272	134,252
Revenues per consolidated statement of profit and loss and other comprehensive income	**57,051,023**	**53,598,104**

The reconciliation of reportable segment EBITDA

	For a year that ended on December 31	
	2018	2018
EBITDA of reporting segments	**8,184,843**	**8,667,069**
Discounting receivables	(301,633)	(269,179)
Adjustment on stock under expected credit loss under accounts receivable and payable (reserve for depreciation)	(53,188)	2,861
Adjustment for finance lease	–	(10,583)
Main asset impairment/reconstruction of impairment	(942,838)	51,592
Adjustment on assets related to employee benefit liability	43,015	(91,345)
Re-measurement of financial assets at fair value through other comprehensive income (transfer of revaluation to equity)	(1,924)	5,508
Other adjustments	661,449	58,532
Unallocated indicators	(471,327)	(106,706)
EBITDA	**7,118,397**	**8,307,749**
Depreciation and amortization	4,024,770	3,539,840
Interest expenses on financial liabilities	2,015,697	1,996,995
Income tax expense	654,546	408,075
Profit for the year per consolidated statement of profit or loss or other comprehensive income	**423,384**	**2,362,839**

The reconciliation of reportable segment total assets is presented below.

	For a year that ended on December 31	
	2018	2018
Total segment assets	**77,718,158**	**73,426,785**
Intersegment balances	(52,696)	(411,239)
Intragroup financial assets	(663,900)	(281,957)
Adjustment for value of property, plant and equipment	(2,892,393)	(3,261,649)
Impairment of property, plant and equipment	(9,217,868)	(9,245,994)
Recognition of assets related to employee benefits	444,621	474,630
Adjustment for expected credit loss and impairment of issued advances	57,319	110,507
Adjustment for deferred tax assets	(2,244,724)	(1,705,656)
Discounting of accounts receivables	(674,679)	(373,046)
Recognition of assets acquired as a financial lease	–	–
Other adjustment	316,466	(220,711)
Unallocated indicators	3,100,846	2,655,270
Total assets per consolidated statement of financial position	**65,891,150**	**61,166,940**

The reconciliation of reportable segment total liabilities is presented below.

	For a year that ended on December 31	
	2018	2017
Total segment liabilities	**46,879,085**	**42,612,835**
Intersegment balances	(52,696)	(411,239)
Adjustment of deferred tax liabilities	(2,990,793)	(2,639,975)
Recognition of pension and other long-term liabilities to employees	564,607	605,130
Discounting of accounts payable	(5,671)	(26,707)
Other adjustments	(43,480)	406
Unallocated distributions	4,675,710	4,198,459
Total amount of liabilities in consolidated statements on financial position	**49,026,762**	**44,338,909**

(c) Major customer

The Group operates in the Russian Federation. The Group does not receive revenues from foreign customer and does not have non-current assets abroad.

For the year ended December 31, 2018 and December 31, 2017, the Group had a few counterparties, each of which accounted for more than 10% of the Group's total revenue.

Total revenue received from PJSC Krasnoyarskenergosbyt for 2018 amounted 9,019,045 thsd rub., or 15.8% from total revenue of the Group (in 2017 8,269,648 thsd rub., or 15.4%). Revenue received from contractor is reflected in statements of operating segment of Krasnoyarskenergo.

Total revenue received from JSC Chitaenergosbyt for 2018 amounted 6 760 512 thsd rub., or 11,8% from total revenue of the Group (in 2017 – 6,648,141 thsd rub., or 12.4%). Revenue received from the specified contractor is represented in statements of operating segments: Chitaenergo, Buryatenergo.

Total revenue received from LLC Rusenergosbyt for 2018 amounted 6,229,771 thsd rub., or 10.9% form total revenue of the Group (in 2017 – 5,775,310 thsd rub., or 10.8%). Revenue received from the specified contractor is represented in statements of operating segments: Altayenergo, Buryatenergo, Gorno-Altayskiye Power Grids, Kuzbassenergo REG, Omskenergo, Khakasenergo, Chitaenergo.

7. Revenue

	For a year that ended on December 31	
	2018	2017
Electricity transmission	52,687,225	52,007,498
Technological connection services	2,958,313	–
Sales of electricity and capacity	1,028,799	1,094,383
Other revenue*	376,686	496,223
	57,051,023	53,598,104

* Other revenue includes revenue from construction services, lease, services for limitation and renewal of power consumption regime.

8. Other net income (loss)

	For a year that ended on December 31	
	2018	2017
Income from identified non-contracted electricity consumption	58,598	28,471
Income in the form of fines and penalties on commercial contracts	1,904,920	2,328,479
Insurance coverage, net	34,356	12,106
Write-off of accounts payable	17,036	173,774
Income from gratuitously received fixed assets and inventories	194,224	118,295
Subsidies for compensation of short-received income for tariff sale	67,137	–
Income for agreements on compensation of third party expenses	399,647	173,058
Receipts in a form of compensation of incurred loss	187,002	27,015
Net profit/(loss) (profit on disposal of fixed assets)	117,963	117,910
	2,980,883	**2,979,108**

9. Operating expenses

	For a year that ended on December 31	
	2018	2017
Personnel costs	14,230,416	13,240,221
Amortization	4,024,770	3,539,840
Impairment (re-impairment) of property, plant and equipment	942,838	(51,592)
Material expenses, including:		
Electricity for compensation of losses	8,905,093	8,870,961
Electricity for sale	1,514,094	
Purchased electricity and heat power for own needs	573,934	557,053
Other material costs	3,128,225	2,831,815
Production work and services, including:		
Electricity transmission services	12,647,622	13,008,165
Repair and maintenance services	626,397	359,383
Other works and industrial services	1,304,247	571,315
Taxes and levies other income tax	1,113,371	851,103
Rent	278,604	253,983
Insurance	73,351	71,747
Other third-party services, including:		
Communication services	198,540	171,697
Security services	205,993	202,093
Consulting, legal and audit services	180,763	245,332
Software costs and services	236,221	195,539
Transportation services	51,417	38,155
Other services	481,166	470,244
Provision for expected credit losses	3,642,503	3,361,875
Provisions	456,027	769,413
Other expenses	1,828,951	2,062,400
	56,644,543	**51,620,742**

10. Personnel cost

	For a year that ended on December 31	
	2018	2017
Wages and salaries	10,957,651	10,036,599
Social security contributions	3,213,831	3,003,319
Expenses related to defined benefit plan	(45,027)	108,585
Others	103,961	91,718
	14,230,416	**13,240,221**

There were no contributions to the defined contribution plan for the year ended December 31, 2018 and for the year that ended on December 31, 2017.

Remuneration to key management personnel is disclosed in the Note Related Parties.

11. Financial income and expenses

	For a year that ended on December 31	
	2018	2017
Finance income		
Interest income on bank deposits and balances on bank accounts	55,140	61,830
Dividends receivable	3,928	3,550
Interest income on assets related to employee defined benefits plans	–	37,273
Effect from initial discounting of financial obligations	–	37,749
Amortization of discount for financial assets	224,872	126,238
	283,940	**266,640**

	For a year that ended on December 31	
	2018	2017
Finance cost		
Interest expenses on financial liabilities measured at amortized cost	2,015,697	1,997,066
Interest expenses on finance lease liabilities	30,135	46,570
Effect from initial discounting of financial obligations	526,505	395,417
Amortization of discount for financial assets	21,036	13,143
	2,593,373	**2,452,196**

12. Income tax

	For a year that ended on December 31	
	2018	2017
Current income tax		
Accrual of current tax	(596,095)	(880,129)
Adjustment of the tax for the previous periods	93,538	295,726
Total	**(502,557)**	**(584,403)**
Deferred income tax		
Accrual and reversal of temporary differences	(151,989)	89,396
Recognition of tax loss transferred to the future in result of calculation of the amount of tax for income received from previous period	–	86,932
Total	**(151,989)**	**176,328**
Income tax expense	**(654,546)**	**(408,075)**

In a year ended December 31, 2018, PJSC IDGC of Siberia in accordance with provisions of Art. 54 of the Tax Code of the Russian Federation recalculated tax base and amount of income tax for 2015, including recalculation in connection with settlement of disputes with counterparties for the main type of activity at court and pre-trial procedure. As a result of tax base recalculation and submission of revised tax return to tax authorities, the amount of income tax excessively assessed for the tax period 2015 amounted to 165,512 thsd rub. (the revised tax declaration for 2015 states a loss in the amount of 16,833 thsd rub., which, after the completion of tax audit, can be credited to reduction of the tax base of subsequent tax periods).

Income tax recognized in other comprehensive income

	For a year that ended on December 31, 2018			For a year that ended on December 31, 2017		
	Before tax	Income tax	Net of tax	Before tax	Income tax	Net of tax
Available-for-sale financial assets	–	–	–	(5,508)	1,102	(4,406)
Financial assets at fair value through other comprehensive income	1,924	(385)	1,539	–	–	–
Remeasurements of the defined benefit liability	(32,501)	13,047	(19,454)	21,311	11,511	32,822
	(30,577)	**12,662**	**(17,915)**	**15,803**	**12,613**	**28,416**

In 2018 and 2017 PJSC IDGC of Siberia and its subsidiaries applied the standard rate of corporate profit tax of 20%. This rate has been used in the calculation of deferred tax assets and liabilities.

The profit before taxation is correlated to income tax expenses as follows.

	For a year that ended on December 31, 2018	Share, %	For a year that ended on December 31, 2017	Share, %
Profit before income tax	1,077,930		2,770,914	
Income tax calculated at the applicable tax rate	(215,586)	20	(554,183)	20
Tax effect of items not deductible / not taxable for taxation purpose	(438,960)	26	146,108	7
Adjustment for prior years	(654,546)		(408,075)	

13. Property, plant and equipment

	Land buildings	Power transmission networks	Power transmission equipment	Other	Construction in progress	Total
Initial/deemed cost						
As of January 1, 2017	12,602,252	39,156,421	16,015,372	10,261,945	5,554,935	83,590,925
Receipts	101,496	283,256	57,582	764,125	7,186,687	8,393,147
Commissioning	672,551	3,261,789	1,392,229	739,231	(6,065,800)	–
Withdrawal	(48,795)	(43,109)	(39,253)	(86,553)	(729,171)	(946,882)
December 31, 2017	13,327,504	42,658,357	17,425,930	11,678,748	5,946,651	91,037,190
Accumulated depreciation and impairment						
As of January 1, 2017	(6,408,394)	(26,734,745)	(7,662,015)	(6,654,167)	(347,078)	(47,806,399)
Commissioning (transfer of loss from impairment)	(2,411)	(4,542)	(17,184)	–	24,137	–
Accrued amortization	(437,320)	(1,326,821)	(794,203)	(819,012)	–	(3,377,356)
Withdrawal	22,239	41,508	22,943	80,815	6,076	173,581
Impairment-re-impairment	136,672	887,952	(1,086,697)	(203,200)	316,865	51,592
December 31, 2017	(6,689,214)	(27,136,648)	(9,537,156)	(7,595,564)	–	(50,958,582)
Remaining value						
As of January 1, 2017	6,193,858	12,421,676	8,353,357	3,607,778	5,207,857	35,784,526
December 31, 2017	6,638,290	15,521,709	7,888,774	4,083,184	5,946,651	40,078,608
Initial/deemed cost						
As of January 1, 2018	13,327,504	42,658,357	17,425,930	11,678,748	5,946,651	91,037,190
Reclassification between groups						
Receipts	161,128	541,063	146,562	954,262	11,545,044	13,348,059
Commissioning	1,016,695	5,921,823	3,781,962	1,286,770	(12,007,250)	–
Withdrawals	(26,937)	(27,297)	(48,029)	(270,779)	(383,336)	(756,378)
December 31, 2018	14,478,390	49,093,946	21,306,425	13,649,000	5,101,109	103,628,870
Accrued amortization and impairment						
As of January 1, 2018	(6,689,214)	(27,136,648)	(9,537,156)	(7,595,564)	–	(50,958,582)
Accrued amortization	(496,042)	(1,690,960),	(774,802)	(896,308)	–	(3,858,112)
Withdrawals	13,474	7,572	13,498	264,606	–	299,150
Impairment/re-impairment	(242,116)	(329,598)	(411,118)	39,994	–	(942,838)
As of December 31, 2018	(7,413,898)	(29,149,634)	(10,709,578)	(8,187,272)	–	(55,460,382)
Remaining value						
As of January 1, 2018	6,638,290	15,521,710	7,888,774	4,083,183	5,946,651	40,078,608
December 31, 2018	7,064,492	19,944,312	10,596,847	5,461,728	5,101,109	48,168,488

As at December 31, 2018 advance payments for property, plant and equipment include in construction in progress in the amount of 157,036 thsd rub. (December 31, 2017: 332,943 thsd rub.), also materials for the construction of property, plant and equipment in the amount of 340,841 thsd rub. (as of December 31, 2017: 434,977 thsd rub.).

For a year that ended on December 31, 2018 capitalized interest amount is 489,824 thsd rub. (December 31, 2017: 380,058 thsd rub.), capitalization rate used to determine the amount of borrowing costs to be capitalized was 8.20% (December 31, 2017: 10.25%).

Depreciation charges were capitalized in the value of capital construction in the amount of 55,289 thsd rub. (December 31, 2017: 46,430 thsd rub.).

No fixed assets are pledged as collateral for loans and borrowings as of December 31, 2018 and December 31, 2017.

Leased property, plant and equipment

Property, plant and equipment includes a number of facilities received under finance lease.

Impairment property, plant and equipment

As the indicators of impairment were revealed, the Group performed an impairment test of the non-current assets as at December 31, 2018. For this purposes, cash flows were analyzed and the calculated replacement cost was compared to the carrying amount of non-current assets.

The majority of the Group's property, plant and equipment is specialized in nature and is rarely sold on the open market other than as part of a continuing business. The market for similar property, plant and equipment is not active in the Russian Federation and does not provide a sufficient number of sales transactions for use of a market-based approach for determination of the fair value.

Therefore, the values in use for property, plant and equipment as at December 31, 2018 were determined using projected cash flows method. This method considers the future net cash flows expected to be generated through the usage of property, plant and equipment in the process of operating activities up to its ultimate disposal to determine the recoverable amount of the assets of the Group.

Each cash-generating unit (CGU) is determined by the Group based on the geographical location of the Company's branches and subsidiaries which is the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other groups of assets.

The following key assumptions were used in determining the recoverable amounts of each of the cash-generating units:

Forecast cash flows were prepared for the period 2019-2023 for all the CGU and were based on the best estimate of the Group's Management in respect of the transmission volumes, operating and capital expenditures and tariffs approved by regulatory bodies for 2019.

Tariffs for electricity transmission services for forecasted period were estimated using business plans, which were based on the tariff models prepared taking into account annual average growth of tariffs for electricity transmission services in accordance with The socio-economic development of the Russian Federation until 2024 (base option) before October 1, 2018. Tariffs growth rates in 2019-2023 are restricted by inflation rates according to Ministry of Economic Development of the Russian at the rate of 4%.

Forecasted electricity transmission volumes for all CGU were determined based on the Company's business plans for 2019-2023.

The cash flow forecasts were discounted to their present value at the nominal weighted average cost of capital of 10.00%.

Long-term growth rate amounted to 4.00% for all CGUs in the post-forecasted period 4%.

Following the results of testing as of December 31, 2018 a loss from impairment was recognized in the amount of 3,380,827 thsd rub., including loss for CGU of Altayenergo of 2,660,465 thsd rub., for CGU of Gorno-Altayskiye Power Grids of 720,362 thsd rub.

As of December 31, 2018 loss from impairment recognized in previous report periods in the amount of 2,437,989 thsd rub., including CGU of Buryatenergo of 1,157,163 thsd rub., CGU of Kuzbassenergo – REG in the amount of 44,700 thsd rub., CGU of Khakasenergo 1, 236,126 thsd rub.

When reducing growth rate in terminal period for 1% impairment amounts to 2,595,102 thsd rub. (including recognition of a loss in the amount of 4,959,434 thsd rub., re-impairment of 2,364,332 thsd rub.).

14. Intangible assets

	Software	Certificates, licenses and patents	R&D	Others	Total
Initial cost					
As of January 1, 2017	1,600,166	497	28,425	–	1,629,088
Interest capitalization	681	–	–	–	681
Receipts	9,006	–	45,213	–	54,219
Withdrawals	(17,298)	–		–	(17,298)
As of December 31, 2017	1,592,555	497	73,638	–	1,666,690
As of January 1, 2018	1,592,555	497	73,638	–	1,666,690
Reclassification between Groups	1,511	–	(1,511)	–	–
Capitalization of interest	397	–	–	–	397
Receipts	1,756	–	43,150	150	45,056
Withdrawals	(214	–	–	–	(214)
As of December 31, 2018	1,596,005	497	115,277	150	1,711,929
Accumulated amortization and impairment					
As of January 1, 2017	(429,735)	(495)	(15,207)	–	(445,437)
Accumulate amortization	(159,547)	–	(2,937)	–	(162,484)
Withdrawals	1,234	–	–	–	1,234
As of December 31, 2017	(588,048)	(495)	(18,144)	–	(606,687)
As of January 1, 2018	(588,048)	(495)	(18,144)	–	(606,687)
Accumulate amortization	(162,011)	(1)	(4,604)	(42)	(166,658)
Withdrawals	214	–	–	–	214
As of December 31, 2018	(749,845)	(496)	(22,748)	(42)	(773,131)
Balance amortization					
As of January 1, 2017	1,170,431	2	13,218	–	1,183,651
As of December 31, 2017	1,004,507	2	55,494	–	1,060,003
As of December 31, 2018	846,160	1	92,529	108	938,798

Amortization of intangible assets included in operating expenses in the consolidated statement of profit or loss and other comprehensive income amounted to 166,658 thsd rub. (for the year ended December 31, 2017 – 162 484 thsd rub.). In 2018, 2017, depreciation was not capitalized in the value of intangible assets.

Intangible assets are amortized on a straight-line basis.

Sum of expenses for research and development, recognized as part of operating expenses for 2018, amounted to 4,604 thsd rub. (2017 – 2,937 thsd rub.).

The amount of capitalized interest for a year that ended on December 31, 2018 was 397 thsd rub. (for the year ended December 31, 2017 – 861 thsd rub.). The capitalization rate for a year that ended on December 31, 2018 was 8.2% (for a year ended on December 31, 2017 it was 8.42%).

Other intangible assets include cost of website developing for JSC Power Service Company of Siberia in the amount of 150 thsd rub. (initial cost) as of December 31, 2018 (as of December 31, 2017 are not present).

15. Financial investments

	December 31, 2018	December 31, 2017
Non-current		
Financial assets at fair value	73,414	–
Financial assets at fair value which changes are reflected in other comprehensive income	38,775	–
Available-for-sale financial assets	–	36,851
Financial assets held to maturity	–	–
	112,189	**38,851**

Financial assets at fair value which changes are reflected in other comprehensive income as of December 31, 2018 include shares of PJSC Krasnoyarskenergosbyt (available-for sale assets as of December 31, 2017). Fair value of these shares calculated on the basis of market quotation being published amounted 27,382 thsd rub. and 36,851 thsd rub. respectively.

16. Deferred tax assets and liabilities

Differences between IFRS and Russian tax legislation lead to temporary differences between the carrying value of certain assets and liabilities for financial reporting targets, on the one hand, and for tax targets on income tax, on the other.

(a) Recognized deferred tax assets and liabilities

Deferred tax and liabilities are attributable to the following items.

	Assets		Liabilities		Net	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Property, plant and equipment	–	(14,166)	(1,790,595)	(1,313,785)	(1,790,595)	(1,327,951)
Intangible assets			(16,900)	(2,895)	(16,900)	(2,895)
Reserves	–		(52,133)	(52,970)	(52,133)	(52,970)
Trade and other receivables and advances	–	29,347	807,106	386,049	807,106	415,396
Employee remuneration liabilities	–		7,052	26,100	7,052	26,100
Trade and other accounts payable	–	17,458	562,399	573,763	562,399	591,221
Tax loss to be carried forward	2,510	2,564	–	7,942	2,510	10,506
Other	–	884	39,449	37,924	39,449	38,808
Tax assets/liabilities	**2,510**	**36,087**	**(443,622)**	**(337,872)**	**(441,112)**	**(301,785)**
Net tax assets/liabilities	**2,510**	**36,087**	**(443,622)**	**(337,872)**	**(441,112)**	**(301,785)**

(b) Unrecognized deferred tax assets

Deductible temporary differences and tax losses do not have a statute of limitations in current tax legislation. Deferred tax assets in respect of tax losses and temporary differences were not recognized, because number of loss-making companies of the Group have no high probability of future taxable profit against which corresponding temporary differences and tax losses can be realized.

Unrecognized deferred tax assets in the Group as of December 31, 2018 and at December 31, 2017 are missing.

(c) Movement in temporary differences during the year

	January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2018
Property, plant and equipment	(1,327,951)	(462,644)	–	(1,790,595)
Intangible assets	(2,895)	(14,005)	–	(16,900)
Reserves	(52,970)	837	–	(52,133)
Trade and other receivables and advances	415,395	391,711	–	807,106
Employee remuneration liabilities	26,100	(32,095)	13,047	7,052
Trade and other accounts payable	591,222	(28,823)	–	562,399
Tax loss to be carried forward	10,506	(7,996)	–	2,510
Other	38,808	1,026	(385)	39,449
	(301,785)	**(151,989)**	**12,662**	**(441,112)**

	January 1, 2017	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2017
Property, plant and equipment	(980,340)	(347,611)	–	(1,327,951)
Intangible assets	(257)	(2,638)	–	(2,895)
Available-for-sale financial investment	–	(1,102)	1,102	–
Reserves	(37,520)	(15,450)	–	(52,970)
Trade and other receivables and advances	(107,455)	522,850	–	415,395
Credits and loans	273	(273)	–	–
Reserves				
Employee benefits	12,093	2,496	11,511	26,100
Trade and other payables	581,664	9,558	–	591,222
Tax loss to be carried forward	2,564	7,942	–	10,506
Others	38,252	556	–	38,808
	(490,726)	**176,328**	**12,613**	**(301,785)**

17. Reserves

	December 31, 2018	December 31, 2017
Raw materials and supplies	1,210,922	1,592,007
Allowance for impairment of raw materials and supplies	(2,555)	(480)
Other reserves	483,030	550,228
Reserve for impairment of other reserves	(1,795)	(270)
	1,689,602	**2,141,485**

The Group had no reserves that would have been pledged under credit or other contracts as at December 31, 2018 and December 31, 2017.

For a year that ended on December 31, 2018 3 128 225 thsd rub. were recognized as expenses (December 31, 2017: 2 831 815 thsd rub. in operation expenses under item Other material expenses.

18. Trade and other receivables

	December 31, 2018	December 31, 2017 (revised data)
Non-current trade and other account receivables		
Trade receivables	2,099,789	1,265,150
Reserve for expected credit loss for trade receivables	(18)	–
Other trade receivables	623,422	213,495
Total financial assets	**2,723,193**	**1,478,645**
Issued advances	6,341	7,256
	2,729,534	**1,485,901**
Current trade and other account receivables		
Trade receivables	16,264,965	16,943,809
Allowance for expected credit losses on trade receivables	(7,746,208)	(5,542,325)
Other receivables	4,486,012	4,462,712
Allowance for expected credit losses on other receivables	(2,986,777)	(2,414,829)
Total financial assets	**10,017,992**	**13,449,367**
Advances issued	989,599	980,427
Allowance for impairment of issued advances	(162,031)	(220,562)
VAT recoverable	40,577	38,200
VAT for advances of customers and buyers and VAT for advances issued for acquisition of main assets	173,079	384,570
Prepaid taxes, other than income tax	20,196	24,464
	11,079,412	**14,656,466**

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is disclosed in Note Management of Financial Risks and Capital.

Balance with related parties is disclosed in Transactions with related parties.

19. Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash in bank accounts and cash on hand	139,929	881,174
Cash equivalents	145,304	256,754
	285,233	**1,137,928**

	Rating	Rating agency	December 31, 2018	December 31, 2017
PJSC Sberbank of Russia*	BBB–	Fitch Ratings	43,555	191,098
JSC Bank GPB*	Ba2	Moody's	38,820	608,157
PJSC VTB bank	Ba2	Moody's	2	
JSC AB Rossia	A+(RU)	AKPA	3	27
PJSC CB Svyaz Bank	ruA	Expert RA	18,269	25,824
PJSC Rosbank	ruAAA	Expert RA	7	159
JSC All-Russia Bank for Development of Regions	Ba2	Moody's	51	1
Central Bank of the Russian Federation	–	–	31,331	55,117
PJSC Promsvyazbank	B2	Moody's	7,082	–
Cash on hand	–	–	766	782
Transfers in transit	–	–	43	9
			139,929	**881,174**

*State-related.

Cash equivalents include short-term contribution to bank deposit.

	Rating	Rating agency	December 31, 2018	December 31, 2017	Rating
PJSC Sberbank*	4.49-5.15	BBB–	Fitch Ratings	4,000	4,500
JSC Gazprombank*	5.75-6.90	Ba2	Moody's	141,304	252,254
				145,304	**256,754**

* State-related.

As of December 31, 2018 and December 31, 2017 all cash balance and cash equivalents are nominated in rub.

20. Authorized capital

(a) Authorized capital

	Ordinary shares		Privileged shares	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Nominal cost of one share	0.10	0.10	0.10	0.10
On issue at January 1	94,815,163	94,815,163	5,071,031	5,071,031
On issue at the end of the period, fully paid	94,815,163	94,815,163	5,071,031	5,071,031

(b) Ordinary and privileged shares

According to Company's Charter:

Shareholders owning ordinary shares of the Company have a right to vote at the General Meeting of Shareholders on all issues, receive dividends declared by the Company, exercise other rights and obligations provided by legislation of the Russian Federation and Company's Charter.

Shareholders owning preferred shares of the Company are entitled to receive dividends along with shareholders owning ordinary shares of the Company.

Shareholders owning preferred shares of the Company do not have a right to vote at the General Meeting of Shareholders, except for the following issues:

on Company's reorganization and liquidation;

on applying to Bank of Russia for dismissal of Company's obligation to disclose or provide information under legislation of the Russian Federation on securities;

on making amendments and additions to Company's Charter limiting rights of shareholders owning preferred shares. A decision is considered adopted if at least three quarters of shareholders owning voting shares participating in the General Meeting of Shareholders vote for such decision, except for those shareholders who own preferred shares, and three quarters of all shareholders owning preferred shares;

on applying for delisting of preferred shares. A decision is considered adopted if at least three quarters of shareholders owning voting shares participating in the General Meeting of Shareholders vote for such decision, except for those shareholders who own preferred shares, and three quarters of all shareholders owning preferred shares.

Company's preferred shares are not convertible.

(c) Dividends

Basis for distribution of Company's profits among shareholders in accordance with legislation of the Russian Federation is net profit according to the financial statements prepared in accordance with the Russia accounting and reporting standards.

Following the results of 2017 it was decided to pay dividends under Company's common shares in the mount of 369,579 thsd rub., therewith, 363,423 thsd rub. (following the result of 2017) were paid in 2018.

(d) Additional issue of securities

In 2018 Company did not hold additional issues of securities.

(e) Treasury stock

There are no treasury stock.

21. Earnings per share

The calculation of basic earnings per share for the year that ended on December 31, 2018 was based on revenue attributable to owners of common shares for 2018 in the amount of 429,363 thsd rub. (2017: revenue of 2,352,168 thsd rub.) and average-weighted number of common shares in circulation for 2018 – 94,815 mln pcs. (2017: 94,815 mln pcs.).

Company has no dilutive financial instruments.

In millions of shares	2018	2017
Ordinary shares as of January 1	94,815	94,815
Effect of own shares repurchased from shareholders	–	–
Effect from of placement pf shares	–	–
Weighted average number of shares for the year ended December 31	94,815	94,815

	For a year that ended on December 31, 2018	For a year that ended on December 31, 2017
Weighted average number of ordinary shares outstanding, for the year ended December 31 (millions of shares	94,815	94,815
Earnings for the year attributable to holders of ordinary shares	429,363	2,352,168
Earnings per ordinary share (in RUB) – basic and diluted	0.0045	0.0248

22. Loans and borrowings

	December 31, 2018	December 31, 2017
Non-current liabilities		
Unsecured loans and borrowings	29,169,936	28,922,734
Less: current portion of long-term loans and borrowings	(8,000,000)	(3,453,223)
	21,169,936	25,469,511
Short-term liabilities		
Unsecured loans and borrowings	2,543,666	–
Current par of long-term liabilities for credits and loans	8,031,605	3,484,085
	10,575,271	3,484,085
Including:		
Debts on interest payable on loans and borrowings	31,605	30,862
	10,575,271	**3,484,085**

All balance of loans and borrowings are denominated in rub. as at December 31, 2018 and December 31, 2017.

	Maturity term	Effective interest rate		Carrying value	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Unsecured loans and borrowings					
Unsecured loans*	2019-2021	7.82-9.80%	8.38-8.72%	15,720,061	12,397,283
Unsecured loans	2019-2021	7.68-9.50%	8.50% (fixed)	13,017,434	14,556,313
Unsecured loans	2019-2021	8.05-9.46%	8.25-8.27%	3,007,712	2,000,000
				31,745,207	**28,953,596**

* Loans and borrowings received from companies related to the state.

The Group does not use hedging instruments to manage interest rate risk. Information on the Group's exposure to interest rate risk is disclosed in Note Financial Risk and Capital Management.

23. Changes in liabilities arising from financial activities

	The principal amount of debt on financial liabilities, other than finance leases and dividends payable			Dividends to be paid	Other liabilities	Total
	Total	Long-term part	Short-term part			
As of January 01, 2018	28,922,734	25,469,511	3,453,223	413	30,862	28,954,009
Cash flow from financing activities, net	2,790,868	3,700,425	(909,557)	(149,645)	(2,505,175)	136,048
Translation from long-term part to short-term part	–	(8,000,000)	8,000,000	–	–	–
Other changes, net	–	–	–	154,993	2,505,918	2,660,911
As of December 31, 2018	31,713,602	21,169,936	10,543,666	5,761	31,605	31,750,968

	The principal amount of debt on financial liabilities, other than finance leases and dividends payable			Dividends to be paid	Other liabilities	Total
Total	Long-term part	Short-term part				
As of January 1, 2017	23,283,252	16,751,700	6,531,552	423	26,588	23,310,263
Cash flow from financing activities, net	5,639,482	12,171,034	(6,531,552)	(10)	(2,373,460)	3,266,012
Translation from long-term part to short-term part	X	(3,453,223)	3,453,223	–	–	–
Other changes, net	–	–	–	–	2,377,734	2,377,734
As of December 31, 2017	28,922,734	25,469,511	3,453,223	413	30,862	28,954,009

24. Employee benefits

The Group has a defined benefit pension and other long-term defined benefit plans that cover most full-time and retired employees. Defined post-employment benefits consist of several unfunded plans providing for lump-sum payments upon retirement, financial support for current pensioners, death benefits and anniversary benefits.

On October 3, 2018 the President on the Russian Federation signed the Federal Law "On amendments to certain legislative acts of the Russian Federation on the payment and purpose of pensions". The law comes into force on January 1, 2019 and provides for a gradual increase in the retirement age. The net value of pension obligations as of December 31, 2018 is reflected in the light of the impact of changes in pension legislation.

Amounts of defined benefit obligations recognized in the consolidated statement of financial position are presented below.

	December 31, 2018	December 31, 2017
Present value of post-employment benefits obligation	564,607	605,130
Total present value of employee benefit obligation	564,607	605,130

Change in the value of assets related to employee benefit obligations:

	For the year that ended on December 31	
	2018	2017
Value of assets as of January 1	474,630	469,229
Return on plan assets	–	37,273
Employer contributions	–	3,250
Other movements in the accounts	3,458	–
Payments of remuneration	(33,467)	(35,122)
Value of assets as of December 31	444,621	474,630

Assets related to pension plans and defined benefit plans are administrated by JSC Non-State Pension funds of Power Industry. These assets are not the defined benefit plans assets, because according to the conditions of the fund the Group has right to use the contributions paid under defined benefit plans to fund its defined contribution pension plans or transfer to another fund on the Group's own initiative.

Movements in the present value of defined benefit liabilities:

	For a year that ended on December 31, 2018		For a year that ended on December 31, 2017	
	Post-employment benefits obligation	Other long-term employee benefit obligation	Post-employment benefits obligation	Other long-term employee benefit obligation
Defined benefit plan obligations as of January 1	605,130		529,695	–
Current service cost	10,047		31,984	–
Past service cost and sequestration	(55,074)		76,601	–
Interest expense	30,135		46,570	–
Remeasurement effect from:				–
(gain)/loss from change in demographic	18,618		(655)	–
(gain)/loss from change in financial	(23,057)		745	–
(gain)/loss arising from experience	36,940		(35,401)	–
Contributions to the plan	(58,132)		(58,409)	–
Defined benefit plan obligations as of December 31	564,607		605,130	–

Expenses recognized in profit or loss for the period:

	For the year that ended on December 31	
	2018	2017
Employees service cost	(45,027)	108,585
Interest expenses	30,135	46,570
Total expenses recognized in profit or loss	(14,892)	155,155

(Income)/costs recognized in other comprehensive income for the period:

	For the year that ended on December 31	
	2018	2017
(Gain)/loss from change in demographic actuarial assumptions	18,618	(18,655)
(Gain)/loss from change in financial actuarial assumptions	(23,057)	32,745
(Gain)/loss arising from experience adjustment	36,940	(35,401)
Total (gain)/loss recognized in other comprehensive income	32,501	(21,311)

Movements in allowance for remeasurement of employee benefit obligations in other comprehensive income during the year:

	For the year that ended on December 31	
	2018	2017
Remeasurements as of January 1	410,589	431,900
Movement of remeasurements	32,501	(21,311)
Remeasurements as of December 31	443,090	410,589

The key actuarial assumptions are as follows:

	December 31, 2018	December 31, 2017
Financial assumptions		
Discount rate	8.7%	7.5%
Future salary increase	4.6%	4.5%
Inflation rate	4.1%	4.0%
Demographic assumptions		
Expected age of retirement		
Men	60	60
Women	56	55
Average level of staff movement	10.9%	11.8%

A sensitivity of total employee benefits obligations to changes in the key actuarial assumptions is as follows:

	Change in assumptions	Impact on obligations
Discount rate	Increase/decrease for 0.5%	Change for 5.1%
Future salary growth	Increase/decrease for 0.5%	Change for 2.4%
Future growth of benefits (inflations) Level of staff movement	Increase/decrease for 0.5%	Change for 2.3%
Level of staff movement	Increase/decrease for 10%	Change for 1.6%
Mortality level	Increase/decrease for 10%	Change for 1.9%

	December 31, 2018	December 31, 2017
Cost of employee benefit commitments	(564,607)	(605,130)
Asset value	444,621	474,630
Net value	(119,986)	(130,500)

Expected payments under the defined long-term employee benefit plans to employees in 2019 are 58 430 thsd rub., 58 430 thsd rub. thsd under the defined benefit plans, including non-state pension schemes.

25. Trade and other payables

	December 31, 2018	December 31, 2017
Long-term accounts payables		
Trade payables	1,018,181	–
Other payables	556,908	169,086
Total financial liabilities	**1,575,089**	**169,086**
Advance from customers	64,877	148,520
	1,639,966	**317,606**
Short-term accounts payables		
Trade payables	8,720,965	6,240,294
Other payables and accrued expenses	406,763	1,169,566
Payables to employees	2,158,599	2,151,395
Dividends payable	5,761	413
Total financial liabilities	**11,292,088**	**9,561,668**
Advance from customers	1,139,348	1,952,190
	12,431,436	**11,513,858**
Taxes payables		
VAT	520,426	653,235
Property tax	219,263	139,109
Social security contributions	323,047	299,371
Other taxes payable	150,087	137,496
	1,212,823	**1,229,211**
	13,644,259	**12,743,069**

The Group's exposure to liquidity risk related to payables is disclosed in Note capital and Financial Risk Management.

Long-term advances of customers include advance for service of technological connection to electric grids in the amount 46,753 thsd rub. as at December 31, 2018 (as at December 31, 2017: 143,322 thsd rub.).

26. Provisions

	For the year that ended on December 31	
	2018	2017
Balance at January 1	1,277,276	1,754,381
Increase for the period	729,389	1,098,537
Decrease due to reversal of provisions	(273,362)	(329,124)
Provisions used	(755,115)	(1,246,518)
Balance at December 31	978,188	1,277,276

Provisions relate mainly to legal proceedings and claims against the Group on ordinary activities.

27. Financial risk and capital management

In the normal course of its business the Group is exposed to a variety of financial risks, including but not limited to: market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

This note provides information on the Group's exposure to each of these risks, examines the goals, policies and procedures for assessing and managing risks and the Group's capital management system. More detailed quantitative information is disclosed in the relevant sections of these consolidated financial statements.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

(i) Trade and other receivables

In order to manage credit risk, The Group uses a prepayment system in relations with customers, whenever possible. As a rule, the prepayment for the technological connection services of customers to the networks is stipulated by the contract. The Group doesn't require collateral for receivables.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group takes appropriate measures for the timely collection of receivables. In order to implement measured to reduce and prevent the growth of accounts receivables, the debt is divided mainly in to current, overdue, doubtful and bad. When monitoring credit risk, buyers are grouped by type of receivables and maturities.

The Group creates an allowance for expected credit losses on trade and other receivables, the estimated value of which is determined based on the model of expected credit losses weighted by the degree of probability of a default and can be adjusted upwards or downwards. To do this, the Group analyzes the creditworthiness of customers, the dynamics of debt repayment, takes into account changes in the terms of payment, the availability of letters of guarantee about debt repayment, the current general economic conditions.

Level of credit risk

The carrying amount of financial assets reflects the Group's maximum exposure to credit risk. At the balance sheet date the maximum level of credit risk was:

	Carrying amount	
	December 31, 2018	December 31, 2017
Trade and other receivables (except for a reserve for expected credit loss/depreciation)	13,808,946	14,981,940
Cash and cash equivalents	139,929	881,174
Bank deposits	145,304	256,754
	14,094,179	**16,119,868**

At the balance sheet date the maximum level of credit risk in respect of trade receivables (excluding other receivables) by customer groups was as follows:

	Total nominal value	Reserve for expected credit loss	Total nominal value	Reserve for depreciation
	December 31, 2018	December 31, 2018	December 31, 2017	December 31, 2017
Buyers of electricity sales services	990,986	(529,106)	334,068	(329,193)
Buyers of electricity transmission services	16,966,823	(7,028,325)	16,382,237	(4,844,745)
Buyers of technological connection to networks	248,318	(133,193)	254,817	(42,931)
Other buyers	158,627	(55,602)	78,266,	(41,466)
	18,364,754	**(7,746,226)**	**17,049,388**	**(5,258,335)**

Carrying amount of trade receivables attributable to the ten largest debtors of the Group amounted 8 929 851 thsd rub. as of December 31, 2018 (December 31, 2017: 11,100,308 thsd rub.).

Allowance for expected credit losses of trade and other receivables

The aging of trade and other receivables is provided below:

	Total nominal value	Reserve for expected credit loss	Total nominal value	Reserve for depreciation
	December 31, 2018	December 31, 2018	December 31, 2017	December 31, 2017
No past due	8,912,837	(1,451,452)	8,455,122	(1,314,230)
Past due less than 3 month	1,893,006	(605,010)	1,880,905	(582,844)
Past due more than 3 months and less than 6 months	1,331,021	(548,362)	1,471,469	(466,233)
Pat due more than 6 month and less than 1 year	3,018,784	(1,764,692)	3,531,368	(1,032,503)
Past due more than 1 year	8,318,540	(6,363,487)	6,350,592	(4,223,426)
	23,474,188	**(10,733,003)**	**21,689,456**	**(7,619,236)**

The Group believes that the overdue unimpaired accounts receivables are highly recoverable at the Financial Statement date.

The movement in the allowance for expected credit losses (the allowance for impairment of trade and other receivables in accordance with IAS 39) was as follows.

	For a year that ended on December 31, 2018 and as of that date	For a year that ended on December 31, 2017 and as of that date
Balance at January 1 in accordance with IAS 39		5,132,260
Balance for allowance for expected credit losses at January 1, 2018 in accordance with IFRS 9	7,957,154	
Increase for the period	5,309,982	8,164,676
Amounts of trade and other receivables written off using the allowance for impairment accrued earlier	(865,387)	(508,193)
Reversal for allowance for impairment for the period	(1,668,746)	(4,831,589)
Balance as of December 31	10,733,003	
Balance at December 31, 2017 in accordance with IAS 39		7,957,154

Offset agreements or similar agreements

The Group may enter into procurement and sales agreements with the same counterparties in the progress of routine business conditions. Respective amounts of receivables and payables do not always meet the criteria for offsetting in the statement of financial position. This is connected with a fact that the Group may not currently have a legally enforceable right to set-off recognized amounts, since a right to set-off may have legal force only when certain events occur. In particular, in accordance with the civil law in Russia an obligation can be settled by offsetting a uniform claim a term of which has come or not specified or determined as of the moment of demand.

The following table represents a carrying value of recognized financial instruments that are a subject of the above agreements.

	December 31, 2018		December 31, 2017	
	Trade and other		Trade and other	
	receivables	payables	receivables	payables
Gross amounts	17,573,351	7,015,721	18,744,437	7,909,884
Reserve for expected credit loss for account receivables	(3,059,120)		(1,096,668)	–
Amounts mutually offset in accordance with IFRS (IAS) 32	(6,044,739)	(6,044,739)	(7,053,860)	(7,053,860)
Net amounts represented in statements on financial positions	8,469,492	970,982	10,593,909	856,024

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Management of liquidity risk involves maintaining sufficient cash and the availability of financial resources by securing credit lines. The Group adheres to a balanced model of financing working capital by using both short-term and long-term sources. Basically temporarily free funds invested in the short-term financial instruments such as Bank deposits.

The Group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. This approach is used to analyze payment dates associated with financial assets, and also to forecast cash flows from operating activities.

As of December 31, 2018 amount of free limit for open but unused credit lines of the Group amounted 30,836,398 thsd rub. (17,012,267 thsd rub. as of December 31, 2017). The Group has an opportunity to attract additional financing within appropriate limits, including financing for security of short-term obligations

Information about the contractual maturities of financial liabilities, including estimated interest payments and without influence of netting, is provided below. With respect to the cash flows included in the maturity analysis, it is not expected that they can arise much earlier in time or in significantly different amounts.

December 31, 2018	Carrying amount	Contractual cash flows	Before 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Non-derivative financial liabilities								
Loans and borrowings	31,745,207	35,433,119	11,264,134	19,002,232	5,166,753	–	–	–
Trade and other payables	10,708,578	10,708,578	10,151,670	21,468	535,440	–	–	–
	42,453,785	46,141,697	21,415,804	19,023,700	5,702,193	–	–	–

December 31, 2017	Carrying amount	Contractual cash flows	Before 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Non-derivative financial liabilities								
Loans and borrowings	28,953,596	33,343,822	3,641,826	16,750,360	12,951,636	–	–	–
Trade and other payables	7,579,359	7,579,359	7,410,273	165,678	–	3,408	–	–
	36,532,955	40,923,181	11,052,099	16,916,038	12,951,636	3,408	–	–

(c) Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates, prices of goods and equity prices that will affect the Group's financial results or the value of its financial instruments owned. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

(i) Currency risk

The majority of the Group's revenues and expenditures, monetary assets and liabilities are denominated in RUB, and as such financial results are insignificantly impacted by changes in exchange rates.

(ii) Interest rate risk

Changes in interest rates mainly affect loans and borrowings, since they change either their fair value (for loans and borrowings with a fixed interest rate) or future cash flows (for loans and borrowings with a floating interest rate). The Group Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or floating interest rates. However, making a decision about new loans and borrowings, the Management of Group gives priority to loans and borrowings with fixed interest rates and as a result, the Group is exposed to interest rate risk to a limited extent.

As a rule, loan agreements entered into by the Group do not contain and charges for the early repayment of loans on the borrower's initiative, which facilitates additional flexibility in relation to optimizing interest rates in the current economic environment.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss for the period. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

The Group does not have a cash flow from financial instruments with a floating interest rate.

(iii) Other market price risk

Risk of change in price of equity instruments arises in relation to equity securities measured at fair value through other comprehensive income. Management of the Group monitors changes in value of the investment portfolio based on market indices. Significant investments in this portfolio are managed separately, and all decisions on buying and selling are approved by management of the Group.

As of December 31, 2018 financial assets measured through other comprehensive income exposed to a risk of change in price of security amounted 38,775 thsd rub. (December 31, 2017: 35,851,35,851 thsd rub.). If prices of shares were 10% higher (lower) at constant values of all other variables other comprehensive income would increase (decrease) by 3,878 thsd rub.

(d) Fair value and carrying amount

Below is a comparison of the fair and book value of the Group's financial instruments, excluding those financial instruments whose book value corresponds to their fair value.

Financial instruments	Notes	December 31, 2017		Level of fair value hierarchy		
		Carrying value	Fair value	1	2	3
Available-for-sale financial assets	X	36,851	36,851	36,851	–	–
Short-term and long-term credits and loans	X	(28,953,596)	(28,970,246)	–	(28,970,246)	–
		(28,916,745)	(28,933,395)	36,851	(28,970,246)	–

Financial instruments	Notes	December 31, 2018		Level of fair value hierarchy		
		Carrying value	Fair value	1	2	3
Other financial assets measured at depreciated cost	X	73,414	73,414	–	–	–
Financial assets measured at fair value through other comprehensive income	X	38,775	38,775	38,775	–	–
Short-term and long-term credits and loans	X	(31,745,207)	(31,172,484)	–	(31,172,484)	–
		(31,633,018)	(31,060,295)	38,775	(31,172,484)	73,414

During the year ended December 31, 2018, there was no transfer between the levels of the fair value hierarchy.

Reconciliation of the carrying amount of financial assets at fair value through other comprehensive income at the beginning and end of the reporting period is presented in the table below.

	Financial assets measured at fair value through profit and loss	Financial assets measured at fair value through other comprehensive income
As of January 1, 2018	–	36,851
Change in fair value recognized in other comprehensive income	–	1,924
As of December 31, 2018	–	38,775

(e) Capital management

The main goal of capital management for the Group is to maintain a consistently high level of capital that allows investors, creditors and market participants to remain in trust and ensure sustainable business development in the future.

The Group monitors the dynamics of indicators of the capital structure (borrowed and owned), including the ratio of borrowed funds (the objective limit for the financial lever), calculated on the basis of the date of the accounting statements under RAS. In accordance with credit policy the Groups' companies must maintain the loan ratio, calculated as the ratio of the total amount of borrowed funds to the total amount of capital at a level no higher than 1.

The Company and its subsidiaries are required to comply with the statutory requirements for adequacy of equity capital, according to which the value of their net assets, determined in accordance with Russian accounting principles, must constantly exceed the amount of the authorized capital.

As of December 31, 2018 indicators of associated company Tyvaenergo did not meet the abovementioned requirements. As of the moment Management of the Group takes measures in order to ensure compliance with all requirements of the legislation as soon as possible. The Management believes that violation of the terms does not significantly influence consolidated financial statements of the Group.

Operating leases

Expenses for operating leases for a year that ended on December 31, 2018 are represented as a part of operating expenses in the amount of 278,604 thsd rub. (for the year that ended on December 31, 2017 – 253,983 thsd rub.).

Payments under operating lease agreements are payable in the following order.

	December 31, 2018	December 31, 2017
Less than 1 year	212,419	173,116
1-5 years	549,265	452,380
More than 5 years	2,056,492	2,615,800
	2,818,176	3,241,296

28. Capital commitments

As of December 31, 2018, The Group has outstanding commitments under contract for the purchase and construction of property, plant and equipment items for 9,444,302 thsd rub. inclusive of VAT (as at December 31, 2017: 3,257,324 thsd rub. inclusive of VAT).

29. Contingent liabilities

(a) Insurance

The Group has unified requirements in respect of the volume of insurance coverage, reliability of insurance companies and about procedures of insurance protection organization. The Group maintains insurance of assets, civil liability and other insurable risks. The main business assets of the Group have insurance coverage in case of damage or loss assets. However, there are risks of negative impact on the operations and the financial position of the Group in the case of damage caused to third parties, and as a result of damage or loss of assets, insurance protection of which is non-existent or not fully implemented.

(b) Taxation contingencies

Russian tax and customs legislation is subject to varying interpretations regarding the operations and activities of the Group. Accordingly, management's interpretation of tax legislation and its formal documentation can be successfully challenged by the relevant regional or federal authorities. Tax administration in Russia is gradually increasing. In particular, the risk of checking the tax aspect of transactions without obvious economic sense or with counterparties that violate tax laws is increasing. Tax audits may cover the three calendar years preceding the year of the decision on the tax audit. Under certain conditions, earlier periods may also be subject to verification.

New transfer pricing legislation came into force since January 1, 2012, which significantly changed the rules for transfer pricing, bringing them closer to the principles of the organization for economic cooperation and development (OECD), but also to create additional uncertainty in connection with practical application of tax legislation in individual cases.

The practice of applying new rules on transfer pricing by tax authorities and laws is absent, since tax inspections for compliance with new rule of transfer pricing have recently begun. However, it is expected that transactions that are governed by transfer pricing rules will be subject to detailed verification, which could potentially have an impact on these consolidated financial statements.

As the practice of applying taxation rules for property tax, tax authorities and courts can be challenged, the criteria for classifying property as movable or immovable property used by the Group may be challenged. The management of the Group cannot predict the outcome and amount of potential costs to settle potential tax risks.

At December 31, 2018, management believes that the relevant provisions of the law are interpreted correctly, and the position of the Group in terms of compliance with tax, currency and customs legislation can be justified and protected.

(c) Litigations

The Group is a party to a number of litigations (both as a plaintiff and as respondent) arising in the ordinary course of business. In the opinion of Management, there are currently no outstanding claims or other claims that could have a material impact on the Group's results of operations or financial position and would not be recognized or disclosed in the consolidated financial statements.

(d) Environmental matters

The Group has operated in the electric transmission industry in the Russian Federation for many years. The enforcement of environmental regulations in the Russian Federation continues to evolve, responsibilities of authorized Government bodies to oversee are being reconsidered. Potential environmental liabilities arise from changes in interpretations of existing legislation, lawsuits or changes in legislation can be assessed. In the opinion of management under the existing control system and under current legislation, there are no probable liabilities that could have a material adverse effect on the financial position, results of operations or cash flows of the Group.

30. Third party transactions

(a) Control relationships

Related parties are shareholders, affiliates and entities under common ownership and control of the Group, members of the Board of Directors and key management personnel of the Company. The Company's parent as ofDecember 31, 2018 and December 31, 2017 was PJSC "Russian Grids". The final controlling party is the state represented by the Federal Property Management Agency, which owns a controlling stake in PJSC "Russian Grids".

(b) Transactions with the parent company, its subsidiaries and associates

Transactions with the parent company, its subsidiaries and associates include operations with PJSC "Russian Grids", its subsidiaries and associates:

	Amount of transaction for the year that ended on December 31	
	2018	2017
Revenue, net other income, finance income		
Parent company	791	789
Other revenue	786	786
Dividends to be received	5	3
Entities under common control of the parent company	1,182,428	1,089,458
Transfer of power	1,045,925	993,725
Technological connection to power grids	615	257
Power sale	2,780	–
Other revenue	58,501	11,561
Net other income (sale of inventory and supplies, expense reimbursement agreement, profit and loss of previous years, state duty)	74,063	83,367
Dividends to be received	544	548
	1,183,219	1,090,247

	Amount of transaction for the year that ended on December 31	
	2018	2018
Operating expenses, financial cost		
Parent company	**171,402**	**241,821**
Consultation, legal and audit services	141,204	211,624
Other production works and services	23,024	23,023
Other expenses	7,174	7,174
Enterprises under general control of a parent company	**10,980,282**	**11,729,191**
Power for sale	4,082	–
Services for transfer of power	10,323,191	10,778,788
Services for technological connection to power grids	2,504	1,479
Power for compensation of loss	211,511	209,675
Repair and maintenance services	73,976	355
Lease	34,912	40,508
Software expenses	20,763	8,260
Reserve for expected credit loss		
Reserves	(15,008)	88,708
Other expenses	324,351	601,418
	11,151,684	**11,971,012**

	Carrying value	
	December 31, 2018	December 31, 2017
Parent company	**–**	**3**
Issued advances	–	3
Enterprises under general control of a parent company	**35,304**	**38,260**
Issued advances	31,277	33,679
Received advances	4,027	4,581
	35,304	**38,263**

The debt to the parent company for the payment of dividends is absent as of December 31, 2018.

(c) Transactions with key management personnel

In order to prepare these consolidated financial statements, the key management personnel are members of the Board of Directors, the management Board, General Directors of subsidiaries and other key management personnel.

The Group has no transactions or balance with key management and close family members, expect for their remuneration in the form of salary and bonuses.

The amounts of remuneration to key management personnel disclosed in the table represent the current period expenses for key management personnel reflected in employee benefits.

	For the year that ended on December 31	
	2018	2017
Short-term employee benefits	274,481	242,363
Remuneration upon retirements and other long-term remuneration	270	–
Retirement benefits	1,953	2,341
	276,704	**244,704**

As of December 31, 2018 current value of the defined benefit obligation is shown in the consolidated statement of financial position and includes liabilities for key management personnel in the amount of 21,067 thsd rub.(as of December 31, 2017: 58,149 thsd rub.).

(d) Transactions with state-related companies

In the course of its operating activities, the Group is engaged in many transactions with state-controlled entities. These transactions are carried out in accordance with regulated tariffs or based on market prices.

Revenue from state-related companies amount to 7.41% from total revenue of the Group for the year that ended on December 31, 2018 (for the year that ended on December 31, 2017: 42.91%), including 5.68% of revenue from transfer of power (for the year that ended on December 31, 2017: 42.1%).

Power transmission costs (including compensation of technological losses) for state-controlled entities for the year ended December 31, 2018 constitute 82.6% (for the year ended December 31, 2017: 91.9%) of total electricity transmission costs.

Interest accrued for credits and loans from state-related banks for the year that ended on December 31, 2018 amounted 73.16% from total amount of interests (for the year that ended on December 31, 2017 – 100%).

As of December 31, 2018 balance of cash and cash equivalents held with state-controlled banks is 259,012 thsd rub (December 31, 2017 – 799,255 thsd rub.)

As of December 31, 2018 there are no deposits with initial offering period of more than three months place in state-controlled banks.

Loans and borrowings received from state-controlled banks are disclosed in "Credits and loans".

31. Events after report date

On January 1, 2019 PJSC IDGC of Siberia and JSC Ulan-Ude Energo made and agreement under which accounts receivable of JSC Ulan-Ude Energo to JSC IDGC of Siberia in the amount of 1,539,036 thsd rub. under power service agreement was setoff as an advance payment under agreements on lease of movable and immovable property made on December 28, 2018 between PJSC IDGC of Siberia and JSC Ulan-Ude Energo.

Other events that could significantly influence Company's financial positions after December 31, 2018 did not take place.

Appendix No. 2 Report on transaction of interest made by PJSC IDGC of Siberia in 2018

No.	Date of transaction	Date of approval (approval to make a transaction)	Company's body that approved making a transaction	Subject of a transaction and its material conditions	Information of person(-s) interested in making transactions of interest
1.	07.03.2018	On 20.12.2017 a notification on transaction of interest was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received.		Agreement No. 18.4000.58.18 on services for functioning and development of power grid complex. **Parties to Agreement:** PJSC IDGC of Siberia as Customer; PJSC "Russian Grids" as Contractor. **Subject:** Contractor shall provide Customer with services for functioning and development of power grid complex owned by Customer, and Customer shall accept and pay for such services according to the Agreement. **Price of agreement:** 499,863,521.85 rub, VAT included. **Agreement validity term:** Agreement comes into effect when it is signed by Parties and remains valid until 31.12.2020, and to the extent of mutual settlement Agreement shall remain valid until both Parties implement their obligations. Service term under the Agreement: 01.01.2018-31.12.2020	Interested person: PJSC "Russian Grids" – controlling body of PJSC IDGC of Siberia and party to transaction at the same time
2.	13.06.2018	On 15.05.2018 a notification on transaction of interest (on intention to make five interconnected agreements by Company branches) was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received		Agreement No. 41.0300.75.18 for supplies and works in terms of introduction of commercial metering points to 10 kV OPL at the border of the balance with remote data collection. **Parties to Agreement:** PJSC IDGC of Siberia (Buryatenergo branch) as Customer; JSC Directorate of VOLS-VL as Contractor. **Subject:** Performance of works in terms of introduction of commercial metering points to 10 kV OPL at the border of the balance with remote data collection. **Price of agreement:** Limit cost under agreement amounts to 9,952,428.2 rub., VAT included. **Agreement validity term:** Agreement comes into effect when it is signed by parties and remains valid until 01.01.2022	Interested person: PJSC "Russian Grids" – controlling body of PJSC IDGC of Siberia and JSC Directorate of VOLS-VL being parties in related transactions
3.	14.06.2018	On 15.05.2018 a notification on transaction of interest (on intention to make five interconnected agreements by Company branches) was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received		Agreement No. 11.0400.1578.18 for supplies and works in terms of introduction of commercial metering points to 10 kV OPL at the border of the balance with remote data collection, at the following conditions: **Parties to Agreement:** PJSC IDGC of Siberia (Gorno-Altayskiye Power Grids branch) as Customer; JSC Directorate of VOLS-VL as Contractor. **Subject:** Performance of works in terms of introduction of commercial metering points to 10 kV OPL at the border of the balance with remote data collection. **Price of agreement:** Limit cost under agreement amounts to 51,032,764. 12 rub., VAT included. **Agreement validity term:** Agreement comes into effect when it is signed by parties and remains valid until 01.01.2022	Interested person: PJSC "Russian Grids" – controlling body of PJSC IDGC of Siberia and JSC Directorate of VOLS-VL being parties in related transactions
4.	14.06.2018	On 15.05.2018 a notification on transaction of interest (on intention to make five interconnected agreements by Company branches) was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received		Agreement No. 10.4200.1762.18 for supplies and works in terms of introduction of commercial metering points to 10 kV OPL at the border of the balance with remote data collection, at the following conditions: **Parties to Agreement:** PJSC IDGC of Siberia (Kuzbassenergo-REG branch) as Customer; JSC Directorate of VOLS-VL as Contractor. **Subject:** Performance of works in terms of introduction of commercial metering points to 10 kV OPL at the border of the balance with remote data collection. **Price of agreement:** Limit cost under agreement amounts to 62 092 854,55 rub., VAT included. **Agreement validity term:** Agreement comes into effect when it is signed by parties and remains valid until 01.01.2022	Interested person: PJSC "Russian Grids" – controlling body of PJSC IDGC of Siberia and JSC Directorate of VOLS-VL being parties in related transactions
5.	25.05.2018	On 26.04.2018 a notification on transaction of interest was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 83 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received		Additional agreement No. 2 to Contractor's agreement for construction and assembly works, installation works, start-up works No. 1.9.05-230-16/11.4000.282.16 dated 24.08.2016 at the following material conditions: **Parties to additional agreement:** PJSC IDGC of Siberia as Contractor; JSC Tyvaenergo as Customer. **Subject of transaction:** Making amendments to Contractor's agreement dated 24.08.2016 No. 1.9.05-230-16/11.4000.282.16 for construction of 110 kV substation Vavilinskaya with feeding two-chained 110 kV OPL C-423-01/C-424-01. Item 2.2 of the Agreement shall be redrafted as follows: Date for commencement of works under Agreement after Agreement was made – in accordance with Calendar plan for works and services. Completion date – not later than 526 calendar days after the agreement is made. **Price of Additional agreement:** 421,710,918 rub., including VAT. **Agreement validity term:** Date for commencement of works under Agreement after Agreement was made – in accordance with Calendar plan for works and services. Completion date – not later than 526 calendar days after the agreement is made	Interested persons: 1. Vladislav Evgenievich Shvets. Member of Management Board of PJSC IDGC of Siberia and member of JSC Tyvaenergo Board of Directors (a party to transaction). 2. PJSC "Russian Grids" is a controlling body of PJSC IDGC of Siberia and JSC Tyvaenergo, being parties to transaction
6.	13.07.2018	On 15.05.2018 a notification on transaction of interest (on intention to make five interconnected agreements by Company branches) was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received		Agreement No. 10.7500.2721.18 for supplies and works in terms of introduction of commercial metering points to 10 kV OPL at the border of the balance with remote data collection, at the following conditions: **Parties to Agreement:** PJSC IDGC of Siberia (Chitaenergo branch) as Customer; JSC Directorate of VOLS-VL as Contractor. **Subject:** Supplies and works in terms of introduction of commercial metering points to 10 kV OPL at the border of the balance with remote data collection. **Price of agreement:** Limit cost under agreement amounts to 43,979,892 rub., VAT included. **Agreement validity term:** Agreement comes into effect when it is signed by parties and remains valid until 01.01.2022	Interested person: PJSC "Russian Grids" – controlling body of PJSC IDGC of Siberia and JSC Directorate of VOLS-VL being parties in related transactions
7.	03.07.2018	On 15.05.2018 a notification on transaction of interest (on intention to make five interconnected agreements by Company branches) was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received		Agreement No. 02.2400.3006.18 for supplies and works in terms of introduction of commercial metering points to 10 kV OPL at the border of the balance with remote data collection, at the following conditions: **Parties to Agreement:** PJSC IDGC of Siberia (Krasnoyarskenergo branch) as Customer; JSC Directorate of VOLS-VL as Contractor. **Subject:** Performance of works in terms of introduction of 10 kV commercial metering points at the border of the balance with remote data collection. **Price of agreement:** Limit cost under agreement amounts to 18 198 576,00 rub., VAT included. **Agreement validity term:** Agreement comes into effect when it is signed by parties and remains valid until 01.01.2022	Interested person: PJSC "Russian Grids" – controlling body of PJSC IDGC of Siberia and JSC Directorate of VOLS-VL being parties in related transactions

8.	29.12.2018	On 13.12.2018 a notification on transaction of interest was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received	Agreement No. 14.4200.4054.18 research- development and design and experimental works, at the following conditions. **Parties to Agreement:** Customer: PJSC IGC of Siberia (Kuzbassenergo REG branch) Contractor: PJSC Federal Research Centre **Subject of Agreement:** Contractor's performance of research- development and design and experimental works in accordance with Customer's Specification (Appendix No. 1 to Agreement) Design of typical architecture, creation of a development prototype of a uniform server platform for subsistems of a digital substation of 35-110 kV using means of visualization (R&D, Work). **Price of Agreement:** 58,166,920 rub., VAT included. Date for commencement of works under Agreement – after Agreement was made. Completion date under the Agreement – 23.09.2020. **Agreement Validity Term:** Agreement comes into effect when it is signed by Parties and remains valid until both Parties perform their obligations	Interested persons: 1. PJSC "Russian Grids" is a controlling body of PJSC IDGC of Siberia and PJSC Federal Research Centre, being parties to transaction. 2. Pavel Vladimirovich Grebtsov – Member of PJSC IDGC of Siberia Board of Directors, also a member of Board of Directors of PJSC Federal Research Centre, a party to transaction
9.	29.12.2018	On 13.12.2018 a notification on transaction of interest was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 83 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received	Agreement No. 10.2400.11863.18 for performance of mutual services at the following conditions. **Parties to Agreement:** Customer: PJSC IDGC of Siberia; Contractor: KSC Mobile GTES. **Subject of Agreement:** Performance by Constructor, in accordance with Customer's Specification (Appendix No. 1 to Agreement) and in order to provide for power supply of facilities of the XXIX World Winter Universiade 2019 of set of services connected with organization of uninterrupted power supply of facilities of the XXIX World Winter Universiade in Krasnoyarsk technologically connected to branches of Krasnoyarskenergo branch of PJSC IDGC of Siberia, using diesel generator installations (DGI) (hereinafter – Service). **Price of the Agreement:** 171,637,858.18 rub, VAT included. **Service Commencement and Completion Dates:** Within terms determined in Specification. Services under Agreement are performed in accordance with Approximate Service Schedule being an Appendix No. 2 to Agreement. **Agreement validity term:** Agreement comes into effect when it is signed by Parties and remains valid until both Parties perform their obligations. Terms and conditions of the Agreement cover relationships of the Parties from 10.11.2018	Interested persons: PJSC "Russian Grids" is a controlling body of PJSC IDGC of Siberia and JSC Mobile GTES, being parties to transaction
10.	29.12.2018	On 13.12.2018 a notification on transaction of interest was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 83 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received	Agreement on acquisition of shares No. 01.4000.517.18, under the following conditions. **Parties:** Issuer: JSC Tyvaenergo; Acquirer: PJSC IDGC of Siberia. **Subject and Price of the Agreement:** Issuer shall transfer to Acquirer and Acquirer hereby shall accept and pay for the following securities offered via closed subscription, hereinafter referred to as Shares, at the terms and conditions of the Agreement: **Issuer:** JSC Tyvaenergo Type, category and form of securities: Common named uncertified shares State registration number and date of registration of an additions issues of Shares: 1-06-40247-F-001D dated 16.08.2018 **Nominal value of one share:** 0 (zero) rub. 14 (fourteen) kop. Offering cost of one Share: 0 (zero) rub. 14 (fourteen) kop. **Number of acquired Shares:** 2,728,164,285 (two bln seven hundred twenty eight mln one hundred sixty four thsd two hundred eighty five) pcs. **Total cost of Shares acquired by the Acquirer:** 381,942,999.90 rub. (three hundred eighty one mln nine hundred forty two thsd nine hundred ninety nine rub.), (net of VAT). **Other significant terms/conditions and procedure for determination of such terms/conditions:** When making an Agreement (but not later than a deadline for payment for hares determined by additional issue of Shares (state registration number 1-06-40247-F-001D dated 16.08.2018) Acquirer shall pay for Shares by set-off of monetary requirements to JSC Tyvaenergo (Issuer) in compliance with legislation of the Russian Federation by making an Agreement on set-off of monetary demands (agreement on set-off). Issuer shall within 3 (three) working days after making an agreement on set-off of demands, but not later than 3 (three) working days before the offering period of additional shares end shall execute and send to a registrar (JSC Registrat ROST) an instruction on offering of acquired Shares and making an entry to personal account of Acquirer of Shares. The entry to personal account of the Acquirer of Shares in maintenance system of register of owners of named registered securities of the issuer shall be made within three (3) working days, but not later than a date of end offering of Shares. The Issuer shall transfer Shares to the Acquirer by credit to the Acquirer's account (owner's account) to register of owners of the Issuer's securities	Interested persons: 1. PJSC "Russian Grids" is a controlling body of PJSC IDGC of Siberia and JSC Tyvaenergo, being parties to transaction. 2. Vitaly Valerievich Ivanov – Sole executive body of PJSC IDGC of Siberia, also being a member of JSC Tyvaenergo Board of Directors, a party to transaction. 3. Pavel Borisovich Dynkin – Member of Management board of IDGC of Siberia, alson being a Chairman of JSC Tyvaenergo Board of Directors, a party to transaction
11.	29.12.2018	On 13.12.2018 a notification on transaction of interest was sent to persons specified i s. i. 1 cl. 81 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies" not later than fifteen days prior to a date of transaction. Demands on holding a meeting of PJSC IDGC of Siberia Board of Directors in order to obtain an approval for making a transaction of interest from persons specified i s. i. 1 cl. 83 Federal law dated 26.12.1995 No. 208-FZ "On joint-stock companies", were not received	Set-off agreement No. 52.4000.516.18, at the following material conditions: **Parties:** Party 1: PJSC IDGC of Siberia Party 2: JSC Tyvaenergo **Subject and price of the Agreement:** Pursuant to the Agreement the Parties terminate mutual obligations by set-off of mutual similar demands. The set-off amount is 381,942,999 (three hundred eight one mln nine hundred forty two thsd nine hundred ninety nine) rub. 90 (ninety) kop. Obligations of the Parties: Party 1 has a demand to Party 2 that took place under grounds specified in Appendix No. 1 to Agreement (being an integral part of the Agreement) in the amount of 381,942,999 (three hundred eight one mln nine hundred forty two thsd nine hundred ninety nine) rub. 90 (ninety) kop., VAT included. Party 2 has a demand to Party 1 that took place under grounds specified in Appendix No. 1 to Agreement (being an integral part of the Agreement) in the amount of 381,942,999 (three hundred eight one mln nine hundred forty two thsd nine hundred ninety nine) rub. 90 (ninety) kop., VAT included. Parties hereby confirm that as of the set-off date all demands are terminated	Interested persons: 1. PJSC "Russian Grids" is a controlling body of PJSC IDGC of Siberia and JSC Tyvaenergo, being parties to transaction. 2. Vitaly Valerievich Ivanov – Sole executive body of PJSC IDGC of Siberia, also being a member of JSC Tyvaenergo Board of Directors, a party to transaction. 3. Pavel Borisovich Dynkin – Member of Management board of IDGC of Siberia, alson being a Chairman of JSCTyvaenergo Board of Directors, a party to transaction

Transactions of interest exceeding 2 and more % of carrying value of Company's assets were not made.

Appendix No. 3
Information on observance of principles and recommendations of the Corporate Governance Code

The report on observance of principles and recommendations of the Corporate Governance Code was considered by the Board of Directors of PJSC IDGC of Siberia at the meeting dated _____ (Minutes No. 322/19). The Board of Directors certifies that data specified herein contain full and reliable information on observance of principles and recommendations of the Corporate Governance Code in 2018.

Assessment methodology: Observance of corporate governance principles fixed in the Corporate Governance Code was assessed in accordance with a form proposed in recommendations for preparation of a report on observance of principles and recommendations of the Corporate Governance Code (letter of the Bank of Russia No. ИН-06-52/8 dated 17.02.2016)

No.	Principles of corporate governance	Criteria for assessment of corporate governance principle observance	Status of corporate governance principle observance	Reasons of deviations from criteria for assessment of corporate governance principle observance
1.1	The Company shall ensure equal and fair attitude to all shareholders during their enforcement of the right for participation in Company management			
1.1.1	The Company establishes maximally favorable conditions for shareholders' participation in the General Meeting; conditions for development of a justified position on the issues included in General Meeting's agenda; coordination of their activity and a possibility to express their opinion on the issues under consideration	1. Company's internal document approved by the General Shareholders Meeting and regulating procedures of General Meeting conduct is publicly available. 2. The Company ensures an available means of communication with the Company, such as "hot line", email or Internet forum enabling shareholders to express their opinion and file questions related to the agenda while preparing for General Meeting conduct. These actions were undertaken by the Company on the eve of every General Meeting conducted during the report period	Observed	
1.1.2	A procedure for notification about conduct of the General Meeting and provision of materials thereto helps shareholders to duly prepare for participation in the Meeting	1.The notice about General Meeting conduct is placed (published) on the website in the Internet at least 30 days prior to its conduct. 2. The notice about Meeting conduct specifies a place of its conduct and documents necessary to be admitted inside. 3. Shareholders were given access to information about people suggesting items on the agenda and people proposing candidates for Company's Board of Directors and the Audit Commission	Observed	
1.1.3	During preparation and conduct of the General Meeting shareholders could unrestrictedly and timely obtain information about the Meeting and materials thereto, put questions to Company's executive bodies and members of the Board of Directors, as well as to communicate with each other	1. In the reporting period shareholders were given an opportunity to put questions to members of Company's executive bodies and members of the Board of Directors on the eve and during conduct of annual General Meeting. 2. Position of the Board of Directors (including special opinions registered in the minutes) for every issue on the agenda of General Meetings conducted during the reporting period was included within materials to the General Shareholders Meeting. 3. The Company provided shareholders entitled to it with an access to a list of persons entitled to participate in the General Meeting, from the date of its receipt by the Company, in all cases of conduct of the General Meetings in the reporting period	Observed	
1.1.4	Enforcement of shareholder's right to ask for convening of the General Meeting, propose candidates for managerial bodies and make suggestions to General Meeting's agenda was not associated with unjustified difficulties	1. In the reporting period shareholders could make suggestions to annual General Meeting's agenda within at least 60 days after ending of the relevant calendar year. 2. In the reporting period the Company did not refuse to accept suggestions to the agenda or candidates to Company's bodies because of misprints and other insignificant drawbacks in a shareholder's proposal	Observed	
1.1.5	Every shareholder could unrestrictedly exercise the right to vote using the simplest and the most comfortable means	1. Company internal document (internal policy) contain provisions in accordance with which every member of the General Meeting may ask for a copy of a filled in bulletin certified by the Counting Commission before ending of the relevant Meeting	Observed	
1.1.6	Procedure of General Meeting conduct established by the Company ensures equal ability of all people present at the Meeting to express their opinion and ask their questions of interest	1. Position of the Board of Directors (including special opinions registered in the minutes) for every issue on the agenda of General Meetings conducted during the reporting period was included within materials to the General Shareholders Meeting	Observed	
1.2	Shareholders were given equal and fair possibility to participate in Company profit by collecting dividends			
1.2.1	The Company developed and implemented transparent and clear mechanism for assessment of dividends and their payment	1. Company dividend policy was developed, approved by the Board of Directors and disclosed. 2. In case Company dividend policy uses indices of Company reporting to assess dividends, the relevant provisions of the dividend policy take into account consolidated indices of financial reporting	Observed	

1.2.2	The Company does not make a decision on payment of dividends, in case such decision does not formally break restrictions imposed by Law but is economically unjustified and can lead to formation of false idea about Company activity	1. Company dividend policy contains clear indication of financial/economic circumstances in case of which the Company shall not pay dividends	Observed	
1.2.3	The Company prevents deterioration of dividend rights of the existing shareholders	1. In the reporting period the Company did not take actions leading to deterioration of dividend rights of the existing shareholders	Observed	
1.2.4	The Company tries to prevent usage by shareholders of other means of profit (revenue) making at Company's expense, except for dividends and liquidation cost	1. In order to prevent usage by shareholders of other means of profit (revenue) making at Company's expense, except for dividends and liquidation cost, Company's internal documents provide for control mechanisms securing timely identification and procedure for approval of transactions with persons affiliated (related) with substantial shareholders (people entitled to use votes falling on voting shares) in cases when the Law formally does not consider such transactions as interested party transactions	Not observed	Company internal documents does not provide for control mechanisms securing timely identification and procedure for approval of transactions with persons affiliated (related) with substantial shareholders (people entitled to use votes falling on voting shares) in cases when the Law formally does not consider such transactions as interested party transactions. Within the report period Company did not make such transactions, therefore, Company did not need to design special control mechanisms in regard to such transaction. This principle was previously represented in Corporate Management Code recommended by Bank of Russia (hereinafter – CMC), therefore, Company is guided by the Charter that provides for a reliable protection of dividend rights held by owners of common and privileged Company shares (subitems 6.2, 6.5 Cl. 6 of Company's Charter). Pursuant to norms of Company's Charter shareholders-owners of privileged shares shall be entitled to receive dividends together with shareholders owning Company's common shares. Should Company be liquidated by shareholders, owners of ordinary shares are entitled to obtain part of its property. In addition, shareholders owning privileged shares are entitled to receive the value paid upon liquidation of the Company (liquidation value) on privileged shares in the amount of 100% of the nominal value of preferred shares in a manner specified by the Federal Law "On Joint Stock Companies". These provisions of the Charter are sufficient to protect rights of shareholders owning ordinary and privileged shares of the Company. Should transaction condition change, Company shall take steps to develop control mechanisms in its internal documents that will ensure timely identification and approval of transactions with persons affiliated (linked) to significant shareholders by persons affiliated (linked) to significant shareholders (by persons entitled to dispose votes attributable to voting shares), in cases where the law does not formally recognize such transactions as transaction of interest.
1.3	System and practice of corporate governance ensure equal conditions for all shareholders owning shares of one category (type), including minority (small) shareholders and foreign shareholders, as well as equal attitude of the Company towards them			
1.3.1	The Company established conditions for equal attitude towards every shareholder on the part of managerial bodies and controlling authorities of the Company, including conditions preventing abuse on the part of principal shareholders in relation to minority shareholders	1. During the reporting period management procedures for potential conflicts of interest between substantial shareholders were efficient, while conflicts between shareholders, if any, were properly treated by the Board of Directors	Observed	
1.3.2	The Company takes no actions that lead or may lead to artificial distribution of corporate control	1. Quasi-treasury shares are absent or did not participate in voting throughout the reporting period	Observed	
1.4	Shareholders are provided with reliable and efficient means of share rights accounting, as well as with a possibility of free and light carve-out of shares belonging to them			
1.4	Shareholders are provided with reliable and efficient means of share rights accounting, as well as with a possibility of free and light carve-out of shares belonging to them	1. Quality and reliability of activity performed by Company's registrar in relation to keeping a register of placement owners comply with needs of the Company and its shareholders	Observed	
2.1	The Board of Directors performs strategic management of the Company, defines main principles and approaches to organization of a system of risk management and internal control in the Company, controls activity of Company's executive bodies, as well as implements other key functions			

2.1.1	The Board of Directors is responsible for making decisions related to appointment and removal from offices of the executive bodies, including due to improper performance of their obligations. The Board of Directors also controls that Company executive bodies act in accordance with the approved strategy of development and main directions of Company activity	1. The Board of Directors has authorities fixed in the Articles of Association to appoint, remove from office and determine conditions of agreements related to members of the executive bodies. 2. The Board of Directors considered the report (reports) of the sole executive body and members of the collegial executive body on performance of Company's strategy	Observed
2.1.2	The Board of Directors sets the main objectives of Company activity for a long-term perspective, assesses and approves key indices of activity and main business goals of the Company, assesses and approves a strategy and business plans for the main types of Company activity	1. During the reporting period the Board of Directors considered issues related to a course of execution and updating of the strategy, approval of Company financial and business plan (budget), as well as consideration of criteria and indices (including intermediate ones) of Company strategy and business plan implementation	Observed
2.1.3	The Board of Directors defines principles and approaches to organization of a system of risk management and internal control in the Company	1. The Board of Directors defined principles and approaches to organization of a system of risk management and internal control in the Company. 2. The Board of Directors assessed a system of risk management and internal control in the Company during the reporting period	Observed
2.1.4	The Board of Directors defines Company's policy for remuneration and (or) reimbursement of expenses (compensations) to members of the Board of Directors, executive bodies and other key managers of the Company	1. The Company developed and implemented a policy (policies) approved by the Board of Directors for remuneration and reimbursement of expenses (compensations) to members of the Board of Directors, executive bodies and other key managers of the Company. 2. During the reporting period the Board of Directors considered issues related to the specified policy (policies)	Observed
2.1.5	The Board of Directors plays a key role in prevention, identification and settlement of internal conflicts between Company's bodies, shareholders and employees	1. The Board of Directors plays a key role in prevention, identification and settlement of internal conflicts. 2. The Company established a system of identification of transactions related to a conflict of interests and a system of measures aimed at settlement of such conflicts	Observed
2.1.6	The Board of Directors plays a key role in securing Company transparency, timeliness and completeness of information disclosure by the Company, and easy access of shareholders to Company documents	1. The Board of Directors approved a provision on information policy. 2. The Company determined people responsible for implementation of information policy	Observed
2.1.7	Information on work of the Board of Directors is disclosed and provided to shareholders	1. The Board of Directors is accountable to Company shareholders	Observed
2.2	The Board of Directors is accountable to Company shareholders		
2.2.1	Information on work of the Board of Directors is disclosed and provided to shareholders	1. Company report for the reporting period includes information on attendance of meetings of the Board of Directors and Committees by separate directors. 2. The annual report contains information about the main results of work of the Board of Directors conducted in the reporting period	Observed
2.2.2	The Chairman of the Board of Directors is available for communication with Company's shareholders	1. The Company has a transparent procedure enabling shareholders to file questions to the Chairman of the Board of Directors and their relevant position	Observed
2.3	The Board of Directors is an efficient and professional managerial body of the Company capable of making objective and independent judgments and decisions complying with interests of the Company and its shareholders		
2.3.1	Only people with perfect business and personal reputation having knowledge, skills and experience necessary to make decisions belonging to the competence of the Board of Directors and to efficiently perform its functions are elected as members of the Board of Directors	1. Procedure for assessment of efficiency of Board of Directors' work adopted in the Company also includes assessment of professional qualification of members of the Board of Directors. 2. In the reporting period the Board of Directors (or its Nomination Committee) assessed candidates to the Board of Directors in terms of their possession of the required experience, knowledge and business reputation, absence of a conflict of interests etc.	Observed

2.3.2	Members of the Board of Directors are elected using a transparent procedure enabling shareholders to obtain information about the candidates that is sufficient to form an idea of their personal and professional qualities	1. In all cases of conduct of the General Shareholders Meeting in the reporting period agenda of which included issues on election of the Board of Directors, the Company provided shareholders with biographical data on all candidates to the Board of Directors, results of their assessment held by the Board of Directors (or its Nomination Committee), as well as information on compliance of the candidate with independence criteria subject to recommendations 102-107 of the Code and a written consent of the candidates to be elected within the Board of Directors	Observed
2.3.3	Composition of the Board of Directors is balanced, including in terms of qualification of its members, their experience, knowledge and business qualities, and is in the confidence of the shareholders	1. Within the procedure for assessment of Board of Directors' work held in the reporting period, the Board of Directors analyzed its own needs in the field of professional qualification, experience and business skills	Observed
	Quantitative composition of Company's Board of Directors enables organization of the most efficient work of the Board of Directors and enables substantial minority shareholders of the Company to elect a candidate they vote for within the Board of Directors	1. Within the frames of procedure for assessment of Board of Directors held in the reporting period, the Board of Directors considered an issue on compliance of quantitative composition of the Board of Directors with needs of the Company and interests of the shareholders	Observed
2.4	Composition of the Board of Directors has sufficient number of independent directors		
2.4.1	An independent director is a person possessing professionalism, experience and independence sufficient to form own position, able to make objective and good faith judgments independent from influence of Company's executive bodies, separate groups of shareholders or other interested parties. Whereby, it shall be noted that under usual conditions a candidate (an elected member of the Board of Directors) may not be deemed independent in case he/she is related to the Company, its substantial shareholder, substantial contractor or Company's competitor, or is related to a state	1. During the reporting period all independent members of the Board of Directors complied with independence criteria specified in recommendations 102-107 of the Code, or were recognized independent by the decision of the Board of Directors	Observed
2.4.2	Assessment of compliance of candidates to the Board of Directors with independence criteria is performed, as well as regular analysis of compliance of independent members of the Board of Directors with independence criteria. During such assessment content must prevail over form	1. In the reporting period the Board of Directors (or its Nomination Committee) formed an opinion about independence of every candidate to the Board of Directors and submitted the corresponding report to the shareholders. 2. During the reporting period the Board of Directors (or its Nomination Committee) at least once considered independence of current members of the Board of Directors specified by the Company in the annual report as independent directors. 3. The Company developed procedures determining the required actions to be taken by a member of the Board of Directors in case he/she ceases to be independent, including obligation for timely notification of the Board of Directors thereabout	Observed

2.4.3	Independent directors constitute at least one-third of the elected composition of the Board of Directors	1. Independent directors constitute at least one-third of the composition of the Board of Directors	Not observed	In 2018 Board of Directors included 11 directors, 2 of them were independent: Pinkhasik Veniamin Shmuilovich and Trubitsyn Kirill Andreevich. Within the report period during preparation of the Annual General Meeting of Company Shareholders candidates, not being independent directors, were nominated. However, Company strives to observe recommendations of Corporate Management Code to the extent of independency of Board of Directors members. Therewith, management shall regularly interact with representatives of shareholders (including interaction through meetings and negotiations) in order to form balanced content of Board of Directors that includes at least 1/3 of independent directors. Company ensures presentation for consideration of Company board of Directors on an issue of recognition of separate members of Company Board of Directors as independent thought formally these members do not meet independency criteria, taking into account quality of their work, qualification and voting for agenda issues of Board of Directors members. However, Company's management cannot influence content of Company Board of Directors, including issue on inclusion of a bigger number of independent directors, because candidates to members of Company Board of Directors are nominated by shareholders. Should Company shareholders nominate a sufficient number of independent directors during preparation to General Meeting of Shareholders, such recommendation shall be observed by Company
2.4.4	Independent directors play a key role in prevention of internal conflict in company and implementation of corporate actions by company	1. Independent directors (having no conflict of interests) preliminary assess significant corporation actions related to a potential conflict of interest, while results of such assessment are submitted to the Board of Directors	Observed	
2.5	Chairman of the Board of Directors facilitates the most efficient performance of functions imposed on the Board of Directors			
2.5.1	An independent director is elected as the Chairman of the Board of Directors, or a senior independent director is elected out of the selected independent directors to coordinate their work and interact with the Chairman of the Board of Directors	1. The Chairman of the Board of Directors is an independent director, or a senior independent director is elected out of the independent directors. 2. Role, rights and obligations of the Chairman of the Board of Directors (and, if applicable, of the senior independent director) are duly specified in Company's internal documents	Observed	
2.5.2	The Chairman of the Board of Directors ensures constructive atmosphere for conduct of the meetings, free discussion of items on the meeting agenda, and control over execution of decisions made by the Board of Directors	1. Efficiency of Chairman of the Board of Directors' work was assessed within the procedure for assessment of Board of Directors' efficiency in the reporting period	Observed	
2.5.3	The Chairman of the Board of Directors takes measures required for timely provision of members of the Board of Directors with information necessary to make decisions on issues on the agenda	1. Obligation of the Chairman of the Board of Directors to take measures required for timely provision of members of the Board of Directors with materials related to issues on the agenda of the meeting of the Board of Directors is fixed in Company's internal documents	Observed	
2.6	Members of the Board of Directors act reasonably and in good faith for the benefit of the Company and its shareholders subject to sufficient awareness, with due care and diligence			
2.6.1	Members of the Board of Directors make decisions inclusive of all available information in the absence of a conflict of interests, subject to equal attitude to Company shareholders, within the frames of usual entrepreneurial risk	1. According to Company internal documents, a member of the Board of Directors shall inform the Board of Directors in case of emergence of a conflict of interests in relation to any issue on the agenda of the meeting of the Board of Directors or Committee of the Board of Directors before discussing the relevant issue in the agenda. 2. According to Company's internal documents, a member of the Board of Directors shall refrain from voting on any issue in which he/she has a conflict of interests. 3. The Company has a procedure enabling the Board of Directors to get professional advice on issues belonging to its competence at Company's expense	Observed	

2.6.2	Rights and obligations of members of the Board of Directors are clearly formulated and fixed in Company internal documents	1. The Company adopted and published an internal document clearly defining rights and obligations of members of the Board of Directors	Observed	
2.6.3	Members of the Board of Directors have enough time perform their obligations	1. Individual attendance of the meetings of the Board and Committees, as well as time spent on preparation for participation in the meetings were taken into account within the procedure for assessment of the Board of Directors in the reporting period. 2. According to Company's internal documents, members of the Board of Directors shall notify the Board of Directors about their intention to join managerial bodies of other organization (except for Company's subsidiary and affiliated organizations), as well as about a fact of such appointment	Observed	
2.6.4	All members of the Board of Directors have equal possibility to access Company's documents and information. Newly elected members of the Board of Directors get sufficient information about the Company and work of the Board of Directors as soon as possible	1. According to Company's internal documents, members of the Board of Directors are entitled to access documents and make requests related to the Company and its subordinate organizations, and Company's executive bodies shall provide the relevant information and documents. 2. The Company has a formal program of introductory activities for newly elected members of the Board of Directors	Observed	
2.7	Meetings of the Board of Directors, preparation for them and participation in them of members of the Board of Directors ensure efficient work of the Board of Directors			
2.7.1	Meetings of the Board of Directors are held as necessary, subject to scales of activity and tasks of the Company during a particular period of time	1. The Board of Directors held at least six meetings during the reporting period	Observed	
2.7.2	Company internal documents set a procedure for preparation and conduct of meetings of the Board of Directors enabling members of the Board of Directors to properly prepare for its conduct	1. The Company approved an internal document setting a procedure for preparation and conduct of meetings of the Board of Directors, which, among other things, defines that notification about conduct of the meeting shall be usually sent at least 5 days prior to its conduct	Observed	
2.7.3	Form of conduct of the meeting of the Board of Directors is determined subject to importance of issues on the agenda. The most important issues are settled at meetings held in presentia	1. Company Charter or internal document defines that the most important issues (according to the list specified in recommendation 168 of the Code) shall be considered at meetings in presentia of the Board	Observed	
2.7.4	Decisions for the most important issues of Company's activity are made at the meeting of the Board of Directors by qualified majority or majority of votes of all elected members of the Board of Directors	1. Company Charter defines that decisions for the most important issues specified in recommendation 170 of the Code are made at the meeting of the Board of Directors by qualified majority of at least three-quarter of votes or majority of votes of all elected members of the Board of Directors	Partially observed	Company Charter does not provide passing resolutions for major issues stated in recommendation 170 to the Code, such resolutions shall be passed by a qualified majority at the meetings of Board of Directors, which shall be at least three third or by majority of votes of all elected members of Company Board of Directors. Item 18.8 of Company Charter determined cases for passing resolutions for major issues of Company activity by a qualified majority from total number of members of Board of Directors. Item 18.10 of Company Charter determined cases when resolutions of Company Board of Directors were passed by three third of members of Company Board of Directors participating in a meeting. Moreover, according to an analysis, Company actually complies with the recommendation of the Code, namely, all resolutions (except resolutions with a special resolution making procedure determined by legislation of the Russian Federation) shall be passed by majority of votes of all members of Company Board of Directors. In 2019 Company at Annual General meeting of Shareholders plans to make amendments to subitem 18.10 of Company's Charter, pursuant to which resolution for major issues shall be passed at a meeting of Company Board of Directors by majority of votes of all elected members of Company Board of Directors, not dropped out
2.8	The Board of Directors establishes committees for preliminary consideration of the most important issues of Company's activity			
2.8.1	Company's Audit Committee composed of independent directors was established for preliminary consideration of issues related to control over Company's financial and economic activity	1. The Board of Directors formed the Audit Committee composed of independent directors only. 2. Company internal documents define tasks of the Audit Committee, including tasks specified in recommendation 172 of the Code. 3. At least one member of the Audit Committee, who is an independent director, possesses experience and knowledge in the sphere of preparation, analysis, assessment and audit of accounting (financial) reporting. 4. Meetings of the Audit Committee were held at least once a quarter during the reporting period	Partially observed	Criterion No. 1 is not observed. Audit Committee consists of 5 people, 2 of them are independent directors. (V. S. Pinkhasik and K. A. Trubitsyn) In its turn PJSC MICEX allows inclusion of persons having a professional experience and competence in the field of audit and finance, to the Committee, that allows these members to effectively implement its functions. Apart from the independent members of Company Board of Directors, members of Audit Committee include members of Board of Directors who have knowledge and experience in preparation, analysis, evaluation and audit of accounting (financial) statements that can make independent judgments actively participating in the work of the Committee (if necessary, request additional information on the issues considered at the Committee and require management responses to difficult, critical questions, make decisions guided by long-term interests of Company and its shareholders), as well as non-members of Company executive bodies. The Audit Committee is headed by an independent director, K. A. Trubitsyn. Company strives to form an Audit Committee from independent members of Company Board of Directors. Nevertheless, the implementation of this Codex recommendation is possible only if general number of independent directors for formation of the Committee in the quantitative composition set forth in the Regulations on the Audit Committee is elected at the Annual General Meeting of Shareholders following the results of 2018. To the extent of observation of criterion No. 3. One members of the Audit Committee, being an independent director and experienced and qualified in the field of analysis, evaluation and audit of accounting (financial) statement is V. S. Pinkhasik. Should a sufficient number of independent directors be nominated by Company shareholders in preparation for the General Meeting of Shareholders, the Audit Committee will be formed from independent directors of the Company To the extent of observation of criterion No. 4 . In 2018 5 meeting sin presentia of Audit Committees were held 5 (Q1 – 2 meetings, Q2 – 1 meeting, Q3 – 1 meeting, Q4 – 1 meeting).

2.8.2	The Remuneration Committee composed of independent directors and headed by an independent director who is not the Chairman of the Board of Directors was established for preliminary consideration of issues related to formation of efficient and transparent practice of remuneration	1. The Board of Directors established the Remuneration Committee composed of independent directors only. 2. The Chairman of the Remuneration Committee is an independent director who is not the Chairman of the Board of Directors. 3. Company internal documents define tasks of the Remuneration Committee, including tasks specified in recommendation 180 of the Code	Not observed	Criteria No. 1 and 2 are not observed. Company established Committee for Personnel and Remuneration, which includes only one independent director – Trubitsyn K. A. In addition to independent members of Company Board of Directors, Committee for Personnel and Remuneration includes members of Company Board of Directors who have special knowledge attributed to a competence of the Committee, able to make independent judgments actively participating in the work of the Committee (if necessary, request additional information on issues and require management answers to difficult, critical questions, make decisions guided by the long-term interests of the Company and its shareholders) as well as non-members of the executive bodies of the Company. Company seeks to form a Personnel and Remuneration Committee from independent members of Company Board of Directors. Should a sufficient number of independent directors be nominated by shareholders of the Company in preparation for the General Meeting of Shareholders, the Personnel and Remuneration Committee will be formed from independent directors of the Company. Criterion No. 3 is partially observed. The tasks of the Committee for Personnel and Remuneration specified in its Regulation approved at the meeting of Company Board of Directors (Minutes No. 143/14 dated July 25, 2014) partially comply with recommendations of Cl. 180 of the Corporate Management Code. Based on the developed Roadmap for improving an efficiency of corporate management. Main tasks that are not provided by Regulation on the Committee for Personnel and Remuneration in accordance with Cl. 180 of Corporate Management Code include: development of recommendations to Board of Directors for determining the amount of remuneration and principles for awarding the corporate secretary, as well as a preliminary assessment of work performed by corporate secretary of the Company and bonus payments proposal. selection of an independent consultant for issues on remuneration of members of Company executive bodies and other key management employees, and should Company policy provide for a compulsorily holding of competition procedures for selection of competition procedures and implementation of a role to be played by competition committee; supervision over introduction and implementation of Company's policy for remuneration and various motivation programs; Competence of the Committee for Personnel and Remuneration in accordance with the Regulations includes the following issues containing recommendations of Cl. 180 of the Corporate Management Code: Regular assessment of activities of a person acting as a sole executive body (management company, manager) and members of the collective executive body of the Company and preparing proposals for Board of Directors on the possibility of their reappointment; Development of principles and criteria for determining the amount of remuneration to be paid to members of Board of Directors, members of collegial executive body and person acting as a sole executive body of the Company, including the management company or manager. In 2019 Company plans to develop, coordinate and initiate amendments to the Regulation on the Personnel and Remuneration Committee with inclusion of tasks contained of Cl. 180 of the Corporate Management Code.
2.8.3	The Nomination (Appointment, Staff) Committee mainly composed of independent directors was established for preliminary consideration of issues related to staff planning (succession planning), professional composition and efficiency of work of the Board of Directors	1. The Board of Directors established the Nomination Committee (or its tasks specified in recommendation 186 of the Code are realized within the frames of another committee) mainly composed of independent directors. 2. Company internal documents define tasks of the Nomination Committee (or the relevant committee with combined functions), including tasks specified in recommendation 186 of the Code	Partially observed	To the extent of observation of criterion No. 1. Company has established the Personnel and Remuneration Committee, which also performs as Committee on Nominations (subitem 4, item 2, clause 2 of the Regulation on committee for Personnel and Remuneration determined criteria for selection of members of candidates to members of Company Board of Directors, members of collegiate executive body, as well as a preliminary assessment of these candidates, etc.). To the extent of independent directors the information is presented in sub. 2.8.2. Criterion No. 2 is partially observed 2. Tasks of the Personnel and Remuneration Committee of Company Board of Directors specified in the Regulation on Committee on Personnel and Remunerations approved at the meeting of Company Board of Directors (Minutes No. 143/14 of 25.07.2014) partially comply with the recommendations of Cl. 186 of Corporate Management Code. Main tasks that are not provided by Regulations on the Committee for Personnel and Remuneration in accordance with Cl. 186 of Corporate Management Code include: analysis of professional qualifications and independence of all candidates nominated to Company Board of Directors; supervision over introduction and implementation of Company's remuneration policy and various motivation programs; development of recommendations to Board of Directors for determining the amount of remuneration and principles for awarding the corporate secretary, as well as a preliminary assessment of work performed by corporate secretary of the Company and bonus payments proposal; preparation of report on the practical implementation of the principles of remuneration policy in regard to members of Board of Directors, members of Company's executive bodies and other key executives for inclusion in the Company's annual report and other documents; control over disclosure of information on policies and practices of remuneration and ownership of Company shares by members of the Board of Directors, as well as members of collegial executive bodies and other key executives in the annual report and on Company's corporate website on the Internet; evaluation of content of Company Board of Directors from the point of professional specialization, experience, independence and involvement of its members in the work of Board of Directors, identification of priority areas for strengthening the content of Company Board of Directors; description of individual responsibilities of the directors and the chairman of Company Board of Directors, including determining the time to be given to issues on Company activities, within and outside the meetings, in the course of planned and unplanned work. This description (separate for a member of the Board of Directors and for its Chairman) must be approved by Company Board of Directors and handed over for examination to each new member of the Board of Directors and its Chairman after their election. annually conducting a detailed formalized self-assessment procedure or external evaluation of Company Board of Directors and committees of Company Board of Directors from a standpoint of the effectiveness of their work as a whole, as well as individual contribution of members of the Board of Directors to the work of Company Board of Directors and its Committees; Company Board of Directors and its Committees, preparing a report on the results of self-assessment or external evaluation for inclusion in the Company's annual report; the formation of an introductory course program for newly elected members of Company Board of Directors, aimed at familiarizing new directors with key assets of the Company, its strategy, business practices adopted

		in the Company, the organizational structure of the Company and key executives of the Company, as well as the procedures of the Board of Directors of the Company as well as overseeing the practical implementation of the introductory course; development of a program of training and advanced training for members of Company Board of Directors, taking into account individual needs of its members, as well as overseeing practical implementation of this program; making recommendations to the Board of Directors of the Company in relation to candidates for the position of the Company's corporate secretary. Nevertheless, Committee on Personnel and Remuneration, guided by Art. 186 of Corporate Management Code considered the following issues related to the competence of Nomination Committee in the reporting period: "On the preliminary assessment of candidates to the Board of Directors of IDGC of Siberia, PJSC (Minutes No. 91 dated 27. 04. 2018)"; "On recommendations to Board of Directors to determine the status of a member of Company Board of Directors" (Minutes No. 95 of June 15, 2017) "On preliminary consideration of the report of the Personnel and Remuneration Committee of Company Board of Directors on the work done in the 2017-2018 corporate year" (Minutes No. 93 dated May 31, 2017); "On recommendations to the Board of Directors of IDGC of Siberia, PJSC on the issue "On consideration of results of self-assessment of the performance of the Board of Directors and Committees of the Board of Directors of IDGC of Siberia, PJSC for the 2017-2018 corporate year" (Minutes No. 98 dated December 7, 2018). In 2019 Company plans to develop, coordinate and initiate amendments to the Regulation on the Personnel and Remuneration Committee with inclusion of tasks contained of Cl. 180 of the Corporate Management Code.	
2.8.4	Subject to scales of activity and level of risks, the Board of Directors made sure that composition of its committees absolutely complies with goals of Company activity. Additional committees were either formed or recognized unnecessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budgets Committee, Health Care, Safety and Environmental Committee etc.)	1. In the reporting period Company Board of Directors considered an issue on compliance of composition of its committees with tasks of the Board of Directors and goals of Company activity. Additional committees were either formed or recognized unnecessary	Not observed	In 2018 Company Board of Directors did not consider the issue of compliance of content of its committees with objectives of the Board of Directors and objectives of the Company. Additional committees were not created in connection with the established practice of corporate governance in Company. Based on results of the self-assessment of work performed by Board of Directors and Committees of Company Board of Directors for 2017-2018 corporate year, it can be concluded that number and specialization of existing committees under the Board of Directors are optimal in terms of performing their functions of supporting the work of the Board on all key issues of competence and changes not required. However, in 2019 Company plans to consider an inclusion of the competence of the Committee for Strategy, Development, Investments and Reform with Company Board of Directors to consider issues related to implementation of innovation activities to the Company
2.8.5	Composition of the committees is defined so as to enable thorough discussion of preliminary considered issues inclusive of different opinions	1. Committees of the Board of Directors are headed by independent directors. 2. Company internal documents (policies) contain provisions subject to which people not included within the Audit Committee, Nomination Committee and Remuneration Committee may attend meetings of these committees only at the invitation of the relevant committee	Parially observed	Criterion No. 1 is partially observed. Information on observation of criterion No. 1 is presented in subitem 2.8.1, 2.8.2. Criterion No. 2 is observed
2.8.6	Chairmen of the committees regularly inform the Board of Directors and its Chairman about work of their committees	1. During the reporting period Chairmen of the committees regularly reported about work of their committees to the Board of Directors	Observed	
2.9	The Board of Directors ensures assessment of quality of work performed by the Board of Directors, its committees and members of the Board of Directors			
2.9.1	Assessment of quality of made performed by the Board of Directors is aimed at determination of degree of efficiency of work performed by the Board of Directors, committees and members of the Board of Directors, compliance of their work with needs of Company development, activation of work of the Board of Directors and identification of areas activity in which can be improved	1. Self-assessment or exterior assessment of work performed by the Board of Directors made in the reporting period included assessment of work performed by committees, separate members of the Board of Directors and the Board of Directors in general. 2. Results of self-assessment or exterior assessment of the Board of Directors made in the reporting period were considered at the meeting in presentia of the Board of Directors	Observed	
2.9.2	Assessment of work performed by the Board of Directors and its committees and members is made on a regular basis at least once a year. In order to make an independent assessment of Board of Directors' work, an external organization (consultant) is engaged at least once per three years)	1. In order to make an independent assessment of quality of Board of Directors' work during the last three reporting periods, an external organization (consultant) was engaged by the Company at least once)	Not observed	In accordance with i. 5.4 of the Regulation on Company Board of Directors, Company Board of Directors shall annually appraise efficiency of work performed by Board of Directors, independently (self-appraisal) or with engagement of independent external organization (consultant) sufficiently qualified for such appraisal. In accordance with cl. 2.9.2 of the Code work of Board of Directors, Committees and members of Board of Directors shall be evaluated regularly, at least once a year. In order to hold an independent evaluation of work performed by Board of Directors it is recommended to periodically, at least once in three years, to engage an external organization (consultant). At the meeting of Company Board of Directors, Methodology for evaluating the work of the Board of Directors and Committees of the Board of Directors of IDGC of Siberia, PJSC was approved (Minutes dated 25.05.2018 No. 282/18). In 2018 self-assessment of the performance by Board of Directors and Committees of the Board of Directors was held for the 2017-2018 corporate year. Results of self-assessment were reviewed at the meeting of the Personnel and Remuneration Committee on 07.12.2018 (Minutes dated December 7, 2017 No. 98) and the meeting of the Board of Directors on 28.12.2018 (Minutes dated December 28, 2017 No. 306/18). In accordance with the sub. 1.1. Methodology for evaluating the work of Board of Directors and Committees of Board of Directors of PJSC IDGC of Siberia evaluation of the activities performed by Board of Directors and Committees of Company Board of Directors is carried out once every three years (if necessary) by an independent external organization (consultant) engaged on a competitive basis. In 2020 Company plans to involve an external organization (consultant) when evaluating the work of Board of Directors and Committees of the Company Board of Directors for 2019-2020 corporate year
3.1	Company Corporate Secretary performs efficient current interaction with shareholders, coordinates Company activity on protection of shareholders' rights and interests, and supports efficient work of the Board of Directors			
3.1.1	The Corporate Secretary possesses knowledge, experience and qualification sufficient for performance of obligations placed on him/her and perfect reputation, and is in the confidence of the shareholders	1. Company adopted and disclosed an internal document – Provision on the Corporate Secretary. 2. Company website in the Internet and its annual report contain biographical information about the Corporate Secretary with the same details as about members of the Board of Directors and Company's executive management	Observed	
3.1.2	Corporate Secretary possesses sufficient independence from Company's executive bodies and has authorities and resources necessary to perform his/her tasks	1. The Board of Directors approves appointment, removal from office and additional remuneration of the Corporate Secretary	Observed	
4.1	Level of remuneration paid by the Company is sufficient for attraction, motivation and retention of people possessing competence and qualification required by the Company. Remuneration to members of the Board of Directors, Company executive bodies and other key managerial officers are paid subject to the remuneration policy adopted in the Company			

4.1.1	Level of remuneration paid by the Company to members of the Board of Directors, executive bodies and other key managerial officers creates motivation sufficient for their efficient work, and enables the Company to attract and retain competent and qualified specialists. Therewith, the Company avoids paying remuneration that is bigger than necessary, as well as creating unjustifiably great gap between remuneration levels of these persons and Company employees	1. Company adopted internal document (document), namely, policy for remuneration of members of Board of Directors, executive bodies and other key employees, that strictly determines approaches to remuneration of the persons	Observed
4.1.2	Company Remuneration Policy was developed by the Remuneration Committee and approved by Company's Board of Directors. The Board of Directors with support of the Remuneration Committee ensures control over implementation and realization of the Remuneration Policy in the Company and, if necessary, revises and amends it	1. During the reporting period the Remuneration Committee considered the Remuneration Policy (Policies) and practice of its (their) implementation and, if necessary, gave the corresponding recommendations to the Board of Directors	Observed
4.1.3	Company Remuneration Policy contains transparent mechanisms for assessing remunerations for members of the Board of Directors, Company's executive bodies and other key managerial officers, as well as regulates all types of payments, benefits and perquisites due to such people	1. Company Remuneration Policy (Policies) contains (contain) transparent mechanisms for assessing remunerations for members of the Board of Directors, Company's executive bodies and other key managerial officers, as well as regulates (regulate) all types of payments, benefits and perquisites due to such people	Observed
4.1.4	The Company defines a policy on reimbursement of expenses (compensations) specifying a list of expenses subject to reimbursement and a level of servicing which members of the Board of Directors, Company's executive bodies and other key managerial officers may seek. Such policy can be a component part of Company's Remuneration Policy	1. The Remuneration Policy (Policies) or other Company's internal documents define rules of reimbursement of expenses incurred by members of the Board of Directors, Company's executive bodies and other key managerial officers	Observed
4.2	System of remuneration of members of the Board of Directors ensures approximation of directors' financial interests with shareholders' long-term financial interests		
4.2.1	The Company pays fixed annual remuneration to members of the Board of Directors. The Company does not pay remuneration for participation in separate meetings of the Board or committees of the Board of Directors. The Company does not use forms of short-term motivation and additional material encouragement in relation to members of the Board of Directors	1. Fixed annual remuneration was the only monetary form of remuneration of member of the Board for Directors for their work in the Board of Directors during the reporting period	Observed
4.2.2	Long-term holding of Company shares to the maximum extent facilitates approximation of financial interests of members of the board of Directors with long-term shareholders' interests. Therewith, the Company does not condition rights for disposition of shares by achievement of particular performance indicators, and members of the Board of Directors do not participate in stock option plans	1. In case internal document (documents) – Company's Remuneration Policy (Policies) stipulates provision of Company shares to members of the Board of Directors, clear rules of holding of the shares by members of the Board of Directors shall be developed and disclosed in order to stimulate long-term holding of the shares	Observed
4.2.3	The Company does not provide for any additional payments or compensations in case of early termination of authorities of members of the Board of Directors due to change of control over the Company or other circumstances	1. The Company does not provide for any additional payments or compensations in case of early termination of authorities of members of the Board of Directors due to change of control over the Company or other circumstances	Observed
4.3	System of remuneration of members of Company's executive bodies and other key managerial officers implies for dependence of remuneration on result of Company's work and their personal contribution into achievement of this result		
4.3.1	Remuneration of members of Company executive bodies and other key managerial officers is determined so as to ensure reasonable and justified correlation of fixed part of remuneration and variable part of remuneration depending on results of Company work and personal (individual) contribution of an employee into the final result	1. During the reporting period annual efficiency indicators approved by the Board of Directors were used to assess variable remuneration of members of Company's executive bodies and other key managerial officers. 2. During the last evaluation of the system of remuneration of members of Company's executive bodies and other key managerial officers, the Board of Directors (the Remuneration Committee) made sure that the Company efficiently correlates fixed and variable parts of remuneration. 3. The Company provides for a procedure securing return of premium payments illegally received by members of Company's executive bodies and other key managerial officers to the Company	Observed
4.3.2	The Company implemented a program of long-term motivation of members of Company's executive bodies and other key managerial officers using Company's shares (options or other derivative financial instruments using Company's shares as underlying assets)	1. The Company implemented a program of long-term motivation of members of Company's executive bodies and other key managerial officers using Company's shares (financial instruments based on Company's shares). 2. The program of long-term motivation of members of Company's executive bodies and other key managerial officers implies that a right to dispose of shares and other financial instruments used in such program arises only in three years after their provision. Whereby, the right for their disposal is conditioned by achievement of particular indicators of Company's activity	Not observed	Company did not adopt a long-term motivation program for members of the executive bodies and other key managers of Company using the Company's shares (financial instruments based on Company's shares). However, a number of the Company's free float (ree – float) is less than 4%. Use of this tool, as well as motivation programs tied to growth of capitalization, will be ineffective, because the smaller the number of shares in circulation and the higher the volumes, the greater the price movements can be. In order to reduce the impact of changes in price of shares, Company entered into two agreements with market makers. This measure will make it possible to consider the possibility of implementing a program of long-term motivation of members of the executive bodies and other key managers of the company using the Company's shares. In 2019-2020 Company plans to develop, coordinate and initiate the approval by Company Board of Directors of a long-term motivation program for members of executive bodies and other key managers of the company using the company's shares
4.3.3	A sum of compensation (golden parachute) payable by the Company in case of early termination of authorities of members of executive bodies or key managerial officers at the initiative of the Company and in the absence of unfair act on their part shall not exceed twofold of the fixed part of annual remuneration	1. A sum of compensation (golden parachute) payable by the Company in case of early termination of authorities of members of executive bodies or key managerial officers at the initiative of the Company and in the absence of unfair act on their part did not exceed twofold of the fixed part of annual remuneration in the reporting period	Observed	
5.1	Company established an efficiently functioning system of risk management and internal control aimed at securing reasonable confidence in achievement of goals set to the Company			
5.1.1	The Board of Directors determined principles and approaches to organization of a system of risk management and internal control in the Company	1. Functions of various Company's managerial bodies and subdivisions within the system of risk management and internal control are clearly defined in internal documents/relevant policy of the Company approved by the Board of Directors	Observed	
5.1.2	Company executive bodies ensure creation and maintenance of functioning of an efficient system of risk management and internal control in the Company	1. Company executive bodies ensured distribution of functions and authorities in relation to risk management and internal control between their accountable managers (heads) of subdivisions and departments	Observed	
5.1.3	The system of risk management and internal control in the Company ensures objective, fair and clear idea about Company current status and perspectives, integrity and transparency of Company's reporting, soundness and acceptability of risks accepted by the Company	1. Company approved anti-corruption policy. 2. The Company organized an available means of informing the Board of Directors or the Audit Committee within the Board of Directors about facts of breach of legislation, internal procedures and Company's code of ethics	Observed	
5.1.4	Company Board of Directors takes the required measures to make sure that current system of risk management and internal control of the Company complies with principles and approaches to its organization defined by the Board of Directors, and effectively functions	1. During the reporting period the Board of Directors or the Audit Committee within the Board of Directors assessed efficiency of the system of risk management and internal control of the Company. Information about main results of such assessment is included in Company annual report	Observed	
5.2	In order to make systematic independent assessment of reliability and efficiency of the system of risk management and internal control and practice of corporate governance, the Company organizes an internal audit			

5.2.1	For the purposes of conduct of an internal audit, the Company established a separate structural subdivision or engaged an independent external organization. Functional and administrative accountability of the internal audit subdivision are separated. Functional internal audit subdivision is subordinate to the Board of Directors	1. For the purposes of conduct of an internal audit, the Company established a separate structural subdivision on internal audit that is functionally subordinate to the Board of directors or the Audit Committee, or engaged an independent external organization with the same principle of accountability	Observed	
5.2.2	The internal audit subdivision makes assessment of efficiency of the system of internal control, assessment of efficiency of the system of risk management, as well as of the system of corporate governance. The Company uses general performance standards in the sphere of internal audit	1. During the reporting period within the frames of internal audit the system of internal control and risk management was assessed. 2. The Company uses general approaches to internal control and risk management	Observed	
6.1	The Company and its activity are transparent for the shareholders, investors and other interested parties			
6.1.1	The Company developed and implemented information policy ensuring efficient informational interaction of the Company, shareholders, investors and other interested parties	1. The Board of Directors approved Company's information policy developed subject to recommendations of the Code. 2. The Board of Directors (or one of its committees) considered issues related to compliance of the Company with its information policy at least once in the reporting period	Not observed	To the extent of observation of criterion No. 1. At a meeting of Company Board of Directors Regulation on the information policy, developed taking into account the recommendations of the Code, was approved (the Minutes No. 273/18 on 30.03.2018). Criterion No. 2 is not observed. In accordance with the sub. 10.4. Regulation on Company's information policy, sole executive body (General Director) annually, not later than 90 days after the end of a reporting year, submits to Board of Directors a report on compliance with the Company's Information Policy. In 2019 Company plans to implement measures to include in a work plan of Board of Directors an issue related to Company's compliance with its information policy
6.1.2	The Company discloses information about the system and practice of corporate governance, including detailed information about compliance with principles and recommendations of the Code	1. The Company discloses information about the system of corporate governance in the Company and general principles of corporate governance used in the Company, including on Company's website in the Internet. 2. The Company discloses information about composition of executive bodies and the Board of Directors, independence of members of the Board and their membership in committees of the Board of Directors (subject to definition of the Code). 3. If there is a person controlling the Company, the Company publishes a memorandum of the controlling person in regard to plans of such person related to corporate governance in the Company	Partially observed	Criterion No. 1 is observed.Criterion No. 2 is observed.Criterion No. 3 is not observed. Information on the fact that controlling shareholder has a special memorandum regarding plans for corporate governance in PJSC IDGC of Siberia is missing. Procedure for the interaction of a controlling person with the Company is determined by the document – the Procedure for interaction of PJSC "Russian Grids" with business entities whose shares are owned by the Company. This document is published on the website of the person controlling IDGC of Siberia. Subject to the receipt of this document by Company, it will be published in accordance with the recommendations of the Corporate Management Code
6.2	The Company timely discloses complete, up-to-date and reliable information about the Company to ensure a possibility of Company shareholders and investors to make justified decisions			
6.2.1	The Company discloses information subject to principles of regularity, sequencing and efficiency, as well as availability, reliability, completeness and comparability of data being disclosed	1. Company information policy defines approaches and criteria for identification of information capable of having significant influence with Company's assessment and cost of its securities, as well as procedures ensuring timely disclosure of such information. 2. In case Company securities are circulated at foreign organized markets, significant information shall be disclosed synchronously and equivalently in the Russian Federation and at such markets during the reporting period. 3. In case foreign shareholders own a significant number of Company's shares, information shall be disclosed not only in the Russian language but also in one of the most widely spread foreign languages during the reporting period	Observed	
6.2.2	The Company avoids formal approach to disclosure of information and discloses significant information about its activity even if disclosure of such information is not implied by Law	1. During the reporting period the Company was disclosing annual and semiannual financial reporting formed subject to IFRS. Company's annual report for the reporting period included annual financial reporting formed subject to IFRS and the audit opinion. 2. The Company discloses complete information about structure of Company's capital in accordance with Recommendation 290 of the Code in the annual report and on Company's website in the Internet	Observed	
6.2.3	Annual report, being one of the most important instruments of informational cooperation with shareholders and other interested parties, contains information enabling assessment of results of Company's activity for a year	1. Company annual report contains information about key aspects of Company's operational activity and its financial results. 2. Company annual report contains information about environmental and social aspects of Company activity	Observed	
6.3	Company provides information and documents at requests of shareholders subject to principles of fairness and unburdenness			
6.3.1	The Company provides information and documents at requests of shareholders subject to principles of fairness and unburdenness	1. Company information policy defines an unburdesome procedure for provision of shareholders with access to information, including information about legal entities subordinate to the Company, at request of shareholders	Observed	
6.3.2	When providing shareholders with information, the Company secures reasonable balance between interests of particular shareholders and interests of the Company interested in preservation of confidentiality of important commercial information that can have great influence with its competitive ability	1. During the reporting period the Company did not refuse to satisfy shareholders' requests for provision of information, or such refusals were justified. 2. In cases defined by Company's information policy, shareholders were warned about confidential nature of information and undertook to preserve its confidentiality	Observed	
7.1	Actions that influence or may significantly influence on structure of Company authorized capital and its financial status and, accordingly, status of shareholders (significant corporate actions) are performed under fair conditions ensuring observance of rights and interests of shareholders and other interested parties			
7.1.1	Significant corporate actions are reorganization of the Company, acquisition of 30 and more % of Company's voting shares (merger), making significant transactions by the Company, increase or decrease of Company's authorized capital, listing or delisting of Company's shares, as well as other actions that can lead to significant change in shareholders' rights or abuse of their interests. Company's Articles of Association has a list (criteria) of transactions or other actions constituting significant corporate actions; such actions belong to competence of Company's Board of Directors	1. Company Charter has a list of transactions or other actions constituting significant corporate actions and criteria for their identification. Making decisions related to significant corporate actions belong to competence of the Board of Directors. In cases when performance of these corporate actions is directly referred to competence of the General Shareholders Meeting by Law, the Board of Directors gives relevant recommendations to the shareholders. 2. According to Company Charter, significant corporate actions include at least: reorganization of the Company, acquisition of 30 and more % of Company voting shares (merger), making significant transactions by the Company, increase or decrease of Company authorized capital, and listing or delisting of Company shares	Observed	
7.1.2	The Board of Directors plays an important role in making decisions or giving recommendations related to significant corporate actions; the Board of Directors relies on opinion of Company independent directors	1. The Company has a procedure in accordance with which independent directors claim their position in relation to significant corporate actions prior to their approval	Observed	
7.1.3	When performing significant corporate actions influencing rights and legal interests of shareholders, equal conditions for all Company's shareholders shall be created; and if there are not enough legal mechanisms aimed at defense of shareholders' rights, – additional measures protecting rights and legal interests of Company's shareholders. Whereby, the Company follows not only formal legal requirements, but also principles of corporate governance listed in the Code	1. Company has a procedure in accordance with which independent directors claim their position in relation to significant corporate actions prior to their approval. 2. Company Charter sets lower minimal criteria for inclusion of Company transactions within significant corporate actions as compared to those defined by Law due to specificities of Company activity	Observed	
7.2	The Company ensures a procedure for performance of significant corporate actions enabling shareholders to timely obtain complete information about such actions and to influence performance of such actions, as well as guarantees observance and adequate level of protection of their rights when performing such actions			

7.2.1	Information about performance of significant corporate actions is disclosed with explanation of reasons, conditions and consequences of their performance	1. During the reporting period the Company timely and in detail was disclosing information about Company's significant corporate actions, including grounds and terms of their performance	Observed	
7.2.2	Rules and procedures related to performance of significant corporate actions by the Company are fixed in Company's internal documents.	1. Company internal documents provide a procedure for engagement of an independent appraiser for assessment of cost of property disposed of or purchased within a big transaction or related-party transaction. 2. Company internal documents provide a procedure for engagement of an independent appraiser for assessment of cost of purchase and repurchase of Company shares. 3. Company internal documents contain an extended list of grounds due to which members of Company Board of Directors and other persons defined by Law are recognized interested in Company transactions	Partially observed	Criterion No. 1 is observed.Criterion No. 2 is not observed.Criterion No. 3 is not observed. Company internal documents do not provide for an expanded list of grounds on which members of Board of Directors and other persons provided for by law are deemed to be interested in the Company's transactions. In accordance with the established corporate governance practice, persons interested in the transaction are recognized as such in accordance with requirements of the Federal Law "On Joint-Stock Companies". In addition, all key executives of the Company are members of the collegial executive body and may be recognized as interested parties in the execution of transactions in accordance with the requirements of the Federal Law "On Joint Stock Companies". Therewith, Company plans to consider the possibility of expanding the list of grounds on which members of the Board of Directors and other persons provided for by law are deemed interested in the company's transactions

Appendix No. 4
Information on remuneration and compensations paid to members of Board of Directors and Company Corporate Secretary

INFORMATION ON REMUNERATION AND COMPENSATIONS PAID TO MEMBERS OF BOARD OF DIRECTORS FOR 2017 (THSD RUB.)

No.	Full name	Basic remuneration, acquired	Addition remuneration for acting as a chairman in Board of Directors and membership in committees with Board of Directors, accrued	Compensation of expenses connected with participation in Board of Directors
1	Vitaly Pavlovich Bobrov	692	22	98
2	Mikhail Aleksandrovich Bychko	692	69	194
3	Denis Lvovich Guryanov	692	139	98
4	Ekaterina Andreevna Kosogova	692	70	1,0
5	Michail Varfolomeevich Kuznetsov	692	0	0
6	Veniamin Shmuilovich Pinkhasik	692	208	156
7	Egor Viacheslavovich Prokhorov		Consent for disclosure of information was not obtained	
8	Ladimir Valerievich Rashevsky	692	0	0
9	Kirill Andreevich Trubitsyn	692	208	4
10	Aleksandr Nikolaevich Fadeev	692	208	331

INFORMATION ON REMUNERATION AND COMPENSATIONS PAID TO MEMBERS OF BOARD OF DIRECTORS FOR 2016 (THSD RUB.)

No.	Full name	Basic remuneration, acquired	Remuneration for membership in committees with Board of Directors, accrued	Compensation of expenses connected with participation in Board of Directors, rub.
1	Aleksandr Nikolaevich Fadeev	900.0	–	93.9
2	Vitaly Pavlovich Bobrov	671.9	–	–
3	Mikhail Aleksandrovich Bychko	761.5	–	–
4	Denis Lvovich Guryanov	900.0	20.7	–
5	Ekaterina Andreevna Kosogova	900.0	34.5	82.9
6	Veniamin Shmuilovich Pinkhasik	–	–	85.5
7	Kirill Andreevich Trubitsyn	900.0	34.5	84.5
8	Yury Vladimirovich Sheibak	692.3	–	149.9
9	Mikhail Varfolomeevich Kuznetsov	692.3	–	–
10	Vladimir Valerievich Rashevsky	692.3	–	–

Appendix No. 5
Table for compliance of report text to management indicators (GRI)

No.	Index	Name of an index	Disclosure	Regulation in Report
Strategy and Analysis				
1.	G4-1	Application of the Chief Head who makes decisions regarding meaning of stable development for organization and strategy used by the Company when solving issues of stable development	Full	Joint application addressed to shareholders made by Chairman of Board of Directors and Company Director General
2.	G4-2	Description of key interaction, risks and opportunities	Full	4.8. Internal control and risk management
Company's profile				
3.	G4-3	Name of an organization	Full	1.2. History of development. Structure and geography of activity
4.	G4-4	Main brands and types of products and/or services	Full	1.2. History of development. Structure and geography of activity
5.	G4-5	Location of Company H.Q.	Full	1.2. History of development. Structure and geography of activity
6.	G4-6	Number of countries where company performs its activity and name of countries where main activity is carried out or countries that are significantly important from the point of stable development, covered by the Report	Full	1.2. History of development. Structure and geography of activity. 2.1. Company's position in the field
7.	G4-7	Nature of ownership and organizational and legal organizational form	Full	1.2. History of development. Structure and geography of activity
8.	G4-8	Markets occupied by Company (including geographic breakdown, sectors and categories of sectors and beneficent)	Full	1.2. History of development. Structure and geography of activity. 2.1. Company's position in the field
9.	G4-9	Company's scale, including: Number of employees; Net sales (for organizations in private sector) or net profit (for state-owned organizations); Total capital divided for borrowed and owned capital (for organizations in private sector); Quantitative characteristic of products and provided services	Full	1.6. Main performance results. 5.2. Personnel management
10.	G4-10	Total number of employees divided by gender and employment agreement; Total number of permanent employees divided by gender and type of employment; Total number of labor power divided by staff and non-staff workers and by gender; Total number of labor power divided by region and gender; Share of works performed by employees legally classified as individual entrepreneurs or persons different from staff and non-staff employees, including staff and non-staff subcontractors; Seasonal change in number of employees	Partially: number of employees by type of employment	5.2.2. Personnel number and structure
11.	G4-11	Share of all employees covered by collective agreement	Full	5.3. Social responsibility
12.	G4-12	Description of supply chain	Full	1.3. Business Model. 2.1. Company's position in the field. 5.6. Purchase activity
13.	G4-13	Significant changes of scale, structure or ownership that took place within the report period, including: Disposition or nature of changes in activity, including opening, closing or expansion of organizations; Changes in structure of authorized capital and other actions related to formation, maintenance or change of a capital (for organizations of private sector); Change of location of suppliers, structure of supplies or relationships with suppliers, including selection of suppliers and termination of relationships with suppliers	Full	1.2. History of development. Structure and geography of activity. 4.5. Authorized capital
14.	G4-14	Use of precautionary principle	Full	5.1. Company strategy of stable development. 5.5. Environmental protection and ecological policy
15.	G4-15	Economic and social charters, principles and other initiatives joined and supported by Company	Full	4.9. Anti-corruption activity. 5. Corporate and social responsibility
16.	G4-16	Membership in association, industrial and/or national international organizations for protection of interests, participated by Company: Participates in management bodies; Participates in projects and committees; Provides material financing except for general membership fees; Considers its membership as strategic	Full	Appendix No. 7. Information on Company's participation in noncommercial organizations
Determined significant aspect and boundaries				
17.	G4-17	List of legal entities statements of which were included to consolidated financial statements	Full	n/a
18.	G4-18	Methods for determining content of the report and boundaries of Aspects. Clarifying how Company applies Principles for preparation of statements when determining content of report	Not disclosed in the report	
19.	G4-19	List of all material Aspects detected in the process of report content determination process	Not disclosed in the report	
20.	G4-20	Description divided by each material Aspect, boundaries of Aspects inside the Company (including list of legal persons or groups of legal persons specified in i.3.2, for these persons or groups this Aspect is a material one)	Not disclosed in the report	
21.	G4-21	Description divided by each material Aspect, boundaries of Aspects inside the Company (including list of legal persons, groups of legal persons, objects and geographic regions for whom this Aspect is a material one)	Not disclosed in the report	
22.	G4-22	Results of all re-formulated indices stated in previous report and reasons for such reformulation	Full	Indices were not reformulated
23.	G4-23	Significant change in Coverage and Boundaries of Aspect in comparison with previous report periods	Full	n/a
Interaction with interested parties				
24.	G4-24	List of interested parties that interact with Company	Full	1.2. Business model
25.	G4-25	Principles for detection and selection of interested parties for interaction	Full	Company strategy in the field of stable development. 5.7. Public relations

26.	G4-26	Company approach to interaction with interested parties, including frequency of interaction by forms and interested groups; – information on whether such elements of interaction were taken as a part of report preparation process	Full	1.2. Business model. 5.7. Public relations
27.	G4-27	Key topics and concerns raised by interested parties in terms of interaction with Company and Company's reaction to these topics and concerns, including in the process of report preparation.	Not disclosed in the report	
General information on report				
28.	G4-28	Report period for which information is provided	Full	3. Performance results
29.	G4-29	Publication date of previous report on stable development	Full	3. Performance results
30.	G4-30	Report cycle	Full	3. Performance results
31.	G4-31	Contact person for issues related to this Report or its content	Full	Contact information
32.	G4-32	Information on an option for preparation of Report "in compliance with" management of GRI chosen by Company. Opinion on social (external) certification of Report in case this document was certified by external party	Full	On report Appendix No. 17. Table of compliance of the Report to Management of GRI G4 and industrial protocol
33.	G4-33	Policy and practice applied by Company in order to provide public (external) certification of statements on stable development.	Not disclosed in the report	Report was not approved socially (external)
Corporate management				
34.	G4-34	Structure of Company corporate management , including committees of supreme corporate management bodies, responsible for Company ecological, economic and social interactions	Full	4.1. Corporate management. 4.2. Management bodies
35.	G4-35	Delegation of authorities by supreme corporate management body to top executive heads and other employees in order to solve economic, ecologic and social issues	Full	4.1. Corporate management. 4.2. Management Bodies
36.	G4-36	Presence of a managerial post or ports that include responsibility for dealing with economic, ecologic and social issues, and whether people who take these posts are subordinate to top supreme corporate management body	Full	4.1. Corporate management. 4.2. Management Bodies
37.	G4-37	Procedures for carrying out consultations for economic, ecologic and social problems between interested parties and Company top corporate management body subordinate to Company	Full	5.2. HR management. 5.3. Social responsibility. 5.5. Environmental protection and ecological policy. 5.6. Purchase activity. 5.7. Public relations
38.	G4-38	Content of top corporate management body and its committees, including: Executive and non-executive members; Independent members; Terms for being in a position of corporate management bodies; Number of other significant positions and obligations of each officials and nature of these obligations; Gender; Participation of insufficiently presented social groups; Competence related to economic, ecologic and social Company interaction; Representation of interested parties	Full	4.2. Management bodies
39.	G4-39	Whether chairman of top corporate management body is an executive director (if Yes, his/her functions in management of organization and reasons for double job holding)	Full	4.2. Management bodies
40.	G4-40	Procedure for nomination and selection of candidates to members of supreme corporate management body and their committees, and criterion, and during nomination and selection of members of supreme management bodies (variety, independence and professional qualification factors)	Full	4.1. Corporate management. 4.2. Management bodies
41.	G4-41	Procedure used by supreme corporate management body for preventing of conflict of interest and controlling such conflict. Disclosure of information on conflict of interests to interested parties, including, at least, information on cross-membership in several board of directors, cross-ownership of shares, with suppliers and other interested persons, presence of controlling shareholders, affiliated persons	Full	4.1. Corporate management
Role of supreme corporate management body				
42.	G4-42	Role played by a supreme corporate management body and top executive heads in development approval and enhancement of Company's goals and their formulation, Company's values and mission and Company's strategy, policies and tasks in regard to economic, ecologic and social interaction	Full	4.1. Corporate management. 4.2. Management Bodies
43.	G4-43	Measures taken in order to develop and upgrade collective knowledge of top corporate management body due to economic, ecologic and social issues	Full	4.1. Corporate management. 4.2. Management Bodies
44.	G4-44	Procedures used for evaluation of supreme corporate management body from the point of control exercised by the supreme corporate management body over economic, ecologic and social issues; whether such evaluation is independent and frequency of such evaluation	Full	4.8. Internal control and risk management. 4.9. Anti-corruption policy
45.	G4-45	Role played by the supreme corporate management body in determination of economic, ecologic and social interactions, risks and opportunities and management of such risks and opportunities, role in observation of appropriate norms of conduct	Full	4.8. Internal control and risk management
46.	G4-46	Role played by supreme corporate management body in analyzing efficiency or risk management method used by Company in relation to economic, ecologic and social issues	Full	4.8. Internal control and risk management
47.	G4-47	How often supreme corporate management body analyses ecologic and social interactions, risks and opportunities	Full	4.8. Internal control and risk management
48.	G4-48	Supreme committee or position of a person who officially check and approve Company Report in the field of stable development, covering all existing Aspects	Full	PJSC IDGC of Siberia Director General
49.	G4-49	Procedure for informing supreme corporate management body on critically important problems	Full	4.8. Internal control and risk management
50.	G4-50	Nature and total number of critical problems brought to attention of supreme corporate management body and mechanisms that were used for consideration of the problems	Full	4.2. Management bodies. 4.8. Internal control and risk management
Remuneration and stimulation				
51.	G4-51	Description of collegiate executive body member remuneration system, including information on a summarized remuneration per year received by a collegiate executive body divided for types of remuneration	Full	4.2. Management bodies. 4.3. Remuneration system for members of Company management bodies
52.	G4-1	Procedure for determining a size of remuneration, whether consultants for remuneration participate in determination of a size and whether they are independent, other relationships maintained by consultants for remuneration with Company	Full	2.3. Key performance indicators. 4.3. Remuneration system for members of Company management bodies
53.	G4-2	Procedure for registration of opinion expressed by interested parties on remuneration, including results of voting for rules and suggestions related to remuneration	Full	2.3. Key performance indicators. 4.3. Remuneration system for members of Company management bodies
Ethics and fair practices				
54.	G4-3	Company values, principles, standards and norms of conduct, for example, conduct codes and ethic codes	Full	2.2. Mission and strategic goals
55.	G4-4	Internal and external consultation application mechanisms regarding ethic and law abiding behavior, and issues related to dishonesty in Company (trust line)	Full	4.9. Anticorruption-policy
56.	G4-5	Internal and external communication mechanism informing on unethical and illegal conduct and problems connected with unfairness n organization, including those problems that concern Head, mechanisms for communicating facts of illegal activity or hotline	Full	4.9. Anticorruption policy
Category "Economical"				
Aspect "Economic performance"				
57.	G4-DMA	Information on approaches in the field of the aspect management	Full	1.2. Business model. 2.2. Mission and strategic goals
58.	G4-EC1	Stablished and distributed direct economic cost	Full	1.2. Business model. 3.2. Financial and economic activity
59.	G4-EC2	Risks and opportunities for Company activity that arise in result of climate change	Full	4.8. Internal control and risk management
60.	G4-EC3	Securability of Company obligations related to pension plans and set privileges	Full	5.3. Social responsibility
61.	G4-EC4	Information on approaches in the field of the aspect management	Full	1.2. Business model. 2.2. Mission and strategic goals
Aspect "Presence on markets"				

62.	G4-DMA	Information on approaches in the field of such aspect management	Full	2.2. Mission and strategic goals. 5.1. Company strategy in the field of stable development
63.	G4-EC5	Relation between a standard initial level salary of various gender employees to amount of minimal determined salary in significant regions of Company presence	Full	1.2. Business model. 5.3. Social responsibility
64.	G4-EC6	Share of top managers in significant regions of Company presence, hired among local population	Not disclosed in the report	
Aspect "Indirect economical interaction"				
65.	G4-DMA	Information on approaches in the field of such aspect management	Full	2.2. Mission and strategic goals. 5.1. Company strategy in the field of stable development
66.	G4-EC7	Development and influence of investment to infrastructure and gratuitous services	Full	3.1. Production activity. 3.3. Investment activity. 5.3. Social responsibility
67.	G4-EC8	Indirect significant economic influence, including field of influence	Full	3.1. Production activity. 3.3. Investment activity. 5.3. Social responsibility
Aspect "Purchase Practice"				
68.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.6. Purchase activity
69.	G4-EC9	Share of expenses spent on local suppliers in significant regions of Company presence	Not disclosed in the report: this indicator is not accounted	
Category "Ecological"				
Aspect "Materials"				
70.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.5. Environmental protection and ecological policy
71.	G4-EN1	Weight and volume of used materials	Not disclosed in the report: this indicator is not accounted	
72.	G4-EN2	Share of materials being recycled or reused waste	Not disclosed in the report: this indicator is not accounted	5.5. Environmental protection and ecological policy
Aspect "Energy"				
73.	G4-DMA	Information on approaches in the field of such aspect management	Full	3.4. Innovation activity and technical re-equipment
74.	G4-EN3	Electricity consumption inside Company	Full	3.4. Innovation activity and technical re-equipment
75.	G4-EN6	Reduction of electricity consumption	Full	3.4. Innovation activity and technical re-equipment
76.	G4-EN7	Reduction of electricity needs for production of goods and provision of services	Full	3.4. Innovation activity and technical re-equipment
Aspect "Water"				
77.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.5. Environmental protection and ecological policy
78.	G4-EN8	Total number of take in water divided by sources	Full	Appendix No. 18. Ecological indicators
General information on report				
79.	G4-EN9	Sources of water significantly influenced by Company water intake	Full	Appendix No. 18. Ecological indicators
80.	G4-EN10	Share and total volume of frequently and repeatedly used water	Full	Appendix No. 18. Ecological indicators
Aspect "Biodiversity"				
81.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.5. Environmental protection and ecological policy
82.	G4-EN11	Production sites owned, leased or controlled by Company and located at protected natural territories with high value of biodiversity located outside natural protected territories or adjoining such territories	Full	5.5. Environmental protection and ecological policy
83.	G4-EN12	Description of significant influences by Company activity, products and services to biodiversity of protected natural territories and territories with high value of biodiversity located outside natural protected territories	Full	5.5. Environmental protection and ecological policy
84.	G4-EN13	Preserved or reconstructed inhabitants	Full	5.5. Environmental protection and ecological policy
85.	G4-EN14	Total number of species entered to the Red list of the International Union for Conservation of Nature Resources and National list of protected species and inhabitants located on a territory influenced by Company activity, divided by level of threat to species existence	Not disclosed in the report: this indicator is not accounted	
Aspect "Discharges"				
86.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.5. Environmental protection and ecological policy
87.	G4-EN19	Reduction of greenhouse gas release	Full	Appendix No. 18. Ecological indicators
88.	G4-EN20	Release of ozone-destroying substance	Full	Appendix No. 18. Ecological indicators
89.	G4-EN21	Release to atmosphere of NOX, SOX and other contaminators	Full	Appendix No. 18. Ecological indicators
Aspect "Discharges and Waste"				
90.	G4-EN22	Total releases specifying quantity of aster water and receipt object	Full	Appendix No. 18. Ecological indicators
91.	G4-EN23	Total amount of waste divided by type and method of circulation	Full	5.5. Environmental protection and ecological policy
92.	G4-EN24	Total number and volume of significant outpourings	Not disclosed in the report: this indicator is not accounted	
93.	G4-EN26	Ownership, size, protection status and value from the point of biodiversity of water objects and associated inhabitants of rare species of animals, significantly influenced by outpourings performed by Company and land drainage from its territories	Full	5.5. Environmental protection and ecological policy
Aspect "Products and Services"				
94.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.5. Environmental protection and ecological policy
95.	G4-EN27	Reduction level of influence produced by products and services on environment	Full	5.5. Environmental protection and ecological policy
Aspect "Compliance with requirements"				
96.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.5. Environmental protection and ecological policy
97.	G4-EN29	The monetary value of significant penalties and total number of non-financial sanctions imposed for non-observation of ecologic and regulatory requirements	Full	5.5. Environmental protection and ecological policy
Aspect "Transport"				
98.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.5. Environmental protection and ecological policy
99.	G4-EN30	Significant influence produced on environment by transfer of products and other products and materials sued by Company in the progress of its activity and transfer of labor force	Full	5.5. Environmental protection and ecological policy
Aspect "General information"				
100.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.5. Environmental protection and ecological policy
101.	G4-EN31	Total expenses and investment for environment protection, divided by types	Full	5.5. Environmental protection and ecological policy
Category "Social", subcategory "Labor relationships and decent work"				
Aspect "Employment"				
102.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.2. HR management

103.	G4-LA1	Total number and share of new employees and turnover of employees by type of employment, labor contracts and regions	Partially. Information divided by type of employment and labor agreements is not disclosed due to a lack of centralized registration	5.2. HR management
104.	G4-LA2	Payment and privileges provided to fully-employed employees and not provided to timely or partially-employed employees, divided by main activity	Full	5.2. HR management
Aspect "Employees and Management Relationships"				
105.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.2. HR management
106.	G4-LA4	Minimal period(s) for notification on significant changes in Company activity, and whether such period is determined in collegiate agreement	Full	5.2. HR management
Aspect "Health and Safety at Work Place"				
107.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.4. Industrial safety and labor protection
108.	G4-LA5	Share of all personnel presented in official joint committees for health and safety, participated by representatives of Heads and employees who participate in monitoring and state recommendations to workplace health and safety programs	Full	5.4. Industrial safety and labor protection
109.	G4-LA6	Types and level of occupational traumatism, level of professional diseases, coefficient of lost days and coefficient of absence at a work place, and total number of fatal consequences connected with work, divided by regions and gender	Partially. Information divided by region and gender is not disclosed due to a lack of centralized registration	5.4. Industrial safety and labor protection
110.	G4-LA7	Employees with high traumatism and high risk of diseases connected with their professional activity	Full	5.4. Industrial safety and labor protection
111.	G4-LA8	Reflection of health and safety issues in official agreements with trade unions	Full	5.2. HR management
Aspect "Education and training"				
112.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.2. HR management
113.	G4-LA9	Average annual quantity of hours per one employee, divided by gender and category of employees	Full	5.2. HR management
114.	G4-LA10	Program for developing skills and education throughout a whole life, aimed at maintaining employment ability by employee and providing a support to employees upon the end of a career	Full	5.2. HR management
Aspect "Equal remuneration for male and female"				
115.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.2. HR management
116.	G4-LA13	Relation between basic salary of men and women, divided by categories of employees and by significant regions of Company activity	Full	5.2. HR management
Category "Social", subcategory "Human rights"				
Aspect "Non-discrimination"				
117.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.2. HR management. 5.3. Social responsibility. 5.4. Industrial safety and labor protection
118.	G4-HR4	Total number of discrimination cases and adopted corrective actions	Full	5.2. HR management. 5.3. Social responsibility. 5.4. Industrial safety and labor protection
Category "Social", subcategory "Company"				
Aspect "Local societies"				
119.	G4-DMA	Information on approaches in the field of such aspect management	Full	3.1. Industrial activity. 5.3. Social responsibility. 5.7. Public relations
120.	G4-SO2	Share of subdivisions with significant actual or potential negative influence to local societies	Full	3.1. Industrial activity. 5.3. Social responsibility. 5.7. Public relations
Aspect "Counteraction to corruption"				
121.	G4-DMA	Information on approaches in the field of such aspect management	Full	4.9. Anti-corruption activity. 5.8. Asset safety
122.	G4-SO1	Share of subdivisions with implemented programs for interaction with local societies, evaluation of influence produced by Company activity to local societies and their development	Full	4.9. Anti-corruption policy
123.	G4-SO2	Share of subdivisions with significant actual or potential negative influence to local societies	Full	n/a
124.	G4-SO3	Total number and share of subdivisions which risks of corruption were evaluated, and determined significant risks	Partially. Information on share of subdivisions is not disclosed due to a lack of centralized registration	4.9. Anti-corruption policy. 5.8. Asset safety
125.	G4-SO4	Informing on policies and methods for counter-action to corruption and training in such methods	Full	4.9. Anti-corruption policy. 5.8. Asset safety
Interaction with interested parties				
126.	G4-SO5	Conformed cases of corruption and adopted measures	Full	4.9. Anti-corruption policy
Aspect "State policy"				
127.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.3. Social responsibility
128.	G4-SO6	Total monetary value of donations for political purposes, divided by countries and recipients/beneficiaries	Full	There were no financial contributions or contributions in kind for political purposes
Aspect "Counteraction to corruption"				
129.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.6. Purchase activity
130.	G4-SO7	Total number of cases of legal actions in regard to organizations connected with counter-action to corruption and violation of antimonopoly legislation and their results	Full	5.6. Purchase activity
Aspect "Company compliance with legislation requirements"				
131.	G4-DMA	Information on approaches in the field of such aspect management	Full	3.1. Industrial activity
132.	G4-SO8	Monetary value of significant penalties and total number of non-financial sanctions imposed for violation of legislation and regulatory requirements	Full	There are no material fines and non-financial sanctions
Aspect "Evaluation of influence produced by Company suppliers to social processes in the region of presence"				
133.	G4-DMA	Information on approaches in the field of such aspect management	Full	4.9. Anti-corruption activity. 5.6. Purchase activity
134.	G4-SO9	Share of new suppliers evaluated under criterion of influence caused to Company	Full	5.6. Purchase activity. 5.8. Safety of assets
Aspect "Customer Health and Safety"				
135.	G4-DMA	Information on approaches in the field of such aspect management	Full	1.3. System of management. 2.2. Mission and strategic goals. 3.4. Innovation activity and technical re-equipment. 4.8. Internal control and risk management. 5.4. Industrial safety and labor protection
136.	G4-PR1	Share of significant categories of products and services whose influence to health and safety is evaluated in order to find possibilities for improvement	Full	3.1. Industrial activity. 3.4. Innovation activity and technical re-equipment
Aspect "Product and Service Marking"				
137.	G4-DMA	Information on approaches in the field of such aspect management	Full	3.1. Industrial activity
138.	G4-PR5	Results of research for evaluating level of customer satisfaction	Full	3.1. Industrial activity
Aspect "Compliance with requirements"				
139.	G4-DMA	Information on approaches in the field of such aspect management	Full	5.1. Company strategy in the field of stable development
140.	G4-PR9	Monetary amount of significant penalties accrued for non-observation of legislation and regulatory requirements related to provision and use of products and services	Full	Such penalties are missing in this report year
Field protocol in power industry				
General industrial information				
141.	G4-EU1	Determined transformed capacity	Full	3.1. Industrial activity
142.	G4-EU3	Personal account of administrative, institutional and commercial customers	Full	3.1. Industrial activity
143.	G4-EU4	Length of over-ground and under-ground electricity transfer and distribution lines, divided by control regimes	Full	3.1. Industrial activity

144.	G4-EU5	Distribution of quotes for emissions of CO2 or equivalents	Full	Company is not included to quotes for CO2 emissions or equivalent
Category "Economical"				
145.	G4-DMA (previously EU6)	Management method that provide for operational preparedness and reliability of electricity supply in short-term and long-term period	Full	3.4. Innovation activity and technical re-equipment. 4.2. Management bodies. 5.8. Asset safety
146.	G4-DMA (previously EU8)	Activity and expenses for R&D in the field of provision of reliable electricity supply and stable development	Full	3.3. Investment activity. 3.4. Innovation activity and technical re-equipment
147.	G4-EU10	Correlation between planned determined capacity and forecast electricity consumption in long-term perspective, divided by sources of electricity and control regime	Full	3.1. Industrial activity
148.	G4-EU11	Electricity loss during transfer and share of total electricity volume	Full	3.1. Industrial activity
Category "Ecological"				
149.	G4-EU12	Description of significant influence to biodiversity in nature protection zones and major regions from the point of biodiversity of nature protection zones	Full	5.5. Environmental protection and ecological policy
150.	G4-EU13	Biodiversity of moved habitants in comparison with biodiversity of affected regions. Approaches to control over pest and vegetation along electricity transfer and distribution corridors	Full	5.5. Environmental protection and ecological policy
Category "Social", subcategory "Practice of labor relationships and decent work"				
151.	G4-EU15	Share of employees who will become pensioners in 5-10 years, divided by specialty and region	Full	5.2. HR management
152.	G4-DMA (previously EU19)	Participation of interested parties in the decision-making process, related to planning and development in the field of electricity and infrastructure	Full	3.1. Industrial activity
153.	EU20	Approach to control of influence caused to local residents when residential construction site was moved in the progress of construction of power infrastructure	Full	3.1. Industrial activity
154.	G4-DMA (previously EU21)	Planning of emergency actions, action plan and training programs in case of emergencies / natural disasters and reconstruction plans	Full	5.4. Industrial activity and labor protection. 5.8. Asset safety
155.	G4-EU22	Number of local residents transferred in the progress of power infrastructure construction and volume of compensations, divided by type of a project	Full	Did not take place
Category "Social", subcategory "Company"				
156.	G4-EU25	Number of accidents and fatal cases of population, participated by Company assets, including judicial acts, settled disputes and judicial cases being considered now, related to health issues	Full	5.4. Industrial activity and labor protection
157.	G4-EU29	Average length of stoppages n electricity supply and volume of unreleased electricity	Full	3.1. Industrial activity

Appendix No. 6 Glossary

For the purposes of the Annual report the following terms, definitions and acronyms shall be used.

ABBREVIATIONS

EBITDA – Earnings before Interest, Taxes, Depreciation and Amortization

RAB – Regulatory Asset Base (regulated base of capital employed),return on invested capital method

JSC – joint stock company

GDP – gross domestic product

HVL – high voltage line

OPL – overhead power lines

HV – high voltage

HEI – higher educational institution

GAPG – hydroelectric pumped storage power plant / branch of Gorno-Altay Power Grids (depends on context)

GS – guarantee supplier

HPS – hydro-electric power station / city power grids (depends on context)

S&A – affiliated/associated company

Ut. – unit

UES of Russia – Unified Energy System

HUI – housing and utilities infrastructure

CJSC – Closed -Joint Stock Company

nm. – named

TIN – taxpayer's identification number

PAT – processing technology, automatization and telecommunication

CL – cable line

km – kilometer

kop . – kopeck

KPI – key performance indicators

CDTN – corporate data transfer network

MIA of Russia – Ministry of Internal Affairs of the Russian Federation

mln – million

bln – billion

MOEX – PJSC MOEX

IDGC – interregional distribution grid company

SMB – small and medium business

IFRS – International financial reporting standards

MUE – municipal unitary enterprise

RGP – required gross proceeds

VAT – value-added tax

R&D – research, development and design work

NP – non-profit partnership

NC – new construction

OJSC – Open-Joint Stock Company

LLC – limited liability company

WMEP – wholesale market for electricity and power

PJSC – public joint stock company

ICC – industrial civil engineering

CSP – customer service point

SS – substations

RAS – Russian Accounting Standards

RTS – regional tariff service

rub . – ruble

RF – Russian Federation

REG – regional electric grids

ICS – internal control system

MM – mass media

p. – page

RMS – risk management system

TV – television

TS – transformer substation / technological connection (depends on context)

TGO – territorial grid organization

Incl . – including

thsd – thousand

F. – accounting form

FSMC of Russia – Federal Securities Market Commission

pcs . – pieces

UNITS OF MEASUREMENT

Ampere (A) – unit of measurement of electricity current intensity in international system of units (SU).

Watt (W) – unit of measurement of electricity current capacity in international system of units (SU).

Watt-hour (Wh) – off-system unit of work or produced electricity. Used predominantly for use of administrative use of electricity, national economy and for measurement of electricity production in power industry.

Volt (V) – unit of measurement of electrical voltage in international system of units (SU). Equal to electric tension that cause a direct current in power chain of 1 Ampere under capacity of 1 W.

Volt-ampere (VA) – off-system measurement unit of full current capacity.

Litre (l) – metrical unit of volume measurement.

TERMS

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) – analytic indicator equal to volume of proceeds before interest, taxes, depreciation and amortization.

Gross Domestic Product (GDP) – market value of all end products and services (created for direct consumption) produced within one year in all fields of economics on the territory of a state for consumption, export and accumulation, regardless of national identity of used production factors.

Dividend Policy – set of principles and methods for determining proportions between a capitalized part of Company profits and part of Company profits paid in the form of dividends, as well as a system of relations and principles for determining the procedure and terms of dividend payment, establishing Company liability in case of failure to fulfill its obligation to pay dividends.

Subsidiary/associated company (S&A) – economic entity when 20% of its voting shares are owned by another company.

Unified national (all-Russian) power grid – set of power grids and other power grid facilities, owned on the basis of title or under other ground provided by federal laws, by power grid subjects and ensuring stable power supply of customers, functioning of a wholesale market and a parallel work of Russian power grid system and power grid systems of other states.

Unified Energy System (UES of Russia) – an aggregate of production and other property power facilities connected in the unified production process (including production in a form of combined power and heat generation) and power transfer under condition of centralized operational-dispatching management.

Sole executive body – an official acting on behalf of a company on the basis of company carter and entitled to exercise legal capacity of this company regarding on issues not covered by other company bodies.

Investment association – investors, value fund, rating agency, stock exchange, investment banks, investment analytics and experts.

Interregional distribution grid company (IDGC) – open joint stock companies established during restructurization of the power field and formed as operational (or operational and holding) companies in terms of reorganization of IDGC and RGC in a form of affiliation.

Return on invested capital method (RAB, Regulatory Asset Base – regulatory base of capital employed) – system of tariff-making on the basis of long-term tariff control aimed at attraction of large-scale investments to construction and modernization of grid infrastructure and stimulation of efficient expenses of grid organizations. Main principle of methodology is ensuring return of funds invested to company assets for determined period that comply with asset service term and receipt of justified rate of return to engaged capital. Therewith, borrowed funds are returned within a period of 20 years and more. Tariffs are determined for a period from three to five years which ensures stability and forecastability of situations for investors and decreases their risks. Customers, in their turn, receive quality guarantee of supplied services, possibility to predict power expenses and, ultimately, possibility of price reduction.

Required Gross Revenue (RGR) – economically justified volume of financial means required by company in order to perform regulated activity within the control period.

Distribution grid companies – open joint stock companies formed in result of division of AO-energo by types of activity on the basis of power grid facilities not related to the uniform national (all-Russian) power grid.

Registrar – legal persons being a professional market participant that provide shareholder register maintenance, registration of title transfer and distribution of materials to shareholders and other services to company.

Market capitalization – aggregate market value of all offered shares of an issuer determined by market quotations. Market capitalization is calculated as a result of the number of shares of an appropriate category (type) to a market price of one share disclosed by the trade organizer on the securities market and determined in accordance with the Procedure for Calculating Market Price of Equity Securities and Investment Shares of Mutual Investment Funds admitted to circulation through trade organizers, approved by a resolution of the Federal Commission for the Securities Market of Russia on December 24, 2003 No. 03-52/ps.

EDITOR'S REMARKS IN THE TEXT OF THE REPORT

Interested persons – shareholders, customers, contractors and business partners, investors, state bodies, employees of JSC IDGC of Siberia and other natural and legal persons interested in administrative activity of PJSC IDGC of Siberia (definition "Interested persons" complies with stakeholders used in international practice in order to specify the mentioned category of persons).

Executive body (Management apparatus) – management body (central office) of PJSC IDGC of Siberia that exercises functions of financial control and accounting, general system coordination and administrative control of the branches and S&A.

Key Performance Indicators (KPI) – system of financial and non-financial indicators that influence qualitative or quantitative change of results in regard to strategic goal of PJSC IDGC of Siberia.

Company, IDGC of Siberia – PJSC IDGC of Siberia / JSC IDGC of Siberia.

Corporate management – a set of processes ensuring management and control over its activities and including relations between shareholders, Board of Directors and executive bodies of PJSC IDGC of Siberia in the interests of shareholders.

Independent director – In accordance with the Corporate Governance Code (recommended by the Bank of Russia in accordance with letter No. 06-52/2463 dated April 10, 2014), an independent director is a person who has enough professionalism, experience and independence to form his/her own position, can make objective and honest judgments free from an influence of executive bodies, certain groups of shareholders or other interested persons. Therewith, under normal circumstances, a candidate (elected member of Board of Directors) who is associated with a company, its significant shareholder, an essential counterparty or a competitor of the company or associated with the state, cannot be considered independent. Additional conditions are contained in paragraphs 103-107 of the Code.

Non-executive director – member of Board of Directors, not being a member of executive bodies of a joint company and not complying with all requirements made to an independent director.

Controlled company – legal person controlled by PJSC IDGC of Siberia under agreement on transfer of authorities attributed to a sole executive body. As of 2017 such company controlled by PJSC IDGC of Siberia is Tyvaenergo JSC.

Appendix No. 7
Information for Shareholders and Investors

Information on PJSC IDGC of Siberia

Issuer's location	Russian Federation, 660021, Krasnoyarsk, 144a Bograda str.
Telephone number	(3912) 74-41-74
Fax number	(3912) 74-41-25
Email	mrsk@mrsks.ru
Internet page with information on the Issuer, securities issued / being issued by the Issuer	www.mrsk-sib.ru
Information on special issuer's subdivisions for works with shareholders and investors	PJSC IDGC of Siberia Department for Disclosure of Information and Shareholder Interaction Tel.: (391) 274-41-70, 252-91-18 Fax: (391) 274-41-25 Email: ir@mrsks.ru
Special telephone channel (hotline) for shareholder communication	(391) 257-98-98
Forum for agenda issues of General Meeting of Shareholders	www.forum.mrsk-sib.ru

Information on Registrar

Name	Closed joint stock company Registration company STATUS (CJSC STATUS)
Legal and postal address	109544, Moscow, 32 Novogorozhskaya str., build. 1
Tel.	(495) 974-83-50,
Fax	(495) 678-71-10
Email	office@rostatus.ru
Internet page	www.rostatus.ru
License	Issued by Russian Federal Service for Financial Market on 12.03.2004 No. 10-000-1-00304 without validity term limitations