

## BOARD OF DIRECTORS COMMITTEES

To enhance efficiency of the Board of Directors and investigate matters under its purview, the Board of Directors has established specialized functional consultative and advisory bodies – Board of Directors Committees. Primary goals of each Committee lie in preliminary examination of vital topics referred to the Board of Directors competence and in generation of recommendations used by the Board of Directors to decide on relevant aspects. If the Committees require counseling and advisory services with regard to aspects demanding specialized knowledge and skills, they are entitled to engage outside experts into examination process, relevant remunerations being paid from the Committees' budgets, approved by the Board of Directors, within allotted limits.

The Board of Directors structure comprises 5 permanent Committees – the Audit Committee, Personnel and Remunerations Committee, Strategy and Development Committee, Reliability Committee and Technological Connection Committee. Any action or operation of these Committees is performed in strict compliance with the relevant Regulations stipulating the legal status, goals and objectives, rights and liabilities, structure and composition of the Committees as well as federal laws and enactments of the Russian Federation, Charter, Regulations on the Board of Directors and resolutions of the Board of Directors. Find the exhaustive list of examined agenda items and wording of the Committee's resolutions at Committees of the Board of Directors Section the corporate web-site (Main/About us/Governing and Oversight Bodies/Committees of the Board of Directors).

### THE AUDIT COMMITTEE

The Committee was established to examine issues related to the oversight of Company's financial and economic operations. The Committee plays a key role in overseeing integrity, accuracy and reliability of financial reporting, accountability and efficiency of the system of risk management, internal control and corporate governance and in fostering independence and impartiality of internal and external audit.

#### Guided by:

- The Regulations on the Board of Directors' Audit Committee at IDGC of Urals<sup>62</sup>
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Audit Committee at IDGC of Urals<sup>63</sup>

#### Primary Objectives:

- Review of Company's accounting (financial) statements and supervision over statements preparation process;
- Supervision of reliability and efficiency of the systems of internal control and risk management and corporate governance practices;
- Supervision of external audit and auditor selection;
- Fostering of independence and impartiality of internal audit;
- Supervision of efficiency of the system combating unfair practices of Company's employees and third parties.

#### Compositions of the Committee and members' attendance

| Name               | Composition 1<br>(10.11.2017 —<br>02.07.2018) | Composition 2<br>(02.07.2018 —<br>present day) | Attendance   |
|--------------------|---|--|--------------|
| A.V. Shevchuk      | +   | +  | 16/16 (100%) |
| A.N. Fadeev        | +   | -  | 8/8 (100%)   |
| Y.V. Yascheritsyna | +   | -  | 8/8 (100%)   |
| A.Y. Serov         | +   | +  | 15/16 (94%)  |
| R.A. Dmitrik       | +   | +  | 16/16 (100%) |
| Y.K. Zafesov       | -   | +  | 8/8 (100%)   |
| S.I. Miromanov     | -   | +  | 7/8 (88%)    |

During the reported period the Committee conducted 16 meetings: 11 in-absentia meetings and 5 in-presentia meetings (VC calls).

Two independent directors with an expertise in the preparation, analysis, evaluation and audit of financial statements preparation serve on the Committee:

- A.V. Shevchuk, Executive Director at Association of Professional Investors, Chair of the Committee;
- R.A. Dmitrik, OOO ESIH' General Director.

### THE PERSONNEL AND REMUNERATIONS COMMITTEE

The Committee was established by the Board of Directors to examine aspects related to shaping of efficient and transparent remunerations policy and practices; HR planning, professional composition and efficiency of executive bodies and other key officers of the Company.

#### Guided by:

- The Regulations on the Board of Directors' Personnel and Remunerations Committee at IDGC of Urals<sup>64</sup>
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Personnel and Remunerations Committee at IDGC of Urals<sup>65</sup>

### Primary Objectives:

- Preparation of recommendations regarding remunerations due to the Company's Board of Directors.
- Elaboration of principles and criteria used to define remunerations due to the Board of Directors, members of the collegiate executive body and person performing functions of the sole executive body of the Company, including management firm or director.
- Generation of proposals used to define essence of the contracts concluded with the Board of Directors, members of the collegiate executive body and person performing functions of the sole executive body of the Company.
- Identification of criteria used to select nominees to the Board of Directors, members of the collegiate executive body and person performing functions of the sole executive body of the Company as well as preliminary evaluation of the nominees.
- Regular evaluation of the person performing functions of the sole executive body (management firm or director) and members of the collegiate executive bodies, and generation of reappointment proposals for the Board of Directors.

### Compositions of the Committee and members' attendance

| Name               | Composition 1<br>(10.11.2017 —<br>27.07.2018) | Composition 2<br>(27.07.2018 —<br>present day) | Attendance   |
|--------------------|---|--|--------------|
| Y.V. Goncharov     | +   | -  | 4/4 (100%)   |
| Y.V. Yascheritsyna | +   | -  | 4/4 (100%)   |
| N.A. Ozhe          | +   | +  | 10/10 (100%) |
| L.A. Romanovskaya  | -   | +  | 6/6 (100%)   |
| A.Y. Serov         | -   | +  | 6/6 (100%)   |

The Committee conducted 10 in-absentia meetings during the reported period.

## THE STRATEGY AND DEVELOPMENT COMMITTEE

The key role of the Committee is to assist the Board of Directors in developing the strategy, its revision and progress oversight as well as generating updating proposals.

### Guided by:

- The Regulations on the Board of Directors' Strategy and Development Committee at IDGC of Urals<sup>66</sup>
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Strategy and Development Committee at IDGC of Urals<sup>67</sup>

### Compositions of the Committee and members' attendance

| Name              | Composition 1<br>(10.11.2017 —<br>27.07.2018) | Composition 2<br>(27.07.2018 —<br>present day) | Attendance   |
|-------------------|---|--|--------------|
| V.V. Sofyin       | +   | +  | 13/13 (100%) |
| T.A. Ivanova      | +   | -  | 7/7 (100%)   |
| V.M. Shcherbakova | +   | +  | 13/13 (100%) |
| R.A. Dmitrik      | +   | +  | 13/13 (100%) |
| A.V. Shevchuk     | +   | +  | 13/13 (100%) |
| N.A. Ozhe         | +   | +  | 12/13 (92%)  |
| D.B. Akopyan      | +   | -  | 2/7 (29%)    |
| E.V. Bogach       | +   | -  | 7/7 (100%)   |
| A.I. Pavlov       | +   | -  | 7/7 (100%)   |
| R.A. Surilov      | +   | -  | 7/7 (100%)   |
| I.V. Bogacheva    | -   | +  | 6/6 (100%)   |
| A.V. Burkova      | -   | +  | 5/6 (83%)    |
| M.A. Lavrova      | -   | +  | 6/6 (100%)   |
| I.A. Shagina      | -   | +  | 6/6 (100%)   |

### Primary Objectives:

- Identification of priorities, strategic goals and primary principles of the Company's strategic development.
- Enhancement of the Company's investment prospects, improvement of investment processes and adoption of feasible investment decisions.
- Revision of the current strategy of Company's development.
- Oversight of the progress in implementing existing blueprints and projects.
- Financial planning and definition of the Company's dividend policy.
- Efficiency evaluation of the Company's operations.

The Committee conducted 13 meetings: 8 in-absentia meetings and 5 in-presentia meetings (VC calls).

## THE RELIABILITY COMMITTEE

The key role of the Committee is to assist the Board of Directors in evaluating production programs, prevention and traumatism reducing programs and quality of incident investigations, etc.

### Guided by:

- The Regulations on the Board of Directors' Reliability Committee at IDGC of Urals<sup>68</sup>
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Reliability Committee at IDGC of Urals<sup>69</sup>

### Primary Objectives:

- Evaluation of production programs, plans for technical revamp, refurbishment, greenfield construction and facilities maintenance, their analysis in terms of compliance with reliability of operations and technical status of electric networks;

### Compositions of the Committee and members' attendance

| Name              | Composition 1<br>(10.11.2017 —<br>06.08.2018) | Composition 2<br>(06.08.2018 —<br>present day) | Attendance   |
|-------------------|---|--|--------------|
| F.G. Shaydullin   | +   | +  | 10/10 (100%) |
| A.A. Nasonov      | +   | +  | 9/10 (90%)   |
| V.A. Loktin       | +   | -  | 3/5 (60%)    |
| V.M. Shcherbakova | +   | -  | 5/5 (100%)   |
| I.G. Polovnev     | +   | +  | 9/10 (90%)   |
| R.A. Dmitrik      | +   | +  | 10/10 (100%) |
| A.S. Nagornov     | +   | -  | 5/5 (100%)   |
| V.A. Bolotin      | -   | +  | 5/5 (100%)   |

- Evaluation whether follow-up measures from post-incident investigations are in-depth and consistent with the rules for investigation of power sector incidents<sup>70</sup> as well as oversight of their execution;
- Expertise of quality of incident investigations;
- Expertise of Company's incident-prevention activities (emergency preparedness, arrangement of recovery works on grid facilities);
- Expertise of programs focusing on mitigation and prevention of injury risks among personnel and outsiders as well as in oversight of their execution;
- Oversight and evaluation of activities of Company's engineering teams in terms of operation reliability and safety;
- Expertise of Company's internal technical control system;
- Expertise of Company's labor protection management system;
- Expertise of ecology policy program;
- Expertise of fire and industrial safety systems.

In 2018 the Committee conducted 10 in-absentia meetings, 8 in-absentia meetings and 2 in-presentia meetings (VC calls).

## THE TECHNOLOGICAL CONNECTION COMMITTEE

The Committee was established by the Board of Directors to examine items related to generation of proposals improving antimonopoly laws, fostering non-discriminatory access to connection services, updating Company's by-laws and standards stipulating non-discriminatory access to connection services as well as to evaluate Company's efficiency in connection of customers to the networks.

### Guided by:

- The Regulations on the Board of Directors' Technological Connection Committee at IDGC of Urals<sup>71</sup>
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Technological Connection Committee at IDGC of Urals<sup>72</sup>

### Primary Objectives:

- Generation of proposals to improve legislation with regard to antimonopoly regulation and provision of non-discriminatory access of consumers to connection services;
- Generation of proposals to improve Company's bylaws and standards with regard to provision of non-discriminatory access of consumers to connection services;
- Preparation of principles and criteria for evaluation of Company's connection efficiency;
- Evaluation of Company's connection efficiency;
- Evaluation of Company's efficiency in enhancing grid development planning quality;
- Analysis of current situation and generation of proposals for the Board of Directors in terms of connection to electric networks.

In 2018 the Committee conducted 5 meetings: 2 in-absentia meetings and 3 in-presentia meetings (VC calls).

### Compositions of the Committee and members' attendance

| Name                 | Composition 1<br>(10.11.2017 —<br>31.08.2018) | Composition 2<br>(31.08.2018 —<br>present day) | Attendance |
|----------------------|---|--|------------|
| N.A. Ozhe            | +   | +  | 5/5 (100%) |
| A.Y. Korneev         | +   | +  | 5/5 (100%) |
| D.P. Klimkovich      | +   | -  | 3/3 (100%) |
| A.I. Yakhova         | +   | -  | 3/3 (100%) |
| D.E. Sokolov         | +   | -  | 3/3 (100%) |
| D.V. Vyalkov         | -   | +  | 2/2 (100%) |
| I.G. Polovnev        | -   | +  | 2/2 (100%) |
| D.N. Skripalshchikov | -   | +  | 2/2 (100%) |

