

ANNUAL REPORT

2020

**DIGITAL ECOSYSTEM
FOR THE NEW ECONOMY**

Report Approval Information

Approved by the Annual General Meeting of Shareholders of ROSSETI (Minutes No n/n dated June, 30, 2021).

Preliminarily approved by the Board of Directors on May 24, 2021 (Minutes No. 457 dated May 26, 2021).

Reliability of data contained in the Annual Report is confirmed by ROSSETI Audit Commission on April 30, 2021 (Minutes No. 5/2021 dated April 30, 2021).

Director General of ROSSETI



A. Ryumin

Summary of the Report

This Annual Report includes an overview of the performance and key events in 2020 of the Public Joint Stock Company Russian Networks and its subsidiaries (collectively the ROSSETI Group). The period for disclosing events after the reporting date is until March 30, 2021.

The Annual Report provides information on the ROSSETI Group's objectives and priorities, performance in the reporting year versus previous periods, future plans, corporate governance and risk management system, and management approaches to sustainable development.

New in the Report

The Company is striving to increase information transparency and integrate the best Russian and global disclosure practices. To this end, the disclosure of information has been improved and the form for submitting material in many sections has been revised in this Annual Report.

- The ROSSETI Group's progress in digital transformation is more widely reported: cases on implemented projects have been added, and the results of the reporting year in this area are disclosed in detail.
- As part of improving information disclosure on the ROSSETI Group's investment advantages, a SWOT analysis was included in the Annual Report.
- For more detailed disclosure of information about the ROSSETI Group's new Strategy and Long-Term Development Program, the format for submitting information, key areas of work for each of the strategic priorities, and the relationship between performance and the Development Strategy have been changed.
- The section "Risks" has been significantly changed. Along with a heat map of risks, information has been added on the realization of risks in the reporting year, measures to minimize negative consequences, and an assessment of the significance of risks for 2021. The business model diagram is supplemented with an indication of the Company's critical risks and their relationship with capital and business processes.
- The "Sustainable Development" section is supplemented by previously undisclosed indicators in the Annual Report, including the ROSSETI Group's expenditures for staff development.
- Disclosure has been improved in the corporate governance unit. In particular, information on an assessment of the level of corporate governance in the ROSSETI Group has been added, and remuneration for members of the Board of Directors has been further disclosed.
- Particular attention is paid to detailed disclosure of information about the ROSSETI Group's international activities: work areas and development prospects are indicated.

Report Theme

The theme of ROSSETI's 2020 Annual Report – **"Digital Ecosystem for a New Economy"** – reflects the role of the Company's digital transformation in the future development of the country.

In this period of global turbulence, digital transformation has become a key factor in the electric grid sector's sustainable operation, and early activities allowed for adapting to new conditions due to COVID-19 restrictions and changing consumption patterns.

Introducing modern technological solutions and changing procedures ensured a high level of process controllability, operational restructuring of the ROSSETI Group's work, and remote consumer service without losing quality and efficiency.

In the context of the theme, the Annual Report identifies new challenges and the "digital" response to them, along with the goals and effects of digital transformation: ensuring reliable and high-quality electricity supply, lower operating and capital expenditures, developing additional services, and growth in non-tariff revenue.

Scope of the Report

This Annual Report uses such terms as the ROSSETI Group and the ROSSETI Group of Companies in various forms to mean PJSC ROSSETI (ROSSETI and its subsidiaries and dependent companies). The terms the Company, ROSSETI, and the ROSSETI Group are understood to be PJSC ROSSETI.

This report presents strategic development objectives, a target operational model, and development prospects from the perspective of ROSSETI, the management company of the country's electric grid sector.

The key operating, financial, and investment information and the indicators calculated on the basis thereof are presented as consolidated figures relating to ROSSETI's subsidiaries that transmit and distribute electricity and provide network connection services.

The preparation of the Annual Report used:

- the ROSSETI Group's consolidated financial statements, prepared in accordance with International Financial Reporting Standards for the year ending December 31, 2020;
- ROSSETI's RAS accounting (financial) statements for 2020;
- management reporting;
- publicly available information.



The Digital Future Starts Today

Implementing the Digital Transformation 2030 Concept to ensure the development of the ROSSETI Group



Responsible Development Integration

Sustainable development for all stakeholders



Market Leadership Strategy

Creating investment advantages through innovation, operating efficiency and quality of corporate governance development for all stakeholders



Planning Horizon

Development Strategy and Long-Term Development Program of ROSSETI and its Subsidiaries and Dependent Companies up to 2030



High Operating Efficiency

Providing the labor productivity growth in line with the reduction of losses and accident rates in a continuous manner



Development of Regions for Economic Growth

Implementing the investment program ensures compliance of the Company's assets with current economic requirements in the country



Confident Financial Performance

Ensuring a stable financial position and effective control of expenses



Developed Corporate Governance Practices

Developing the corporate governance and control system recognized by experts

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The following naming is used in the Annual Report:

Strategic priorities:



Improved efficiency of the core business



Reliability and quality of power supply at the specified level



Balance of interests of the state/consumers/shareholders/investors



Digital transformation



Business diversification



Implementation of the Digital Transformation 2030



Crosslink to other sections in the Annual Report



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Message from the Chairman of the Board of Directors

Dear colleagues,

The reporting year was full of difficult events for Russia's electricity industry. For several years, there has been an increase in energy consumption. In 2020, energy consumption decreased due to an abnormally warm winter and a decline in business activity caused by the COVID-19 pandemic. At the same time, there were urgent tasks related to the restructuring of internal processes and protecting the health of staff under changed conditions.

Improving the reliability of power supply during the COVID-19 pandemic

In today's world, almost all aspects of life depend on an uninterrupted supply of electricity. That is why the reliability of electricity supply became critical during the pandemic, and needed to be addressed despite all the challenges. ROSSETI successfully managed this, demonstrating positive trends in key production indicators. Thanks to a professional repair campaign, all the Group's power grid organizations successfully prepared for and passed the autumn-winter period.

In a short period of time, medical institutions were connected to electricity grids, including hospitals of the Ministry of Defense and the Russian Ministry of Emergency Situations. In particular, in a record 96 hours, work was carried out to supply an additional 20 MW of power to the rapidly erected medical centers in Moscow.

Investments in consumer infrastructure

In 2020, ROSSETI Group implemented an investment program with total financing of 283.3 bn RUB: 9.2 GVA of new transformer capacity and 25,200 km of power lines were put into operation. A number of landmark projects were completed, including

construction of strategically important energy transit lines in the Far East and North Caucasus as part of the Comprehensive Plan for the Modernization and Expansion of Trunk Infrastructure¹, as well as grid connection of almost 12.4 GW in consumer power.

Control and management efficiency

Given the difficult global epidemiological situation and the resulting decline in economic activity, issues related to ensuring the Company's operational and investment efficiency took an important place in the work of the Board of Directors during the reporting

year. Management efforts and control by the Board of Directors yielded results — ROSSETI maintained financial stability, liquidity, and a comfortable debt load.

¹ Order No. 2101-r of the Russian Government dated September 30, 2018.



Strategy implementation to ensure a digital future

In general, ROSSETI Group has shown good adaptability to challenges and continued to move forward in line with the Long-Term Development Strategy that the Board of Directors approved the previous year. The Company's actions were positively assessed by the market.

In the reporting year, ROSSETI's common and preference shares showed breakthrough growth in value relative to the Moscow Exchange and the Electric Utilities Indices. ROSSETI's ordinary shares rose 26.7% and preference shares were up 35.1%, while IMOEX grew by 8.0% and MOEXEU — by 14.0%.

Best practices in corporate governance

The Group's effective operation and solutions to large-scale tasks are impossible without building a system of corporate governance and control in accordance with the principles and recommendations of the Bank of Russia's Corporate Governance Code and the best international practices.

During 2020, several important decisions were made to improve the current corporate governance system. Separately, the approval of new versions of the Articles of Association, Anti-Corruption Policy, Internal Audit Policy, and Risk Management Policy can be

The Company's priority objectives have not changed: further improvement of its operational and investment efficiency aimed at developing the industry, ensuring reliable, high-quality, and affordable infrastructure in the new digital environment. Therefore, significant events during the year were the Board of Directors approval of the ROSSETI Group's Digital Transformation Program and the Smart Electricity Metering Systems Introduction Program. Both documents aim to implement the Digital Transformation 2030 Concept and the Development Strategy.

highlighted. These changes were positively noted during an assessment conducted by the Russian Institute of Directors in December. As a result, the Company's rating of 7++ "Developed Corporate Governance Practice" was confirmed.

Development of a corporate governance system is highly assessed by independent experts.

Sustainable development for all stakeholders

ROSSETI has a unique infrastructure and social significance for Russia, providing electricity supply to consumers in 80 regions of presence and energy security for the country as a whole. Understanding its responsibility to the state, customers, shareholders, partners, and employees, the Company makes sustainable development one of its priority areas.

The Company aims to meet the highest standards and minimize possible ESG risks.

Summing up, we can say that the results of the ROSSETI Group's activities in 2020 confirm the strategy's effectiveness and allow us to predict further successful development.



Deputy Prime Minister of the Russian Federation,
Chairman of the Board of Directors of PJSC ROSSETI,
A. Novak

Message from the Director General

Dear colleagues,

2020 was in many ways a landmark year for the ROSSETI Group. It was a time of difficult decisions related to overcoming the consequences of the coronavirus pandemic. However, in a number of areas, the Company achieved results that are essential for the further development of Russia's grid sector.

Implementation of the Development Strategy and approval of the Long-Term Development Program

On December 30, the Board of Directors approved the new ROSSETI Group Long-Term Development Program until 2030¹. The document was prepared as part of development of the Company's Strategy², in accordance with the instructions of the President of the Russian Federation and the methodological recommendations of the Ministry of Economic Development. In addition, the Program is

aimed at implementing state goals and tasks stipulated by the strategic planning documents.

Activities included in the new Long-Term Development Program represent a medium- and long-term action plan for the Company to achieve the stated goals and key indicators of Strategy implementation.

Priority of health protection to improve the reliability and quality of ROSSETI services

The main indicators of ROSSETI's performance are reliability and quality of electricity supply to consumers. This is especially important given the unprecedented steps the Company has taken to protect staff health. For the first time in the Company history, only employees involved in urgent production processes were allowed

access to on-site jobs. At the height of the restrictions, as many people as possible were transferred to remote work.

Providing the full range of services for customers was moved online.

Ensuring electricity availability

ROSSETI continued its system work to increase the availability of electric grid infrastructure and connect new consumers. In 2020, more than 262,000 contracts for technological connection were completed. This is less than previously stated plans, which is due to the impact of the COVID-19 pandemic.

However, several important results have been achieved. For example, large agricultural producers in the Chernozem Region and Stavropol Territory, residents of the Nadezhdinskaya advanced special economic zone in Primorye, mining and processing companies in the center, the south, the Urals and other regions have been supplied with capacity.

Practical steps have been taken to further simplify procedures for customers, and a set of measures have been implemented to

develop remote formats of communication through a mobile application and the Portal of Electric Grid Services ([портал-тн.рф](#)).

Since July 2020, all interaction with applicants up to 150 kV has been in electronic form, and the signing of documents is required only by the grid operator.

This work will continue: new services for different consumer groups are being tested, for example, options for digitalizing the procedures for connecting generation and network facilities are being considered.

¹ The Company's previous Long-Term Development Program from 2014 was completed in 2019.

² Approved by the Board of Directors of ROSSETI on December 26, 2019.



Interruption duration
(SAIDI) and interruption
frequency (SAIFI) indices
reduced by
22% and 8%
Accidents reduced by
9%

Developing the network to drive the country's economy

The Company completed the measures planned for 2020 related to increasing the capacity of the Baikal-Amur and Trans-Siberian railway lines, compressor station electricity supply for the Power of Siberia and Nord Stream 2 gas pipeline systems, and residents of priority development territories.

Within the framework of the investment program, ROSSETI executed several strategically significant projects. A new 220 kV Lesozavodsk-Spassk-Far East power line was put into operation, which created conditions for developing railway lines and increased the reliability of electricity supply to consumers in Primorsky Krai. The 500 kV Nevinnomyssk-Mozdok and 330 kV Artem-Derbent transit routes were constructed, which play a significant role in minimizing the risks of power supply interruptions in North Caucasus power system regions.

516 MW of new generation capacity were provided. For the first time in the ROSSETI's history, the vast majority of generation facilities connected to power grids were solar and wind farms.

Use of technological potential

The COVID-19 situation highlighted the role that new technological solutions play to keep the economy running smoothly. ROSSETI was able to quickly reconfigure processes without losing management quality and reducing labor productivity, thanks to innovative platforms created in advance. After all, the main task of changes initially was and remains improving adaptability to any challenges while maintaining the reliability and availability of services.

Largely thanks to new approaches to managing the electric grid sector in 2020, confident financial and economic results were achieved against the background of declining demand for electricity and the economy in general.

Responsible approach to sustainable development

Constant forward movement is an important distinguishing feature of ROSSETI. The Company takes a responsible approach to its activities, making efforts to protect the life and health of 221,000 employees, minimize the grid sector's negative impact on the environment, and contribute to the development of all 80 regions of presence. The year 2020 was a stress test, forcing a further recommitment to the stated goals.

ROSSETI was among the first major organizations in Russia to take measures to counter the spread of infection early in the pandemic. Measures to protect the lives and health of staff have yielded results and minimized risks.

At the same time, ROSSETI implemented all the necessary measures to supply power to medical institutions within a tight time frame and kept as a priority the programs aimed at modernizing and developing infrastructure, reducing power losses, improving service quality, and, ultimately, social and economic growth in the regions where it operates and the country as a whole.

The focus on continuous growth, maximum compliance with the demands of the time, as well as integrated approach to implementing and using advanced ideas will ensure ROSSETI's long-term leadership in the energy market.

Director General of ROSSETI
A. Ryumin

Q&A

→ 2020 Results

What are the results of 2020 for the ROSSETI Group, including from a financial point of view?

“ We believe that despite the difficult economic context, the year has been successful for the ROSSETI Group overall. We managed to minimize the impact of negative factors associated with COVID-19. The Company showed a convincing financial result: IFRS revenues amounted to RUB 1,001.5 bn and net profit was RUB 61.2 bn.

In the reporting year, the electric power industry, like other sectors of the economy, was in exceptionally unusual conditions. However, the ROSSETI Group continued to meet its objectives, both in terms of fulfilling social obligations and implementing financial, investment, and production plans.

How do you assess the industry's adaptation to the new realities shaped by the coronavirus pandemic? Has the pandemic affected your results?

“ ROSSETI is getting through the pandemic steadily, as the necessary preventive measures were taken promptly. To adapt, we restructured some internal processes and made a number of organizational decisions. We do not see a critical impact from the pandemic: all planned activities were implemented and the expected results were achieved. In terms of technical parameters, in 2020, the duration (SAIDI) and frequency (SAIFI) of power transmission to delivery points were improved by 22% and 8% respectively, and the number of accidents was reduced by 9%.

How do you assess the Company's success in 2020 in the debt market?

“ The ROSSETI Group is an active participant in the capital debt market. In 2020, bonds with a total nominal volume of RUB 88 bn were placed, issued by ROSSETI, ROSSETI FGC UES, ROSSETI Moscow Region, ROSSETI Lenenergo, ROSSETI Center and ROSSETI Center and Volga Region.

ROSSETI received the Cbonds Awards “Best Primary Energy Sector Bond Deal” for issuing bonds series BO-001R-02, which were placed on the Moscow Exchange in April 2020. The issue volume amounted to RUB 10 bn, and coupon rates are set at

6.50% per annum for 5 years. Large institutional investors, banks, and management companies participated in the deal. At the time of placement, ROSSETI reached the historically minimum coupon rate for a comparable period among electricity sector corporate borrowers for the entire existence of the Russian Federation's capital debt market. Winning this nomination demonstrates the professional market's perception of the Company as one of the largest, most stable, and reliable issuers.

What measures are the Company's management implementing to improve employee protection in the worsening epidemiological situation?

“ We adjusted work mechanisms. Already in March, the ROSSETI Group began to move personnel not involved in urgent production tasks at the facilities to remote work. At the height of the restrictions, as many people as possible were transferred to remote work. Providing the full range of services for customers was also moved online.

A set of preventive measures was implemented for workers who remained on-site. Employees were provided with the necessary personal protective equipment and were tested regularly for COVID-19. In some cases, we divided teams to reduce the number

of people at facilities and changed regulations for receiving and issuing materials and interacting with contractors.

One of the most important areas of the ROSSETI Group's work in 2020 was technically connecting hospitals working with COVID-19 patients to the power grid. Our management team is in constant contact with the head doctors, and we carefully monitor the situation in order to prevent any errors and irregularities; we constantly check the relevant equipment's performance. During the pandemic, the ROSSETI Group provided reliable electricity supply to a total of 1,260 medical institutions, including 16 Ministry of Defense and the Ministry of Emergency Situations hospitals.

→ Digital Transformation

Which digital transformation project will primarily affect consumers?

“ One of the most important events in 2020 was the entry into force of Federal Law No. 552-FZ “On developing intelligent electricity metering systems”. ROSSETI prepared for this in advance: worked extensively with suppliers, formed production programs, updated equipment and technical solutions, and introduced business processes to replace metering devices per consumer requests. In August, the Board of Directors approved the ROSSETI Group's Intelligent Accounting System Implementation Program. In total, it is planned to install 18.1 mn “smart” meters by

2030. The total amount of financing is RUB 381 bn. The customers will be the first to feel the benefit of introducing intelligent metering. They will be able to quickly obtain accurate information about electricity consumption and manage volumes and cost. The quality of services and reliability of electricity supply will be improved. At the same time, a serious positive effect is expected for the company itself due to reduced losses and operating costs, increased payment discipline, and increased labor productivity.

What are the key digital transformation areas being implemented in the ROSSETI Group?

“ By digital transformation, we mean not only thorough automation of processes, but a program of systemic and ubiquitous changes. We shall become the economy's digital highway, creating infrastructure opportunities for economic growth and improving the quality of life for people thanks to new reliability standards and new services.

From now on, we distinguish four digital transformation “contours”: digital objects, digital management systems, mobile corporate application, and digital communications.



Pages 34-41 and 92-99 of this Report describe each of them in detail

→ Stock Value and Dividends

How do you think the stock market valued the Company's shares in 2020?

“ The Company's actions were positively assessed by the market. This is evidenced by the outstripping growth in the value of ROSSETI's common and preference shares in the reporting year relative to the Moscow Exchange and the Electricity Index. This tells us that investors see potential in our Company.

→ Strategy and Development

What additional services will the Company offer?

” The ROSSETI Group is developing additional services, seeing them as an opportunity to generate additional non-tariff revenue. For example, we are actively working to create an ecosystem for electric vehicles. More than 260 charging stations have already been put into operation, and by 2025, their number will amount to at least 1,300. We want to “cover” the network of charging stations in 30 major Russian cities and 30 major highways. The network will be combined under a single brand and a platform solution is planned, a mobile application that customers can use in any region. The project is aimed at solving several tasks: in addition to increasing non-tariff revenue, the new service will help to increase the efficiency of using existing infrastructure and will be an incentive for developing “green” transportation in Russia. A client will be able to drive an electric car from Kaliningrad to Krasnoyarsk, from Murmansk to Sochi.

Separately, we can note the cooperation on electric vehicles for public transportation with regional authorities, who pay attention to environmental issues. The ROSSETI Group is installing ultrafast charging stations for electric buses in Moscow, which are 6 times more powerful than devices designed for passenger cars.

Another example is the synergy of outdoor lighting systems and network infrastructure. We are already working in this area in 29 regions of the country by introducing energy-efficient equipment and “smart” load management systems. The quality of street lighting is a very delicate issue that has a strong impact on the comfort and safety of cities.

The third area is data centers. We are considering creating additional data centers at network facilities, for our needs and for commercial use.

→ Investor Relations

How did the Company interact with investors during COVID-19?

” The COVID-19 pandemic has caused high volatility in markets and investor worries. We received many questions about the impact of restrictions imposed to counter the spread of the coronavirus on the ROSSETI Group's operational and financial performance, about the Company's ability to ensure stable electricity supply to consumers, and to fulfill the declared investment program.

Although we have changed the format of our interaction with investors, moving most meetings online and adjusted the timing of some planned events, ROSSETI remained flexible and continued to actively engage with investors in an effort to provide timely and full information of interest to them.

→ Corporate Governance

In 2020, a decision was made to transfer to ROSSETI the powers of the sole executive body of its subsidiary, ROSSETI FGC UES, which is the operator of Russia's Unified Power System. What results do you expect?

” This solution allows for a synergistic effect by combining management teams, consolidating narrow competencies, reducing document flow, and unifying IT systems. In addition, we expect to optimize costs and accelerate management processes in both companies, which will help to improve efficient management of the electric grid sector overall. In particular, management costs were optimized already in 2020 by reducing and combining supporting functions (treasury, accounting, etc.).

→ Sustainable Development

What success does the Company have in terms of sustainability?

” ROSSETI is one of the systemically important companies in Russia that has a direct impact on the economic and social growth of the regions of its presence and the country as a whole. Understanding its responsibility to the state and society, employees, suppliers, investors, ROSSETI identified sustainable development as one of its priority activities. In 2020, it was highlighted as a separate task.

Today, ROSSETI is included in the global index of sustainable development FTSE4Good, as well as in the RSPP and the Moscow Exchange's “Vector of Sustainable Development” and “Responsibility and Openness”. This indicates a high appreciation for the Company's activities in corporate governance and social and environmental development.

In addition, in 2020, the rating agency AK&M awarded ROSSETI the maximum sustainable development rating on the national scale, A++. It means no risk of damaging the opportunities of future generations. In 2021, we plan to continue cooperation with international rating agencies to obtain ESG ratings.



The ROSSETI Group

Systemically Important Electric Grid Company of the Country

Our mission:

Securing a reliable, high-quality and affordable energy supply for comfortable life of people and free growth of the Russian economy, multiplying profitability for shareholders and opportunities for employees' professional growth.

Our activities:

- Electricity transmission and distribution
- Technological connection to electric grids
- Electric grid sector development

ROSSETI is included in the list of strategic joint-stock companies of the Russian Federation

Strategy until 2030

- ⋮ In December 2019, the Board of Directors of ROSSETI approved the new Strategy of ROSSETI and its SDC until 2030, defining the goals and development directions of the ROSSETI Group

Strategy indicators 2020–2030	Target values 2030
Electricity losses, %	7.34
Grid observability, % ¹	90–100
SAIDI, hour	1.6
SAIFI, unit	0.85
R&D costs, % of own revenue	at least 0.25
The volume of non-tariff revenue from other activities, %	at least 20
Growth of labor productivity, % ²	by 40

¹ Taking into account the voltage level network of 0.4–20 kV.

² To the base value as of the end of 2018.

ROSSETI today is:



The leader in Russia and one of the world's largest electric grid companies



Modern technological and innovative infrastructure



A process bus for the development of additional services for consumers

80

constituent entities of the Russian Federation

Reliable electricity supply for the benefit of all consumers

Significant scale of the ROSSETI Group in terms of geographic presence and market share

212.2 thsd people

Average headcount of electric grid SDC

One of the largest employers in the Russian Federation

> 351 thsd people

number of shareholders

88.04%

state's stake in the share capital

Solving national strategic tasks in the development of the electric grid sector

Single Group and single brand

The ROSSETI Group includes:

backbone grid company (ROSSETI FGC UES)

6 regional distribution companies

11

5 regional grid companies interregional distribution grid companies

Since June 2019, all companies of the backbone and distribution electric grid sector have started switching to the new name containing the trade mark ROSSETI and regional or functional area.

History

Development Together with the Country

1992–2008

Establishment and activity of OJSC RAO UES of Russia

Pursuant to the Decree of the President of the Russian Federation¹, in 1992 RAO UES of Russia, Russian energy company, was established in order to preserve the integrity of the national energy system and centralize the control over the electric energy sector. The company started its business on December 31, 1992.



1992

After the separation procedure of OGC, TGC, OJSC INTER RAO, JSC SO UES, and OJSC IDGC Holding (holding shares of IDGC and distribution grid companies) RAO UES of Russia joined OJSC FGC UES and ceased to exist.

11 Interregional distribution grid companies were established, unifying distribution networks on a territorial basis.



2003–2008

Reforming the energy industry

The Board of Directors of OJSC RAO UES of Russia developed and adopted the strategy of OJSC RAO UES of Russia for 2003–2008 (“5+5”) aimed at creating a competitive market in certain segments of the industry, improving the efficiency of electric power industry enterprises and creating conditions for the industry development on the basis of private investments.

2008

2008–2013

Establishment of the ROSSETI Group

Pursuant to the Decree of the President of the Russian Federation², in order to enhance the efficiency and development of the electric grid sector of the Russian Federation, coordinate the control over this sector, and restrain the growth of tariffs for the end electricity consumer, the main tasks for further reforming of the industry, including the establishment of ROSSETI were set.

2003

OJSC IDGC Holding was renamed into ROSSETI. The state-owned stake of JSC FGC UES was included in the authorized capital of ROSSETI. The consolidation phase of state-controlled electric grid assets was completed within a single company.

2012

Integration level and management efficiency in ROSSETI and FGC UES was improved due to the transfer of powers of FGC UES’ sole executive body to ROSSETI as a management company.

The Company’s Board of Directors approved the Development Strategy⁵ and the Long-Term Development Program⁶ of ROSSETI and its SDC until 2030.



2013

The Company’s Board of Directors approved the Digital Transformation 2030 Concept³ in line with the tasks and objectives of the state program Digital Economy of the Russian Federation⁴.

ROSSETI’s ordinary shares were transferred to Tier I of the Moscow Exchange list; ROSSETI’s securities were included in the calculation base FTSE4Good Emerging Index based on sustainability criteria.

2014–...

Development and digital transformation of the ROSSETI Group

2020

2019–2020

2018

2017



¹ Decree of the President of the Russian Federation No. 1334 dated November 5, 1992.

² Decree of the President of the Russian Federation No. 1567 dated November 22, 2012.

³ Minutes of the ROSSETI Board of Directors meeting No. 336 dated December 21, 2018.

⁴ Decree of the Government of the Russian Federation No. 1632-r dated July 28, 2017.

⁵ Minutes of the ROSSETI Board of Directors meeting No. 338 dated December 26, 2019.

⁶ Minutes of the ROSSETI Board of Directors meeting No. 444 dated December 30, 2020.

Key Events of the Reporting Year

Working for the Benefit of the Society and the Country

Operating and investment activities

→ The ROSSETI Group has been improving its reliability performance for the last three years: the ROSSETI Group has consistently achieved growth in the reliability and safety of the electricity supply it provides to consumers even in the face of weather hazards.

9%
decrease
in the accident rate

→ The construction of Kamenka, a new highly automated substation with digital data exchange of 110/10 kV, was completed in St. Petersburg. It will become the power source for four residential complexes with a population of more than 80,000 people and a special economic zone where innovative and knowledge-intensive production are concentrated. It will give power to new applicants and improve the quality and reliability of the energy supply for existing consumers.

→ Gorod, the first highly automated substation with digital data exchange of 110 kV, was launched in Grozny, the North Caucasus Federal District. The new fully digital facility with a capacity of 80 MVA will become Grozny's main power center, providing reliable power to more than 300,000 residents of the city.

80 MVA
capacity of the new
facility in Grozny

Finance

→ ACRA affirmed the Company's AAA (RU) credit rating with a stable outlook. This is the highest ranking on the agency's rating scale.

ACRA Rating
AAA(RU)

→ The Company's shareholders approved the all-time record dividend payment at the end of 2019. Taking into account the interim dividends for the first quarter of 2019 ROSSETI paid dividends in the amount of RUB 23 bn.

RUB **23** bn
the amount of
dividends for 2019

→ ROSSETI was granted the award "Best Primary Placement Transaction in the Energy Sector" by Cbonds Awards for its issue of B0-001R-02 series bonds. At the time of placement, ROSSETI reached the historically minimum coupon rate for the market issue for a comparable period among corporate borrowers for the entire existence of the Russian Federation's capital debt market.

RUB **88** bn
total funds raised by the ROSSETI
Group in the capital debt market

Strategy and long-term development

→ The ROSSETI Group's Long-Term Development Program until 2030 was approved, aimed at achieving the tasks and objectives set out in the Development Strategy. The Long-Term Development Program 2020-2030 includes a program of main activities in all areas of operation of the ROSSETI Group, including digital transformation, innovative development, development of new types of business, HR policy, etc.

Digital transformation



→ The ROSSETI Group has introduced four highly automated substations with digital data exchange. The facilities were launched in Khanty-Mansiysk Autonomous District (deep modernization with the introduction of a complex of digital technologies), Krasnodar Krai, Vologda and Leningrad regions (new facilities). All substations correspond to the Digital Transformation 2030 Concept and use the main equipment manufactured in Russia.

→ Piloting of the software solution for automation of tax monitoring of enterprises has been successfully completed. This solution automates the interaction of the enterprise with tax authorities, including the organization of access of tax service specialists to the Company's accounting and tax data, as well as processing requests of the Federal Tax Service and control over their execution.

→ The ROSSETI Group has launched a digital platform to transmit financial messages. Pilot transactions were conducted in the subsidiary in conjunction with leading Russian banks as part of the digital transformation of the treasury function.

AUTOMATION of tax monitoring and treasury functions

International activities

→ ROSSETI and JSC National Power Grids of Uzbekistan signed an agreement on the possibility of joint projects in the field of construction and modernization of the electric grid infrastructure in the Republic of Uzbekistan. It would entail cooperation in the development of schemes and programs for the development of electric systems of the Republic of Uzbekistan and neighboring countries.

→ ROSSETI and the Eurasian Development Bank signed an agreement on strategic cooperation. The agreement is aimed at strengthening international cooperation and the development of foreign economic activity in the EDB member states — Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan.

→ GlobalDSO's permanent platform has been launched to maintain a constant dialog at the level of the executives of the largest international electric distribution companies.

→ Specialists of the ROSSETI Group took part in global research by the World Energy Council (Issues Monitor 2020; World Energy Trilemma Index 2020; The role of power grid companies in the energy transition; Scenarios of post-pandemic development).

EDB strategic cooperation

Counteracting the coronavirus

Remote service

→ Since mid-March 2020, to prevent the spread of the COVID-19 coronavirus infection, a portion of employees of the ROSSETI Group has been working remotely with the maintenance of the current payment conditions. The exception was made for employees, whose presence at their workplaces at the facilities and offices was mandatory.

At the end of March 2020, all client and consumer service centers in the regions of presence were fully transferred to remote service, and the full range of services was provided online.

→ Power engineers of the ROSSETI Group completed work on the construction of the power grid infrastructure for the new 900-bed infectious diseases hospital in New Moscow ahead of schedule. The applied digital equipment control systems led to a significant reduction in the project cost.

New hospital
for **900**
beds



Corporate governance

→ ROSSETI was granted the powers of the sole executive body of FGC UES on the basis of a contract with FGC UES.

→ On June 1, 2020 the Annual General Meeting of Shareholders of the Company was held in the form of absentee voting. A number of important decisions were made, including the election of members of the Board of Directors, the payment of dividends at the end of 2019, and the approval of a new edition of the Company's Articles of Association.

→ The Russian Institute of Directors confirmed the national corporate governance rating of ROSSETI at 7++. The Company has confirmed its National Corporate Governance Rating for the fifth year in a row.



NCGR
7++

Sustainable development



→ ROSSETI Group has fully restored the world's only hyperboloidal multi-sectional power transmission line pylon, made in the form of a load-bearing mesh shell, designed by the outstanding Russian engineer V. Shukhov. This structure is a unique monument of the Russian architectural avant-garde, recommended for inclusion in the UNESCO World Heritage List. In 2014, following the Decree of the Government of the Russian Federation, the Shukhov Tower on the Oka River was classified as a cultural heritage site of federal importance.

→ AK&M rating agency assigned the Company a sustainability rating of A++ on the national scale. This rating means that ROSSETI belongs to the class of Russian companies with the highest degree of sustainability. There is no risk of harming the opportunities of future generations.

Decrease
in the accident rate
by **30%**

A++
AK&M national scale
sustainability rating



Events after the reporting date

ACRA Rating **AAA(RU)**

→ ACRA affirmed the Company's AAA (RU) credit rating with a stable outlook. This is the highest ranking on the agency's rating scale.

→ The ROSSETI Board of Directors assigned the duties of Director General of the Company to Andrey Ryumin in connection with Pavel Livinsky's transition to a position in the Government of the Russian Federation.



Awards

→ The BO-001R-02 series bond placement was recognized as the best transaction in the energy sector in 2020 and was granted the award "Best Primary Placement Transaction in the Energy Sector".

→ ROSSETI and a number of its subsidiaries became the winners of national and international annual report competitions. Awards for best corporate practices and approaches in disclosure were granted at prestigious competitions of the Moscow Exchange and RCB Media Group, Expert RA, MarCom Awards, LACP Vision Awards, ARC Award.

→ The Company was granted the award "Competitive Procurement Leader 2020" in the nomination "Best Support for Small and Medium-Sized Enterprises".

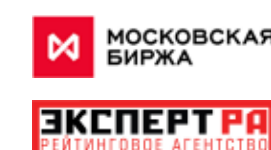
→ The ROSSETI Group became the awardee of the international competition of innovative developments aimed at the development of the Arctic. The award has been granted to the Digital PL project, which implementation will reduce the accident rate by 30%, and the power supply restoration time by 3 times.

99% of purchases
performed in electronic form

→ The ROSSETI Group was granted two awards at the "Reliable Partner — Ecology" competition in the nominations "Best Project in the Field of Sustainable Development of Cities and Agglomerations" and "Best Project for Infrastructure Development and Support of New Energy Vehicle and Environmentally Friendly Modes of Transport". The main idea of the competition is to promote the implementation of the Ecology national project: identification of the most successful environmental practices for their replication.

→ ROSSETI won the title and the main award "Best Socially Oriented Company in Energy Industry" at the contest of the same name held with the support of the Ministry of Energy of Russia.

Winners of annual report competitions



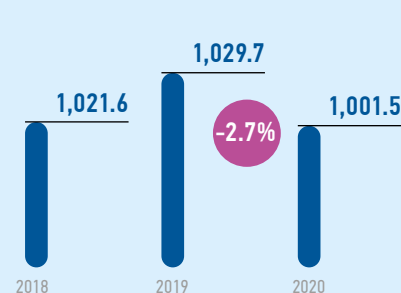
Key Performance Indicators

Strong Results Are the Basis of Stability

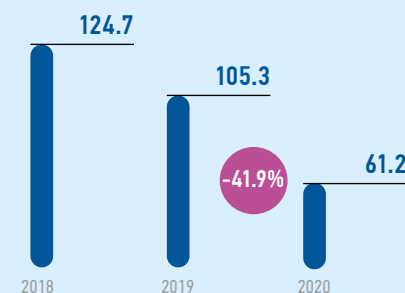
In 2020, the main focus in the production and investment activities of the ROSSETI Group was made on the efficiency of infrastructure and the introduction of innovative digital technologies. We managed to maintain the trend of previous years: to increase once again the electricity supply reliability and to reduce electricity losses.

Financial results

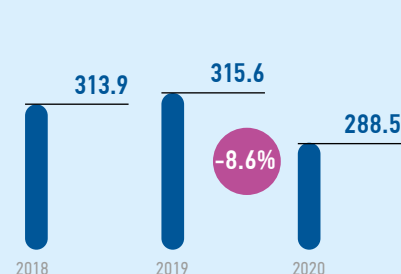
Revenue,
bn RUB



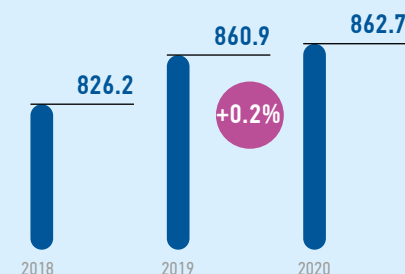
Net profit,
bn RUB



Adj. EBITDA,
bn RUB



Revenue from electricity
transmission,
bn RUB



In the conditions of reduced energy consumption amid the development of the COVID-19 pandemic and the introduction of the restriction and lockdown regime since April 2020, ROSSETI managed to demonstrate a positive financial and economic result following the results for 2020, including through the implementation of the list of priority anti-crisis measures in the current economic situation and the increase of its operational efficiency.

The change in revenue from electricity transmission and electricity and capacity sales was caused by:

- a decline in general business activity due to restrictive measures to combat the spread of COVID-19;
- the cessation by certain subsidiaries of the ROSSETI Group to perform their function of the supplier of last resort.

For more details see [page 100](#)

Investment

Amount of the investment
program financing in 2020

283.3
bn RUB

Commissioning of the
transformer capacity in 2020

9.2
MVA

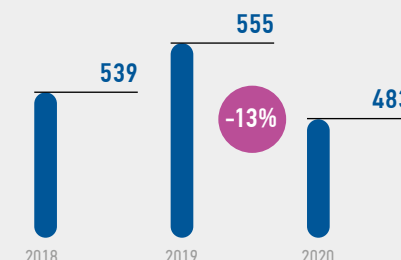
Commissioning of power
lines in 2020

25.2
thsd km

For more details see [page 87](#)

Sustainable development

Environmental protection costs,
mn RUB



6.02 LTIFR
in 2020

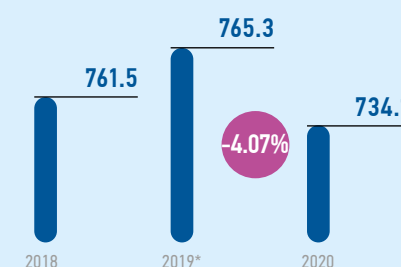
80%

employees of the ROSSETI Group
received full-time training in the
reporting year

For more details see [page 111](#)

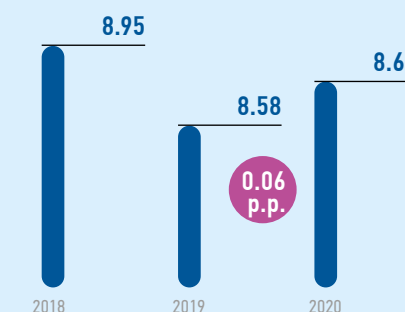
Operating performance

Electricity transmitted from the
grid, bn kWh

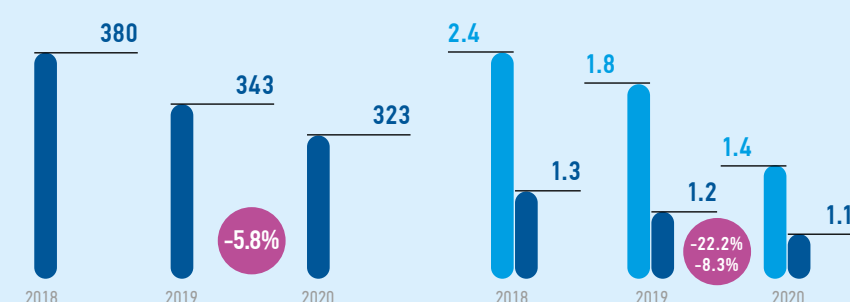


* Electric Power Supply from the Grid indicator for 2019 was corrected as VMES was included in the Company's outline of statements under IFRS.

Electricity losses, %



Number of contracts concluded,
thsd pcs.



The main reasons for the reduction of electric power supply were the restrictions imposed due to the spread of COVID-19 and the implementation of the OPEC+ deal.

The increase in the electricity losses was caused by a decreased supply of large consumers. At the same time, the actual losses reduced by 3.4% compared to 2019.

The trend towards the improvement of indicators has confirmed the high-quality planning of production programs and the effective redistribution of resources in the course of the emergency recovery works.

For more details see [page 80](#)

Corporate governance

97%

Level of full or partial
compliance with the principles
and recommendations of the
Corporate Governance Code of
the Bank of Russia

**National
Corporate
Governance
Rating**

7++

**Developed corporate
governance practice**

For more details see [page 132](#)

Development Outlook

In 2019, ROSSETI approved the Development Strategy of ROSSETI and its subsidiaries and affiliates until 2030. The Company aims to switch over to a business model of a modern innovative infrastructure that ensures an increase in the total return on investment of shareholders at a given level of reliability and quality of power supply by further improving management efficiency, using and developing the Company’s potential, and ensuring resilience to industry changes. The goal-setting horizon involves two stages of implementation of the Strategy: the first one is up to 2024, and the second is 2025 to 2030.

Strategic priorities of the Company:



improved efficiency of the core business



digital transformation



ensuring the reliability and quality of power supply at the specified level



balance of interests of the state/consumers/shareholders/investors



digital transformation

Target values of the Strategy within two stages of implementation:

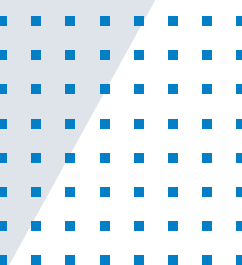
	2024	2030
Electricity losses, %	7.8	7.34
Grid observability, %	40–50	90–100
SAIDI, hour	2.0	1.6
SAIFI, unit	1.0	0.85
R&D costs, % of own revenue	at least 0.25	
The volume of non-tariff revenue from other activities, %	5	at least 20
Growth of labor productivity, %*	10	by 40

* To the base value as of the end of 2018.

The Long-Term Development Program of ROSSETI and its SDCs until 2030 is a key tool for implementing the development strategy of the ROSSETI Group.

The Long-Term Development Program of ROSSETI and its SDCs until 2030 unites and systematizes the main activities of all program documents of the ROSSETI Group:

- Investment Program;
- Innovative Development Program for 2020–2024 with a perspective up to 2030;
- Digital Transformation Program of ROSSETI;
- Operational Efficiency Improvement and Cost-Cutting Program of the ROSSETI Group for 2019–2023;
- Program for Modernization (Renovation) of Power Grid Facilities of ROSSETI’s SDCs for the period 2018–2026;
- Information Security Program;
- Program for the Implementation of Intelligent Metering Systems.



8 main areas of activity

76 main activities

Term of implementation

10 years



For more details on the achievement of strategic goals and the implementation of the Company’s LTDP, see the [Development Strategy](#) section.

Corporate Governance

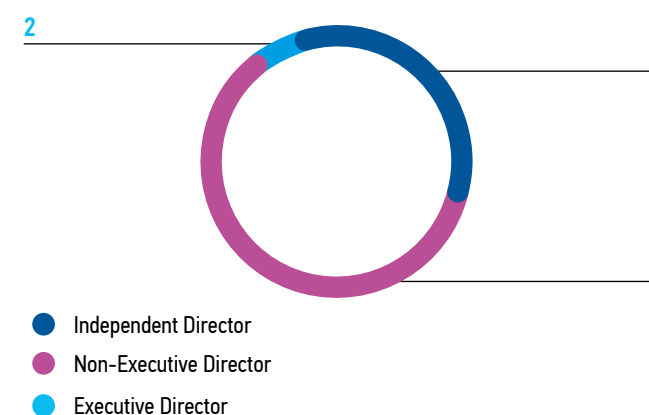
An efficient corporate governance system is one of the key components for the successful development of the Company, providing the necessary balance of interests of shareholders, investors, creditors, and employees.

In December 2020, based on the corporate governance quality assessment results of ROSSETI, the Russian Institute of Directors confirmed the rating according to the national corporate governance rating at the level 7++, Developed Corporate Governance Practice.

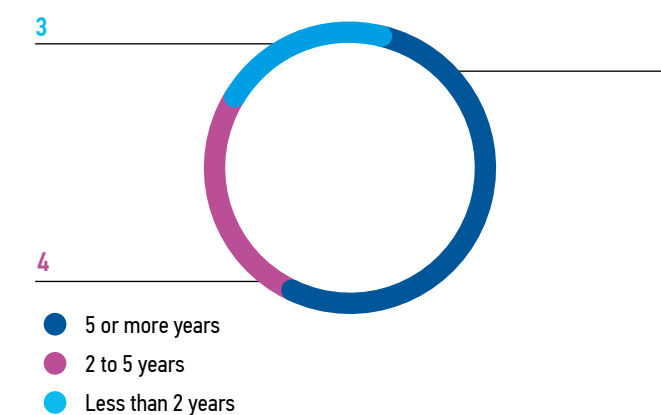
90% of the recommendations of the Corporate Governance Code of the Bank of Russia

are fully complied with by the Company

Categories of members of the Board of Directors



Length of service on the Board of Directors



As of December 31, 2020, the Board of Directors of ROSSETI consisted of 15 members. The share of independent directors is ensured at a level allowing to balance the interests of the representatives of shareholders in the Board of Directors of the Company. The composition of the Board of Directors is balanced in terms of the availability of the necessary knowledge, skills and competencies. In the reporting year, the Board of Directors held 53 meetings, of which 5 were in-person. 187 items were considered at the meetings.

In 2020, the Management Board of ROSSETI functioned with 7 members.

In the reporting period, 79 meetings of the Management Board of the Company were held, including 3 in-person meetings, and a total of 451 items were considered.

→ To assess the degree of strategic priorities achievement, the Company uses a system of key performance indicators (KPIs). In 2020, 14 annual KPIs were set.

→ The ROSSETI Group operates an effective Risk Management System designed to provide sufficient guarantees for achieving the goals set by the governing bodies. In 2020, the Company’s risk map included 7 critical and 13 significant risks.



For more details on the corporate governance system in the Company, see the section [Corporate Governance Report](#), on the assessment of the significance of risks and risk management measures - in the [Risks](#) section, on the current KPI system — in the [KPI System Performance Evaluation](#) section.



Business Model

Uniting the Country, Creating Value

Our business model is based on the principle of creating added value, as well as ensuring the set level of quality and reliability of power supply and high business resilience to changes in the electricity market

STRATEGIC PRIORITIES

Improved efficiency of the core business

Reliability and quality of power supply at the specified level

Digital transformation

Business diversification

Balance of interests of the state/consumers/shareholders/investors

Resources

↑↓ Change of the indicator year-over-year (trends)

PRODUCTIVE CAPITAL

Length of power lines, **mn km 2.4** ↑ 1.3%

Number of substations, **thsd pcs. 528** ↑ 2.1%

Substation transformer capacity, **GVA 809** ↑ 0.9%

FINANCIAL CAPITAL

Total capital, **bn RUB 1,623.3** ↑ 2.5%

Loans, **bn RUB 564.2** ↑ 0.3%

Other liabilities, **bn RUB 543.4** ↑ 8%

HUMAN CAPITAL

Average number of the ROSSETI Group personnel, **thsd people 216.5** ↓ -0.5%

Employees under 35 years old, % **27.4** ↓ 3.7%

NATURE CAPITAL

Water consumption, **thsd m³ 2,227** ↓ 3.8%

Total consumption of energy resources for own needs, **thsd TOE 350.3** ↓ -4.9%

Land in use, **thsd ha (growth due to commissioning of the institution of public easement) 58.7** ↑ 35%

SOCIAL RELATIONSHIP CAPITAL

Strategic joint-stock company

High-end borrower

A global issuer with shares and depositary receipts listed on the Moscow, London and Berlin Exchanges

INTELLECTUAL CAPITAL

Number of partner universities **135**

Number of titles of protection obtained by the ROSSETI Group in 2020 for its R&D results **35** ↑ 75%

GENERATION

ELECTRICITY TRANSMISSION AND DISTRIBUTION

ELECTRIC GRID SECTOR OF THE ROSSETI GROUP

80 regions of presence

76% share of electricity transmitted across

VALUE CREATION

ELECTRICITY TRANSMITTED 734 bn kWh

REVENUE 1,001.5 bn RUB

CAPACITY CONNECTED 12 GW

36.2 bn RUB

POWER SUPPLY COMPANIES

CONSUMERS **1 8**

Population

Industrial companies

Infrastructure facilities

Results for stakeholders

Ensuring continuity of operation of the country's electric grid sector

Maintaining financial stability and creating shareholder value

Ensuring respect for workers' right to professional development, safe work and fair remuneration

Complying with high environmental safety standards and preserving biodiversity

Maintaining the reputation of a responsible partner and counterparty

Developing and implementing advanced technologies to improve efficiency

Contribution to the achievement of UN SDGs

The volume of electricity supply to network — **803.5 bn kWh**

SAIDI — **1.4 h**

SAIFI — **1.1 unit**

65 digital infrastructure facilities put into operation

Adjusted EBITDA — **288.5 bn RUB**

Net profit — **61.2 bn RUB**

Increase in capitalization by **27.4%**

46.5 bn RUB of taxes paid to budgets of all levels

23 bn RUB of dividends paid for 2019

Salary budget of more than **150 bn RUB**

Share of trained employees — **78%**

Environmental protection costs — **483.2 mn RUB**

Reduction of air emissions by **3.9%**

Credit ratings at the level of sovereign ratings of the Russian Federation

7++ National Corporate Governance Rating

35 thsd procurement procedures conducted totaling **635 bn RUB**

35 patents and certificates obtained

0.32 % of revenue invested in R&D activities

STRATEGIC MANAGEMENT

For more details, see the [Strategy section](#)

CORPORATE GOVERNANCE

For more details, see the [Corporate Governance Report](#)

RISK MANAGEMENT

For more details, see the [Risks section](#)

Critical risks associated with the ROSSETI Group's activities

1 Reduction in electricity transmission services provided to consumers connected to regional distribution networks

5 Bankruptcy and liquidation of counterparties

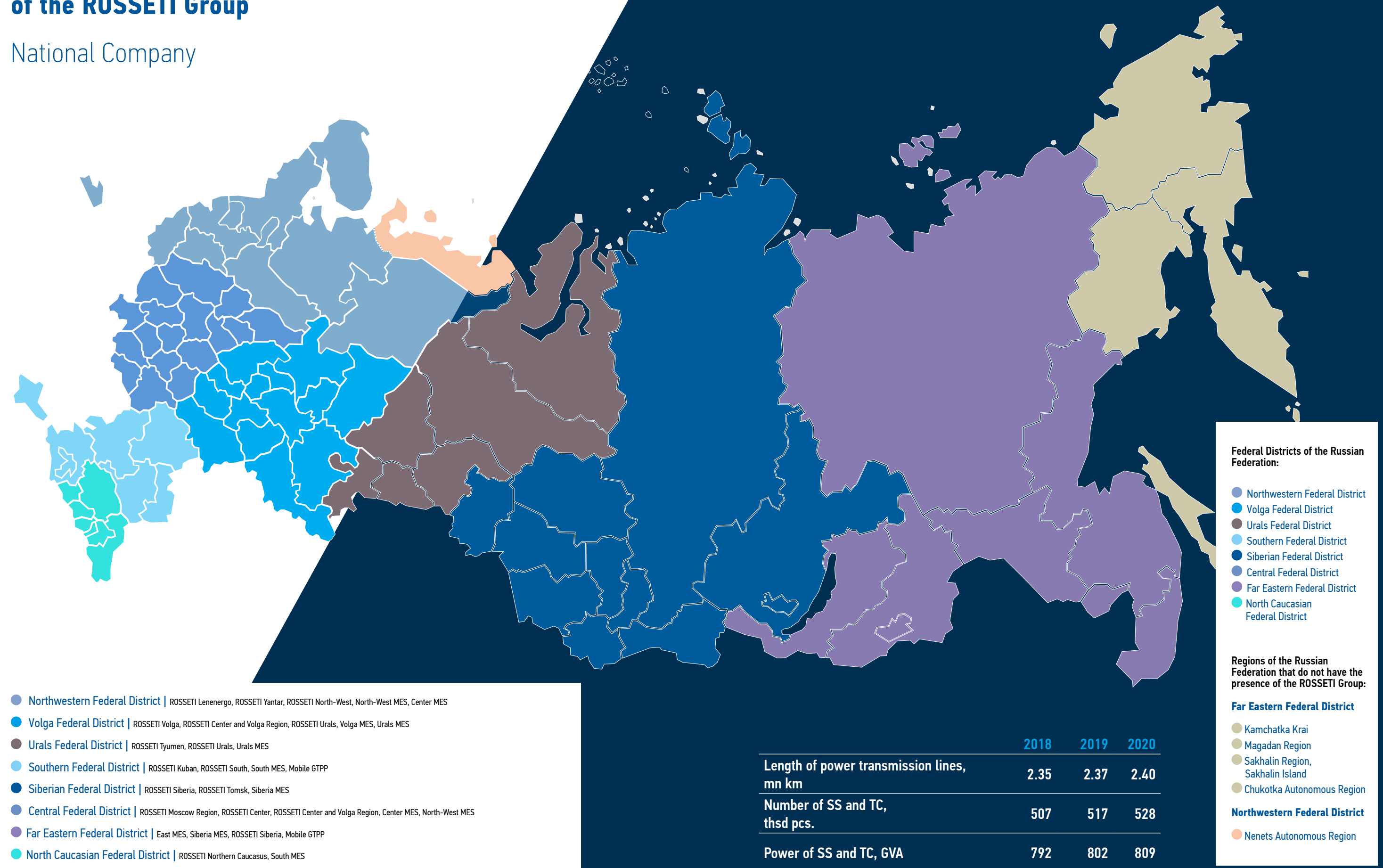
8 Disagreements on the volume and cost of services provided, including on acts of unaccounted electricity consumption

13 Accidents due to industrial factors

16 Involvement of the Company or its employees in corruption

Geography of Operations and Fixed Assets of the ROSSETI Group

National Company



Digital Transformation

The Digital Future Starts Today

What is the digital transformation?

→ Change in the technological and business processes and the transition of the ROSSETI Group to risk-oriented management based on the introduction of digital technologies and big data analysis.

What are these transformations needed for?

→ To raise the quality and reliability of power supply, as well as to increase operational and technological efficiency in the management of the electric grid sector.

What is the Concept implementation deadline?

→ The ROSSETI Group plans to complete the digital transformation by 2030.

Effects for stakeholders up to 2030

For the state:

- Maintenance of energy independence and infrastructure support of economic development
- Integration of the Russian electric grid sector into the digital economy
- Improvement of quality and accessibility of services of electricity transmission and technological connection to electric grids for citizens and organizations, development of competitive markets of related services
- Repression of the tariff growth pace

For consumers:

- Reduced cost and time of technological connection to electric power grids
- Raising the quality and reliability of electric power supply
- Repression of the tariff growth pace
- Opportunity to control own consumption / manage electric energy costs
- Development of new consumer services

For investors:

- CAPEX reduction by 15%
- OPEX reduction by 30%
- EBITDA growth by 30%
- ROIC 15%



Project map: four digital transformation circuits

- Local projects
- Global projects

Digital objects

- Highly automated substations with digital data exchange (1,268 substations by the end of 2030)
- Highly automated areas of electric power networks (1,471 areas of electric power networks or 100% by the end of 2030)
- Electric charging stations for transport (1,300 electric charging stations by 2025)
- Communication systems
- Digital facility maintenance technologies

Automated facilities interacting in real time and operating without the presence of duty personnel

Digital communications

- Single contact center (coverage of 80 regions by the end of 2021)
- Portal of Electric Grid Services (45 services by the end of 2023)
- Mobile application for clients (3 million users by early 2022)
- Svetlaya Strana portal
- Intelligent metering system (>16 million metering devices by the end of 2030)
- Blockchain-based calculation system (pilot projects in two regions until mid-2022)
- Corporate data storage (implementation in 15 SDCs by early 2024)
- Data management
- Demand management systems (creation of a commercial accounting data platform in 63 branches by the beginning of 2024)

Systems providing communication with clients and other stakeholders

Digital systems of electric grid facility management

- Network management center (implementation in 63 branches by the end of 2030)
- Geoinformation system
- CIM network model (creation of a common network model by the end of 2022)
- Production asset management system (transition to risk-oriented planning)
- Automated process control system
- Cybersecurity of facilities (implementation in 15 SDCs by the end of 2030)
- SCADA development (the target Program approval deadline is the end of 2022)

Control automation and digital simulation systems using AI and BigData

Digital employee

- Operational work management system (implementation in 15 SDCs by early 2024)
- Digital platform for industrial personnel (implementation in 15 SDCs by the end of 2025)
- Corporate mobile application (implementation in 15 SDCs by the end of 2025)
- Learning platform (119 technological maps by the end of 2023)
- Single HR system
- Business process automation and digitization

Communication, employee training and management systems

2020 results

- 34 highly automated areas of electric power networks were put into operation
- 6 upgraded control points of Network Management Centers were created
- 15 electric charging stations for transport were built
- Pilot functions of the Digital Platform for Industrial Personnel system were implemented in two SDCs
- More than 1 million intelligent metering devices were introduced
- The pilot project on the introduction of electricity accumulation system was completed
- A mobile application for clients, a technological connection portal were launched
- The outdated software platform of corporate information management system was upgraded
- A modern domestic geographical information system was deployed
- The IT infrastructure for virtual servers was upgraded
- A domestic automated incident, change and configuration management system was deployed

Highly Automated Area of Electric Power Networks of ROSSETI Yantar

→ Digital transformation profile

Digital objects.

→ Project objective

Creation of a highly automated area of electric power networks characterized by a high automation level ensuring real time network observability, allowing implementation of self-diagnostics and self-recovery functions, as well as intelligent electricity accounting.

The main tasks to be solved by the project

The project is aimed at the improvement of a number of business processes of the Company:

- Maintenance and repairs. Diagnostics
- Industrial and environmental safety management
- Personnel and social and labor relations management
- Industrial and occupational safety management



Project timeline

2019-2021



Project status

In progress



Project scope (involved SDCs)

ROSSETI Yantar

→ Completed facilities/performed works

- 246 intelligent switching devices have been installed in 17 areas of electric power networks
- Installation of protective equipment and telemetry controllers
- Installation of network equipment to ensure operation of the telemetry system
- Installation of more than 12 thsd intelligent electricity metering points
- Installation of a top-level data processing system (TL DPS)
- Creation of a client's personal account

→ Plans for further implementation of the project

The project is a completed local platform for perfecting the mentioned technologies and subsequent scaling to all SDCs.



→ Benefits confirmed by the creation of the central area of electric power networks

- Improvement of reliability (SAIDI) by 53%
- Increase in the distribution network observability up to 95%
- Reduction in the accident localization time from 1.5 hours to 1 minute
- Reduction in the average time of recovery of the electric power supply to consumers from 5.5 hours to 1 hour



Benefits achieved during the entire period of the project

FOR COMPANIES OF THE ROSSETI GROUP

- Cost reduction
- Detection and reduction of power losses and thefts
- Remote control of consumer loads
- Optimization of power grid modes and parameters

FOR THE CONSUMER

- Reliability of consumed electricity calculations
- Automated remote readings
- Multitariff accounting option
- Savings on electricity payments

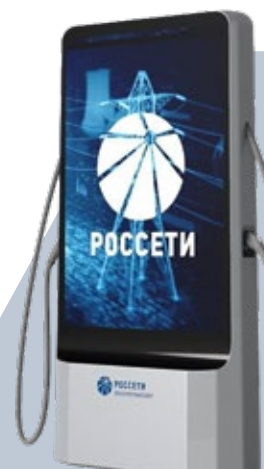
Development and Commercialization of a Network of Charging Stations for Electric Vehicles

→ Digital transformation profile

Digital objects.

→ Project objective

Creation of the minimum necessary and commercially justified (over 10 years) network of charging stations, which will significantly accelerate the transition from ICEs to electric cars.



ROSSETI charging station standard was developed
stipulating the use of direct current



Project timeline

I program period: 2013-2019
II program period: 2020-2025



Project status

In progress



Project scope

All regional grid companies of ROSSETI

→ Results achieved during the implementation of the project in 2020

- In 2020, the Board of the Company approved the Concept of the Development of Charging Infrastructure of ROSSETI for the period up to 2025
- There was developed the charging station standard of ROSSETI stipulating the use of direct current
- 13 charging stations were installed on the M-11 highway, enabling electric cars to easily cover the Moscow – Saint Petersburg route, and two charging stations were installed in Siberia (Novokuznetsk) and in the Altai Territory
- A project on the installation of 53 ultra-fast charging stations for electric buses was launched in Moscow. The unified brand architecture of ROSSETI Electric Vehicles was approved



251 charging stations
were installed
within the I program
period

The development of charging infrastructure is of considerable interest to ROSSETI and to the electric power industry as a whole, as long as the growth of the electric vehicle fleet stimulates additional demand for electric power. Conversion of just 3–4% of Russian vehicles to electric power will yield at least 8–9 billion kWh of additional electric power consumption.

→ Completed facilities/performed works

- 251 charging stations were installed within the I program period
- R&D on integration of a charging station into complete transformer substations were carried out

→ Plans for further implementation of the project in 2021

- Launch of the charging station management and commercialization platform
- Installation of additional stations (up to 100 stations) for passenger electric vehicles
- Development of R&D projects for the deployment of V2G technologies¹

Benefits of project implementation

- The annual net supply will increase by 85 million kWh as a result of the program implementation and upon reaching the optimal charging station loading level, generating additional non-tariff revenue of RUB 1.2 bn

→ Long-term plans

- The number of electric charging stations should reach 1,300 units by 2025

¹ Vehicle-to-grid is the concept of two-way use of electric vehicles and cars with a hybrid engine, implying the connection of a vehicle to the common electric grid for car recharging with the possibility to return electricity back to the grid to participate in the electricity demand management.

Energy Storage Systems

→ Digital transformation profile

Digital objects.

→ Project timeline

Increase in the reliability and quality of electricity through the use of innovative energy storage technologies.



Project timeline

2019–2020



Project status

Completed



Project scope

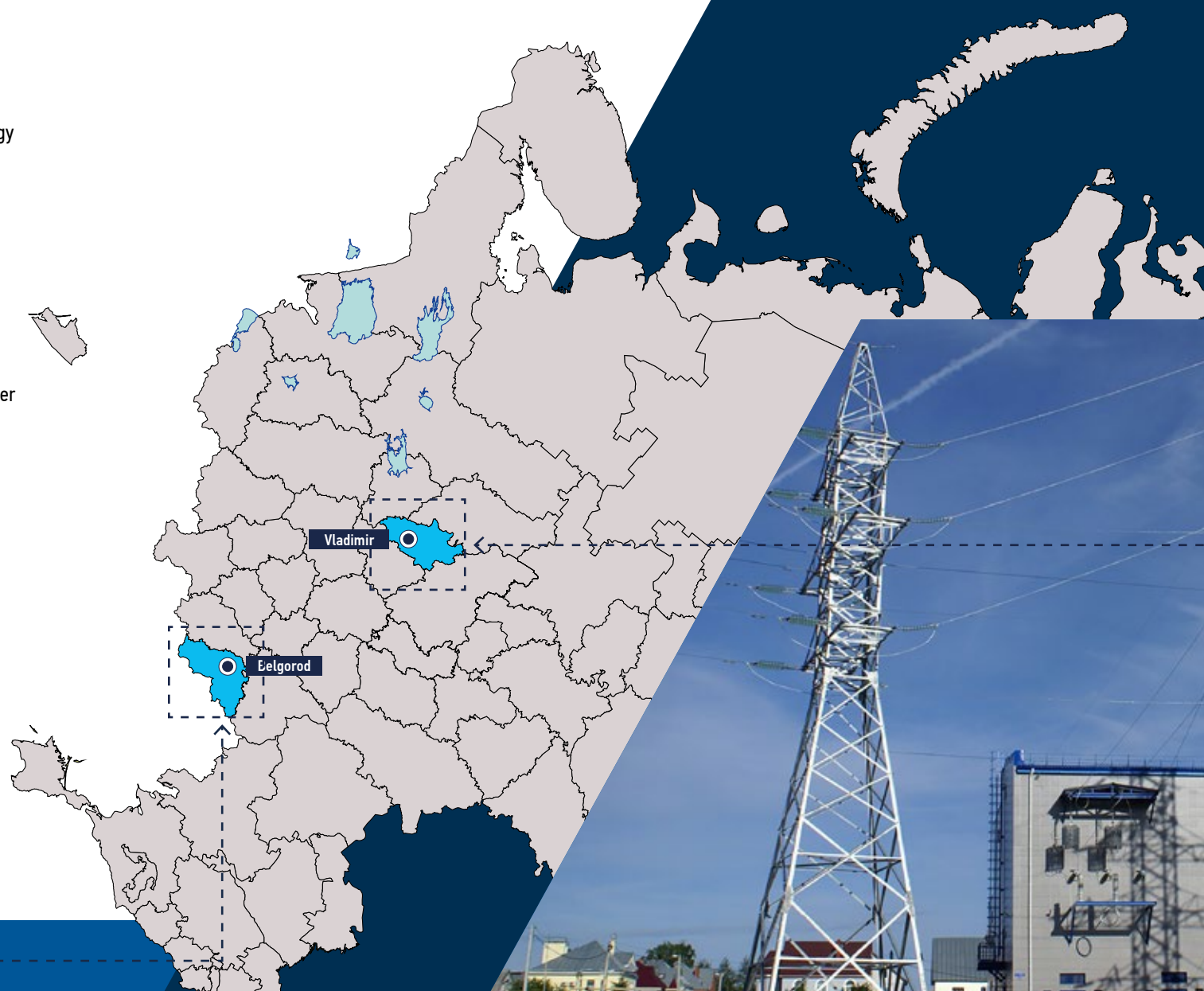
ROSSETI Center, ROSSETI Center and Volga Region

→ Benefits of project implementation

→ Reduction in capital expenditures and technological losses

→ Results achieved during the implementation of the project in 2020

→ Within the framework of the project, technologies of energy storage based on lithium-ion batteries and output to the grid were perfected as well as technological aspects of operations of the entire system in general. The results of the project can serve as a basis of electricity demand management projects.



VLADIMIR REGION

Installation of an electric energy storage system on the overhead power line in the Pavlovskoe Village of the Suzdal District to increase reliability of energy supply to a socially significant object State Budgetary Healthcare Institution of the Vladimir Region Suzdal District Hospital.

BELGOROD REGION

Reconstruction of an overhead power line with installation of an electric energy storage system to maintain voltage quality in accordance with the regulatory requirements.



→ Plans for further implementation of the project in 2021

It is planned to develop a corporate standard for further replication of the project in general and separate technologies in all SDCs.



Sustainable Development

Responsible Development Integration

In terms of sustainable development activities, the ROSSETI Group has a responsible attitude towards the environment, takes care of its employees, contributes to the development of the regions where it operates, and takes part in achieving the UN Sustainable Development Goals (SDGs).

In order to make decision-making more transparent and effective, ROSSETI strives to improve the corporate governance system and develop management systems on an ongoing basis.

Occupational health and safety

ROSSETI's Occupational Safety Management System. The standard was developed in accordance with the state regulatory requirements for occupational safety, as well as Russian and international standards and recommendations of the International Labor Organization on the occupational and industrial safety management system.

Environmental protection

ROSSETI's Environmental Management System that complies with the requirements of the international standard ISO 14001:2015 and its national analog GOST R ISO 14001–2016.

Quality management

Quality Management System that complies with the requirements of the international standard ISO 9001:2015 and the national standard GOST R ISO 9001–2015.

MANAGEMENT SYSTEM

The ROSSETI Group is committed to building fair and transparent relationship with all key stakeholders through continuous interaction, consideration of their interests and timely informing on the Company's plans and performance.

Coverage of stakeholders	Category of stakeholders
Internal stakeholders	ROSSETI Group companies
	ROSSETI Group management
	Employees of the ROSSETI Group, the trade union, the Young Professionals Board
	Persons who have previously worked in the companies of the ROSSETI Group
Business environment	Investment community
	Consumers and customers
	Partners, including international
	The State
Social environment	Society

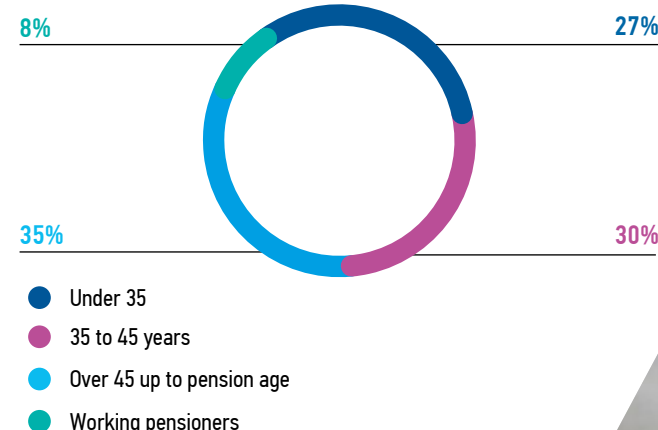
Responsibility for employees



4.4%
personnel turnover rate in 2020

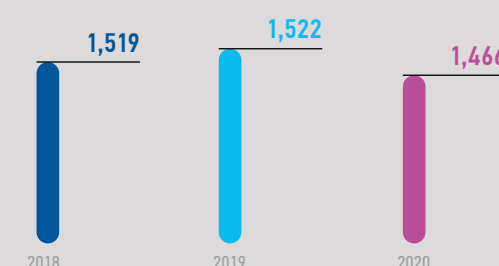
RUB 60 thsd
average salary in the ROSSETI Group in 2020

Personnel structure by age for 2020

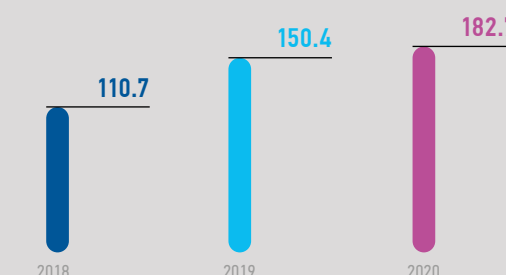


Environmental responsibility

Air pollutant emissions, tons



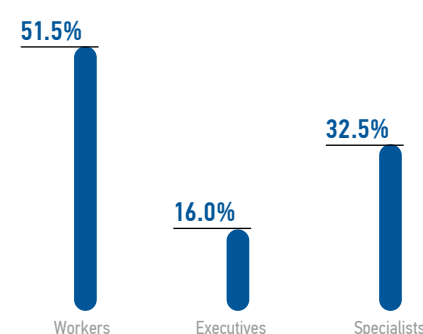
Number of installed bird protection equipment, thsd units



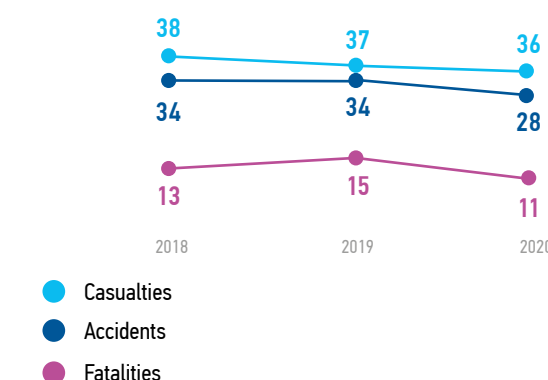
235 MW
capacity of renewable energy sources (RES) generation has been supplied during the last 5 years

Nearly **600 thsd** bird protection devices have been installed during the last 5 years

Personnel structure by occupational category in 2020



Dynamics of occupational injuries in 2018-2020



Benefits of Investment

Market Leadership Strategy

Strategic competitive advantages

76% of electricity generated in the country
 is transmitted and distributed via the ROSSETI Group's system

Presence in **80** regions of the Russian Federation

LEADING POSITION IN THE INDUSTRY

SAIDI and SAIFI are improved annually, reaching

1.4 and **1.1** respectively

QUALITY AND RELIABILITY OF SERVICES

Long-term history of implementing complex industry-specific projects
 Successful completion of the first pilot projects in the field of digital transformation

UNIQUE COMPETENCIES

Labor productivity grew by

5.44%

OPERATING EFFICIENCY

No direct greenhouse emissions take place as a result of the ROSSETI Group's core business activities

LOW IMPACT ON THE ENVIRONMENT

Investment attractiveness factors

Areas of development with a focus on improving business efficiency and total shareholder return

Stable operating and financial results, low debt burden

Establishing key performance indicators for the Company's management following TSR and reduced specific OPEX

Transition to risk-oriented approach in a lot of key business processes

One of the best teams of top managers in the industry following the merger of the executive bodies of ROSSETI and FGC UES

High level of corporate governance

Synergetic effect thanks to optimizing a headcount of executive offices and accelerating decision making

National Corporate Governance Rating **7++**

Continuous work to preserve a favorable environment

Effective risk management and internal control

Increasing energy efficiency of assets and contribution to combating climate change

Transition to risk-oriented approach in a lot of key business processes

Further growth drivers



Development of technologies and their introduction in technological and business processes of the ROSSETI Group:

- implementation of the Digital Transformation Concept;
- interaction with universities.



Development of new activities and acquisition of performing assets:

- a process bus for the development of additional services for consumers;
- further consolidation of the industry.



Improvement of the industry-specific legislation:

- participation in deliberative and advisory bodies of the executive and legislative authorities.

The ROSSETI Group's International Activity

The goal is to create additional value for shareholders, gain new knowledge and competencies, participate in promoting the interests of the Russian Federation, as well as develop business abroad.

20 countries

Foreign partners geography: **Asia** (Bangladesh, China, Mongolia, Japan), **Middle Abroad and CIS** (Armenia, Azerbaijan, Belarus, Finland, Georgia, Kazakhstan, Uzbekistan, Ukraine, Latvia, Lithuania, Estonia), **Latin America** (Cuba), **Africa** (Mozambique), **Europe** (Italy, Serbia, France)

Activities

1 Expansion and development of electric power ties of Russian UES with foreign energy systems

As part of construction of **330 kV Artem–Derbent** air line with a length of 171.7 km, which will increase the reliability of electricity supply of Russian South IES and international energy transit to Azerbaijan, the main stage of complex reconstruction of 330 kV **Derbent substation** has been completed.

2 Interaction with the world leaders of the industry in the field of innovative development

Exchange of experience, transfer of technology and rulemaking within

14 international industry organizations



The ROSSETI Group's representatives:

- carry out a pre-project survey of **Ordzhonikidze Electric Grid District** ROSSETI Urals¹. The design will be completed in 2022, with consideration to the application of solutions for automation of distribution electrical networks and organization of digital data transmission systems proposed by Chinese corporation;
- have contributed **to the development of recommendations** on digitalization under **Business 20 of G20**;
- have implemented the **#GlobalDSO** initiative² together with Enel, E.DSO, Eurelectric and EPRI;
- have provided representation of Russia to WEC³ and CIGRE⁴ have initiated work on the creation of a Catalog of export competencies of the ROSSETI Group and major partners.

for details, see **Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020**

3 Efficient use of technological and economic advantages of synchronous operation of international power systems

ROSSETI FGC UES ensures synchronous (parallel) operation with a single frequency of 50 Hz, with 9 foreign countries via interstate power lines (PL), as well as joint work of the UES of Russia through DC links with the energy systems of Finland and China.

- **4.8 bn kWh** — the volume of electricity transit through the IES of Belarus and the UES of Kazakhstan in 2020 to ensure energy supply to the consumers of **15 border regions of the Russian Federation**¹
- **Provision of emergency mutual aid:**
 - **export of more than 14.2 mn kWh** from Russia (to Georgia, Azerbaijan, Kazakhstan)
 - **import of more than 37.9 mn kWh** to Russia (from Belarus, Azerbaijan, Kazakhstan)
- **Information exchange on power transfer with foreign energy systems**
- **Interaction with foreign energy systems in the framework of annual, monthly and daily planning of parallel (joint) work of the Russian UES**

4 Customs support of foreign power transfer

ROSSETI FGC UES acts as a carrier of electricity across the border of the Russian Federation and is a technical contractor for commercial contracts of participants in export-import activities on the wholesale electricity market, collects and processes information on the movement of electricity through 125 interstate power lines (ISPLs) based on data from commercial metering devices for electricity.

Electricity supply volumes in 2020:

- **11.7 bn kWh** – electricity export;
- **1.4 bn kWh** – electricity import;

5 Establishment and development of shared energy markets

At the ECE site, representatives of the ROSSETI Group participate in the formation of draft international normative legal acts aimed at the creation and operation of a common Electricity market of the Eurasian Economic Union.

6 International projects to create energy corridors

Elaboration of **feasibility studies for the implementation** of cross-border projects with the countries of the Middle East along two alternative routes is carried out.

7 Development of own business directions on the territory of foreign countries

4 new agreements with international partners have been concluded in 2020².

The key solutions promoted to foreign markets by the Company are the following services:

- audit of foreign energy systems;
- design and construction of electric grid facilities;
- concession/management of the electric grid sector facilities.

¹ As part of the agreement between ROSSETI and NARI Group Corp (a subsidiary of State Grid Corporation of China, SGCC).

² An informal association has been established to maintain a constant dialog at the level of the executives of the largest international electric distribution companies.

³ World Energy Council, <https://www.worldenergy.org>.

⁴ International Council on Large Electric Systems, www.cigre.org.

¹ 15 regions on borders with the countries of the BRELL electrical ring (consumers from Pskov, Smolensk, Leningrad, Kaliningrad, Bryansk regions), as well as with Kazakhstan (consumers from Astrakhan, Volgograd, Saratov, Samara, Orenburg, Kurgan, Chelyabinsk, Omsk, Novosibirsk regions and Altai Territory).

² Memorandum of understanding in the field of development of the Bangladesh electric grid sector between ROSSETI and LLC National Electric; Memorandum of understanding in the field of development of electric grid sectors of Russia and Uzbekistan between ROSSETI and JSC O'z'elektroapparat-Electroshield; Agreement on long-term strategic cooperation in the field of development of electric grid sectors of Russia and Uzbekistan between ROSSETI and JSC National Electric Grid of Uzbekistan; Agreement on strategic cooperation between ROSSETI and the Eurasian Development Bank.

2

Strategic Report

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Overview of the Industry, Trends and Forecasts

Successful Work during the Economic Downturn

World and Russian economic trends

Reporting year

The rate of decline in world GDP for 2020, according to preliminary data, amounted to 3.5%¹ in comparison with the growth of the world economy by an average of 3.8% year-on-year over the previous 10 years.

Key factors for the decline in the global economy in the reporting year are as follows:

- the spread of coronavirus infection and related restrictions;
- a significant decline in the world oil price and its high volatility throughout the year.

Thanks to additional measures of state support for enterprises and the population, the actual decline in world GDP was not as significant as previously predicted.

In Russia, the decline in production was less severe than the decline in the global economy as a whole; in 2021, it is planned to recover at a moderately optimistic level.

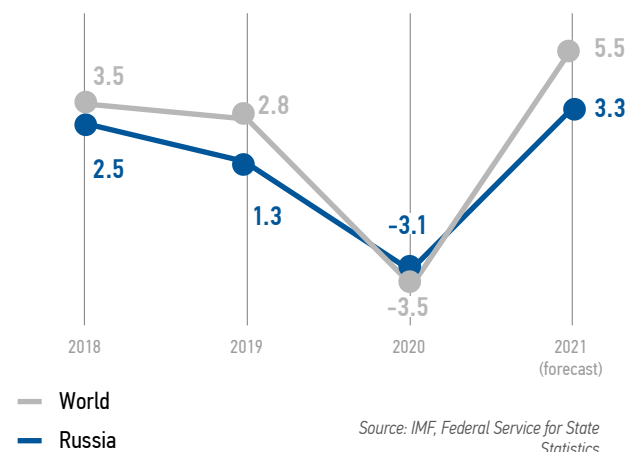
According to the estimates of the Federal Service for State Statistics, the decline in Russia's GDP in 2020 amounted to 3.1% (against the forecast of 3.9%²). The major factors behind the decline in the Russian economy were:

- coronavirus pandemic;
- decline in international trade;
- tension in relations between leading countries.

The impact of negative factors on the Russian economy in the reporting year turned out to be less in comparison with the economies of other countries, especially against the background of a noticeable recovery already in the 4th quarter of 2020.

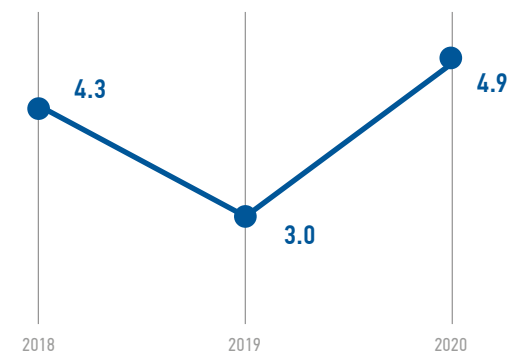
The global economy contracted in 2020 with an optimistic forecast for 2021–2022

GDP growth rates in 2018–2020, % year-on-year



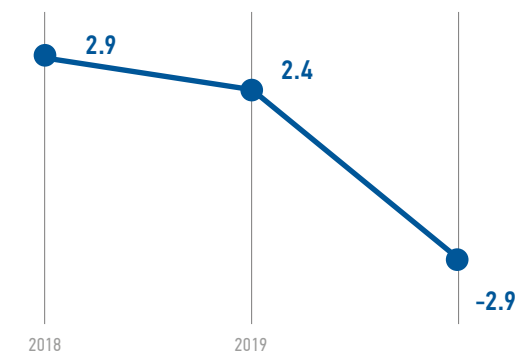
Inflation for December 2020 to December 2019 amounted to 4.9%³ and reached its maximum since 2016. The decline in the industrial production index for the year was only 2.9% year-on-year. However, a significant increase in this indicator by 10.5% in December relative to November 2020 indicates the beginning of recovery growth in the real sector of the economy. The economic dynamics in 2020 in Russia was predetermined mainly by a significant decrease in the consumption of the population (-8.6% versus +3.2% in 2019) and a reduction in investment (-6.2% versus +1.5% in 2019). Exports in real terms decreased by 5.1%, imports decreased by 13.7%⁴.

Inflation rates of the Russian Federation in 2018–2020, % year-on-year



The following sectors supported GDP in terms of production in 2020: agriculture, construction and manufacturing, finance and insurance. At the same time, some sectors indicated significant lagging associated with a decrease in demand and restrictive measures due to COVID-19, both inside and outside the country. The electricity sector accounted for 2.7% of Russia's GDP in the reporting year.

Dynamics of the industrial production index in 2018–2020, % year-on-year



The Bank of Russia supported the economy by successively lowering the key rate: in 2020, the rate was reduced by 2 percentage points, i.e. from 6.25% to 4.25%. These decisions fostered an increase in demand for goods and services from the population and to a decrease in the cost of paying interest on the part of companies.

Based on the key macroeconomic indicators of 2020, it can be concluded that the Russian economy has adequately coped with the negative factors and challenges of 2020, including through timely action in the field of healthcare and the removal of restrictions on the operation of enterprises. The ongoing recovery and growth of the Russian economy is expected to continue in the medium term.

Short-term forecast

In the coming years, IMF experts expect significant growth in the global economy (by 5.5% and 4.2% in 2021 and 2022, respectively), while world trade will grow by 8.1% and 6.3%, which brings significant optimism to primarily for industrial enterprises and their financial performance.

Preconditions for an optimistic forecast regarding the dynamics of the world economy:

- stabilizing the situation around coronavirus infection (registration and distribution of vaccines against COVID-19, adaptation of countries and citizens to social distancing measures);
- stabilizing prices on the oil market and prolongation of the OPEC+ deal;
- support measures to stimulate the economy and demand from large states.

In the Russian Federation in 2021–2022, the positive trends noted in the 4th quarter of 2020 are expected to continue. The turnaround of the Russian economy will ensure GDP growth of 3.3–3.4% yoy. This will serve as a favorable factor for the recovery of market conditions and demand for resources and finished products in the medium term, both from industrial enterprises and the population¹.

¹ World Economic Outlook Bulletin, January 2021 // International Monetary Fund.

² Medium-term forecast of the socio-economic development of the Russian Federation until 2023.

³ Data by the Federal Service for State Statistics.

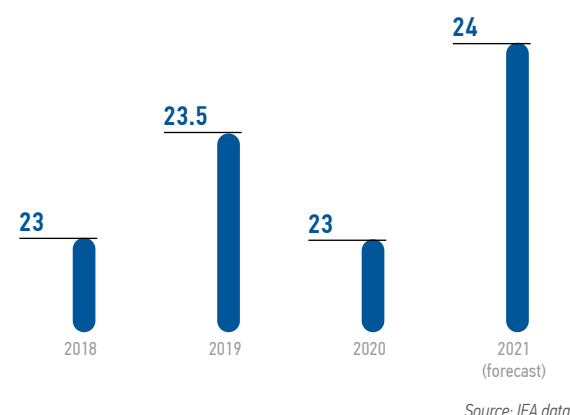
⁴ Initial estimate by the Federal Service for State Statistics as of February 1, 2021.

Key industry trends

Most of the events that had entailed a significant impact on the development of the electricity industry in 2020 are associated with the spread of coronavirus infection in the world, which resulted in the temporary closure of enterprises and the OPEC + deal aimed at stabilizing world oil prices. The power sector was able to pass these tests less painfully compared to other industries, including through the initiation of digital business transformation projects and the ability to manage processes remotely. At the same time, the demand for electricity in 2020 in the world decreased by 2%¹.

In recent years, a number of stable trends have emerged in the global electric power industry, which determine its further development.

World demand for electricity, tn kWh



Digital transformation

Moving from analog, centralized and standardized technologies to digital, distributed and personalized ones.



Decentralization

Development of distributed generation, distributed storage/ storage of electricity, demand management and energy saving.



Changing consumption patterns

Gradual transition to a more versatile, convenient and efficient energy carrier.



Energy efficiency improvement

Widespread use of energy efficient technologies in the residential and commercial buildings sector.



Emerging competitors from other industries in the electric power industry

Development of charging infrastructure for electric vehicles, storage technologies, energy consulting, etc.



Transport electrification

Transition to electric and hybrid transport, including public transport.



Change in the balance of energy consumption

60% increase in the share of electricity in final consumption and up to 25% of total energy consumption by 2040.²



Decarbonization

Transition to renewable energy sources, green energy and storage through policies to reduce carbon dioxide emissions and incentive measures for electricity producers.



Consumer transformation

Transition from passive to active consumption of services, allowing to manage energy consumption through advanced technologies in real time.

At the same time, there are a number of factors that can weaken the development of global trends:

- natural conditions that do not make it possible to achieve rapid deployment of renewable energy sources;
- large distances between production clusters and major cities;
- low prices for natural gas;
- low level of automation, digitalization and observability of the distribution network;
- external unpredictable factors (climatic and others).

The electric power industry in Russia is one of the key ones in ensuring the functioning of the national economy.

Russia is the fourth energy market in the world in terms of electricity production and consumption after China, the USA and India¹.

For several years, up to 2020, an increase in electricity consumption was observed in Russia. Taking into account the restrictions imposed due to COVID-19 in the 2nd–3d quarters of 2020, the warm winter of 2019–2020 and a decrease in demand for electricity from the oil and gas sector, electricity consumption in 2020 decreased by 2.3%, to 1,033.7 trillion kWh². At the same time, electricity output by power plants of the UES of Russia in 2020 decreased by 3.1% compared to 2019 and amounted to 1,047.0 bn kWh. This corresponds to the drop in the main macroeconomic indicators. At the same time, December 2020 became a reversal year for the trend in electricity demand in a positive direction: the growth in electricity consumption in December amounted to 2.2% year-on-year, in January — by 4.3%, which is justified by climatic conditions (cold winter), and an increase in economic activity in Russia³.

The total number of power plants in 2020 increased by 32 units, while the total installed capacity of power plants of the UES of Russia decreased by 0.4% to 245.3 GW⁴.

According to the Ministry of Energy of Russia, in 2021, electricity consumption is expected to increase to the level of 2019 and, possibly, exceed it by 0.5%, which may indicate a complete recovery of the sector within a year. The current forecast of the Ministry of Economic Development and Trade until 2023 also assumes medium-term growth in the energy sector by 2.3–2.4% in 2021–2022, which will allow companies in the electricity sector to return to their previous performance indicators and even improve them in the short term. On the horizon until 2026, a moderate increase in electricity consumption is expected by an average of 1.1% yoy, including taking into account the activities of the national economic recovery plan⁵.

Russia is a net exporter of electricity and capacity. In 2020, electricity production exceeded consumption by 13.3 bn kWh. (+1.3%)⁶. The main importing countries of Russian electricity were Ukraine (31.1% in the structure of electricity exports in physical terms), China (23.0%), Finland (22.3%) and Lithuania (15.3%).

A significant role in the sustainability of the Russian electricity sector during the COVID-19 pandemic was played by the industry's readiness to respond quickly to all types of emergency situations, including restrictions on movement arising as a result of general self-isolation, the need to ensure maximum safety of personnel and changes in consumption patterns. In the circumstances that arose, the Company's major goal was to ensure reliable and high-quality power supply, which was achieved through timely and optimal management decisions.

At the same time, the restrictions associated with COVID-19 in 2020 showed that the digital transformation of business in the Russian economy and in the ROSSETI Group of Companies in

particular creates a number of key tools that can ensure long-term efficiency and leadership in the industry. Some of these projects have already been included in the Digital Transformation Program of ROSSETI (for example, intelligent metering systems, highly automated RES). Another part of the projects is planned for trial implementation in a number of subsidiaries and affiliates of the Company (for example, an automated maintenance system and a system for diagnostics of overhead lines based on unmanned aerial vehicles, etc.), which will increase the operational efficiency of the ROSSETI Group and promptly respond to external negative environmental factors ensuring high safety, growth of labor productivity and preservation of health of employees of the ROSSETI Group of Companies.

¹ IEA. World Energy Outlook 2020.

² Energy strategy of the Russian Federation until 2035, approved by the order of the Government of the Russian Federation No. 1523-r dated June 9, 2020.

¹ Enerdata data for 2019.

² Data from SO UES for 2020: Report on the functioning of the UES of Russia in 2020.

³ <https://www.interfax.ru/business/744621>.

⁴ Data from SO UES for 2020: Report on the functioning of the UES of Russia in 2020.

⁵ The Order "On approval of the plan and program of Russia's United Power System development for 2020–2026".

⁶ Data from SO UES for 2020: Report on the functioning of the UES of Russia in 2020.

Prospects for the development of the industry in Russia until 2035–2040

The Energy Strategy of the Russian Federation for the period up to 2035 provides for the main growth factors for the electric power industry in the coming years:

increased demand for electricity from transport and housing and communal services

development of energy-intensive industrial production in the eastern regions of Russia and in the border areas of neighboring states, primarily, the EAEU member states, China and other APR countries

Risk factors that can significantly slow down the development of the industry

discrepancy between the declared characteristics of power consumption during technological connection and their subsequent actual values

preservation of cross-subsidization, which reduces the efficiency of the centralized energy supply system

an insufficient level of automation of technological processes and an increase in the vulnerability of objects associated with the complication of systems and algorithms for managing these objects

low payment discipline of consumers in the wholesale and retail electricity market

imperfection of the current model of relations and pricing in energy supply

ROSSETI Group position in the industry

ROSSETI is the largest management company in the power grid complex of the Russian Federation. ROSSETI is the industry leader, coordinating work to improve the economic efficiency of investment activities, developing uniform standards and quality indicators, and improving the operational efficiency of the ROSSETI Group of Companies.

ENERGY GENERATION

Competition segment

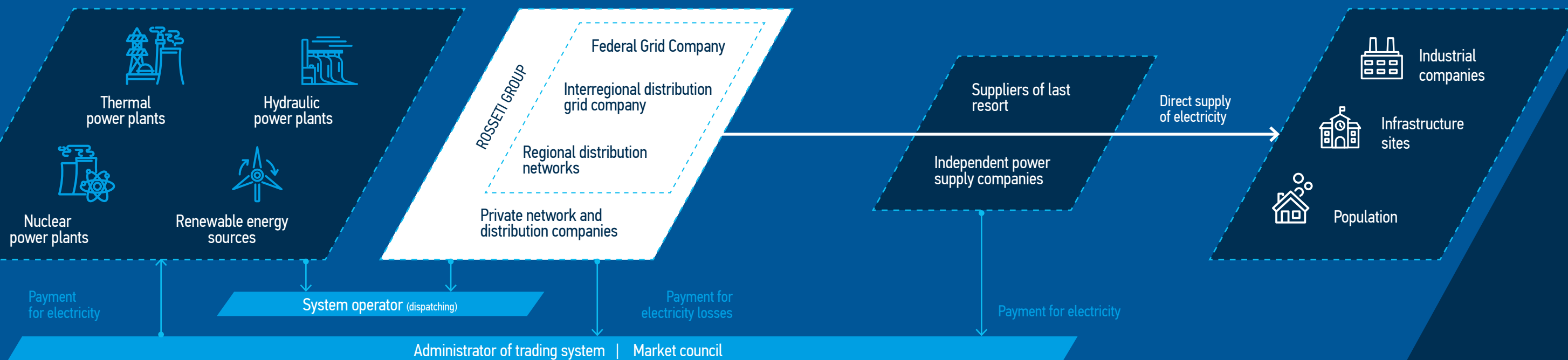
TRANSMISSION AND DISTRIBUTION

Adjustable segment

SUPPLY

Segment with adjusted competitiveness

CONSUMPTION



Market share owned by the companies of the ROSSETI Group

Controlled market share of ROSSETI's subsidiaries and dependent companies¹

Indicator name	2020 (target)	2020 (actual)	2021 (target)
Controlled market share, %	73.3	73.5	growth of 0.2% annually

* ROSSETI's management does not have tools to influence the values of the indicator. In addition to the consolidation of power grid assets, other significant factors affect the distribution of MRR for each LGC. The final values of the components involved in the calculation of the indicator are approved by the regulatory body of the constituent entity of the Russian Federation. The issue of including the costs of consolidation in the IPR remains unresolved. Taking into account the negative position of the Federal Antimonopoly Service of Russia (letter No. VK/104364-PR/20 dated November 27, 2020) on the inclusion of projects in the IPR, subsidiaries and dependent companies of PJSC ROSSETI are significantly limited in financing activities to consolidate power grid assets.

Minimum regulated revenue (MRR) is an economically justified amount of financial resources required by regulated power grid organizations to carry out their activities during the settlement period of regulation. MRR forms the basis for the approved uniform "ingle pot" tariffs in the regions of operation of the subsidiaries and

dependent companies of the ROSSETI Group, and thus, the share of each subsidiary and dependent company in the total MRR of the region determines its profitability. In fact, the share of subsidiaries and affiliates in the total value of the regional MRR is in the Russian power grid market a complete analogue of the market share.

Share in the regional market for electricity transmission services under comparable conditions of tariff regulation	Market share by MRR, %		
	in 2018	in 2019	in 2020
ROSSETI Center	86.12	86.20	89.64
ROSSETI Lenenergo	86.37	88.05	88.77
ROSSETI Yantar	80.58	84.21	84.41
ROSSETI Urals	79.91	79.57	80.93
ROSSETI North Caucasus	79.44	78.95	80.23
ROSSETI Center and Volga Region	76.83	77.34	78.53
ROSSETI Kuban	80.45	80.05	77.46
ROSSETI North-West	73.33	74.49	73.52
ROSSETI Tomsk	74.89	72.74	72.23
ROSSETI South	82.92	69.92	71.55
ROSSETI Tyumen	69.10	67.09	68.21
ROSSETI Volga	65.31	65.32	63.74
ROSSETI Siberia	65.14	65.35	63.27
ROSSETI Moscow Region	62.71	62.54	62.09

Industry consolidation

The development strategy of the ROSSETI Group of Companies for the period up to 2030² envisages the creation on the basis of the ROSSETI Group of Companies of a single operator operating the electric grid complex of the Russian Federation. In this regard, one of the key areas of activity of ROSSETI is the consolidation of the assets of the power grid complex of Russia.

Consolidation of power grid assets is a set of measures aimed at establishing control by the ROSSETI Group of Companies over a power grid asset (power grid facilities or shares (stakes in authorized capital) of existing or created (including with the participation of third parties) organizations that transmit, distribute electricity energy), not included and/or not under the management of the ROSSETI Group of Companies.

¹ The share was calculated according to the MRR of grid organizations (excluding payment of losses), taken into account when approving uniform boiler tariffs for the regions of presence of subsidiaries of ROSSETI (distribution complex).

² Approved by the Board of Directors of ROSSETI on December 26, 2019 (Minutes No. 388 dated December 26, 2019).

The main objectives of the consolidation of power grid assets

Establishing a single center of responsibility for ensuring reliable, high-quality and affordable power supply



Growth in the share of ROSSETI's subsidiaries in boiler revenue for transmission services received from regional electricity consumers



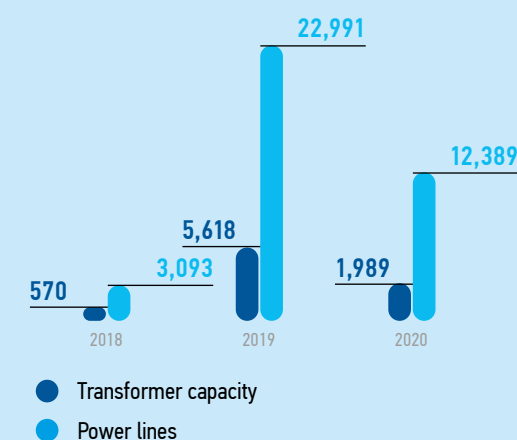
Constructing an optimal power grid infrastructure and implementation of power grid elements with elements of digital solutions



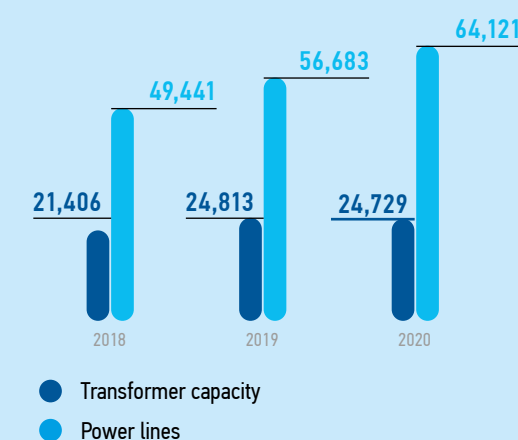
In 2020, several large projects were implemented to consolidate power grid assets:

- leased power grid facilities of Nalchik (Kabardino-Balkarian Republic, ROSSETI North Caucasus, PJSC);
- leased power grid facilities of the Semiluksky municipal district (Voronezh Oblast, IDGC of Center, PJSC);
- leased power grid facilities of the Kopeisk city district (Chelyabinsk region, IDGC of the Urals, OJSC);
- leased power grid facilities of JSC Arkhinvestenergo (Arkhangelsk Oblast, IDGC of the North-West, PJSC).

Acquired electric grid facilities, MVA, km



Leased electric grid facilities, MVA, km



SWOT analysis of the ROSSETI Group

→ Strengths

- a well-known brand (a significant scale of the Company in terms of territory coverage and market share);
- high inertia of traditional business;
- important element of the electricity value chain;
- availability of a technical base and highly qualified technical and engineering personnel;
- stable financial position.

→ Weaknesses

- situational restriction of the growth of tariffs for electricity transmission services by authorized government bodies;
- long-term investment cycle of high voltage facilities and the high capital intensity of investment projects;
- lack of qualified specialists in Russia with competencies in new technologies;
- non-diversified product portfolio (dependence of the Company on one type of activity);
- low level of automation, digitalization and network observability (in comparison with foreign counterparts), high wear and tear of distribution network assets.

→ Opportunities

- changes in the market structure, the emergence of new technologies;
- use of accumulated experience, competencies and potential;
- use of a unique infrastructure, on the basis of which new types of activity (non-tariff services and services) can be developed, synergistic effects can be achieved;
- a large base of potential subscribers/clients as part of the development of new services;
- monopoly position in the market;
- high potential for managing a wide database;
- high potential for increasing the market value of the Company.

→ Threats

- a change in the model of the energy market and a decrease in electricity consumption from the centralized network (the transition of consumers to a new type of production and supply of electricity, the emergence of companies providing new services, changing needs, the emergence of new technologies);
- uncertainty in the implementation of the strategic initiatives to regulate the industry;
- complication of foreign trade relations and international cooperation in terms of foreign policy tension, as well as the growth of protectionism.

In world practice, there are no companies comparable to the ROSSETI Group in respect of the scale, types of services provided, organizational structure and management features.

At the same time, there are a number of foreign public companies presented in the table that are most similar to ROSSETI in terms of their industry specifics and the size of their operating activities.

Comparison with foreign counterparts in terms of financial and investment indicators¹

No.	Company name	Market capitalization, bn RUB ²	EBITDA, bn RUB	EBITDA profitability	Dividend yield	EV/EBITDA	P/E
1.	ROSSETI Group	356.3 ³ 412.2 ⁴	288.5	28.8%	9.6% ⁵	4.3	5.8
2.	Red Eléctrica do Especa (Spain)	814.4	141.6	79.1%	6.5%	10.0	14.5
3.	Terna (Italy)	1,145.0	165.0	72.8%	4.1%	12.1	16.2
4.	Elia (Belgium)	603.2	90.6	45.5%	1.7%	14.1	24.8
5.	AusNet Services (Australia)	374.0	68.8	61.3%	6.8%	12.8	22.7
6.	Eversource Energy (USA)	2,188.4	218.9	33.3%	2.6%	16.1	24.5
7.	Kegoc (Kazakhstan) ⁶	77.3	4.4	30.4%	7.5%	3.4	9.4
8.	Electricite de France SA (France)	3,601.4	1 416.4	22.8%	1.4%	5.5	268
Average		814.4	141.6	45.5%	4.1%	12.1	22.7

¹ Comparison of companies by key market and financial indicators calculated on the basis of financial results under IFRS for 2020.

² As of December 31, 2020.

³ Capitalization of ROSSETI's ordinary and preferred shares.

⁴ Amount of capitalization of the shares of ROSSETI's public subsidiaries and dependent companies.

⁵ For common shares.

⁶ Kegoc figures are based on data from Thomson Reuters.

Development Strategy

Change Strategy to Ensure Leadership

The Company aims at providing reliable, high-quality and affordable energy supply for a comfortable life for people and free growth of the Russian economy, increasing the profitability of shareholders and opportunities for professional growth of employees. As a pillar of the country's energy security, we use advanced, innovative technologies.

The strategic challenges faced by the Company are primarily due to global industry trends, as well as Russian industry specifics.

Key industry challenges:

- rapid technological progress affecting all areas of the Company's activity and requiring the availability of qualified specialists with competencies in new technologies;
- the need to diversify the business to reduce dependence on one type of activity;
- preserving a balance between ensuring reliable and high-quality energy supply and minimizing investment costs for projects that do not have economic efficiency;

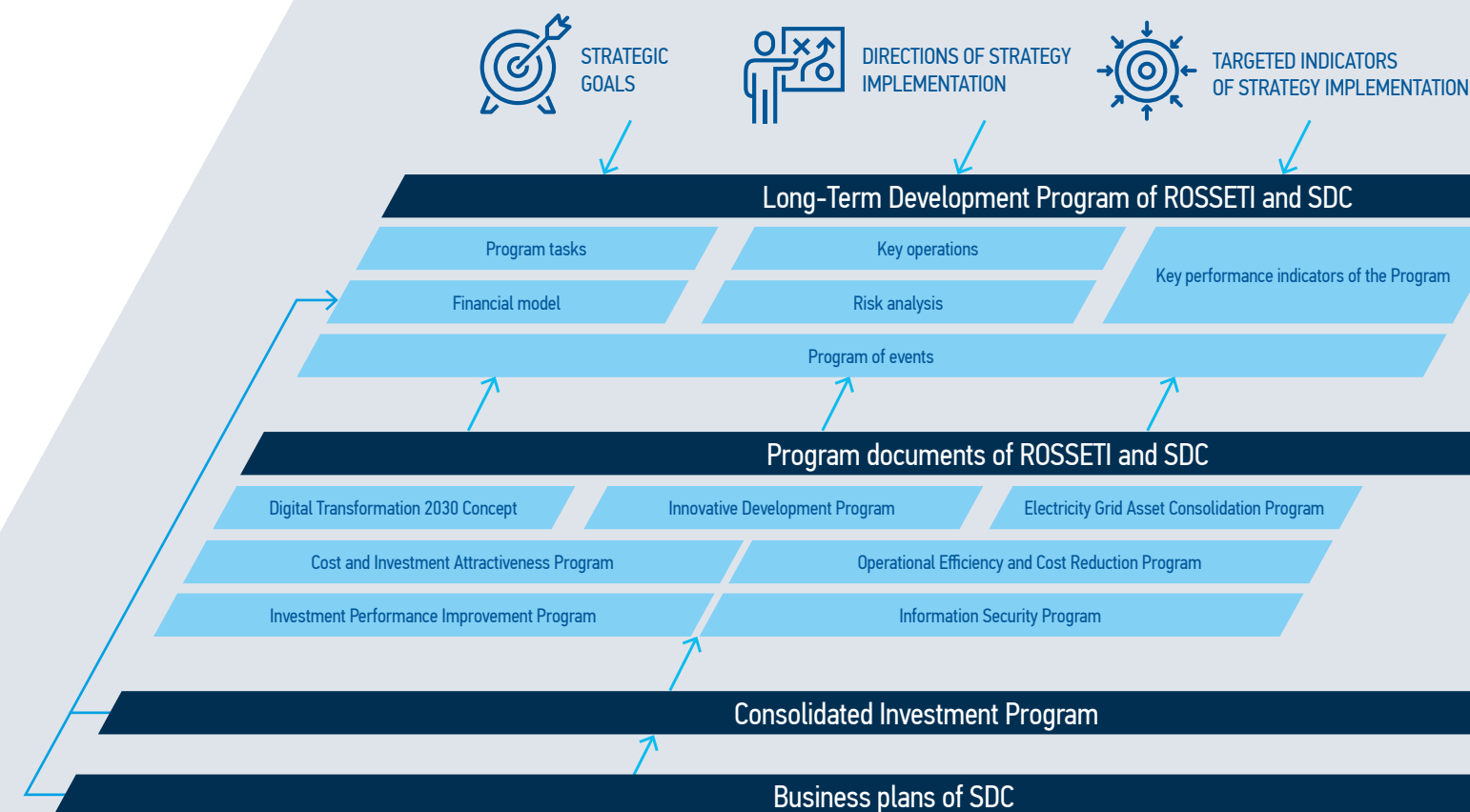
- uncertainty in the implementation of the strategic initiatives to regulate the industry;
- consumers leave for their own generation;
- increasing wear and tear of the main equipment.

The need to adapt to new challenges and changing consumer demands is reflected in the new Development Strategy of ROSSETI and its subsidiaries and affiliates until 2030, approved in 2019¹.

The development strategy is the top-level document of long-term planning which defines the main vectors of the Company's development for the coming decade.

HIERARCHICAL STRUCTURE OF INTERNAL COMPANY DOCUMENTS

Development Strategy of ROSSETI and SDC until 2030



Strategic objectives of the Company



ensuring the reliability and quality of power supply at the specified level



increasing the total shareholder returns



ensuring resilience to changes in the global and local electricity markets

The goals and objectives of the Development Strategy are consistent with the main national goals and strategic objectives set for the power grid complex at the federal level.

In order to achieve its strategic objectives, the Company intends to improve the efficiency of the business model and leverage the Company's potential to develop new segments and additional services. This will provide significant added value for shareholders and increase the Company's adaptability to new, dynamic challenges and changing consumer/subscriber needs.

ROSSETI Group strategic development priorities

Within the framework of its strategic objectives, the ROSSETI Group has identified strategic priorities. The goal-setting horizon involves two stages of implementation of the Strategy: the first one is up to 2024, and the second is 2025 to 2030.

¹ Approved by the Board of Directors of PJSC ROSSETI on December 26, 2019 (Minutes No. 388 dated December 26, 2020).

Targeted indicators of strategy implementation

Priority	Indicator	2020	2024	2030
 IMPROVED EFFICIENCY OF THE CORE BUSINESS	OPEX		2% decrease annually	
	Labor productivity		5% increase annually	
	Electricity loss level	8.6%	7.8%	7.34%
 ENSURING THE RELIABILITY AND QUALITY OF POWER SUPPLY AT THE SPECIFIED LEVEL	SAIDI	1.4	2.0 ¹	1.6
	SAIFI	1.1	1.0	0.85
 BALANCE OF INTERESTS OF THE STATE/CONSUMERS/SHAREHOLDERS/INVESTORS	Capitalization of ROSSETI	356.3 bn RUB	500 bn RUB	1,000 bn RUB
 DIGITAL TRANSFORMATION	Share of R&D costs from own revenue	0.32% ²	0.25%	0.25%
	Digital Transformation Index	Growth of the indicator throughout the Strategy implementation		
 BUSINESS DIVERSIFICATION	Non-tariff revenue	2.33%	5%	20%



The strategy of the ROSSETI Group of Companies until 2030 is aimed at moving from a business model aimed at building up the material and technical base and improving the reliability and quality of power supply, to a business model of a modern innovative infrastructure that ensures the growth of the aggregate profitability of shareholders at a given level of reliability and the quality of power supply by further improving management efficiency, using and developing the Company’s potential, and ensuring resilience to industry changes.

Director General of ROSSETI
A.V. Ryumin

¹ It is associated with the expected increase in the number of recorded violations as a result of increased observability of the network.

² The indicator planned value is 0.25%.

Strategy implementation in the reporting year

Priority	Key work areas	Indicator	2019	2020
Improved efficiency of the core business	→ improving the efficiency of the process of managing the maintenance and repair of equipment, buildings and structures;	OPEX	+ 2.7%	+ 1.4%
	→ improvement of procurement activities and work with suppliers.			
	→ optimizing the number of administrative and management personnel.	Improving labor productivity	3.4%	5.4%
	→ implementation of comprehensive programs to reduce losses in subsidiaries and affiliates;	Electricity losses	8.58%	8.64% ↑
Ensuring the reliability and quality of power supply at the specified level	→ introduction of intelligent accounting systems.			
	→ automation of the selection of the control action (R&R/MRO) on the objects of the prioritized list, taking into account predictive analytics;	SAIDI	1.8	1.4 ↓
	→ modernization and reconstruction of power grid facilities.	SAIFI	1.2	1.1 ↓
	→ return of ordinary shares of ROSSETI to the Moscow Exchange Index (IMOEX) and the RTS Index;			
Balance of interests of the state/consumers/shareholders/investors	→ efficient work with analysts and increase in analytical coverage.	Capitalization of ROSSETI, bn RUB	279.8	356.3 ↑
Digital transformation	→ implementation of activities as part of the Program Digital Transformation of ROSSETI 2019–2030 by groups of projects, such as: digitalization of areas of electrical networks, modernization and construction of substations using digital technologies, construction of electric charging stations, creation of digital models of networks, implementation of automated design and control systems, etc.	Highly automated RES (commissioning per year)	4	34
		Highly automated substations with digital communication (commissioning in one year)	21	33
		Modernized NCC (commissioning in a year)	9	6
		Electric charging stations (number at the end of the year)	251	266
		Pilot projects for the implementation of digital technologies		4
Business diversification	→ development of traditional non-tariff types of business. The Company is working actively on the development of electric charging infrastructure, new consumer services that provide an opportunity to participate in the regulation of its own consumption/management of electricity costs, demand management systems, including the use of electric energy storage devices.	Share of non-tariff revenue from other activities	1.9%	2.33%

Long-Term Development Program

The key instrument for implementing the Strategy is the Long-Term Development Program of the ROSSETI Group of Companies.

In 2020, the Long-Term Development Program of ROSSETI and its subsidiaries and affiliates for 2030¹ (hereinafter referred to as LTDP 2030) was developed and approved by the Board of Directors for the new strategic planning period.

The key difference between the LTDP 2030 and the LTDP 2015–2019 is the setting of goals and objectives in accordance with the new Development Strategy and the Energy Strategy of the Russian Federation up to 2035².

The Company continues to pay special attention to ensuring the reliability and quality of power supply at a given level. At the same time, this goal does not imply large-scale investments in production facilities. It is planned to improve the reliability of power supply by changing approaches to investments: shifting the focus to payback projects that provide the maximum economic effect for the companies of the ROSSETI Group, switching to a risk-based management model and a number of other changes in approaches. Obtaining objective and comprehensive data on equipment operation, external influences, operating modes and other information will optimize the investment planning process.

The tasks of reducing specific operating and investment costs, increasing capacity utilization, observability and controllability of the network, ensuring customer focus, building an integrated

security system for the power grid complex, reducing the level of electricity losses, import substitution of foreign-made products, minimizing environmental impact, promoting legislative initiatives to improve the existing regulatory framework, etc. remain relevant to date.

One of the main goals of the LTDP 2030 is the growth of the aggregate profitability of shareholders. An important priority in achieving this goal is to increase the investment attractiveness and efficiency of the ROSSETI Group of Companies by reducing losses and improving payment discipline. The Company plans to establish conditions for ensuring a steadily growing dividend flow for shareholders and to revise its approach to working with the investment community.

As a new goal, LTDP 2030 includes ensuring business resilience to industry changes against the backdrop of the active development of technologies and the need to prepare for new industry challenges. The key mechanisms for achieving this goal are digital transformation and the development of new types of activities.

Taking into account the new goal-setting in the LTDP 2030, a program of measures, a system of key performance indicators and a list of legislative initiatives have been formed.

It is planned to update the document, if necessary, in order to increase the efficiency of the ROSSETI Group of Companies.

LTDP 2030 unites and systematizes the main activities of all program documents of the ROSSETI Group of Companies:

- Investment Program;
- Innovative Development Program for 2020–2024 with a perspective up to 2030¹;
- Digital Transformation of ROSSETI Program;
- Operational Efficiency Improvement and Cost-Cutting Program of the ROSSETI Group for 2019–2023;

- Program for Modernization (Renovation) of Power Grid Facilities of ROSSETI's SDCs for the period 2018–2026²;
- Information Security Program;
- Program for the Implementation of Intelligent Accounting Systems.

Audit of the Long-Term Development Program 2020–2030

The auditor of LLC Finance Group issued a conclusion dated April 29, 2021 on the reliability of the information defined in the report on implementation of the Long-Term Development Program for 2030 on the delivery of outputs planned by the Program, the achievement of key performance indicators, as well as the reliability of the reasons for the deviation of actual results from ones expected for 2020.

The Structure of the system of performance indicators LTDP 2030 and assessment of their achievement

The key performance indicators of the LTDP 2030 are a decomposition of the indicators of the Development Strategy and are focused on creating motivation factors for making efficient management decisions. The specified system of indicators provides for the following:

- meeting key indicators for implementing the Development Strategy;
- improving financial and production indicators of the ROSSETI Group of Companies;
- fulfillment of directive orders of the Government of the Russian Federation and federal executive authorities.

The performance of the system of indicators is ensured through cascading and decomposition at the companies of the ROSSETI Group.

The LTDP 2030 KPI system includes both financial and operational indicators. The company is focused on ensuring the synchronization of these indicators with the incentive system for top management of the ROSSETI Group of Companies.

Long-Term Development Program of ROSSETI and its subsidiaries and affiliates until 2030

8 main areas of activity



Maintaining a specified level of reliability and security of power supply



Technological development, digital transformation and innovation



Business diversification



Ensuring further improvement of operational and investment efficiency



Increasing investment attractiveness and shareholder value



Increasing our Network Services Market Share



Development of international activities



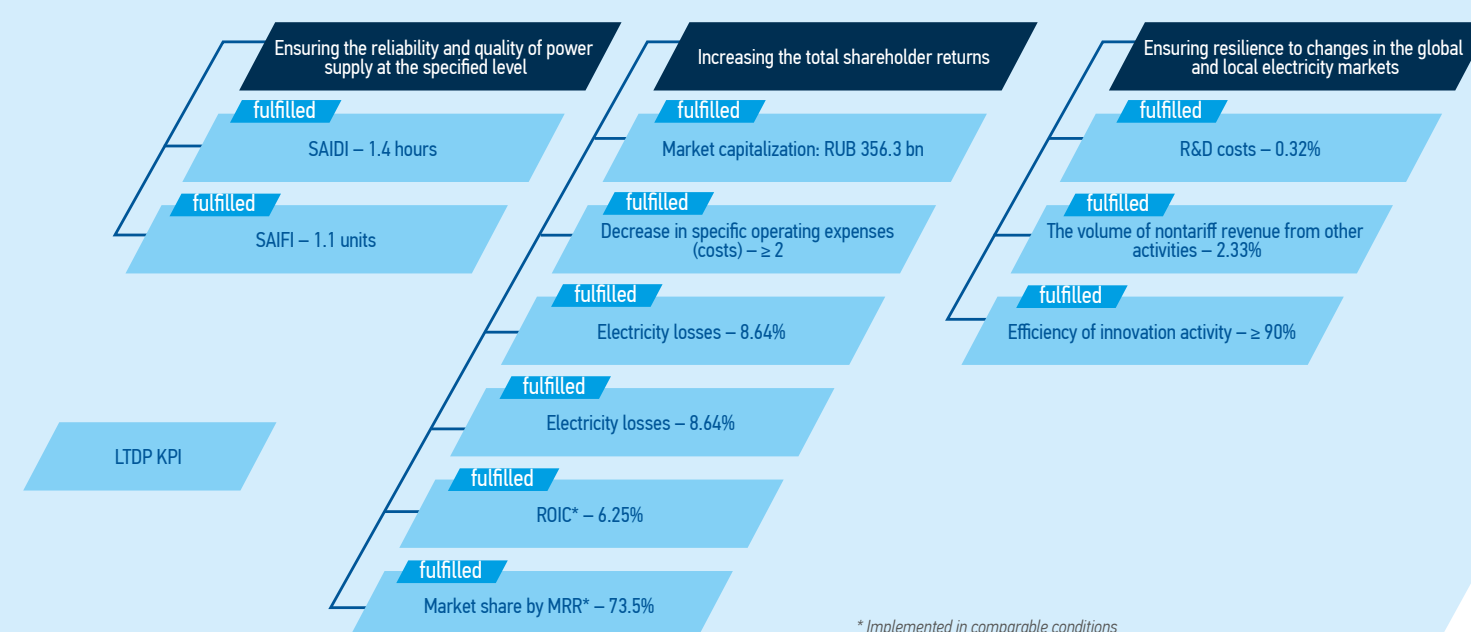
Personnel Policy

10 years

Term of implementation

76 main activities

Achieving 2020 indicators³



* Implemented in comparable conditions

¹ Minutes of the meeting of the ROSSETI Board of Directors No. 444 dated December 30, 2020.

² Approved by the Order of the Government of the Russian Federation No. 1523-r dated June 9, 2020.

³ Approved by the Board of Directors of PJSC ROSSETI (Minutes No. 447 dated February 8, 2021).

² Approved by the Board of Directors of PJSC ROSSETI (Minutes No. 259 dated April 17, 2017).

³ The values of the KPI of the LTDP can be clarified based on the results of the audit.

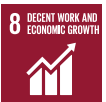
The Company's contribution to the achievement of the UN Sustainable Development Goals

The UN Sustainable Development Goals are a universal call for poverty eradication, planet protection, life quality improvement and prospects enhancement for all people in the world. 17 goals were

adopted by all UN member states in 2015 within the framework of the 2030 Agenda for Sustainable Development, setting out a 15-year plan for their attainment.

Understanding the responsibility to future generations and implementing the global agenda for sustainable development, ROSSETI plans and evaluates its own work in terms of contribution

to achievement of the UN SDGs. The ROSSETI Group contributes to 9 out of 17 UN SDGs in the production and sustainable development activities.

Sustainability priorities of the Company	SDG UN	Activities	ROSSETI Group's contribution to the achievement of the UN SDGs Main results and achievements for 2020
Caring for staff, including by creating opportunities for the professional development of each employee, the development of corporate culture, and compliance with industrial safety standards		→ Occupational safety and compliance with safety regulations → Social security of employees, including voluntary health insurance and health resort treatment → Ensuring the energy facility safety for persons who are not employees of the Company	→ 6.1 bn RUB—occupational safety costs → 100% of the ROSSETI Group's employees are provided with voluntary health insurance
		→ Cooperation with specialized universities and secondary vocational educational institutions	→ 184.7 thsd employees trained at the Company's expense → 829.8 mn RUB—the Company's expenses for occupational training and advanced training of employees → 5,258 students of universities and secondary specialized colleges who completed practical training in the ROSSETI Group → 296 students who worked as part of student teams at the facilities of the ROSSETI Group
		→ Employment in the regions of operation → Competitive salary → Employee social security → Employee professional development	→ As at the end of 2020, the ROSSETI Group employed 221 thsd people in 80 regions of Russia → 60 thsd RUB—average salary → More than 150 bn RUB—expenses for employees' salaries
Improving operational and investment efficiency, technological and innovative development		→ Ensuring uninterrupted electricity supply to consumers with a minimum tariff relative to other countries	→ ROSSETI compliance with International standards (ISO 9001:2015, ISO 14001:2015)
Ensuring the reliability, safety, quality, and accessibility of electric supply for consumers		→ Digital transformation → R&D and implementation of scientific research results → Connection of new facilities → Construction of new power grids	→ Power grid length increased to 2.4 mn km → 12.4 GW of connected capacity → 262 thsd executed contracts for technological connection → 1.9 bn RUB—R&D costs → 38 digital electric grid districts launched (including 34 in 2020)
		→ Development of the regions through the investment program implementation	→ 1.4—SAIDI → 1.1—SAIFI → 73.4 bn RUB—costs of repairs and maintenance of networks → 46,509 mn RUB—tax accruals → 70%—share of purchases from SMEs (with the minimum amount of 20% established by the Government of the Russian Federation)
Improving energy efficiency, protecting the environment and combating climate change		→ Energy efficiency improvement → Compliance with international standards in terms of quality management	→ 842.34 thsd RUB—savings in fuel and energy resources in 2020 compared to 2019 → Development of an energy management system in the ROSSETI Group that meets the requirements of ISO 50001:2018
		→ Biodiversity conservation	→ 182.7 thsd bird protection devices installed → 483.2 mn RUB—environmental protection costs
Protecting the rights and taking into account the interests of all stakeholder groups		→ Representation in international associations and organizations	→ 181.2 bn RUB volume of purchases from SMEs → 1,158 meetings held with representatives of trade unions → 62 joint exercises with the EMERCOM of Russia → Representation of Russia to the WEC and CIGRE Associations ensured → Contribution to regular strategic and case studies of WEC on behalf of Russia → Russia's 5th position in the world in terms of CIGRE membership from more than 100 countries maintained → 62 international and 10 national working groups created and functioning with the participation and leadership of RNC CIGRE members → Participation in the development of recommendations for digitalization in the framework of the Business 20 (B20) → GlobalDSO platform (global platform for interaction of the heads of electricity distribution operators) launched

KPI System

Performance Evaluation

The composition of KPI is defined by:

Since 2020, KPIs are formed only on the basis of annual indicators, quarterly indicators are excluded

Development Strategy of the ROSSETI Group for 2020–2030

Long-Term Development Program of the Company

Instructions of the President and the Government of the Russian Federation

Instructions of the federal executive bodies

The achievement of the development goals of ROSSETI is assessed by a system of key performance indicators (KPI). KPIs and target values established by the decisions of the Board of Directors of the Company (subject to all changes) correspond to the objectives of the Long-Term Development Program of ROSSETI provided that the performance benchmarks of the Strategy 2020–2030 are achieved.

KPIs of the Director General of ROSSETI is divided on the management level of ROSSETI and the sole executive bodies of subsidiaries operating on electric power transmission and

technological connection. The expected achievement of KPI targets is monitored during the reporting period on the basis of management statements.

KPIs are linked to the variable part of remuneration paid to the management. The specific weight of bonuses or percentage of bonus reduction in the amount of bonuses paid is set for each indicator. Bonuses are paid subject to the achievement of relevant KPI targets.

Amendments introduced into the KPI system in 2020

KPIs¹ were approved² by the Board of Directors in December 2019 and adjusted³ in April 2020:

New KPIs introduced:

- Total shareholder return
- Return on invested capital
- Readiness for operation in the heating season
- Implementation of SDC development plans

Excluded from KPIs:

- Reduction of unit investment costs
- Consolidated net cash flow
- Increase in capacity utilization of electric grid equipment

Calculation methods updated and transferred from quarterly to annual KPIs:

- Profit from operating activities (EBITDA)
- Reduction in accounts receivable
- Debt/EBITDA
- No growth of major accidents (as an additional condition in the KPI “Achieving the rendered service reliability level”)

KPI calculation methods updated:

- Reduction in unit operating expenses (costs)
- Electricity loss level
- Improving labor productivity
- Compliance with the technological connection deadlines
- Compliance with the commissioning schedule
- Achieving the rendered service reliability level

¹ Consisting of the methodology for calculating and evaluating KPI performance from 2020 and KPI targets for 2020.

² Decision of the Board of Directors of ROSSETI (minutes No. 388 of December 26, 2019) in pursuance of the Methodological Recommendations on the Application of Key Performance Indicators of Business Entities, where the share of the Russian Federation or a constituent entity of the Russian Federation in the authorized capital exceeds 50%, and performance indicators of state unitary enterprises in order to determine the amount of remuneration for their management, approved by Order of the Government of the Russian Federation No. 1388-r of June 27, 2019.

³ Decision of the Board of Directors of ROSSETI (minutes No. 401 of April 3, 2020) in pursuance of Directives of the Government of the Russian Federation No. 12153p-P13 of December 25, 2019 regarding the KPI “Improving labor productivity”.

The KPI structure and the indicator calculation procedure

Strategic priority	KPI name	Calculation procedure
 BALANCE OF INTERESTS OF THE STATE/ CONSUMERS/ SHAREHOLDERS/ INVESTORS	Total shareholder return	Ratio of change in the volume weighted average share price and accrued dividends to the volume weighted average share price at the beginning of the period.
	Return on invested capital	Ratio of profit before taxes and interest to the amount of capital, long-term loans and borrowings.
	Debt/EBITDA	Section 1. Estimated based on the debt-to-EBITDA ratio in the context of SDCs. The target value for financially sound SDCs is ≤ 3.0, for other SDCs – an improvement by at least 10% from the actual figures of the previous year, but at least 3.0. Section 2. In case of a failure to meet the indicated condition, the achievement of the target debt/EBITDA ratio calculated on the basis of the approved business plan is assessed for the SDCs not fulfilling the conditions of Section 1.
	Profit from operating activities (EBITDA)	Section 1. Increase in the actual EBITDA ratio for each SDCs relative to the previous year at least in line with the average annual tariff growth rate. Section 2. In case of a failure to meet the indicated condition, the achievement of the EBITDA ratio is assessed in respect to the target ratio for each SDC calculated on the basis of the approved business plan.
 IMPROVED EFFICIENCY OF THE CORE BUSINESS	Reduction in unit operating expenses (costs)	Reduction in the ratio of unit operating expenses to the volume of serviced equipment (c.u.) in the reporting year compared to the level of the preceding year.
	Electricity loss level	Ratio of electricity release to the grid minus electricity released from the grid and consumption for business needs related to the release to the grid, minus internal power exchange balances.
	Improving labor productivity	In accordance with Order of the Federal Service for State Statistics No. 576 of September 23, 2014: ratio of electric power transmission revenue to the number of man-hours worked.
	Efficiency of innovation activities	The integral indicator of efficiency of innovation activities evaluates the degree of fulfillment of three composite indicators: R&D costs, innovative product purchase, quality of development (updating) of design and survey works/performance of design and survey works.
 ENSURING THE RELIABILITY AND QUALITY OF POWER SUPPLY AT THE SPECIFIED LEVEL	Reduction in accounts receivable	Reduction in the actual value of overdue accounts receivable for all SDCs (excluding moratorium and restructured debt, as well as debt of counterparties deprived of the status of a wholesale electricity market subject and/or guaranteed supply company).
	Implementation of SDC development plans	Bonus reduction, the amount of which is determined by means of a calculation depending on the number of failed events in the SDC development plans approved by the Board of Directors of ROSSETI in the reporting period.
	Compliance with the technological connection deadlines	Composite indicator evaluating the quality level of the technological connection to the network of ROSSETI SDCs, broken down into three components: TC application processing quality, quality of execution of contracts on the TC of applicants, compliance with the antimonopoly laws of the Russian Federation.
	Compliance with the commissioning schedule	Ratio of the total actual volume of entry of fixed assets in accounting records (in monetary terms with respect to completed objects entered as fixed assets in the reporting year, split by quarters) to the target one in accordance with the approved investment programs of SDCs and the implementation schedules thereof.
	Readiness for operation in the heating season	Indicator estimating readiness of SDCs to work during the heating season on the basis of the monthly monitoring conducted by the Ministry of Energy of Russia.
	Achieving the rendered service reliability level	Tariff regulation reliability indicators (SAIDI, SAIFI, Pens), as well as the number of major accidents relative to the annual average values for three years.

Annual KPI targets and performance results

KPI name	Weight in the bonus system for 2020, %	Actual value 2019 // assessment of achievement for 2019	Target value for 2020	Actual value 2020 ¹ // % to the actual value of 2019 ²	Assessment of achievement for 2020 // reasons for deviation	Target value for 2021 ³
Total shareholder return	10	introduced in 2020	> MOEX EU index change in the reporting period (≥ 14.00%)	33.62% // -	achieved	> MOEX EU index change in the reporting period
Return on invested capital	20	introduced in 2020	≥ 95.0%	105.6% // -	achieved	≥ 95.0%
Profit from operating activities (EBITDA)	15	introduced in 2020	fulfilled (fulfilled in respect of all SDCs)	fulfilled (fulfilled by all SDCs) //-	achieved	fulfilled
Reduction in unit operating expenses (costs)	10	≥ 2% // achieved	fulfilled (fulfilled by all SDCs and ROSSETI ≥ 2.0%)	fulfilled (fulfilled by all SDCs and ROSSETI > 2.0%) // 100%	achieved	fulfilled
Electricity loss level	10	8.57%// achieved	≤ 8.68%	8.64% // 99%	achieved	≤ 8.6%
Improving labor productivity	5	6.78%// achieved	≥ 2.00%	5.44% // 80%	achieved	≥ 5%
Efficiency of innovation activities	20	124% // achieved	≥ 90%	not calculated ⁴	not rated ⁴	≥ 90%
Reduction in accounts receivable	10	introduced in 2020	≤ 100%	95% // -	achieved	≤ 100%
Compliance with the technological connection deadlines	-10	1.0// achieved	≤ 1.7	1.4 // - ⁵	achieved	≤ 1.7
Debt/EBITDA	-10	introduced in 2020	fulfilled (fulfilled by all SDCs)	fulfilled (fulfilled by all SDCs) //-	achieved	fulfilled
Compliance with the commissioning schedule	-10	94% // achieved	≥ 90% (fulfillment in each quarter)	99% (was not achieved in 3 quarter) //- ⁵	Not achieved // Untimely commissioning of certain investment projects to upgrade the information security system of power facilities	≥ 90%
Readiness for operation in the heating season	-10	introduced in 2020	fulfilled	fulfilled //-	achieved // -	fulfilled
Implementation of SDC development plans	-25	introduced in 2020	0 (all events performed)	not calculated // -	not evaluated // - ⁶	0 (all events performed)
Achieving the rendered service reliability level	-10	Ksaidi = 0.76 Ksaifi = 0.93 Kens = 0.93 // achieved	≤ 1	Ksaidi = 0.46 Ksaifi = 0.67 Kens = 0.93 (no increase in major accidents (4 < 10)) // - ⁵	achieved	concurrently: Ki ≤ 1 no increase in major accidents

¹ For 2020, the expected KPI achievement level is given taking into account the deadlines and the procedure for preparation of reporting being the source of information for KPI calculation. The final actual values are approved by the Board of Directors of ROSSETI.

² The expected 2020 values are compared with the 2020 target values and the results achieved in 2019 by the indicators with comparable calculation methods.

³ Decision of the Board of Directors of ROSSETI of February 25, 2021 (minutes No. 449 of February 25, 2021).

⁴ In accordance with the Methodology for Calculating and Evaluating KPI Performance by the Director General of ROSSETI, the indicator will be evaluated on the basis of the Report on the Implementation of the Innovative Development Program of the Company submitted to federal executive bodies and approved by resolution of the Board of Directors of the Company.

⁵ No comparison is made due to the update of the KPI calculation methodology in 2020.

⁶ In accordance with the Methodology for Calculating and Evaluating KPI Performance by the Director General of ROSSETI, the indicator will be evaluated on the basis of the Report on the Implementation of the SDC Development Plans of ROSSETI approved by resolution of the Board of Directors of ROSSETI.

Risks

Effective Risk Management to Achieve Strategic Objectives

The ROSSETI Group is taking risk management measures to ensure sufficient guarantees of achieving the objectives set by the management bodies.

The ROSSETI Group has a target tree risk model: there has been built a hierarchical risk structure to expand the risk management system to cover all key areas of operations of the ROSSETI Group at the level controlled by ROSSETI.

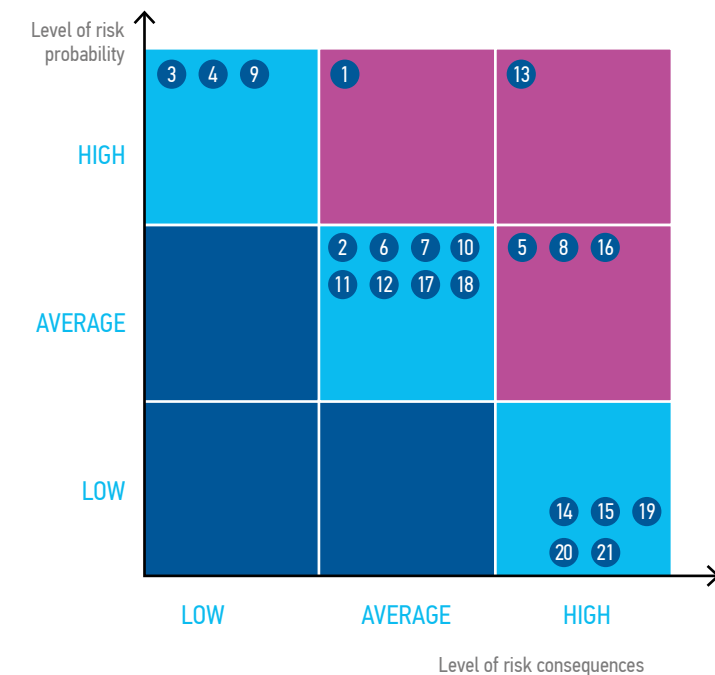


Identification, analysis and assessment of risks are carried out at two main levels — the functional level and the business process level. The risk management methodology was updated in 2020 in order to improve the risk management system in the ROSSETI Group: functional risks and business process risks were identified, there was developed the Risk Management Regulation defining approaches to risk identification and analysis, assessment, risk response, risk information recording.

A comprehensive risk management system allows taking into account variable risk factors and developing preventive risk response measures..

See the information on the risk management system in ROSSETI in the [Risk Management System and Corporate Control](#) section.

Key risk map



The level of risk seriousness is determined to assess the level of risk exposure. Risks are ranked by three levels of seriousness:

- MODERATE**
Risk that has no material negative impact on financial and economic performance, but requires continuous monitoring for the timely identification of a possible increase in risk seriousness.
- SIGNIFICANT**
Risk occurrence may lead to significant deviations of key performance indicators from target values, short-term suspension of operations, lowering of independent ratings and negative media coverage of the Company.
- CRITICAL**
Risk occurrence may cause failure to achieve the goals set by management bodies, prolonged suspension of operations, negative media coverage and lowering of the market value of the Company's shares.

Due to the change in the risk management methodology in 2020, the dynamics of the level of seriousness of the key risks of the ROSSETI Group in comparison with the previous year cannot be presented within this Report.

1		Reduction in the volume of electricity transmission services provided to consumers connected to regional distribution networks
2		Increase in the price of electricity purchased to compensate for losses
3		Increase in the cost of electricity transmission services of other grid operators
4		Reduction in the volume of connected capacity relative to the planned one
5		Bankruptcy and liquidation of counterparties
6		Deviation of the DEBT/EBITDA indicator
7		Failure by counterparties to pay for electricity transmission services within the terms established by the agreement/contract and/or incomplete payment

Risk management in 2020

Risk	Effect on key performance indicators	Risk materiality in 2021	Steps to manage the risk
Critical risks			
1 Reduction in the volume of electricity transmission services provided to consumers connected to regional distribution networks	Achievement of indicators of consolidated earnings from operations (EBITDA)	 significant	1. Monitoring and forecasting of electricity consumption with a breakdown by voltage, on which tariffs for electricity transmission services are dependent upon, and by category of consumers; as well as monitoring of physical parameters of the electricity and capacity balance, and improving the accuracy and reliability of electricity and capacity demand planning. 2. Planning together with consumers the volumes of electricity transmission services, including the declared capacity, for their inclusion in relevant contracts for the provision of electricity transmission services and tariff submission to the state regulation bodies. 3. Carrying out inspections of off-the-record electricity consumption. 4. Taking measures to resolve disagreements in determining the scope of obligations under contracts for the provision of electricity transmission services and (or) purchase of electricity for the purposes of compensation for technological consumption (losses) of electricity and prevention of their occurrence in the future: - analysis of the reasons of disagreement when determining the scope of services; - negotiations with consumers of services; - development of measures to resolve disagreements; - introduction of amendments to contractual provisions. 5. Taking measures aimed at compliance by market participants (electricity consumers, local grid companies, mono-grid organizations, single consumers) with regulatory decisions (including: physical parameters of electricity and capacity balance and voltage ranges taken into account by the regulator when calculating tariffs). 6. Fulfillment of energy conservation and energy efficiency programs, including those on the reduction of electricity losses and the promising development of electric power metering systems. 7. Taking measures to include in the tariff and balance decision (TBD) the fallout revenues arising from differences between the volumes of electricity transfer services recorded during the TBD preparation and the actual volumes at the end of 2020, in order to prevent the occurrence of lost earnings. 8. Taking cost optimization measures. 9. Introducing and distributing means of smart electricity metering, automated data collection and processing systems in respect of indications of electricity metering devices, and drawing up electricity and capacity balances and volumes of electricity transmission services on the basis of these data.
5 Bankruptcy and liquidation of counterparties	Achievement of indicators of consolidated earnings from operations (EBITDA)	 critical	1. Monitoring the financial stability of counterparties, as well as the existence of initiated or ongoing bankruptcy and liquidation processes. 2. Determining and filing claims of the ROSSETI Group in due course in respect of debtors' bankruptcy cases. 3. Challenging transactions in accordance with Chapter III, Section 1 of the bankruptcy law (if any). 4. Reviewing issues of balancing settlements with debtors, debt sales to third parties, and conclusion of settlement agreements as part of bankruptcy cases.

¹ The risk of "involvement of the Company/employees of the Company in corrupt practices" is assessed as "critical" due to the inadmissibility of corruption in the Company irrespective of its forms or manifestations (the principle of "zero tolerance to corruption") and the need to take urgent (priority) measures to manage such risk; that said, the risk probability level is assessed as low.

About the Company	Strategic Report	Corporate Governance Report	Financial Statements	Additional Information	
8		Disagreements on volumes and cost of services rendered, including under acts of unaccounted electricity consumption	15		Non-compliance of the performed works with the design specifications and estimates, low quality of equipment/materials, etc.
9		Absence of electric energy metering devices, their depreciation and wear and tear	16		Involvement of the Company/employees of the Company in corrupt practices ¹
10		Unreadiness of applicant's facilities to technological connection	17		Violations of the main prohibitions and restrictions of antimonopoly laws by the Company/employees of the ROSSETI Group
11		Contractors' failure to comply with the deadlines of drafting, supply, construction, and launching of facilities	18		Violation and (or) termination of functioning of information infrastructure facilities and telecommunication systems of electric grid sector facilities
12		Consumer's failure to discharge obligations in terms of payment for services under the technological connection agreement	19		Deliberate unlawful acts by legal entities, individuals or employees of the ROSSETI Group causing economic damage and harm to the business reputation
13		Occupational accidents in the ROSSETI Group	20		Unauthorized access to confidential information
14		Insufficient justification of innovative solutions for inclusion in the investment program	21		Illegal attack on the electric grid sector facilities and their information and telecommunication systems (acts of terrorism, sabotage, criminal acts, etc.), including with the use of information technology

Risk	Effect on key performance indicators	Risk materiality in 2021	Steps to manage the risk
8 Disagreements on volumes and cost of services rendered, including under acts of unaccounted electricity consumption	Achievement of target accounts receivable for electricity transmission services	significant	1. Claim-related work and control of deadlines. 2. Analysis of the reasons of disagreement and formation of a unified Company position on controversial issues, taking into account the results of judicial practice. 3. Development and promotion of initiatives to amend legislation with a view to eliminating ambiguities in the interpretation of regulations. 4. Formation of a schedule of measures to reduce overdue receivables for electricity transmission services. 5. Monitoring how deadlines for claim-related work are met in accordance with the schedule of measures taken to reduce receivables. 6. Structuring disagreements on the likelihood of recovery on the basis of judicial practice in order to allocate only illiquid disagreements to the allowance for bad debts. 7. Signing of additional agreements to contracts for the provision of electric transmission services and for the purchase of electricity in order to compensate for electricity losses.
13 Occupational accidents in the ROSSETI Group	No increase in the number of accidents with ROSSETI Group employees	critical	1. Implementation of the Injury Risk Reduction Program. 2. Carrying out activities in line with accident investigation reports. 3. Monitoring the level of occupational safety across branches. 4. Organization of extraordinary inspections of divisions with respect to compliance with occupational safety requirements established in the ROSSETI Group. 5. Unscheduled briefings with the ROSSETI Group's and contractors' personnel. 6. Implementation of a program of measures to improve working conditions and occupational safety, as well as to reduce occupational risks.
16 Involvement of the Company or Company employees in corruption	Compliance with legislation, including anti-corruption and antimonopoly laws	critical	1. Introduction of action plans to prevent and combat corruption, implementation of Art. 13.3 of Federal Law No. 273 dated December 25, 2008 "On Fighting Corruption". 2. Advocacy efforts and training on approved anti-corruption regulatory documents aimed at minimizing the risk of Company employees' involvement in corrupt activities. 3. Control measures for employees' compliance with the principles of the Company's Anti-Corruption Policy. 4. Shaping anti-corruption corporate consciousness and behavior among shareholders, partners, counterparties, management and control bodies, and employees.
Significant risks			
2 Increase in the price of electricity purchased to compensate for losses	Achievement of indicators of consolidated earnings from operations (EBITDA)	moderate	1. Monitoring the price of electricity on the wholesale electricity and capacity market. 2. Monitoring sales allowances of supplier of last resort.
3 Increase in the cost of electricity transmission services of other grid operators	Achievement of indicators of consolidated earnings from operations (EBITDA)	moderate	1. Monitoring and forecasting of electricity flows in the network or from networks of related grid organizations, and of physical parameters of electricity and capacity balance; as well as improving the accuracy and reliability of cost planning for services of related grid organizations.
4 Reduction in the volume of connected capacity relative to the planned one	Achievement of indicators of consolidated earnings from operations (EBITDA)	moderate	1. Monitoring of the volume of connected capacity relative to the planned one. 2. Claim-related work. 3. Ensuring the provision of turnkey solutions for TC applicants. 4. Ensuring that notes are sent to applicants on the TC completion procedure. 5. Ensuring the timely termination of TC contracts after installation of accounting nodes by the grid operator.
6 Deviation of the DEBT/EBITDA indicator	Achievement of the consolidated net debt/EBITDA indicators	significant	1. Obtaining economic-based tariff and balance decisions taking into account the provision of tariffs at levels not lower than those indicated in the approved business plan. 2. Controlling the compliance with the approved amount of operating expenses and achieving target indicators for reduction of unit operating expenses. 3. Control of deadlines for implementation of investment projects in terms of costs and timelines. 4. Not exceeding the approved amount of financing of the Investment Program, taking into account fulfillment of obligations on technological connection of applicants for the purpose of timely execution of second-time applications and reduction of the risk of complaints. 4. Implementation of the schedule of measures to reduce overdue receivables for electricity transmission services.
7 Failure by third parties to pay for electricity transmission services within the terms established by the agreement/contract and/or incomplete payment	Achievement of target accounts receivable for electricity transmission services	significant	1. Control of fulfillment by contractors of obligations to pay for electricity transfer services provided within established deadlines, as well as carrying out measures for pre-trial settlement of disagreements. 2. Submission of claims to the court. 3. Initiation of the Interdepartmental Commission on Compliance with Payment Discipline by participants in the wholesale and retail electricity markets. 4. Interaction with the authorities and security agencies of the region in terms of compliance with payment discipline on the part of third parties for services rendered. 5. Monitoring how deadlines for claim-related work are met in accordance with the schedule of measures taken to reduce receivables. 6. Imposing penalties provided for by Federal Law No. 307 dated November 3, 2015 "On Amendments to Certain Legislative Acts of the Russian Federation in Connection with Strengthening the Payment Discipline of Consumers of Energy Resources" on counterparties that violate payment deadlines. 7. Implementation of measures to reduce overdue debts for electricity transmission services. 8. Conclusion of an agreement on the restructuring of accounts receivable for electricity transmission services.

Risk	Effect on key performance indicators	Risk materiality in 2021	Steps to manage the risk
9 Absence of electric energy metering devices, their depreciation and wear and tear	Electricity losses, %	 moderate	1. Fulfillment of energy conservation and energy efficiency programs, including those on the reduction of electricity losses and the promising development of electric power metering systems. 2. Introducing and distributing means of smart electricity metering, automated data collection and processing systems in respect of indications of electricity metering devices, and drawing up electricity and capacity balances and volumes of electricity transmission services on the basis of these data.
10 Unreadiness of applicant's facilities to technological connection	Compliance with the technological connection deadlines	 significant	1. Organization of monitoring of the timely review of TC applications, including automation of TC activities. 2. Ensuring the fulfillment of accrued obligations under previously concluded TC contracts, the deadline for which has been violated by the Company. 3. Updating information on the demand for TC under previously concluded contracts. 4. Notification of applicants on the performance of obligations by the Company in a way that allows us to confirm the receipt in case of fulfillment of obligations under contracts on the part of the Company or failure to receive notifications on execution of TC activities from the applicants. 5. Ensuring the compliance with terms of execution of notices of the FAS Russia and its regional offices related to TC contracts. 6. Monitoring of timely execution of TC contracts (at each stage: development of specifications, calculation of TC costs, performance of trade and procurement activities, conclusion and execution of contracts, execution of TC contracts in an economic way), including automation of TC activities. 7. Sending of reminders to applicants on TC completion. 8. Ensuring the timely termination of TC contracts after installation of accounting nodes by the grid operator.
11 Contractors' failure to comply with the deadlines of drafting, supply, construction, and launching of facilities	Compliance with the commissioning schedule, %	 moderate	1. Step-by-step monitoring of compliance with the schedule of construction and installation work. 2. Conducting claims work in respect of contractors who violate contractual obligations. 3. Incoming quality control of materials and equipment, including independent construction control.
12 Consumer's failure to discharge obligations in terms of payment for services under the technological connection agreement	Compliance with the commissioning schedule, %	 moderate	1. Control of the timing of performance by applicants of their obligations under TC contacts for payment of services under the TC contracts, as well as sending claims to debtors. 2. Control of the quality and timely presentation of service documents, formation of a stable evidence base for collecting full amounts under the TC contract. 3. Control of enforcement proceedings. Interaction with the Federal Bailiff Service and debtors at all stages of collection of receivables. 4. Enabling pre-trial settlement of issues with applicants.
14 Insufficient justification of innovative solutions for inclusion in the investment program	Efficiency of innovation activities	 significant	1. The ROSSETI Group's investment program (proposals for adjustment) is drawn up as part of the medium-term plan for Innovative Development Program implementation based on the scenario conditions of IP development, approved by the Boards of Directors and within the limits of available funding sources.
15 Non-compliance of performed works with design specifications and estimates, low quality of equipment/materials, etc.	Reduction of unit investment costs	 moderate	1. Control of trade and procurement procedures for the construction and installation work after approval of project documentation. 2. Control of conformity of works performed with design and estimate documentation. 3. Implementation of incoming quality control of materials and equipment. 4. Conducting claims work with contractors who violate contractual obligations.
17 Violations of the main prohibitions and restrictions of antimonopoly laws by the Company/employees of the ROSSETI Group	Compliance with legislation, including anti-corruption and antimonopoly laws	 significant	1. Control of compliance by Company employees with the main prohibitions and restrictions of antimonopoly legislation. 2. Implementation of antimonopoly compliance. 3. Preparation of the Company's position and representation of the Company's interests before commercial courts on the recognition of decisions and orders of the FAS Russia (regional offices) as unlawful, including in the framework of procurement activities. 4. Appeal before commercial courts of decisions of the antimonopoly authority on bringing the Company to administrative liability within its main and procurement activities. 5. Sending of information on the inclusion of bidders in the register of unscrupulous suppliers to the antimonopoly authorities. 6. Preparation of the Company's position and representation of the Company's interests at meetings in the FAS Russia (regional offices) when considering appeals (complaints) against actions (inactions) of the Company during substantive and procurement activities. 7. Control of timely submission of materials and information to the antimonopoly authority by structural units of the executive apparatus and branches of the Company. 8. Monitoring the timely review of applications for technological connection.
18 Violation and (or) termination of functioning of information infrastructure facilities and telecommunication systems of electric grid sector facilities	Ensuring comprehensive safety of the Company's activities	 significant	1. Implementation of the Integrated Information Security System Development Program. 2. Identification of computer incidents resulting in undue impact on the power grid facilities and their information and telecommunications systems. Elimination of vulnerabilities, minimization of negative consequences. 3. Minimization of natural technical failures in protection systems of information and telecommunication systems of the power grid facilities.
19 Deliberate unlawful acts by legal entities, individuals or employees of the ROSSETI Group causing economic damage and harm to the business reputation	Ensuring comprehensive safety of the Company's activities	 significant	1. Enhancing the protection of the ROSSETI Group's facilities and property, installing and improving previously installed engineering and technical security equipment. 2. Conducting control measures and service inspections to identify signs of unlawful actions by legal entities and individuals, as well as employees of the ROSSETI Group. 3. Referral of applicant materials to law enforcement agencies, organization of interaction with law enforcement agencies.

Risk	Effect on key performance indicators	Risk materiality in 2021	Steps to manage the risk
20 Unauthorized access to confidential information	Ensuring comprehensive safety of the Company's activities	 moderate	1. Control of measures aimed at increasing the stability of internal information resources to external illegal (harmful) influences, improving the measures taken. 2. Signing agreements on the transfer of information constituting trade secrets. 3. Training activities for employees to ensure the proper implementation of the rules for the maintenance of means of storage, processing and transfer of confidential information contained in information systems of the power grid facilities.
21 Illegal attack on the electric grid sector facilities and their information and telecommunication systems (acts of terrorism, sabotage, criminal acts, etc.), including with the use of information technology	Ensuring comprehensive safety of the Company's activities	 significant	1. Implementation of the Targeted Program to enhance anti-terrorist and anti-subversion security of facilities. 2. Monitoring and analysis of the effectiveness of security systems for information and telecommunications systems. 3. Organization of back-up systems (copies) and emergency (backup) power systems to maintain the reliability and protection of information and telecommunications systems of the power grid facilities.

Realization of critical risks in 2020

Risk number according to the Map of Key Risks	Risk	The fact of risk realization at the end of 2020 with indication of consequences	Activities aimed at mitigating the consequences of risk realization
1	Reduction in the volume of electricity transmission services provided to consumers connected to regional distribution networks	1. Reduction of net electricity delivery by 24,015.3 mn kWh. 2. Reduction of revenue for electricity transmission services by 39,353.1 mn RUB.	1. Monitoring the demand for electricity. 2. Formation of a detailed balance, analysis of TC applications. 3. Formation of the volume of electricity transmission for inclusion in the tariff application for 2021. 4. Generation and inclusion in the TBD of shortfall revenues due to lower demand for electricity. 5. Implementation of the Operational Efficiency and Cost Reduction Program. 6. Settlement of disagreements in determining the scope of obligations under contracts for the provision of electricity transmission services and (or) the purchase of electricity for the purpose of compensating electricity losses. 7. Attracting additional revenues from energy services, implementation of loss compensation agreements.
13	Occupational accidents in the ROSSETI Group	28 cases of occupational accidents where 36 workers were injured, of which: 11 fatal outcomes; 11 severe injuries; 14 minor injuries.	1. Implementation of the Injury Risk Reduction Program. 2. Implementation of a targeted program for the retirement of equipment that can lead to injuries. 3. Advanced training for employees with practical training in skills and methods of safe work performance. 4. Introduction and application of technologies that ensure safe performance and safe working environment. 5. Unscheduled briefings with the ROSSETI Group's and contractors' personnel. 6. Conducting inspections of working teams of contractors (subcontractors), identifying violations, stopping work, fixing violations, sending letters to the heads of contractors (subcontractors) about revealed violations of OHS rules and taking measures against those who are responsible for these violations. 7. Control of activities in line with accident investigation reports. 8. Video recording of the preparation and work execution at sites. 9. Training the ROSSETI Group's employees, including practical training in methods and techniques for safe work in electrical installations and the prevention of hazardous situations at the training facility.

Operating Activities

Ensuring the Reliable Functioning of the Country's Economy

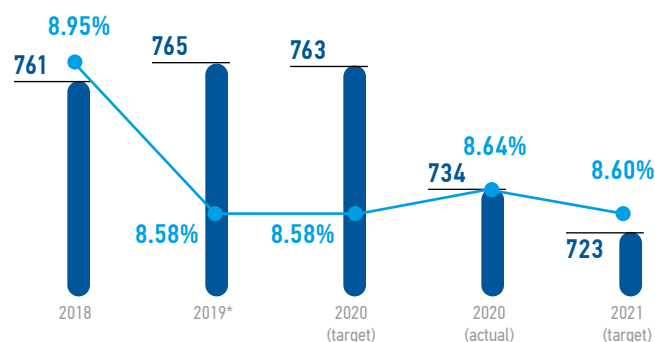
Analysis of production results

Electricity transmission

Providing services for the transmission and distribution of electricity, as well as the provision of services for technological connection of consumers to the grids is the main activity of the ROSSETI Group of Companies.

In 2020, the volume of electricity supplied to the grid across the ROSSETI Group of Companies decreased by 4.01% compared to 2019, amounting to 803.5 billion kWh. The main reasons for this decline were the restrictions imposed due to the spread of coronavirus infection, the implementation of the OPEC + deal, as well as the introduction by consumers of their own generation. The volume of electricity transmitted in 2020 decreased by 4.07% compared to 2019, amounting to 734.1 billion kWh.

Indicators of electricity transmission services

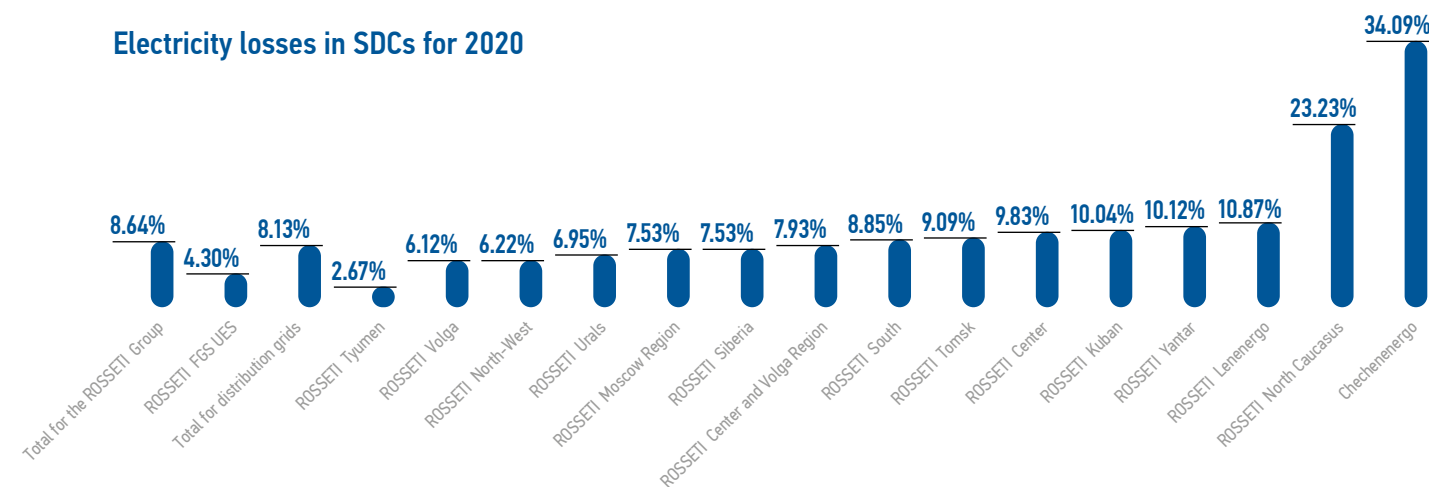


* The indicator for 2019 has been adjusted due to the inclusion of JSC VMES in the reporting line of the Company under IFRS.

- Electricity transmission volume, bn kWh
- Electricity losses

Name of subsidiaries and affiliates	Electricity supply to the grid, mn kWh					Electricity losses, mn kWh					Electricity losses, %				
	2018	2019	2020 target	2020 actual	2021 target	2018	2019	2020 target	2020 actual	2021 target	2018	2019	2020 target	2020 actual	2021 target
ROSSETI Center	54,235.7	53,141.3	52,749.6	51,892.9	51,597.05	5,751.5	5,434.5	5,185.1	5,102.9	4,865.43	10.60	10.23	9.83	9.83	9.43
ROSSETI Center and Volga Region	54,055.5	53,617.7	53,082.3	51,266.4	51,244.71	4,236.4	4,257.6	3,842.9	4,066.4	3,747.82	7.84	7.94	7.24	7.93	7.31
ROSSETI Volga	53,491.2	51,884.8	51,332.2	49,457.5	51,032.15	3,466.6	3,200.4	3,145.9	3,028.4	3,132.75	6.48	6.17	6.13	6.12	6.14
ROSSETI North-West	34,297.4	34,593.7	34,135.2	33,236.2	32,857.78	2,258.6	2,156.4	2,124.3	2,065.8	2,006.00	6.59	6.23	6.22	6.22	6.11
ROSSETI Siberia	62,021.3	61,065.2	61,460.9	59,254.8	59,945.70	4,844.2	4,778.2	4,768.9	4,461.0	4,611.42	7.81	7.82	7.76	7.53	7.69
ROSSETI Tomsk	5,288.9	5,335.7	5,285.1	4,664.8	4,195.69	475.8	464.8	457.6	424.1	425.28	9.00	8.71	8.66	9.09	10.14
ROSSETI Urals	73,135.7	71,598.5	70,954.4	67,519.3	68,273.04	5,427.5	4,810.2	4,989.8	4,694.0	4,582.99	7.42	6.72	7.03	6.95	6.71
ROSSETI South	27,326.0	28,143.6	28,940.7	27,378.1	27,925.02	2,679.0	2,612.4	2,561.7	2,422.8	2,510.96	9.80	9.28	8.85	8.85	8.99
ROSSETI North Caucasus	18,531.1	18,720.7	19,005.5	18,719.7	18,758.30	3,703.2	4,246.0	3,406.5	4,349.4	3,424.43	19.98	22.68	17.92	23.23	18.26
Chehenenergo	2,754.4	2,905.3	2,862.9	2,886.4	2,868.48	988.1	1,069.0	806.6	983.9	745.80	35.87	36.80	28.17	34.09	26.00
ROSSETI Kuban	23,032.5	22,850.7	23,838.8	23,008.0	23,029.94	2,590.1	2,426.4	2,504.3	2,310.8	2,419.16	11.25	10.62	10.51	10.04	10.50
ROSSETI Moscow Region	91,881.2	91,747.8	92,742.3	89,936.0	89,984.79	7,439.5	7,036.5	7,125.4	6,770.4	6,771.56	8.10	7.67	7.68	7.53	7.53
ROSSETI Lenenergo	38,263.8	38,255.5	37,914.8	36,194.9	37,161.87	4,337.5	4,138.4	4,123.5	3,934.3	3,936.04	11.34	10.82	10.88	10.87	10.59
ROSSETI Tyumen	57,853.8	58,059.7	58,683.2	51,189.5	51,500.24	1,640.2	1,547.0	1,523.1	1,367.3	1,282.46	2.84	2.66	2.60	2.67	2.49
ROSSETI Yantar	4,142.5	4,140.3	4,186.5	4,053.8	4,031.30	520.6	474.6	510.1	410.2	351.12	12.57	11.46	12.19	10.12	8.71
Total for distribution grids	600,311.0	596,060.6	597,174.5	570,658.2	574,406.06	50,358.9	48,652.4	47,075.8	46,391.5	44,813.22	8.39	8.16	7.88	8.13	7.80
ROSSETI FGC UES	582,268.9	581,918.5	581,349.9	558,738.8	557,031.24	24,539.2	23,196.7	24,454.8	23,029.5	23,242.56	4.40	4.15	4.39	4.30	4.35
Total for the ROSSETI Group	836,393.1	837,109.1	834,048.5	803,534.0	791,303.39	74,898.2	71,849.1	71,530.6	69,421.1	68,055.78	8.95	8.58	8.58	8.64	8.60

Electricity losses in SDCs for 2020



By the end of 2030, ROSSETI will introduce more than 18 million smart meters.

Modernizing metering systems allows managing the load, monitoring network parameters and power, as well as remotely transmitting data and limit non-payers. In addition, it is possible to find places of damage much faster and, therefore, to reduce temporary interruptions in power supply, to increase the reliability of power supply.

The level of electricity losses in 2020 amounted to 8.64%, which is higher than the level of 2019 by 0.06 percentage points. At the same time, the actual volume of losses was reduced from the planned by 2,109.52 million kWh, which is associated with a decrease in the supply of electricity to the grid.

Reducing electricity losses is a top priority for the ROSSETI Group. Loss reduction measures are carried out in all power grid

subsidiaries and affiliates of the ROSSETI Group. Key areas of implementing loss reduction measures:

- prevention of unaccounted electricity consumption;
- increasing the efficiency of networks and power facilities by reconstructing networks and changing their configuration, reducing energy consumption for their own needs.

The task of reducing the level of losses of electrical energy in the networks does not lose its relevance throughout the entire existence of the energy sector. Every year, the requirements for the quality and reliability of the operation of power grid companies are increasing both on the part of consumers and on the part of the state and shareholders.

The ROSSETI Group conducts systematic work in this direction: programs for installing smart metering devices are being implemented everywhere, software and hardware systems are being improved, and new intelligent algorithms are being introduced. At the same time, power grid companies are learning to manage losses in the context of the massive introduction of distributed generation and energy storage, which is one of the promising areas.

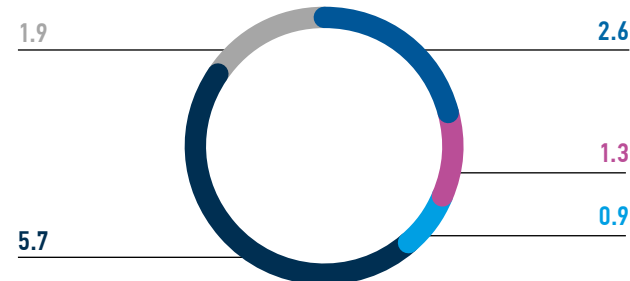
First Deputy General Director – Chief Engineer of PJSC ROSSETI
A. Mayorov

Technological connection

In 2020, the volume of technological connection of consumers and power generation facilities decreased compared to 2019 by 21% in terms of the number of executed contracts and by 18% in terms of connected load. The main volume of executed contracts for the implementation of technological connection falls on the preferential category applicants with power receivers with a capacity of up to 150 kW inclusive (98% of contracts).

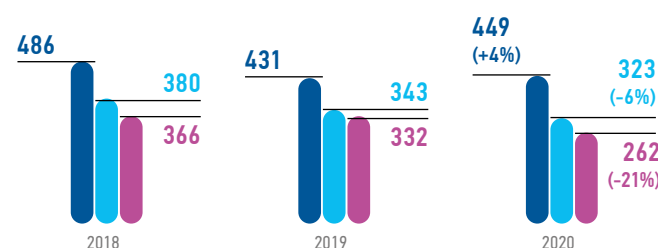
The decrease in volumes is due to the late fulfillment of obligations on the part of the applicants due to the introduction of a number of restrictions related to the COVID-19 pandemic, primarily for individuals – the largest category of applicants. At the same time, the growth in the number of applications for technological connection is associated with the entry into force of the provisions of federal legislation¹, stating that the installation of electricity metering units from 01.07.2020 is a liability of grid organizations..

Structure of the fulfilled contracts by applicant category, GW



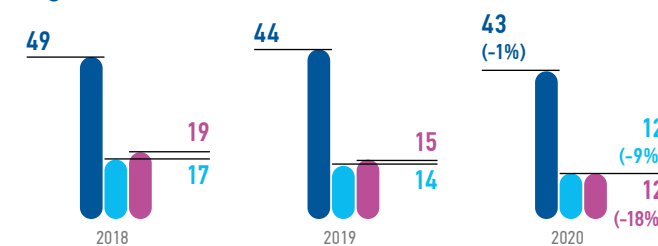
- Up to 15 kW inclusively, total
- Over 15 and up to 150 kW inclusively
- Over 150 kW and up to 670 kW
- At least 670 kW
- Electric power generation facilities

Number of requests received and contracts signed, thsd pcs



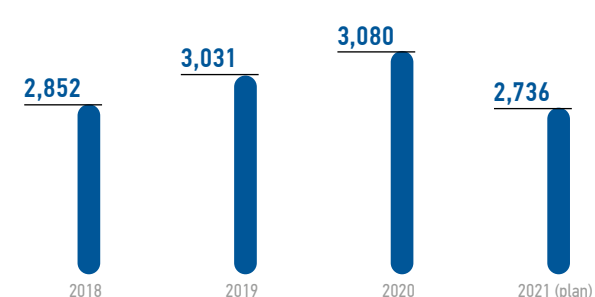
- Number of requests submitted
- Number of contracts signed
- Number of contracts fulfilled

Capacity of requests received and contracts signed, GW



- Capacity of requests submitted
- Capacity of contracts signed
- Capacity of contracts fulfilled

Technological connection cost, RUB/kW



¹ Federal Law dated December 27, 2018 No. 522-FZ "On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Development of Electric Energy (Power) Metering Systems in the Russian Federation".

Technological connection in 2020

Name of subsidiaries and affiliates	Consumer power receiving devices						Electric power generation facilities					
	Applications received		Contracts signed		Contracts performed		Applications received		Contracts signed		Contracts performed	
	pc.	MW	pc.	MW	pc.	MW	pc.	MW	pc.	MW	pc.	MW
ROSSETI Center	47,522	2,690	36,164	950	30,211	746	8	242	4	11	2	267
ROSSETI Lenenergo	39,335	2,676	27,108	905	25,453	801	11	3	3	5	5	58
ROSSETI Moscow Region	87,219	6,735	56,832	2,177	31,761	1,522	10	83	2	22	0	0
ROSSETI Volga	21,683	1,320	16,080	537	15,986	444	12	238	8	7	7	71
ROSSETI Yantar	6,902	364	4,274	127	4,894	120	3	55	2	0	2	195
ROSSETI South	18,327	1,321	14,086	428	10,517	279	15	404	4	226	7	615
ROSSETI Kuban	32,991	1,455	26,327	632	22,536	641	6	20	4	16	2	8
ROSSETI North Caucasus	16,712	713	12,718	319	6,900	187	9	325	3	240	3	28
ROSSETI Tyumen	7,099	652	4,608	169	2,975	267	0	0	0	0	0	0
ROSSETI Siberia	27,766	2,550	20,302	713	19,989	576	9	64	6	55	9	88
ROSSETI Tomsk	2,672	83	2,175	49	2,256	52	0	0	0	0	0	0
ROSSETI North-West	23,087	1,169	18,662	488	13,337	337	8	17	2	13	1	19
ROSSETI Urals	41,864	2,346	27,425	775	24,090	558	24	589	3	32	3	16
ROSSETI Center and Volga Region	55,809	2,190	42,460	924	34,189	762	1	15	0	0	0	2
Other	19,120	1,325	13,487	378	16,999	322	2	5	2	5	0	0
Total for distribution grids	448,108	27,590	322,708	9,571	262,093	7,615	118	2,061	43	632	41	1,367
ROSSETI FGS UES	389	6,805	136	1,432	159	2,870	35	7,018	16	820	12	516
Total for SDCs of ROSSETI	448,497	34,395	322,844	11,002	262,252	10,485	153	9,079	59	1,452	53	1,883

In 2021, it is planned to execute

223
thsd

contracts on the implementation of technological connection in relation to consumers and power generation facilities with a total capacity of 12.4 GW.

INCREASING THE AVAILABILITY OF TECHNOLOGICAL CONNECTION

An important event in 2020 was the entry into force of the Decree of the Government of the Russian Federation dated March 10, 2020 No. 262.

Since July 1, 2020, the procedure for technological connection to power grids has been **simplified** for individuals, **individual entrepreneurs, as well as small and medium-sized businesses**. The interaction of the applicant and the grid company has been completely transferred to **electronic format**, and payment of the invoice issued by the grid company constitutes the signing of the contract. Also, the applicants have the opportunity to **connect independently** to the connection point specified in the technical specifications, subject to the implementation of technological connection at the level of 0.4 kV and below. Networking organizations provide applicants with the necessary information on the self-registration procedure.



Ensuring reliable and uninterrupted electricity supply

In 2020, the ROSSETI Group of Companies continued the long-term trend of reducing the frequency and duration of power transmission interruptions.

The result was achieved due to a set of measures taken by the power grid companies of the ROSSETI Group in this area:

- consistent implementation of production programs in terms of timely repairs of power lines, power transformers, circuit breakers, transformer substations;
- timely clearing of the routes of overhead power transmission lines;
- equipping with automotive and special equipment to restore power supply in the shortest possible time;
- providing backup power supply sources for organizing backup power supply to consumers.

The power grid companies of the ROSSETI Group managed to achieve a significant improvement (over 30%) in the actual indicators of the reporting year compared to the targets set by the tariff regulation authorities:

- PP indicator (indicator of the average duration of power transmission interruptions) — improvement in 16 power grid companies subordinate to ROSSETI;
- SAIDI indicator (indicator of the average duration of interruption of the transmission of electricity to the point of delivery) demonstrates improvement in 44 electric grid companies;
- SAIFI indicator (indicator of the average frequency of interruption of the transmission of electricity to the point of supply) demonstrates improvement in 25 electric grid companies.

The work of the ROSSETI Group of Companies aimed at preventing and eliminating accidents is carried out in accordance with the requirements of the Unified Rules for the Prevention and Elimination of the Consequences of Technological Disruptions (Accidents) at the Electric Grid Facilities of ROSSETI SDCs¹.

The ROSSETI Group of Companies has sufficient resources and funds for prompt round-the-clock elimination of the consequences of accidents and prompt restoration of power supply.

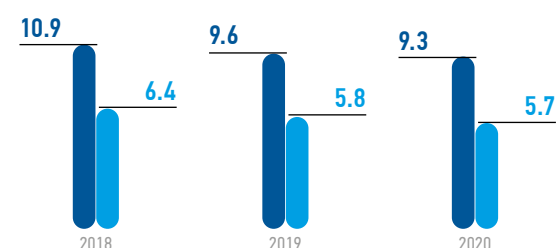
Indicator name	Number of brigades, thsd	Repair personnel, thsd persons	Number of equipment, thsd units
Own resources of the ROSSETI Group of Companies	9.9	47.9	23.9
including in mobile brigades	0.6	4.1	1.8
Contractor resources	2.9	21.5	10.4

In 2020, the subsidiaries and dependent companies of ROSSETI performed 140 drill exercises to develop interaction in the elimination of emergencies in the electric grid complex with the administrations of the constituent entities of the Russian Federation, territorial executive authorities and local self-government bodies, housing and communal services organizations, subdivisions of the Ministry of Emergencies of Russia, Roshydromet, contractors, territorial grid organizations.

To organize backup power supply, the companies of the ROSSETI Group have

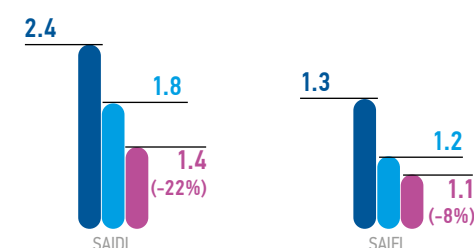
6,100 backup sources with a total capacity of 489 MW.

Recorded process failures



- Number of recorded process failures, including the number of process failures with successful automatic circuit reclosers (ACR), thsd pcs.
- Number of process failures with successful ACR, thsd pcs.

Power supply reliability indicators



- 2018
- 2019
- 2020

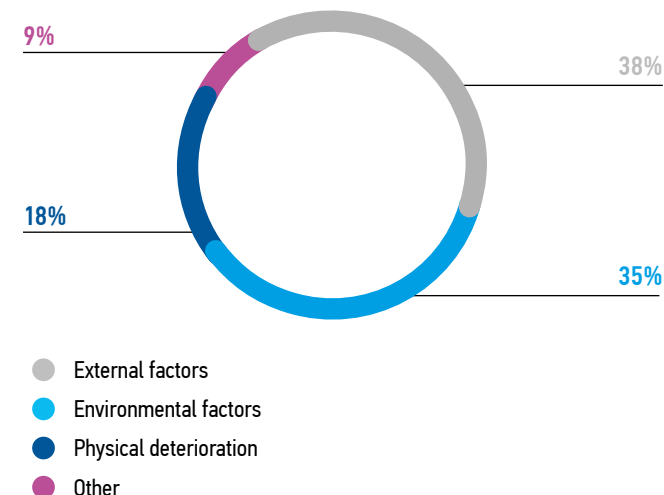
The ROSSETI Group companies ensure round-the-clock readiness for emergency recovery operations.

In total, in 2020, the companies of the ROSSETI Group recorded and investigated 9.3 thousand technological violations in the 110 kV network and above (a 3% decrease in relation to 2019).

In the reporting year, the number of technological violations due to resource exhaustion and other reasons related to poor-quality maintenance decreased

by **13%**

Causes of operation failures in 2018–2020



- External factors
- Environmental factors
- Physical deterioration
- Other

ENSURING THE RELIABILITY OF POWER GRID FACILITIES IN EXTREME GEOGRAPHIC AND CLIMATIC CONDITIONS OF THE FAR NORTH

The operation of energy facilities in the Far North is associated with extreme conditions, due to which a unique approach is used to supply energy to consumers in the region. The equipment must withstand sudden changes in the weather and operate stably at both low and high temperatures.

To ensure trouble-free operation, “closed-type” substations are designed, power lines are laid taking into account permafrost, power engineers are provided with modernized special equipment, a “rotational” method of servicing power facilities is used.



¹ Approved by ROSSETI order dated December 30, 2019 No. 395.

Unified Technical Policy

To perform the functions and tasks of the Company and to solve problems in accordance with the Digital Transformation 2030 Concept, the Company has a Unified Technical Policy in the power grid complex¹ (hereinafter referred to as the Unified Technical Policy), which the Company is guided by when making technical decisions during the operation of power grid facilities, implementation of programs new construction, complex technical re-equipment and reconstruction of facilities, as well as with innovative and promising development.

Key decisions of the Unified Technical Policy:

- using information control systems;
- defining the architecture of digital substations;
- transition to digital data exchange protocol IEC 61850;
- transition to risk-based management based on the introduction of digital technologies and big data analysis;
- intelligent monitoring and predictive analytics systems;
- introducing new technologies for ensuring cybersecurity;
- implementing solutions based on the phenomenon of superconductivity;
- introducing energy storage devices.

Business diversification

In addition to the main activity — the provision of services for the transmission of electricity and technological connection to power grids — the ROSSETI Group companies elaborate additional services that are of a commercial nature and are not subject to mandatory government regulation.

Traditionally, the ROSSETI Group companies provide a number of non-tariff services in all regions of presence:

- construction and installation work, including the “turnkey technological connection” service, the organization of outdoor lighting and the organization of electricity metering;
- reconstruction of power grid facilities in the interests of third parties;
- placement of communication networks, outdoor lighting and other structures at power grid facilities;
- energy audits, development and implementation of energy saving and energy efficiency measures;
- maintenance and repair of consumers’ power grids (including maintenance of outdoor lighting networks), testing and diagnostics of electrical equipment;
- examination and approval of project documentation.

Along with traditional non-tariff services, the ROSSETI Group of Companies is elaborating new areas of activity and establishing digital services. The typification and formation of the procedure for the provision of new non-tariff services for consumers in all regions of presence is being performed. The new priority areas of activity of the ROSSETI Group of Companies include such areas as:

- implementing projects as part of the “Smart City” concept;
- providing services in energy consulting and consumption management;
- implementing V2G technology;
- establishing demand management systems;
- developing a network of charging stations for public and personal electric transport in the regions of presence of the ROSSETI Group of Companies.

For the ROSSETI Group of Companies, at the end of 2020, revenue from the sale of non-tariff services amounted to

RUB 21.09 bn

an increase relative to 2019 — 6%.

¹ ROSSETI regulations “On a unified technical policy in the power grid complex” approved by the ROSSETI Board of Directors on November 7, 2019 (Minutes No. 378 dated November 8, 2019).

Investment Program

For 2021–2025:

Financing of the investment program

RUB 1,265 bn inclusive of VAT

Commissioning of fixed assets

RUB 1,219 bn exclusive of VAT

The ROSSETI Group is implementing a large-scale investment program aimed at ensuring the advanced development of the power grid infrastructure, modernizing fixed assets, increasing the availability of the power grid infrastructure, and acquiring assets.

Commissioning of transformer capacity

52.8 GVA

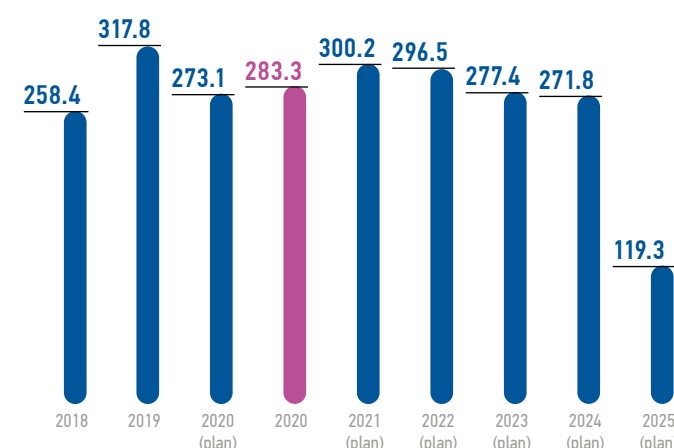
Commissioning of power lines

83.7 thousand kilometers

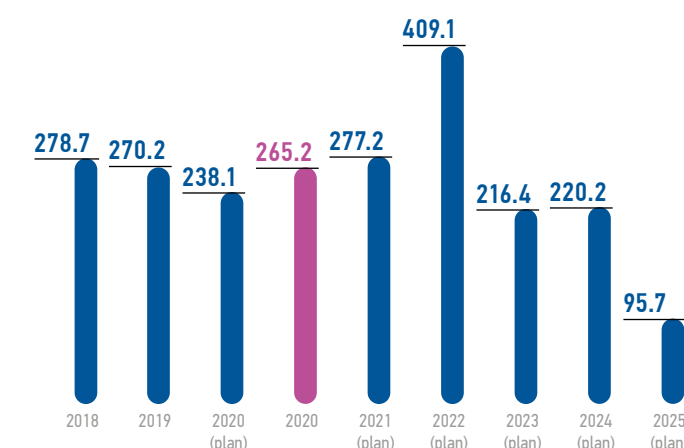
The investment program is financed mainly from the ROSSETI Group internal funds. Financing from borrowed funds is less than 10%.

In order to adapt to the industry development plans and consumer demands, projects of the ROSSETI Group investment program are annually updated.

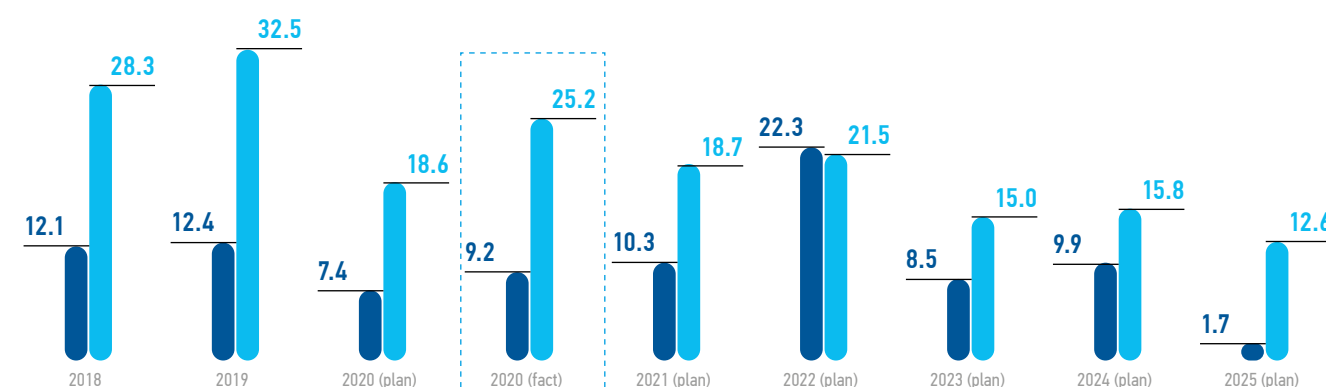
Financing for the investment program of the ROSSETI Group, bn RUB (incl. VAT)



Commissioning in the ROSSETI Group, bn RUB (excl. VAT)

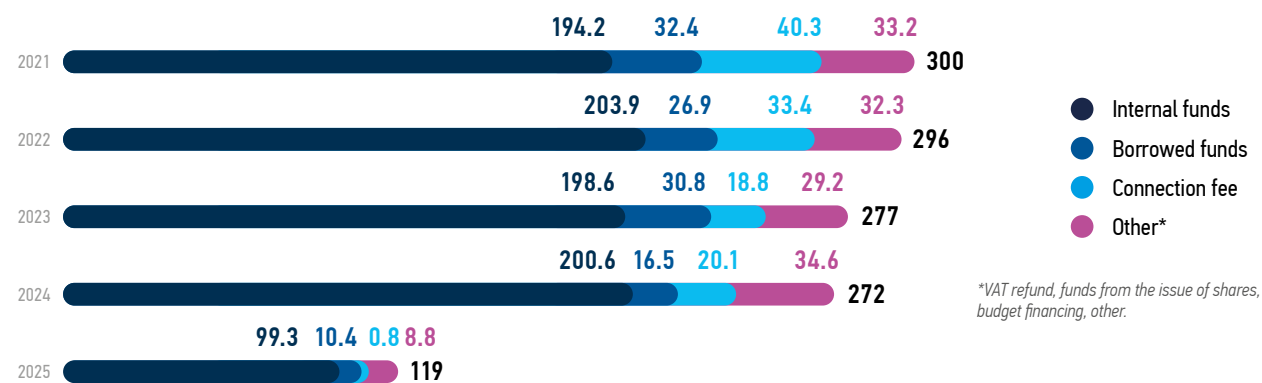


Commissioning in the ROSSETI Group

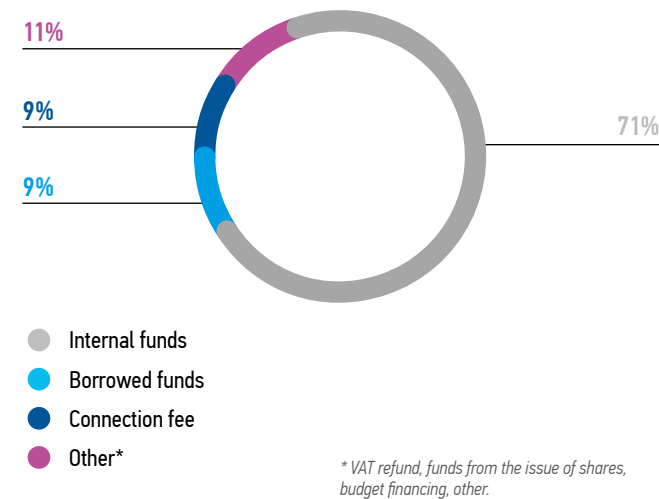


- Commissioning of transformer capacity, thsd MVA
- Commissioning of power lines, thsd km

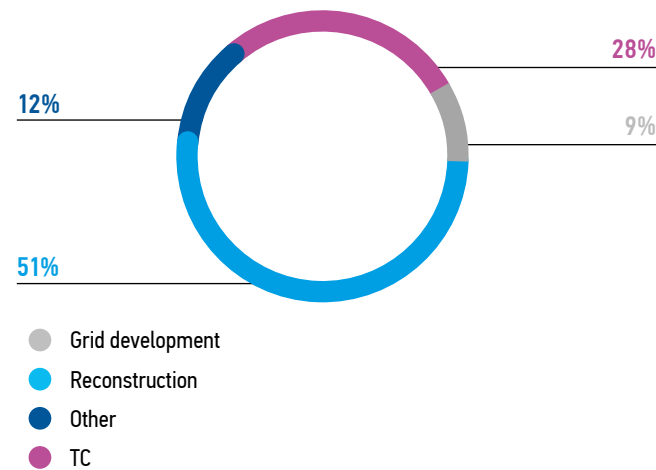
Sources of financing for the investmrt program in 2021–2025, bn RUB



Sources of financing for the investment program in 2021–2025



CAPEX structure in 2021–2025



Consolidated Investment Program of subsidiaries and affiliates of ROSSETI for 2021–2025

Financing, bn RUB (inclusive of VAT)	2020 (actual)	2021	2022	2023	2024	2025
Distribution companies	168.3	170.9	159.2	142.8	134.7	119.3
Transmission company	115.0	129.3	137.2	134.6	137.1	-
Total for SDCs of ROSSETI	283.3	300.2	296.5	277.4	271.8	119.3
Commissioning of fixed assets, bn RUB (exclusive of VAT)						
Distribution companies	152.5	167.0	135.7	115.4	119.6	95.7
Transmission company	112.7	110.2	273.3	101.0	100.6	-
Total for SDCs of ROSSETI	265.2	277.2	409.1	216.4	220.2	95.7
Commissioning of power lines fixed assets, thsd km						
Distribution companies	23.1	17.6	17.3	14.4	14.7	12.6
Transmission company	2.1	1.1	4.2	0.7	1.1	-
Total for SDCs of ROSSETI	25.2	18.7	21.5	15.0	15.8	12.6
Commissioning of transformer capacity fixed assets, thsd MVA						
Distribution companies	6.4	5.8	4.8	2.9	2.5	1.7
Transmission company	2.8	4.5	17.5	5.5	7.4	-
Total for SDCs of ROSSETI	9.2	10.3	22.3	8.5	9.9	1.7

Implementation of the investment program in 2020

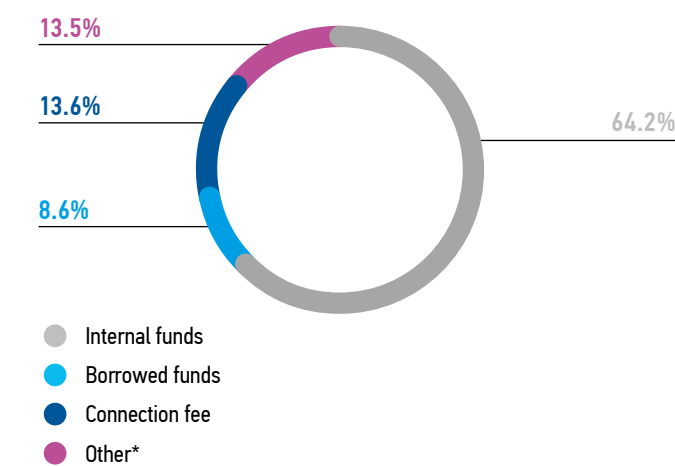
Despite the restrictions caused by COVID-19 preventive measures, the ROSSETI Group managed to fulfill the planned values of the investment program in the reporting year. Commissioning of fixed

assets in value terms exceeded the planned indicator by 11%, commissioning of transformer capacity by 24%, commissioning of power lines by 35%.

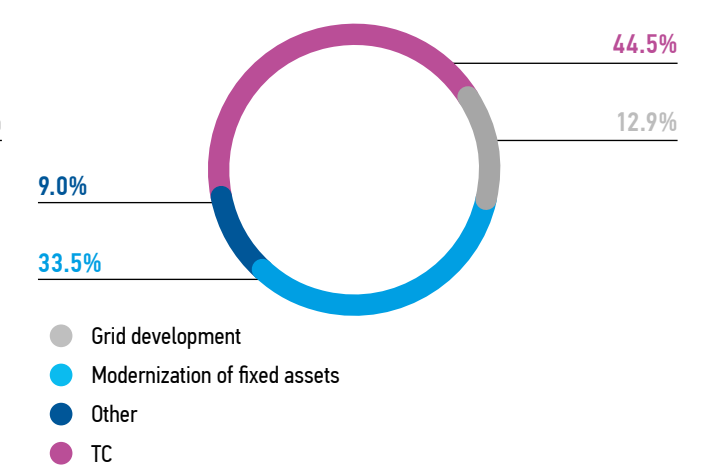
The main parameters of the Consolidated Investment Program implementation of the ROSSETI Group in 2020

SDCs	Financing, RUB mn (inclusive of VAT)	Commissioning, RUB mn (exclusive of VAT)	Commissioning, km	Commissioning, MVA
Distribution networks				
ROSSETI Lenenergo	36,783	32,704	2,793	1,492
ROSSETI Moscow Region	35,785	30,963	5,592	1,765
IDGC of Center and Volga Region	14,374	12,314	2,406	365
IDGC of Centre	14,039	12,241	2,098	374
ROSSETI Tyumen	9,852	8,841	667	273
IDGC of Urals	9,633	9,278	2,055	402
ROSSETI Volga	8,885	7,894	1,571	338
ROSSETI South	7,587	8,876	781	224
ROSSETI Siberia	7,445	7,987	1,723	221
ROSSETI Kuban	5,608	4,418	593	159
Yantarenergo	5,519	4,901	693	250
IDGC of the North-West	4,973	4,111	1,113	159
ROSSETI North Caucasus	2,585	4,443	638	153
JSC ENCE	2,489	1,257	118	82
Chehenenergo	1,490	1,309	51	82
TDC	676	575	108	11
Tyvaenergo	550	341	122	16
JSC SVET	7	5	-	6
Backbone grids				
FGS UES	115,036	112,744	2,094	2,806
Total for SDCs of ROSSETI	283,316	265,203	25,214	9,177

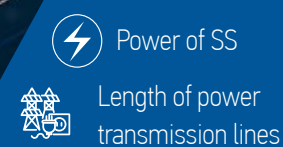
Source of financing for the investment program in 2020



Expenditure structure under the investment program in 2020



Key investment projects scheduled for implementation in 2021



1

Baikal-Amur Mainline and Trans-Siberian Railway (Order of the Government of the Russian Federation dated 30.09.2020, No 2101r) six facilities in 2021–2022

⚡ 996 🏗️ 736

2

Reorganization of electric grid facilities of the highway M12 "Moscow-Nizhny Novgorod-Kazan" (2021–2022)

4 SDCs of ROSSETI 150 facilities

3

Electricity supply of facilities of the XXXII World Summer Universiade 2023 in Yekaterinburg (Presidential Decree dated 02.01.2020, No 4) (2021–2022)

⚡ 67 🏗️ 19

4

Technological connection of oil and gas facilities of Tyumen Region (2021)

⚡ 250 🏗️ 222

5

Output scheme of facilities SFD Wind Generation (2021)

⚡ 941 🏗️ 63

6

Loss reduction programs in the territory of the North Caucasus Federal District (2021–2022)

6 Republics of NCFD 🏗️ 2,744

7

Construction of overhead line 330 kV Kolsko-Karelian transit (2021–2022)

🏗️ 849

8

CL 110 kV Roksky Tunnel (Protocol of the Government of the Russian Federation dated 16.05.2017, No AH-P2-29pr) (2021)

🏗️ 4.5

9

Complex reconstruction of SS 220–500 kV CFD (2021–2022)

⚡ 6,056

Innovations and Digital Technologies

Implementation of the Digital Transformation 2030 Concept

The Digital Transformation 2030 Concept is being implemented in the ROSSETI Group¹. Change of the logistics of the processes and the ROSSETI Group transition to risk-oriented management based on the introduction of digital technologies and big data analysis is the key goal.

Implementation of the Concept is being carried out in accordance with the specially developed Target Model of digital transformation of the power grid complex of ROSSETI by 2030. Basic principles of the Target Model:

- complete transformation of the power grid infrastructure of all companies of the ROSSETI Group;
- 100% data reporting to information systems;
- platform solutions, a unified digital environment, information security;

- interconnectivity of all digital information streams based on cloud technologies;
- data reporting to unified network control centers in the amount needed for decision-making.

In 2020, the Board of Directors approved the Program of Digital Transformation of ROSSETI for 2019–2030, specifying the timing and activities for the implementation of the Digital Transformation Concept. The Digital Transformation Program will be implemented in three stages.

First stage. Implementation of a set of start-up events (2019–2024)

- Implementation of proven technologies that form the hardware and information basis for further development;
- commencement of work on data arrays;
- partial digitalization of production processes;
- piloting of promising technologies;
- typification of information flows and systems;
- equipping UNEG facilities with telemechanics systems;
- modernization of the technological communication network, metering and measuring systems;
- identification of the most effective technologies for replication;
- digitization and transformation of business processes.

Second stage. Development of technological solutions (2023–2025)

- Further development of technology projects conducted in the first stage, taking into account the level of technology;
- wider work on data structuring, formation of digital twins of technological processes and formation of a single BigData source by integrating existing systems, implementing software data access interfaces, development of digital industry platforms with counterparties;
- formation and development of digital products that can be offered to the market.

Third Stage. Commercialization of spent solutions (2025–2030)

- Formation of commercial digital products using BigData technologies;
- creation of digital platform ecosystems, development of services.

Key projects of the Digital Transformation Program:

Project	Social and economic effects
Technological process control. Electrical network with elements of digital solutions	
Highly automated substation with digital data exchange	→ reduction in the cost of ownership of information technology systems of electric power facilities;
	→ development of domestic software and hardware solutions for secondary systems;
	→ reduction in energy facilities resource intensity and construction time.
APCS	→ increase in labor productivity of GTS personnel due to the automation of functions, including reduction of erroneous actions of personnel due to the availability of analytical functions and remote control functions in the PTC NCC;
	→ increase in personnel safety;
	→ reduction in equipment downtime.
Upgrade and digitalisation of the technological communication network	→ ensuring the relevant information interaction between the UNEG facilities and control centers (grid control centers, dispatch centers) for the operation of dispatch, technological and corporate management systems;
	→ optimisation of costs for the implementation of data transmission technologies;
	→ reducing the cost of developing the UNEG due to the use of prevention automation systems;
Upgrade of measuring instruments	→ infrastructure support for the implementation of other digitalisation projects.
	→ increase in the accuracy of determining the parameters of the operating mode of electrical equipment, as well as electrical and magnetic quantities, and decrease in the number of failures of technical equipment
Digital Company management	
Corporate management system	→ improvement of the Company's managerial efficiency;
	→ use of data as an information asset of the Company.
Additional services	
Digital engineering	→ decrease in the cost and reduction of design and construction periods;
	→ creation of the market for design solutions and automated services;
	→ creation of conditions for the market of auxiliary services for data processing for construction (optimization of logistics, construction control).
Information security	
Information security	→ increase in the level of anti-terrorist security and information security of electric power facilities;
	→ creation of demand for secure domestic systems and applications.

In the reporting year, 73 digital infrastructure objects were put into operation:

6 modernized control rooms of the Network control centers

34 highly automated areas of electrical networks

33 highly automated substations with digital data exchange 35–220 kV

¹ Minutes of the ROSSETI Board of Directors meeting dated December 21, 2018, No. 336.

Information technology

The introduction of modern information systems into the Company's activities enforces the reduction of management costs, speeds up the decision-making, and enables greater management flexibility. Additionally, it enables the integration of internal control procedures directly into business processes for the prevention of errors and abusive practices.

The development of information technology at ROSSETI is performed in compliance with the Policy of ROSSETI in the field of information technology, automation, and telecommunications¹. In 2020, there were several important projects implemented in the field of information technology.

The computer-based system for comparative analysis (rating) of the performance efficiency of the subsidiaries and dependent companies (SDC), branches, and the ROSSETI SDC distribution networks

Application area Results

Operation with performance indicators of the ROSSETI SDC structural divisions

→ A computer-based system for comparative analysis (rating) of the performance efficiency of SDCs, branches, and the ROSSETI SDC distribution networks has been developed and transferred to pilot industrial operation.
Data from this system is used for a comprehensive assessment of activities, for correct comparison of the ROSSETI SDC performance, and to identify and replicate the most rational solutions and approaches, as well as for the reasonable establishment of differentiated mid-term and long-term goals in terms of improving the efficiency of activities.

Development of the Electric Grid Services Portal

Application area Results

Interaction with consumers of services of the ROSSETI Group

→ There was created a mobile application for consumers of the ROSSETI Group and published in the Google Play and AppStore applications;
→ the portal has been launched in a new design with expanded functionality and services since July 1, 2020;
→ a simplified procedure for technological connection for the category up to 150 kW was implemented in electronic format in accordance with changes in the regulatory framework;
→ the transfer of the ROSSETI SDC electronic consumer services for technological connection was made from SDCs resources to the portal and mobile application.

Granting access to legal process management services

Application area Results

Management of the ROSSETI Group legal processes

→ Improvement of judicial protection of the ROSSETI and ROSSETI SDC interests;
→ establishment of day-to-day control over current trials;
→ formation of management account statements;
→ automation of collection and storage of court cases information;
→ partial replacement of paper workflow with electronic flow of documents (in terms of judicial support);
→ monitoring of the ROSSETI and ROSSETI SDC court cases;
→ introduction of a systematic approach to judicial support;
→ systematisation of judicial practice in cases involving the customer.

¹ Approved by the ROSSETI Board of Directors on September 8, 2017 (Minutes No. 276 dated September 11, 2017).

Assuring the cybersecurity

ROSSETI maintains a consistent policy for the development of information security systems and means of the electric grid sector to counter cyber attacks.

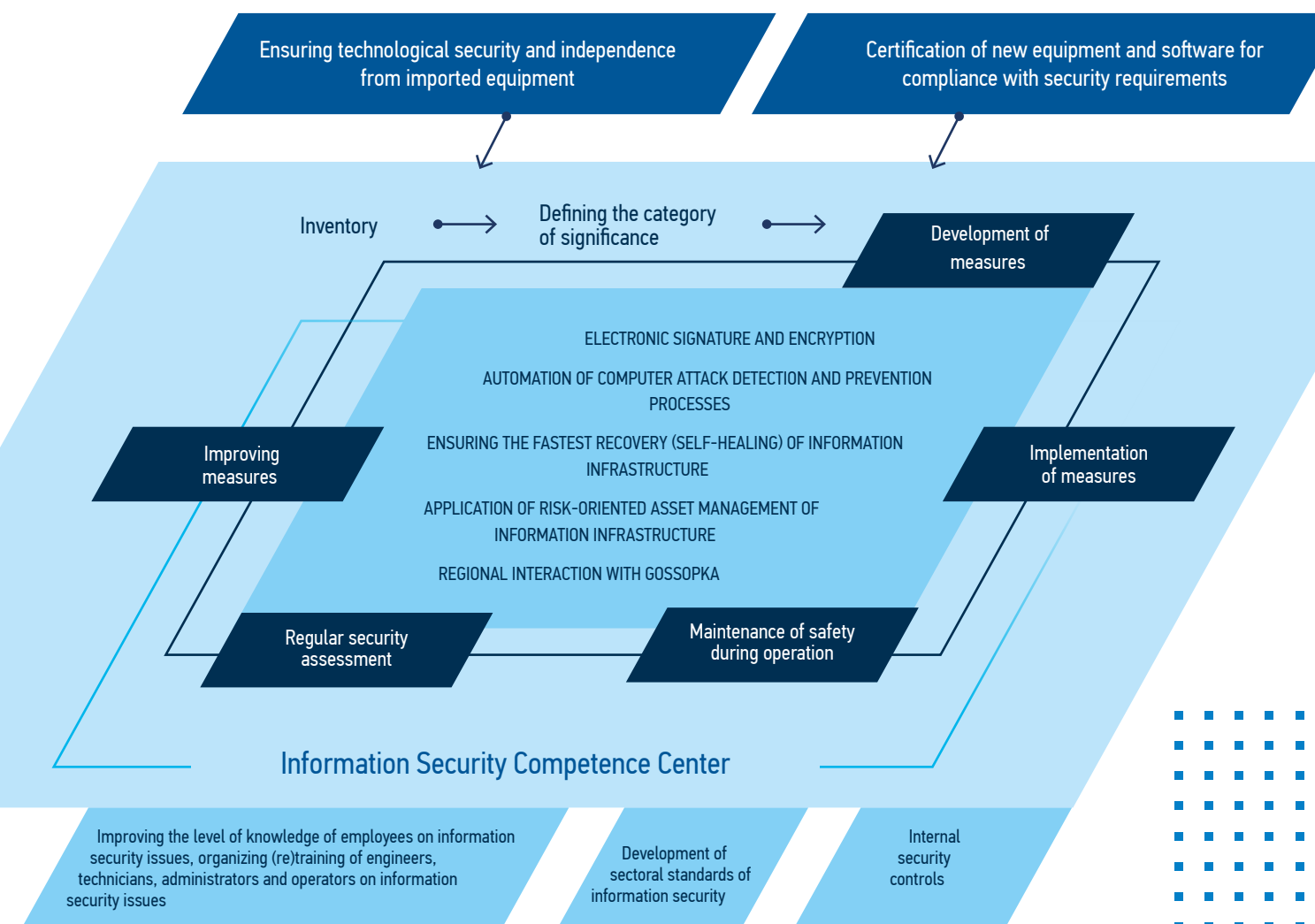
To reduce the reputation and financial consequences, comprising those associated with unpredictable costs of restoring the IT infrastructure and processed information, ROSSETI implements the "Information Security" program of the ROSSETI Group¹.

The main activities of the ROSSETI Group in the field of information security:

- creation of an information security system for the critical IT infrastructure facilities of subsidiaries and dependent companies of ROSSETI;
- creation of shared Safety Management Centers in the ROSSETI subsidiaries and dependent companies, integrated with a unified vertical of operational, process management, and contingency control;

- creation of the Center for monitoring and responding to computer attacks of the ROSSETI Group of Companies (Corporate Cybersecurity Center);
- creation of an internal system for assessing the conformity of digital equipment and software for cybersecurity.

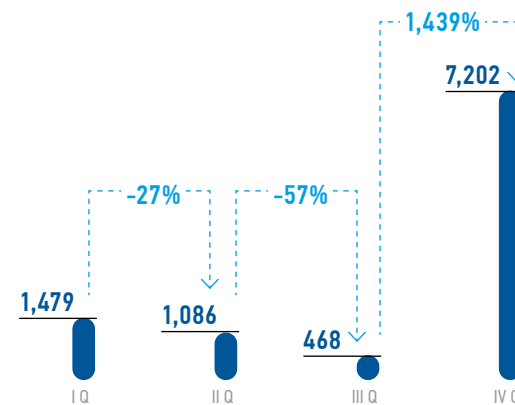
To improve the efficiency of planning and development of measures to ensure the IT infrastructure facilities security, to ensure the security of confidential information when using information and communication technologies, the ROSSETI Group operates the IT Security Competence Center.



¹ Approved by the ROSSETI Board of Directors on October 5, 2020 (Minutes No. 434 dated October 6, 2020).

Hacking prevention in 2020

In 2020, JSC FPCL-OPL Management has been designated for ROSSETI by the Corporate Cybersecurity Center in organizing processes for detecting, preventing, and responding to computer attacks against critical IT infrastructure facilities owned by ROSSETI.



Innovative Development Program

ROSSETI is implementing the Innovative Development Program for the period 2020–2024 with a perspective up to 2030¹. The Innovative Development Program (IDP) of ROSSETI (hereinafter referred to as the IDP of ROSSETI) is a long-term planning and management document integrated into the strategic development system of the state electric grid sector and is also a key tool for implementing the Company's Innovative Development Policy.

Facilitating the conditions for transitioning to a new technological mode electrical grid, with qualitatively new characteristics of reliability, efficiency, accessibility, manageability, and customer orientation of the power grid complex of Russia is the key objective of the IDP of ROSSETI.

Key areas of the Innovative Development Program of ROSSETI

Transition to smart substations with a voltage of 35–110 (220) kV



Switching over to actively adaptive grids with the distributed intelligent automation and management system



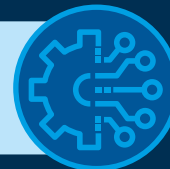
Switching over to the integrated efficiency of business processes and the automation of management systems



Using new technologies and materials in the electric power industry

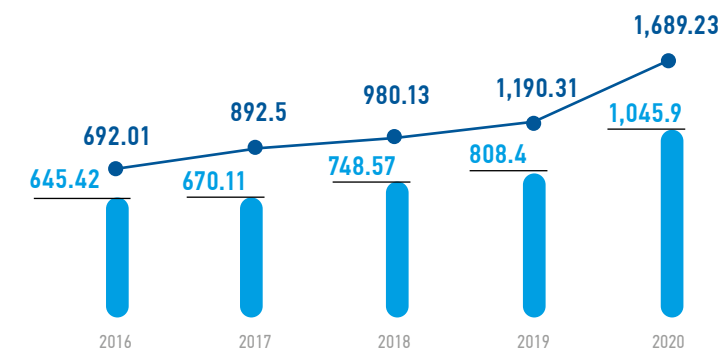


Introduction of organizational innovations



¹ Approved by the ROSSETI Board of Directors on February 8, 2021 (Minutes No. 447 dated February 8, 2021).

Target and actual values of R&D costs

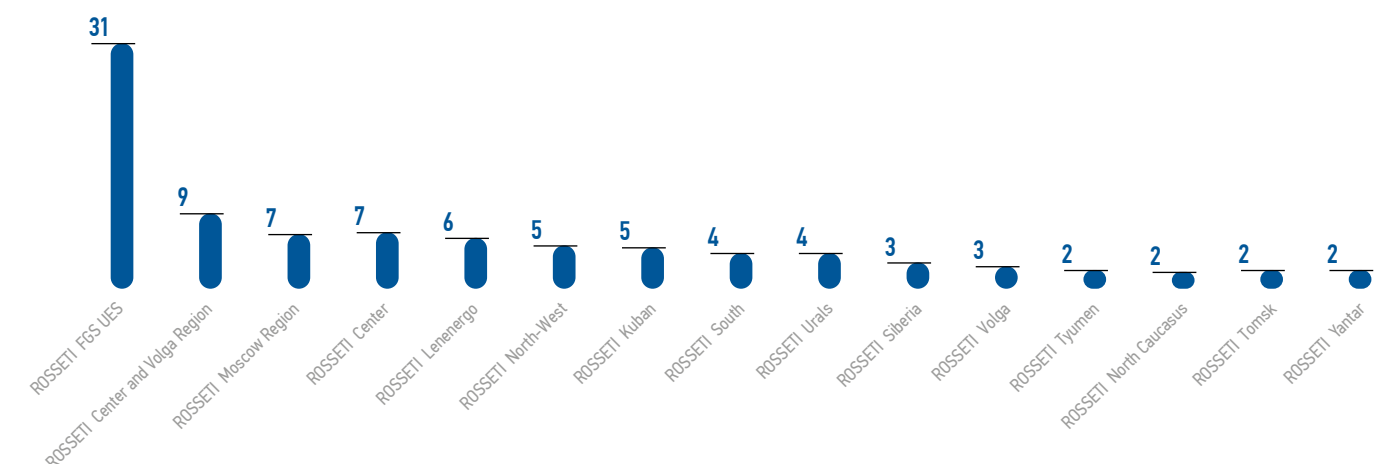


- Target R&D costs, mn RUB
- Actual R&D costs, mn RUB

One of the main directions of the IDP of ROSSETI is to carry out R&Ds aimed at creating fundamentally new developments, technologies, and methods, as well as implementing applied scientific works dedicated to improvement of existing technologies and products. The R&D program is developed annually.

The target value of R&D expenditures in 2020 for the ROSSETI Group is 0.2% of the Group's own revenue or RUB¹ 1,045.9 mn. The actual implementation of the R&D Program amounted to RUB² 1,689.23 mn or 0.323% of own revenue, exceeding the target cost value by 161.5%.

In 2020, the volume of R&D is represented by 92 works (61 works by DGC and 31 by ROSSETI FGC UES):



Following the results of research and development works in 2020:

13 R&D results

have been transferred to pilot and industrial operation

18 R&D results

have been implemented in subsidiaries and affiliates of ROSSETI

35 protection documents

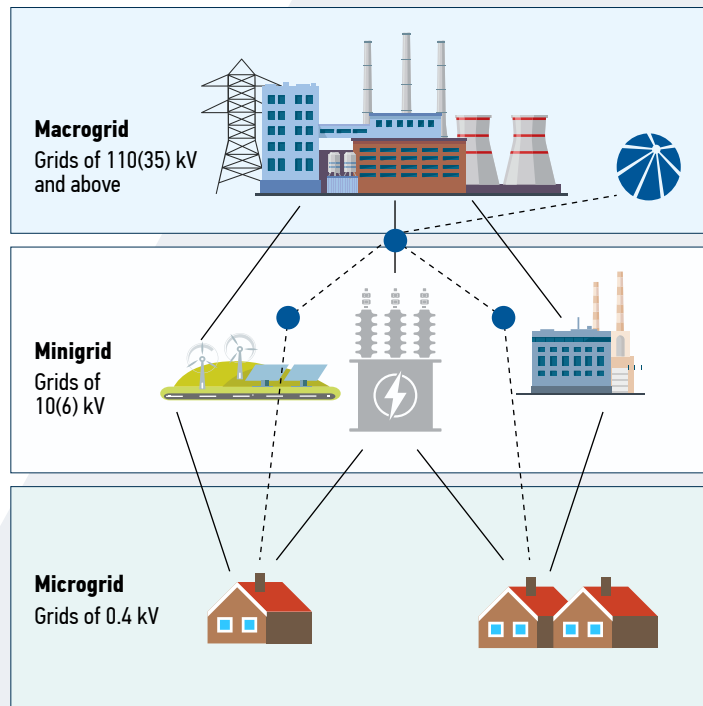
were received

- 5 patents for invention;
- 6 patents for a useful model;
- 24 certificates.

¹ According to the Efficiency of Innovation Activity methodology for calculating KPI Efficiency of Innovation Activities.

² Net of VAT.

Significant research and R&D projects completed in 2020



DIGITAL SIMULATION

Design of the Mini/Microgrid target model

Research and development work aimed at the transition of the electric power industry of the Russian Federation to a new technological order under the requirements of the Government of the Russian Federation was completed in 2020 at ROSSETI Tyumen.

Outcome:

- Significant expansion of the power grid's capabilities for reliable and high-quality power supply to consumers;
- Organization of effective interaction of consumers with power generating sources, creation of mechanisms for sustainable development;
- Decrease in consumer costs for energy supply.

INFORMATION SECURITY

Research and development of special requirements, architecture, and possible technical solutions to ensure information security of an intelligent electricity metering system (IEMS).

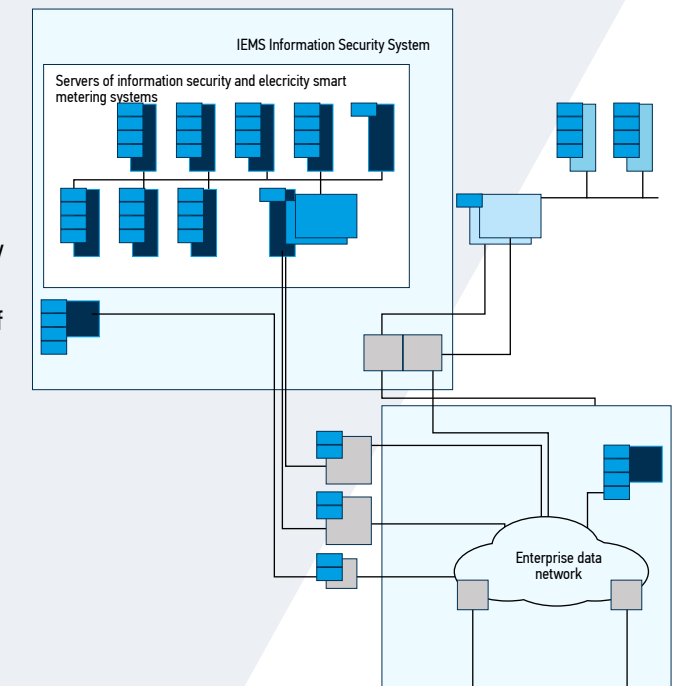
Research work completed in 2020 at ROSSETI Kuban.

As a result of R&D, the following have been developed:

- Draft of the standard "Requirements for ensuring information security of infrastructure facilities for commercial metering of electricity";
- Basic and typical technical solutions to ensure information security of the IEMS, program and methodology for testing information security tools;
- Special software designed for integration.

Outcome:

- Achievement of compliance of the IEMS information security system with the requirements of the legislation of the Russian Federation in the information security.



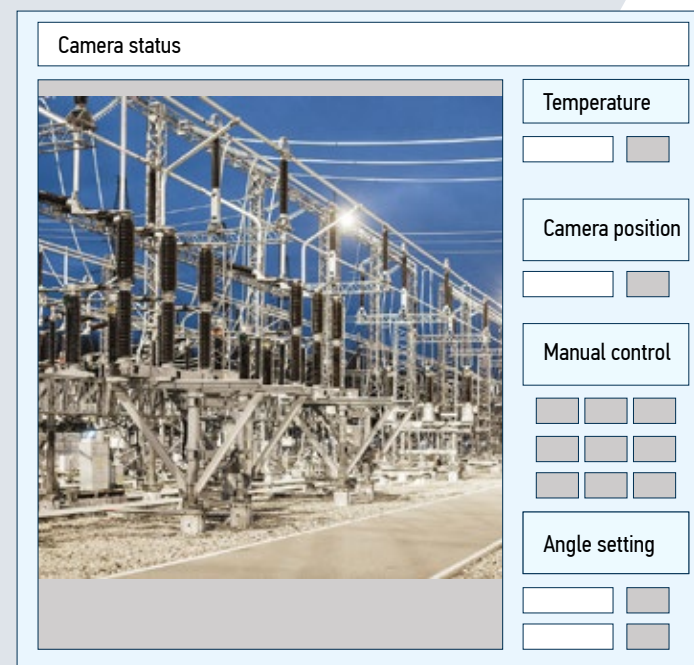
DIGITAL MONITORING AND CONTROL

Software and hardware complex for visual inspection and monitoring the substation equipment status to prevent the power system disturbances

The complex was put into industrial and pilot operation in 2020 at ROSSETI.

Outcome:

- Decrease in operating costs;
- Reducing the process disturbances eliminating cost and increasing the reliability of the equipment;
- Prevention of incidents, identification of specific defects on equipment;
- Full perimeter of control over the condition of the main equipment, along with actively implemented monitoring systems.



OCCUPATIONAL SAFETY

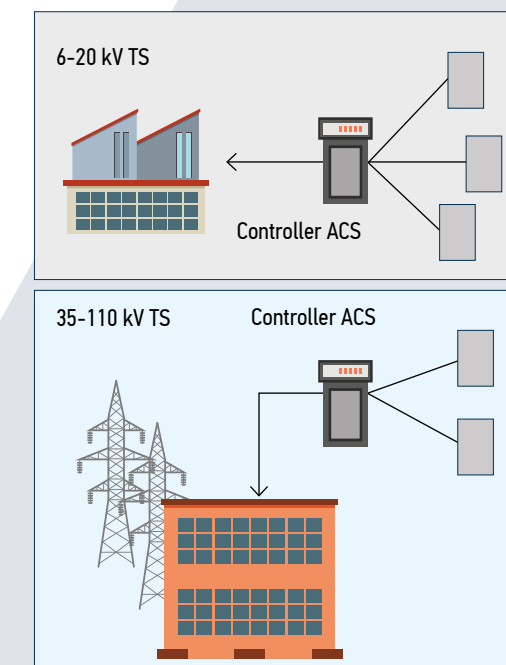
Design of an automated system for accounting and issuing keys from electrical installations and access control to facilities, integrated with the production asset management system (PAMS), using an electronic key and electronic signature.

Research work completed in 2020 at ROSSETI Urals.

The purpose of the research and development work is to increase the efficiency of the maintenance and repair process and reduce injuries by developing and implementing an automated system for accounting, access, and access control at facilities, integrated into the PAMS, by using an electronic key and an electronic digital signature. The developed engineering solution provides for granting and cancellation of access of specific crews to specific electrical installations and at a given time by using an electronic digital signature, without any need for operating crews to visit the keys storage places for electrical installations.

Outcome:

- Automation of the accounting, storage, return, and issue of keys processes with online history in an electronic log book;
- Increasing the level of automation of the MRO and PAS processes;
- Increasing access control to electrical installations (preventing unauthorized access) by introduction of electronic keys, and, as a consequence, a decrease in the likelihood of misoperations by operation, maintenance and repair personnel.



Financial Performance

Consistently Strong Financial Results

Given the context of a decrease in energy consumption against the background of the development of the coronavirus pandemic and the introduction of a restriction and self-isolation regime from April 2020, the Company managed to demonstrate a positive financial and economic result at the end of the reporting year, including through the implementation of the list of priority anti-crisis measures in the current economic situation and improving operational efficiency.

The key factors affecting the ROSSETI Group's financial performance in 2020 were:

- cumulative decrease in revenue from electricity transmission and from the sale of electricity and capacity as a result of reduced business activity due to restrictive measures in the Russian Federation aimed at combating the spread of COVID-19, as well as suspending the function of the last resort supplier by certain companies of the ROSSETI Group;
- recognition of loss from the depreciation of property, plant and equipment of the ROSSETI Group;
- increase in depreciation expenses for property, plant and equipment due to the introduction of new capacities;
- increase in operating costs due to the implementation of measures to ensure uninterrupted power supply to consumers in the context of the spread of COVID-19.

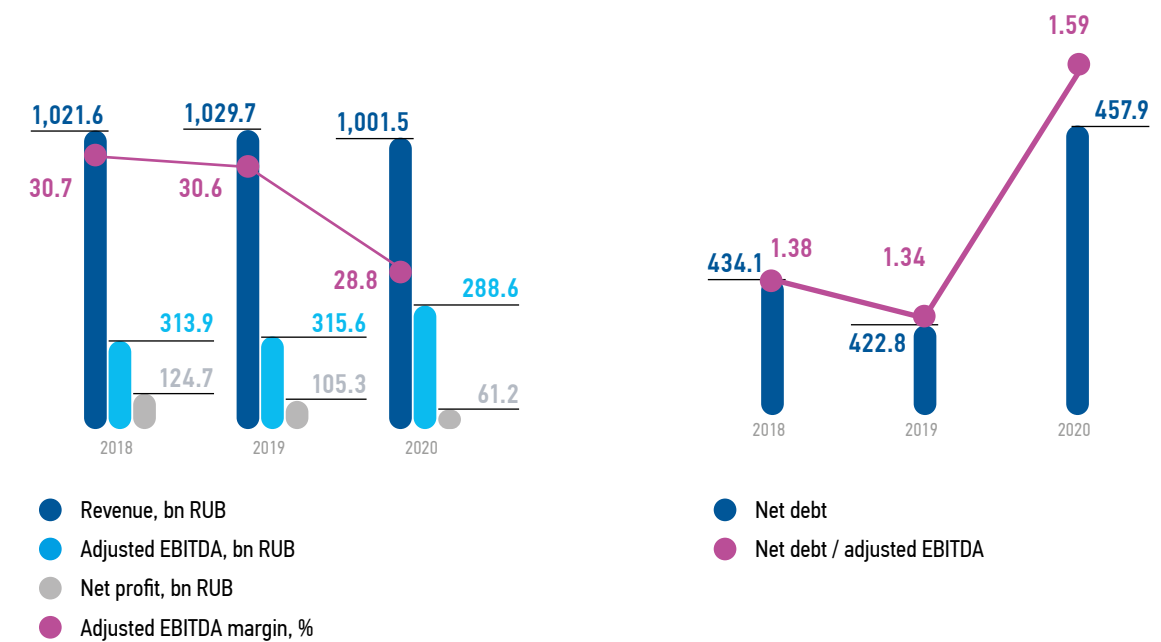
Summary table of the main financial results under IFRS

Indicators (in RUB bn, unless otherwise stated)	2018	2019	2020	Change 2020/2019,%
Revenue	1,021.6	1,029.7	1,001.5	(2.7)
Operating expenses	(835.8)	(858.3)	(870.5)	1.4
Adjusted EBITDA ¹	313.9	315.6	288.6	(8.6)
Net profit	124.7	105.3	61.2	(41.9)
Adjusted net income ²	130.8	116.7	93.0	(20.3)
Net debt	434.1	422.8	457.9	8.3
Net cash flow from operating activities	238.6	256.4	235.4	(8.2)

Despite the complex macroeconomic conditions of the past year, the Company demonstrated strong operating and financial results, high business adaptability and commitment to the Strategy implementation. In general, the ROSSETI Group of Companies managed to minimize the impact of negative factors associated with COVID-19.

¹ Adjusted EBITDA calculated as profit before interest expense, taxation, depreciation less net loss from impairment of property, plant and equipment, and income from the exchange of assets with DVEUK JSC (only for 2019) is shown hereinafter.

² The adjusted profit is hereinafter shown as profit for the period less net loss from impairment of property, plant and equipment, gain from the exchange of assets with DVEUK JSC (only for 2019), taking into account the corresponding amounts of deferred income tax.

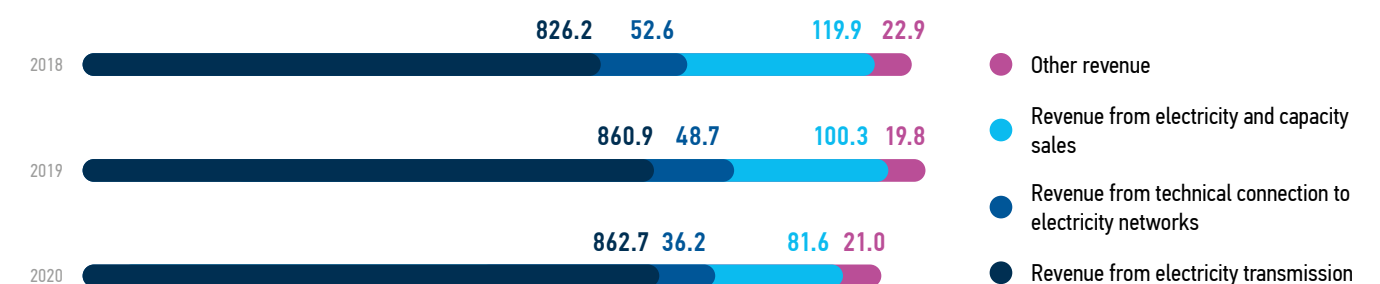


Revenue

High social significance and geographic diversification allow the ROSSETI Group of Companies to have a stable base of end consumers of electricity, which, given a stable tariff policy, provides a predictable level of revenue from its core business.

Indicators (in RUB bn, unless otherwise indicated)	2018	2019	2020	Change 2020/2019,%
Revenue, including:	1,021.6	1,029.7	1,001.5	(2.7)
Electricity transmission	826.2	860.9	862.7	0.2
Services for technological connection to power grids	52.6	48.7	36.2	(25.7)
Electricity and power sales	119.9	100.3	81.6	(18.6)
Other revenue	22.9	19.8	21.0	6.1

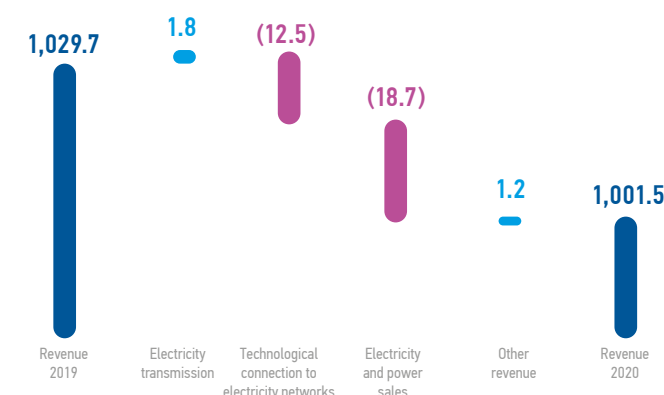
Revenue structure, bn RUB



At the end of 2020, the Company's revenue decreased by 2.7% (or 28.2 bn RUB) compared to 2019 and amounted to 1,001.5 bn RUB. The main factors behind its change are:

- a cumulative decrease in revenue from electricity transmission and from the sale of electricity and capacity by 1.7% (or 16.9 bn RUB) as a result of a decrease in business activity due to the imposition of restrictive measures in the territory of the Russian Federation aimed at combating the spread of COVID-19, as well as the termination of the performance of the function of a supplier of last resort by individual subsidiaries of the ROSSETI Group;
- a decrease in revenue for services of technological connection to power grids by 25.7% (or by 12.5 bn RUB), due to the schedule for the provision of services at the request of consumers.

Revenue change indicators for 2020, bn RUB

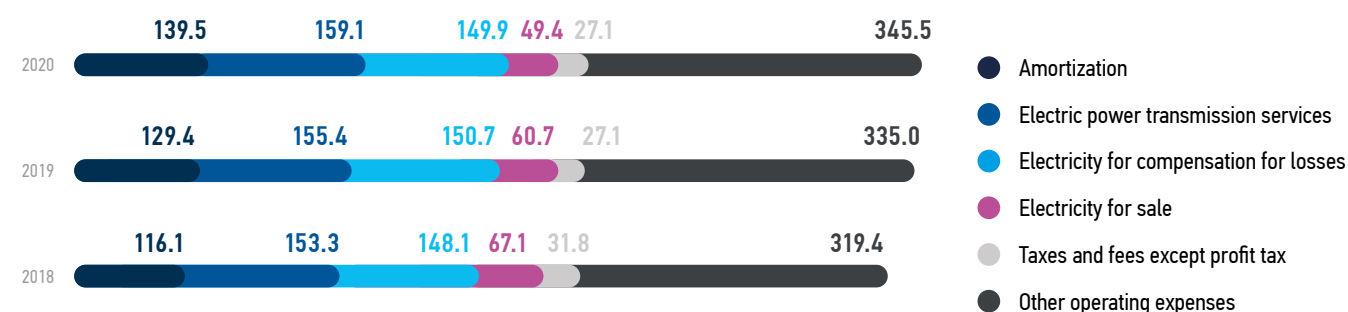


Operating expenses

One of the priority areas of activity of the ROSSETI Group of Companies is to improve the efficiency of operating activities and reduce costs without compromising the reliability of electricity transmission, quality and availability of services.

Indicators (in bn RUB, unless otherwise indicated)	2018	2019	2020	Change 2020/2019, %
Expenses:	869.3	905.3	920.5	1.7
Operating expenses, including:	835.8	858.3	870.5	1.4
Depreciation of property, plant and equipment, right-of-use assets and intangible assets	116.1	129.4	139.5	7.8
Electric power transmission services	153.3	155.4	159.1	2.4
Electricity for compensation for losses	148.1	150.7	149.9	(0.5)
Electricity for sale	67.1	60.7	49.4	(18.6)
Taxes and fees except profit tax	31.8	27.1	27.1	0
Other operating expenses	319.4	335.0	345.5	3.1
Provision for expected credit losses	25.8	23.4	10.3	(56.0)
Impairment loss for property, plant and equipment and right-of-use assets	7.7	23.6	39.7	68.2

Operating expenses structure, bn RUB



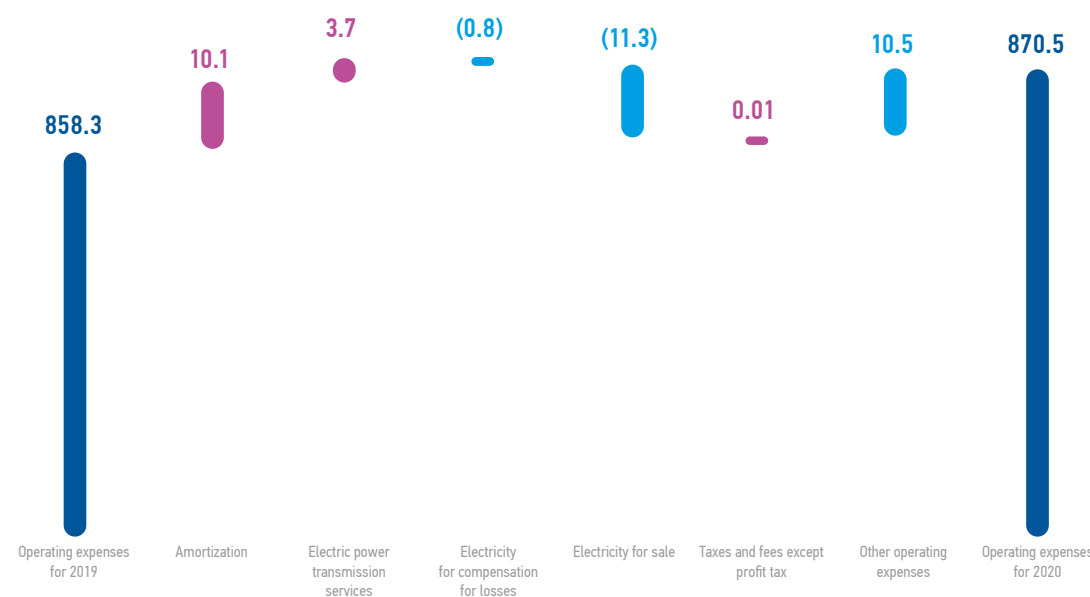
Operating expenses of the Company for 2020 increased by 1.4% (or 12.2 bn RUB) compared to 2019 and amounted to 870.5 bn RUB. The key factors behind their change are:

- the increase in depreciation is due to the commissioning of fixed assets as part of the investment program;
- an increase in the costs of electricity transmission services due to the indexation of tariffs for the services of other TGO;
- reducing the cost of purchasing electricity to compensate for technological losses as a result of reducing electricity consumption in the context of the spread of COVID-19;
- reducing the cost of purchasing electricity for sale due to the termination of subsidiaries and dependent companies from performing the functions of last resort suppliers;
- increase in other operating expenses associated with the implementation of measures to ensure uninterrupted power supply to consumers in the context of the spread of COVID-19.

The provision for expected credit losses at the end of 2020 decreased by more than 2 times compared to 2019 as a result of the implementation of measures to work with consumers, including the conclusion of agreements on restructuring of receivables.

Significant amounts of impairment loss for property, plant and equipment were recognized in 2020 due to the presence of signs of impairment (decrease in overall business activity in the Russian Federation).

Operating expenses change indicators for 2020, bn RUB



Operational efficiency management

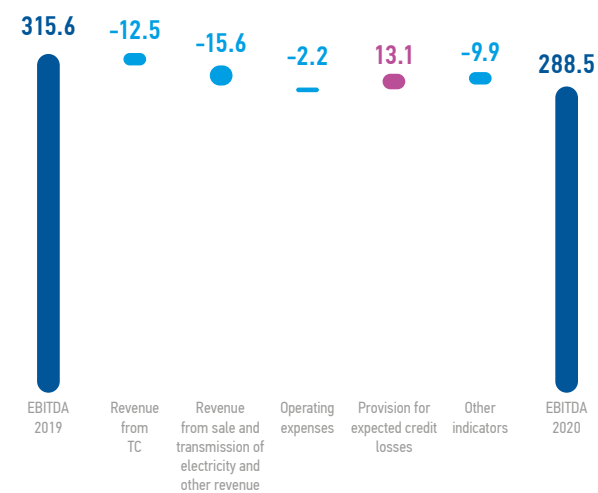
In order to achieve lower operating costs and improve efficiency, the Company implemented the Program to Improve Operating Efficiency and Reduce Costs of the ROSSETI Group of Companies for 2020–2024, and an action plan to optimize the costs of ROSSETI, taking into account subsidiaries, developed following the results of an external independent audit of the costs of ROSSETI¹.

At the end of 2020, the decrease in specific operating costs of the ROSSETI Group of Companies amounted to more than 2.0% compared to the level of 2019.

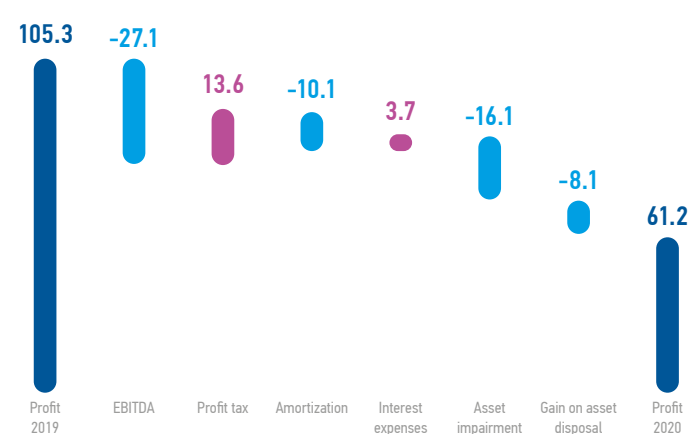
¹ Minutes of the meeting of the Board of Directors of PJSC ROSSETI dated March 3, 2017 No. 254.

EBITDA and earnings

EBITDA, bn RUB



Profit, bn RUB



Assets and liabilities

The Company's assets are characterized by a number of factors:

→ availability of a technical base that is undergoing continuous modernization, including through digital transformation;

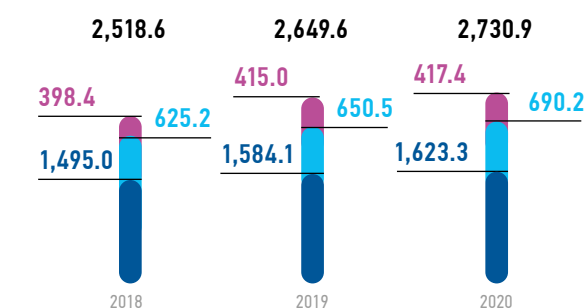
→ long life cycle of equipment;

→ availability of a unique infrastructure on the basis of which new types of activities can be developed and synergistic effects achieved.

Indicators (in RUB bn, unless otherwise indicated)	2018	2019	2020	Change 2020/2019, %
Assets	2,518.6	2,649.6	2,730.9	3.1
Non-current assets	2,144.8	2,328.1	2,449.7	5.2
Current assets (including assets for sale)	373.8	321.5	281.2	(12.5)
Liabilities	2,518.6	2,649.6	2,730.9	3.1
Equity	1,495.0	1,584.1	1,623.3	2.5
Non-current liabilities	625.2	650.5	690.2	6.1
Current liabilities	398.4	415.0	417.4	0.6

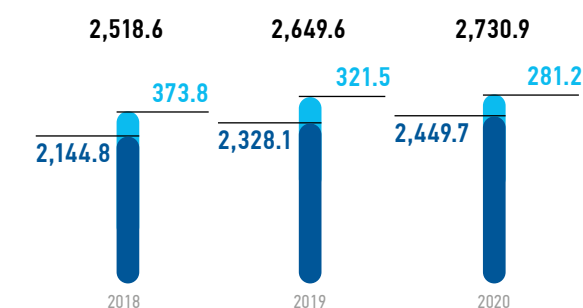
Structure of assets and liabilities at the end of the year

Liabilities, bn RUB



- Current liabilities
- Non-current liabilities
- Equity

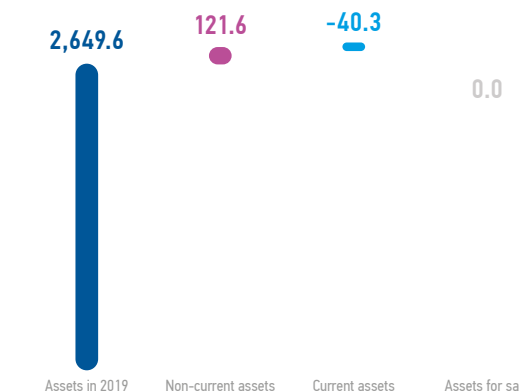
Assets, bn RUB



- Current assets (including assets for sale)
- Non-current assets

Factors of changes in assets and liabilities in 2020

Asset change indicators for 2020, bn RUB



Liability change indicators for 2020, bn RUB



At the end of 2020, the assets of the ROSSETI Group of Companies increased by 3.1% (or RUB 81.3 billion) compared to the end of 2019, reaching RUB 2,730.9 billion mainly due to an increase in fixed assets due to the commissioning of new facilities following the implementation of the investment program.

Debt

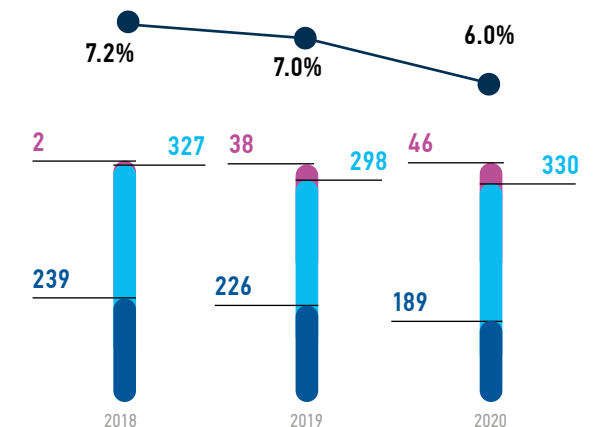
The Company maintains a moderate level of debt burden. There is no foreign exchange risk associated with borrowing, since 100% of the debt is denominated in RUB.

In 2020, the level of debt of the ROSSETI Group of Companies did not change significantly.

The cost of debt of the ROSSETI Group of Companies for 2020 decreased from 7.0% at the beginning of the year to 6.0% at the end of the year and is still below the market level (according to statistics from the Central Bank of the Russian Federation, the average lending rate for a term of 1 up to 3 years in December 2020 amounted to 7.1% per annum).

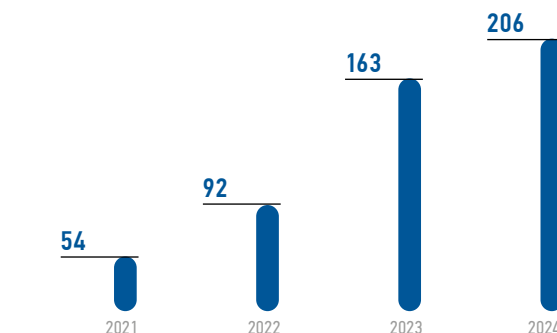
The debt portfolio of the ROSSETI Group of Companies is dominated by long-term borrowings, the weighted average maturity of the portfolio is more than 8 years.

Financial debt, bn RUB

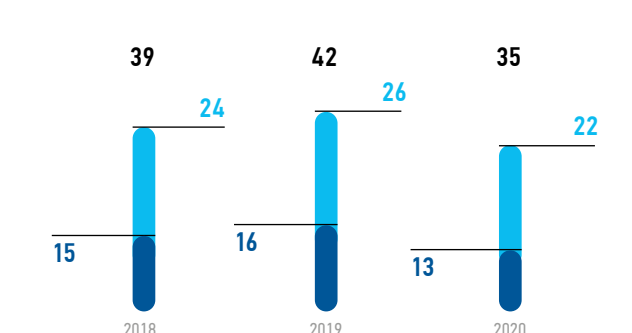


- Lease obligation
- Public borrowing (bond loans)
- Loans and other liabilities
- Group's weighted average rate at the end of the period

Debt repayment schedule*, bn RUB



Loan and borrowing service expenses, bn RUB



- Accrued interest accounted for in expenses
- Accrued interest capitalized in cost of funds and intangible assets

* The main debt on loans and borrowings excluding accrued but not paid interest.

Bonds

- The ROSSETI Group actively attracts long-term borrowings on capital markets. In 2020, the ROSSETI Group companies successfully placed the following bond issues with a total par value of 88 bn RUB:

Issue number	Series	Outstanding volume, mn RUB	Date of placement	Placement rate
ROSSETI				
4B02-02-55385-E-001P	BO-001P-02	10,000	30.04.2020	6.50%
4B02-03-55385-E-001P	BO-001P-03	10,000	27.07.2020	4.85%
ROSSETI FGS UES				
4B02-04-65018-D-001P	001P-04R	10,000	30.01.2020	6.75%
4B02-05-65018-D-001P	001P-05R	10,000	29.04.2020	6.50%
4B02-02-65018-D-001P	001P-02R	10,000	20.10.2020	6.60%
ROSSETI Moscow Region				
4B02-02-65116-D-001P	001P-02	10,000	21.02.2020	6.15%
4B02-03-65116-D-001P	001P-03	5,000	22.07.2020	5.55%
ROSSETI Lenenergo				
4B02-03-00073-A	BO-03	5,000	05.02.2020	6.20%
4B02-04-00073-A	BO-04	5,000	05.02.2020	6.20%
ROSSETI Center				
4B02-02-10214-A-001P	001P-02	5,000	05.06.2020	5.60%
ROSSETI Center and Volga Region				
4B02-01-12665-E-001P	001P-01	8,000	05.06.2020	5.65%

The main purpose of attracting borrowed funds was to refinance the debt portfolio by subsidiaries. The key investors were managing companies, pension funds, banks, investment and insurance companies, as well as individuals.

In order to optimize the debt portfolio, the ROSSETI Group companies also redeemed/repurchased bonds with an aggregate amount of 51 bn RUB within the framework of offers.

Key rating factors:

strategic importance to the state and state control over the Company



infrastructure monopoly with moderate regulatory risk



low debt burden



Credit ratings

ROSSETI has an investment rating from the two largest international rating agencies Standard & Poor's ("BBB-", "stable" outlook) and Moody's ("Baa3", "stable" outlook) at the level of the sovereign rating of the Russian Federation, as well as the highest rating "AAA (RU)" ("stable" outlook) from the national rating agency ACRA (JSC), corresponding to the level of financial obligations of the Government of the Russian Federation.

The ROSSETI Group's high credit quality is confirmed by credit ratings assigned by international and national rating agencies. Credit ratings not only raise the investment attractiveness, but also allow for conducting effective borrowing policies on capital markets.

Despite the economic decline caused by the pandemic, and the related downgrade by rating agencies of the credit ratings of a number of companies both in Russia and abroad, the companies of the ROSSETI Group managed to keep their credit ratings unchanged, and in relation to IDGC of Center and Volga Region, PJSC — increase by one notch on the national scale.

Credit ratings of the ROSSETI Group of Companies (as of February 2021)

Rating agency	S&P	Moody's	Fitch	ACRA	Expert RA
Rating scale	International			National	
ROSSETI	BBB-	Baa3	-	AAA(RU)	-
FGS UES E3C	BBB-	Baa3	BBB	AAA(RU)	-
ROSSETI Moscow Region	BB+	Ba1	BB+	AAA(RU)	-
ROSSETI Lenenergo	-	Ba1	-	AAA(RU)	-
ROSSETI Volga	-	Ba1	-	AA+(RU)	-
IDGC of the North-West	-	-	-	AA+(RU)	-
IDGC of Urals	-	Ba1	-	-	ruAA
IDGC of Centre	BB+	-	-	-	ruAA
IDGC of Center and Volga Region	-	Ba1	-	-	ruAA+
ROSSETI Tyumen	-	-	-	-	ruAA

Hstory of changes in the credit ratings of ROSSETI for the last 5 completed financial years

	Rating action date	International scale	Forecast
Moody's Moody's Investors Service	12.02.2019	Baa3	Stable
	29.01.2018	Ba1	Positive
	07.12.2017	Ba1	Stable
S&P Global S&P Global Ratings	24.01.2020	BBB-	Stable
	21.03.2017	BB+	Positive
	20.09.2016	BB+	Stable
AKPA AKPA	02.03.2018	AAA(RU)	Stable

In 2020, the following rating actions were carried out by international and national rating agencies in respect of the ROSSETI Group:

Moody's
FGC UES:
Baa3,
stable outlook

February
Expert RA
IDGC of Urals:
ruAA,
stable outlook

S&P
FGC UES:
BBB-
stable outlook

ACRA
IDGC of Noth-West:
AA+(RU),
stable outlook

Fitch
FGC UES:
BBB,
stable outlook

ACRA
FGC UES:
AAA(RU),
stable outlook

February

March

May

July

ACRA
ROSSETI:
AAA(RU),
stable outlook

ACRA
Lenenergo:
AAA(RU),
stable outlook

Expert RA
ROSSETI Tyumen:
ruAA,
stable outlook

August

September

November

December

ACRA
IDGC of Volga:
AA+(RU),
stable outlook

Expert RA
IDGC of Center:
ruAA,
stable outlook

IDGC of
Center and Volga Region:
ruAA+
stable outlook



Cash flow

Indicators (RUB mn)	2018	2019	2020
Net cash generated from operating activities	238,571	256,445	235,412
Net cash used in investing activities	(253,840)	(201,112)	(208,759)
Net cash used in financing activities	(2,729)	(60,376)	(39,755)
Net cash flows	(17,998)	(5,043)	(13,102)

Key ratios

Indicator	2018	2019	2020
Adjusted EBITDA margin	30.7%	30.7%	28.8%
Net debt / adjusted EBITDA	1.38	1.34	1.59
Liquid ratio	0.33	0.33	0.21
Current ratio	0.88	0.77	0.67
Financial leverage	0.68	0.67	0.68
Long-term loans / total debt	85%	83%	88%

Tariff Policy

- The Company's tariff policy is subject to state regulation due to the monopoly position of the ROSSETI Group in the market.

Tariff Policy for Electricity Transmission Services

Tariff Policy for Electricity Transmission Services:

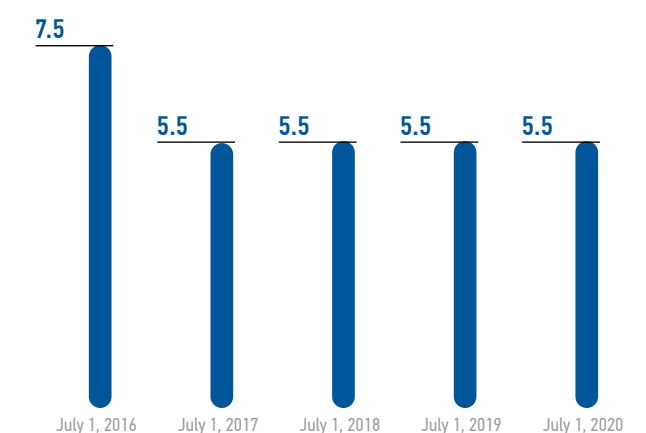
- The FAS Russia approves the limits (minimum and/or maximum) for levels of tariffs for electric power transmission services;

- regional regulators set unified "boiler" tariffs for electric power transmission services within the tariff limits approved by the FAS Russia.

Distribution electric grids tariff dynamics, %



Main electric grids tariff dynamics, %



Distribution of costs in the structure of the “boiler” tariff for electric power transmission services (2019–2020)

Indicators (bn RUB, unless otherwise stated)	2019	2020	Change 2020/2019
Costs for payment of normative (technological) electricity losses in the networks of regional grid companies	126	136	7.9%
Costs for payment of neighboring TGOs services at individual rates	164	170	3.6%
Costs for payment of services provided by FGC UES	147	150	2.1%
MRR on the maintenance of power grid facilities of regional grid companies	417	433	3.8%

All ROSSETI's subsidiaries are subject to long-term tariff regulation on the basis of long-term parameters:

→ return on invested capital method (RAB regulation) applied to 10 presence regions;

→ long-term minimum regulated revenue indexation method applied to 55 presence regions;

→ ROSSETI FGC UES is regulated with return on invested capital method.

Tariff Policy for Network Connection Services

The technological connection fee is based on approved fee rates (standardized rates or rates per 1 kW of connected power) or on an individual project based on estimated cost standards (when connecting to the trunk networks).

For consumers up to 150 kW, the following benefits for payment of technological connection are established:

→ up to 15 kW, the technological connection fee is no more than RUB 550 (subject to conditions for category 3 of reliability, the distance to existing electrical facilities is not more than 300 m in cities and 500 m in rural areas, voltage level up to 20 kV);

→ up to 150 kW, the technological connection fee is calculated in the amount of organizational and technical measures (last mile costs are excluded).

Economically reasonable costs of ROSSETI's subsidiaries and affiliates, not included in the technological connection fee, are taken into account when setting tariffs for electric power transmission services.

The technological connection fee includes compensation for expenses of subsidiaries and affiliates of ROSSETI for organizational and technical measures and construction of electric power facilities from existing facilities to the connected power receivers (last mile costs).

In order to implement measures to increase the accessibility of the network infrastructure, it is forbidden to include the investment component for development of the existing network in the technological connection fee for all categories of applicants (except in cases of connection of generating facilities to the trunk networks).

State support

ROSSETI did not receive any government support, including subsidies, in the reporting period.

Sustainable Development

Sustainable Development for All Stakeholders

For 10 years, ROSSETI has been reporting annually on sustainable development activities by publishing non-financial reports on the official website of the Company. The Company has prepared a separate Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020 in accordance with GRI standards, which has passed the public assurance procedure by the Non-Financial Reporting Council of the Russian Union of Industrialists and Entrepreneurs and the independent auditor’s confirmation procedure.

Corporate sustainability management system

ROSSETI is committed to continuous improvement of the corporate governance system in order to increase transparency and efficiency of decision-making. The sustainable development management system is integrated into the overall corporate governance system of ROSSETI and is implemented at all levels of management of the ROSSETI Group:

→ The Board of Directors carries out overall management of the ROSSETI's activities in the field of sustainable development and supervises the activities of executive bodies in the key priority areas of sustainable development of the ROSSETI Group;

→ The Management Board and the Director General of the Company, as the highest executive officers at the executive level, are responsible for the implementation of priority areas of sustainable development activities. Each of the Deputies to the Director General oversee specialized areas of responsibility;

→ The heads of subsidiaries and affiliates and functional subdivisions carry out operational management of the implementation of approved plans, programs, as well as monitoring the results achieved.

The priority areas of sustainable development of the ROSSETI Group are determined in accordance with the specifics of the Company's activities, as well as taking into account the views and interests of interested parties.

The ROSSETI Group adheres to sustainable development priorities:

→ Caring for staff, including by creating opportunities for the professional development of each employee, the development of corporate culture, and compliance with industrial safety standards;

→ Improving operational and investment efficiency, technological and innovative development;

→ Ensuring the reliability, safety, quality, and accessibility of electric supply for consumers;

→ Improving energy efficiency, protecting the environment, and combating climate change;

→ Protecting the rights and taking into account the interests of all stakeholder groups.

For information on the risks and opportunities of the ROSSETI Group in the field of sustainable development, see the **Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020**.

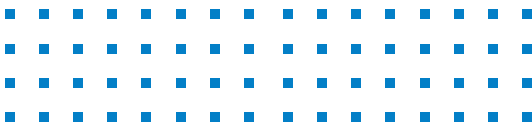
ROSSETI uses an integrated and systematic approach in the management of sustainable development aspects:

→ Develops goals on priority areas of sustainable development of the ROSSETI Group, taking into account the UN Sustainable Development Goals;

→ Implements policies and internal procedures consistent with international standards;

→ Integrates the principles of sustainable development into business processes;

→ Conducts specialized training of employees.



Management systems used by the ROSSETI Group

Sustainable development aspect	Management systems used in the Company
Occupational Health and Safety	ROSSETI's Occupational Safety Management System (OSMS). This standard was developed in accordance with the state regulatory requirements for labor safety, as well as Russian and international standards and recommendations of the International Labor Organization on the occupational health and safety management system.
Quality management	Quality Management System that complies with the requirements of the international standard ISO 9001:2015 and the national standard GOST R ISO 9001–2015.
Environmental protection	ROSSETI's Environmental Management System complying with the requirements of the international standard ISO 14001:2015 and its national analog GOST R ISO 14001–2016.
Environmental protection	The ROSSETI Group companies are implementing the Energy Management System that meets the requirements of the international standard ISO 50001:2018 and the national standard GOST R ISO 50001–2012.

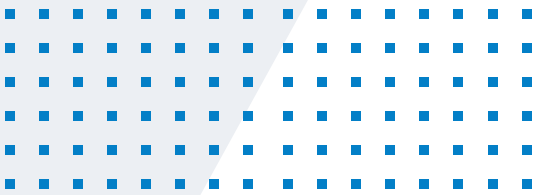
In 2020, the ROSSETI's Quality Management System has successfully passed the independent audit. The Company received certificates of compliance with the international standard ISO 9001:2015 and the national standard GOST R ISO 9001–2015 for a new three-year period. The audit was carried out by experts of Russian Register Certification Association.

The auditors noted the following strengths of the Quality Management System:

- Focus on increasing the reliability of grid facilities and improving operational performance;
- Providing innovative development, including focus on digital transformation;
- High staff competence;
- Good social support;
- Improving the effectiveness of the staff training system.

The organization of audits in the context of restrictions related to the spread of coronavirus infection, as well as synchronization of audits of the Quality Management System and the Environmental Management System, was assessed positively.

The detailed information on the sustainable development management system of the ROSSETI Group is provided in the **Corporate Social Responsibility and Sustainability Report** of ROSSETI for 2020, section "Approach to Sustainable Development Management".



Stakeholder engagement

Transparent and mutually beneficial relations with key stakeholders are the priority of ROSSETI. The Company strives to achieve it through the use of all available forms of interaction, consideration of stakeholder interests, and timely information about plans and results of activities.

To prepare the Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020, the list of key groups and the stakeholder map were updated.

The Company identifies 18 significant stakeholder groups:

Coverage of stakeholders	Group of stakeholders	Category of stakeholders
Internal stakeholders	ROSSETI's SDCs	The ROSSETI Group companies
	Top managers	The ROSSETI Group management
	Human Resources	Employees of the ROSSETI Group companies, the trade union, Young Professionals Boards
	Veterans (pensioners)	Persons who have previously worked in the companies of the ROSSETI Group
Business environment	Shareholders, including the state as a major shareholder	Investment community
	Investors	
	Customers (consumers)	Consumers and customers
	Partners	Partners, including international
	Professional associations and industry organizations	
	Suppliers and contractors	
Social environment	Federal and regional authorities	The State
	Regional and local authorities	
	Residents of the regions of presence	Society (public, social, charitable, and environmental organizations, scientific and educational institutions, population of regions of presence of companies of the ROSSETI Group (except consumers), mass media)
	Scientific community	
	Educational institutions	
	Environmental organizations	
	Public, social, and charitable organizations	
	Mass media	

The interaction of ROSSETI with stakeholders is based on compliance with the obligations assumed by the Company, taking into account interests and expectations of stakeholders, information transparency, performance assessment, and continuous development of the Company.



When preparing sustainability reporting, the Company focuses on the views and interests of stakeholders. In the course of the stakeholder survey, analysis of industry trends and requirements, regulatory requirements in 2020, 20 significant topics were identified, of which 7 were considered essential for detailed disclosure within the framework of the **Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020**.

Public relations and mass media

The ROSSETI Group implements comprehensive communication campaigns aimed at building transparent and trustworthy relations with stakeholders. For this purpose, the Company’s specialists are in constant communication with representatives of mass media, the public, authorities, suppliers and contractors, non-profit organizations.

Industry and corporate publications are actively used and press events are organized. In 2020, due to restrictions imposed due to the spread of COVID-19, most events had an online format. In 2020, 248 thousand publications on the activities of the Company and companies of the ROSSETI Group were published in mass media. Due to information activity, the ROSSETI again was on the top of the media presence rating of power companies for 2020 according to SCAN Interfax version.

The Company maintains official accounts on key social networks that have the greatest popularity and reach of users: Facebook, VK, Twitter, Instagram, YouTube, and OK. A total of 1.6 thousand posts were published.

More than 47 thousand people (+20% to 2019) were subscribed to social media channels in 2020, and the total reach amounted to more than 5 mn users (+14% to 2019).

An important event of the reporting year was the launch of the Company’s official Telegram channel @rosseti_official. The ROSSETI’s channel ranks first among all Russian corporate channels by the number of “real” subscribers.

For more information on stakeholder engagement, see the [Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020](#), section “Media Interaction”.

Participation in congress and exhibition activities

ROSSETI took part in many significant events in 2020, despite the limitations due to the COVID-19 pandemic. The Department of Congress and Exhibition Activities and Special Programs organized

the participation of representatives of the ROSSETI Group in 87 events, 38 of which were held online.

Key events of the reporting year:

Event	Main topics
Online conference “Energy During and After COVID-19”	Discussion of work practices during the COVID-19 pandemic and its impact on further changes in the organization of activities of energy companies.
Online conference “COVID-19: Accelerate the Transition to the Energy of the Future for All”	Digitalization; energy balance shift; development of low-carbon energy and international cooperation.
Broadcast panel “Industrial Experience of Russian Companies in the Fight Against Coronavirus: Effective Model of Industrial Safety Management of Large Facilities”	Discussion of measures taken by the Company to protect staff health while maintaining the reliability of the entire network infrastructure.
International Forum “Army 2020”	Interaction of ROSSETI with the military-industrial complex of Russia.
Conference “Digital Industry of Industrial Russia”	Changing the Russian power grid complex taking into account the application of digital technologies.
International Forum “Microelectronics 2020”	Results and planned steps to implement the strategy of the electronic industry development in Russia until 2030, prospects of interaction with manufacturers in the framework of achievement of Energy Strategy 2035 targets; import substitution.
World Energy Week	Changes in consumer behavior, their impact on the network complex; promising technologies, experience of the ROSSETI Group companies in pandemic conditions.
First Eurasian Congress	Signing of an agreement between ROSSETI and the Eurasian Development Bank.

Environmental responsibility

ROSSETI strives to reduce its negative impact on the environment and ensure the minimum consumption of material and raw materials, the preservation of biodiversity in the areas of operation. The main document regulating the activities of the ROSSETI Group on environmental protection is the Environmental Policy of the Electric Grid Complex, approved by the Board of Directors of PJSC ROSSETI ¹.

The main target indicators for the implementation of the Environmental Policy for the companies of the ROSSETI Group are:

- decommissioning by 2025 with its subsequent transfer for destruction of 100% of equipment containing PCBs;
- conservation of biodiversity, including the implementation of measures to prevent the decline in the number of birds listed in the Red Book of Russia;
- continuous improvement of the Environmental Management System in order to improve the environmental performance of the ROSSETI Group;
- reducing the consumption of fuel and energy resources for production and economic needs annually by 3% until 2022;
- bringing the share of light vehicles running on environmentally friendly fuel to 10% of the total vehicle fleet by 2025².

The Company achieves the established goals in the field of environmental protection through the implementation of key program documents:

- Unified Technical Policy;
- Energy saving and energy efficiency programs;
- Innovation development programs.

As a voluntary mechanism of environmental responsibility implemented by ROSSETI, the Environmental Management System is certified for compliance with the requirements of the ISO 14001 series. In 2020, the Certification Association Russian Register has confirmed the compliance of the environmental management system of ROSSETI with the requirements of the international standard ISO 14001:2015 and its national analogue GOST R ISO 14001–2016.

The cost of environmental protection in 2020 amounted to RUB 483.2 mn, which is RUB 71.8 mn lower than in 2019. The main reason for the cost reduction is the reduction in the cost of destruction of equipment containing PCBs due to a significant reduction in its decommissioning. Environmental accidents at the facilities of the ROSSETI Group did not occur in 2020.

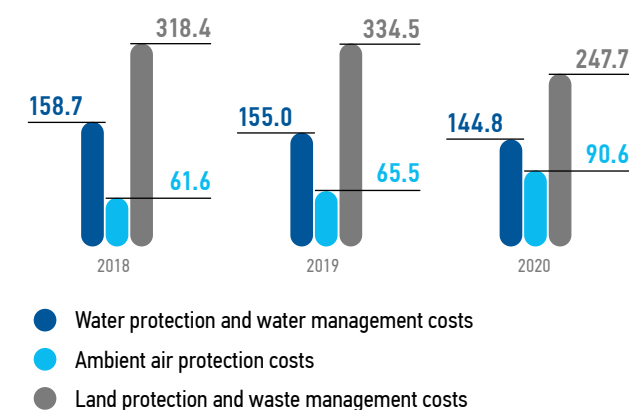
To monitor and assess the Company’s impact on the environment, ROSSETI assesses quantitative environmental indicators that characterize the effectiveness of the measures being taken.

For detailed information on the Company’s approach, measures and results in the field of environmental protection, see the [Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020](#), section “Caring for the Environment”.

The cost of environmental protection in 2020

RUB **483.2** mn

Environmental protection costs, mn RUB

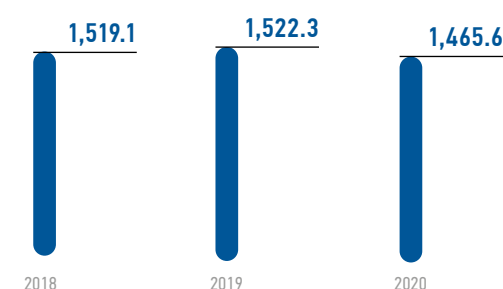


¹ Resolution of the Board of Directors of PJSC ROSSETI dated July 17, 2020 (Minutes No. 422 dated July 20, 2020).

² Provided that the total cost of owning such a vehicle with a correction factor of 0.75 is comparable to the total cost of owning a similar vehicle with an internal combustion engine (gasoline, gas, diesel fuel) for 7 years.

Dynamics of changes in the main indicators characterizing the Company's activities in this area over the past three years:

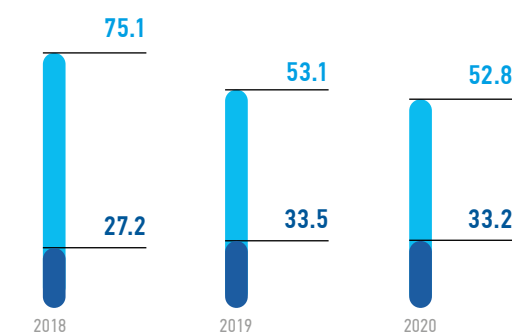
Gross pollutants emission into ambient air, tonnes



116.1 tonnes

of equipment containing PCBs were transferred for destruction in 2020 (6% of the total volume of PCB-containing equipment located at the facilities of the ROSSETI Group, as of the beginning of the reporting year)

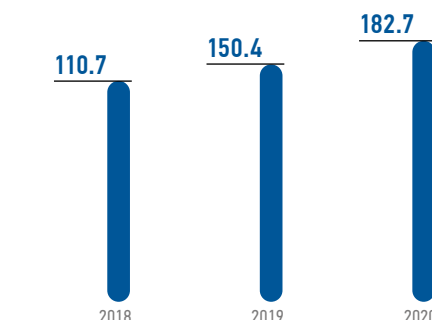
Production and consumption waste management, thsd tonnes*



- Decontamination and disposal
- Placement

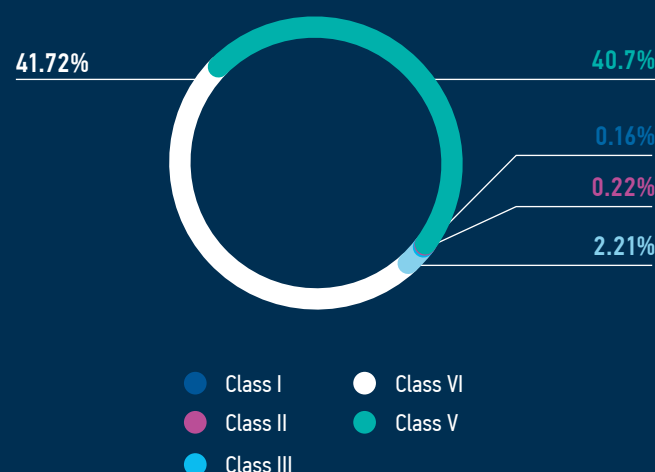
* Waste transferred to third parties.

Installation of bird protection equipment, thsd units



In the reporting year, in a number of subsidiaries and dependent companies of ROSSETI, the Energy Management System was brought into line with the requirements of the new edition of ISO 50001:2018

Distribution of waste by hazard classes in 2020, thsd tonnes



Improving energy efficiency and energy saving

In order to reduce the negative impact on the environment and improve operational efficiency, the ROSSETI Group sets for itself one of the most important tasks to reduce energy consumption. Activities in this area in the ROSSETI Group are carried out in accordance with the Policy of Innovative Development, Energy Saving and Energy Efficiency Improvement¹.

The consumption of fuel and energy resources for the economic needs of administrative and production buildings in 2020 amounted to 181.61 thousand tonnes of fuel equivalent, which is lower than the value of 2019 by 4.2%.

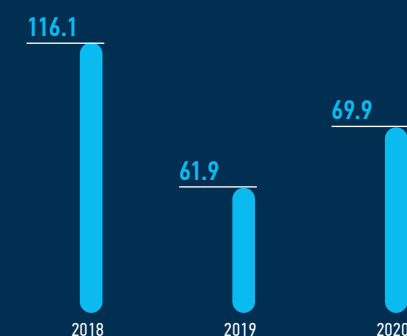
The following are identified as promising areas for further development of energy conservation and energy efficiency in the ROSSETI Group:

- reduction of losses in power grids;
- use of renewable energy sources and the development of microgrids;
- use of energy storage devices;
- development of charging infrastructure for electric vehicles.

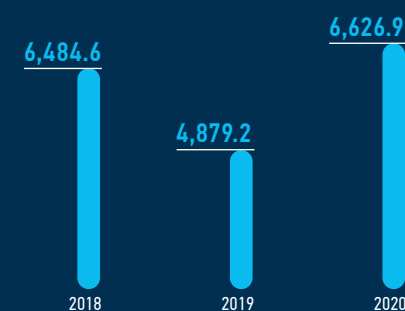
Water withdrawal in the ROSSETI Group, thsd m³



Water disposal into surface water bodies, thsd m³



Soil reclamation, ha



For more information on measures to improve energy efficiency and the results achieved, see the [Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020](#), section "Energy Efficiency and Energy Saving".

¹ Approved by the Board of Directors of PJSC ROSSETI on April 23, 2014 (Minutes No. 150 dated April 23, 2014).

Human resources

The ROSSETI Group's employees are the Company's core value. Active work with personnel, effective motivation and the constant development of competencies and skills make it possible to ensure the achievement of the Company's strategic goals and to achieve growth in the operational and financial indicators of the ROSSETI Group. The Company has set a goal to achieve zero industrial injuries, thereby ensuring the rights of workers to safe working

Staff composition

The average headcount of the ROSSETI Group of Companies (PJSC ROSSETI and electric grid subsidiaries and affiliates) in 2020 amounted to 216.5 thousand people, and the average headcount of electric grid subsidiaries and affiliates — 212.2 thousand people. The structure of the Company's personnel by categories of employees did not change significantly in the reporting year, more than half of the employees are workers. Also, there was no significant change in the structure of the number of personnel by age. More than half of the team are employees under 45 years of

conditions. Given the growing science intensity of technologies and the implementation of the Digital Transformation Program, the Company strives to attract the most talented and competent young professionals to the industry. At the same time, the companies of the ROSSETI Group strictly adhere to the norms of the current legislation aimed at observing the principle of equality and preventing discrimination.

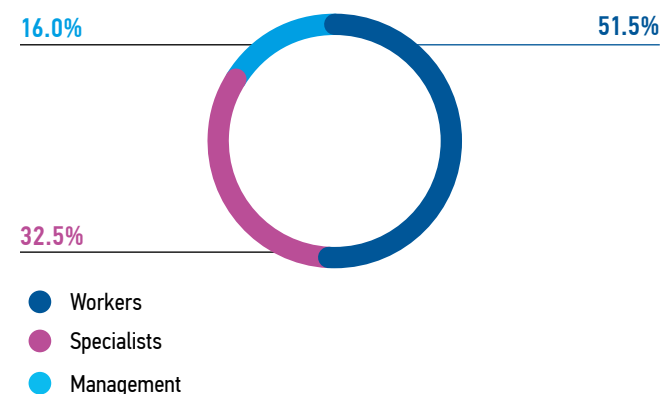
age. Almost half of the Company's personnel have higher education, and the proportion of such employees is growing. The share of working women in the ROSSETI Group of Companies is stable and amounts to 22% of the total number of employees.

672 new jobs

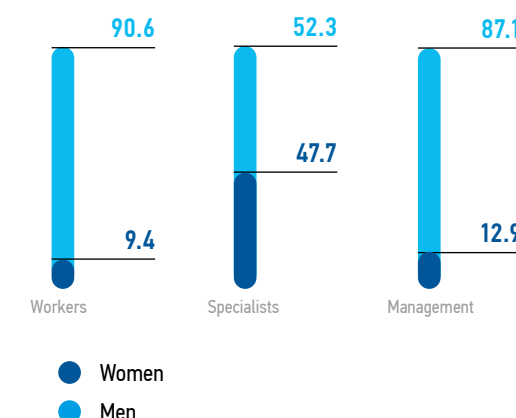
were created in the companies of the ROSSETI Group in 2020



Personnel structure by category in 2020, %



Personnel gender composition in 2020, %



Results of 2020

Average headcount of power grid subsidiaries and affiliates of the ROSSETI Group

212.2 thousand people

Staffing level

96.5%

Active staff turnover rate

4.4%

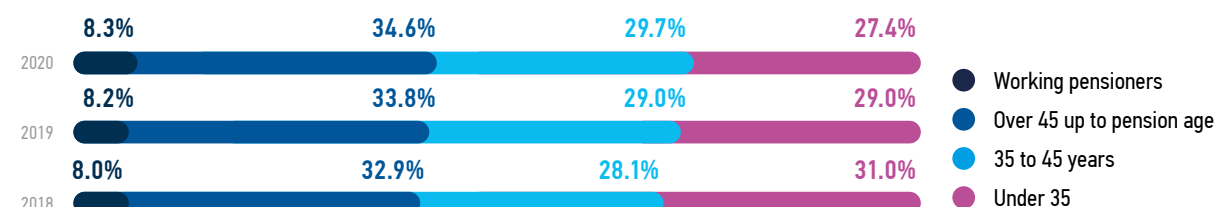
Average headcount of the ROSSETI Group (PJSC ROSSETI and electric grid subsidiaries and affiliates)

216.5 thousand people

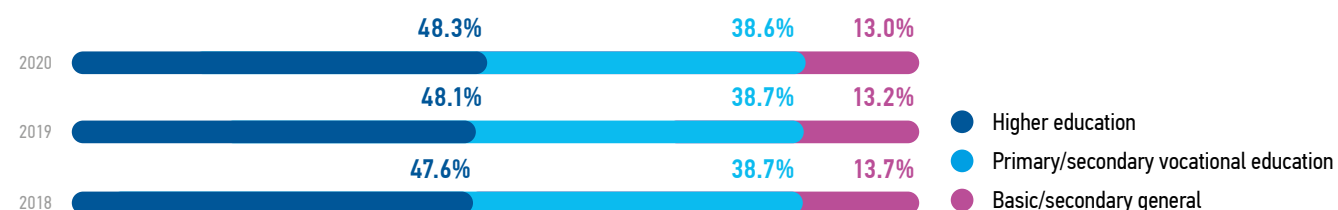
Personnel reserve

20.6 thousand people

Personnel structure by age for 2020



Staff structure by education



Personnel reserve

The formation of the personnel reserve contributes to the prompt filling of vacant positions, as well as the development of the personnel potential of the power grid complex of the country. The talent pool is formed from the most promising and motivated employees, contributing to their professional and career growth. When identifying personnel for the reserve, special attention is paid

to managerial competencies and knowledge in the field of digital technologies.

In 2020, the personnel reserve of the ROSSETI Group of Companies amounted to 20.6 thousand people, while 73% of appointments to managerial positions were carried out at the expense of internal candidates.

Personnel development and training

Continuous development of the qualifications of employees of the ROSSETI Group makes it possible to adapt the knowledge and skills of the team in accordance with the changing conditions of the industry and makes it possible to widely use the most advanced technologies in operating activities.

The planning of training, retraining and advanced training programs for personnel in the ROSSETI Group is carried out in accordance with the requirements of the regulatory legal acts of the Russian Federation and the HR and social policy of the ROSSETI Group. All available training formats are used. Taking into account the

educational activities implemented in the field with the use of simulators and remote forms of self-training, the coverage of employees with training programs reaches 100%.

In the reporting year, due to the restrictions associated with the spread of the coronavirus infection COVID-19, the companies of the ROSSETI Group more actively used remote forms of education. In total, in the reporting year, 184.7 thousand employees underwent training under training, retraining and advanced training programs, of which 115.2 thousand — in a distance format.

The cost of training employees of the companies of the ROSSETI Group in 2020 amounted to **RUB 829.8 mn** (including RUB 487.2 mn for distance learning programs)

Personnel remuneration and motivation system

ROSSETI strives to ensure a fair and competitive level of remuneration for its employees, considering this to be one of the key factors in the stability of the team. The main provisions of the remuneration system, as well as the provision of social benefits and guarantees, are enshrined in the Sectoral Tariff Agreement in the Electricity Industry, the Regulations on Labor Remuneration, as

well as in collective agreements. In 2020, the average level of staff salaries increased by 5.4% compared to 2019.

During the period of the spread of coronavirus infection, employees of production units of the ROSSETI Group, who provide uninterrupted power supply, whose job function requires the presence at the workplace, received additional payments of up to 30% of the official salary.

Social programs

The components of the social programs of ROSSETI are:

- voluntary health insurance (VHI) and insurance against accidents and illnesses, as well as VHI for family members of employees on preferential corporate terms;
- assistance to employees in providing housing and improving housing conditions;
- organization of spa treatment for employees and their children;
- provision of targeted material assistance;

- provision of special offers for services of insurance companies and partner banks;
- non-state pension provision, support for veterans of companies in the power grid complex.

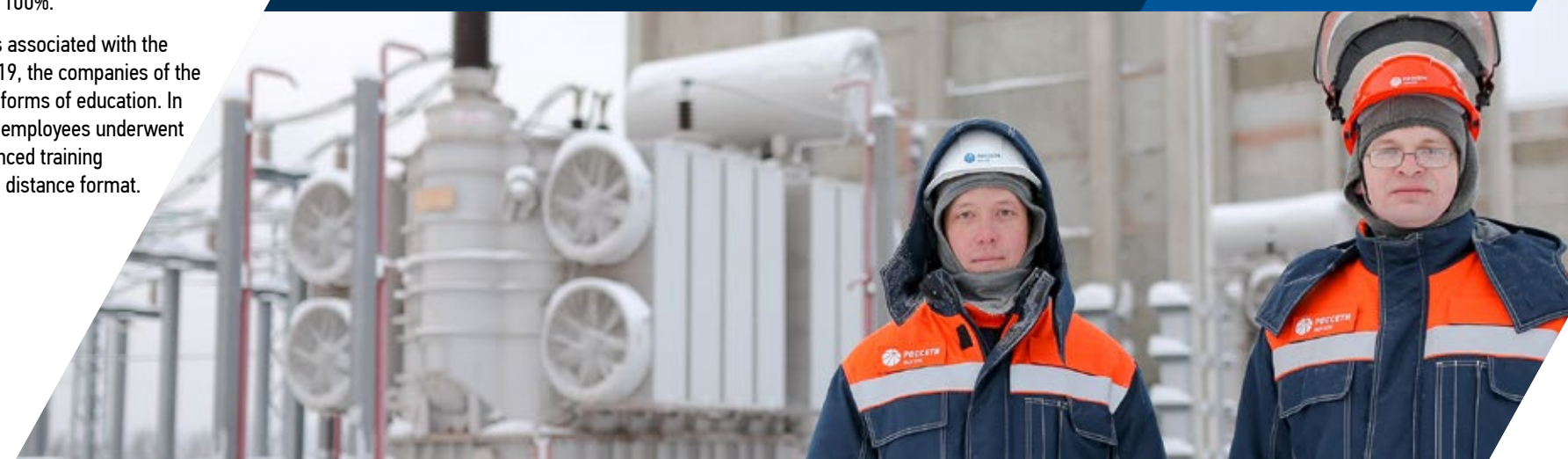
More information about the personnel management system can be found in [Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020](#), section "Human Resources".

Occupational health and safety

Occupational safety in all spheres of activity is a **fundamental principle** for all companies of the ROSSETI Group, as well as one of the most important indicators of the performance and sustainable development of the ROSSETI Group. The Company strives to ensure safe working conditions and preserve the health of employees, as well as minimize occupational risks to their health



The priority goal of the Company is zero injuries



Provision of industrial safety in the subsidiaries and affiliates of the ROSSETI Group is based on a unified Occupational Safety Management System. There is constant interaction between employees and management of the companies of the ROSSETI Group on occupational health and safety issues.

Requirements for compliance with safety rules are applied equally to both the personnel of the companies of the ROSSETI Group and to the employees of contractors working at the power facilities of the companies of the ROSSETI Group.

The main areas of work in the field of labor protection are:

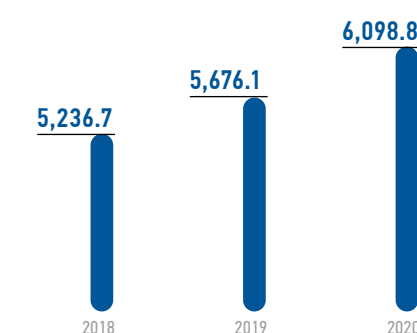
- equipping personnel and workplaces with new, modern means of protection and devices;
- measures to prevent accidents;
- implementation of sanitary and technical measures to prevent occupational diseases;
- implementation of measures for the general improvement of working conditions.

Key activities for the control of industrial injuries

In 2020, the following main production control activities were carried out:

- replacement of traumatic equipment and elimination of traumatic places;
- purchase of modern security equipment;
- use of training complexes for personnel training;
- development and release of internal regulatory documents to ensure compliance with the requirements of the current legislation in the field of labor protection;
- periodic monitoring of the performance of work and sudden checks of the actions of the teams.

Occupational health and safety expenses of the ROSSETI Group for 2018–2020, mn RUB

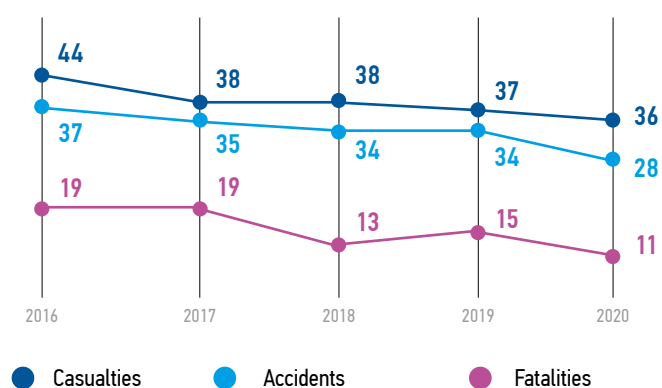


Key occupational health and safety results

As a result of the functioning of the OSMS and the improvement of practices and control in the field of occupational safety since 2014, the companies of the ROSSETI Group have noted a stable decrease in the level of industrial injuries. In 2020, the ROSSETI

Group recorded 28 cases of industrial injuries, which is 18% less than in 2019. As a result of the accidents, 36 workers were injured (of which 11 were fatal, 11 were severely injured and 14 were mildly injured).

Dynamics of occupational injuries in 2016–2020*



*Data for 2018 has been adjusted due to the decision of the State Labor Inspectorate.

In 2020, 2 cases of occupational diseases of employees were detected in the companies of the ROSSETI Group.



For more details on the Company's policy and results in the field of occupational health and safety, see the [Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020](#), section "Occupational Health and Safety".

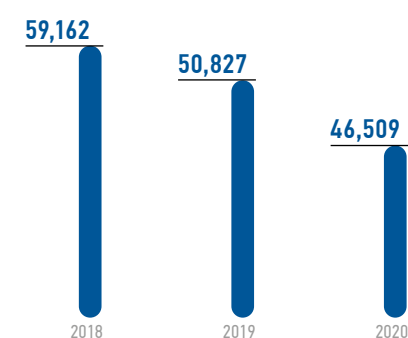
Development of regions of presence

ROSSETI is a company of national scale and operates in 80 regions of Russia. In light of this, the Company is committed to effective interaction with the general public and consumers, regional and local authorities, local communities, local suppliers and SMEs, implements social and environmental projects.

The Company promotes the development of regions of presence by being a large taxpayer and employer, creating and improving the energy infrastructure of the regions, acting as a major entity of procurement activities.

The volume of social investments of the ROSSETI Group in 2020 amounted to RUB 3,931 mn, including RUB 3,617 mn of the charitable assistance and RUB 314 mn of the sponsorship.

Tax payments, mn RUB



One of the largest employers

>221 thousand

employees work
at the companies
of the ROSSETI Group

672 jobs

were created in 2020

by **17%**

the average salary for the
ROSSETI Group in 2020 exceeded
the Russian average

Work with local suppliers

>24 thousand Up to **75%**

suppliers from 82
constituent entities
of Russia

of local suppliers and contractors
participate in the procurement in each
region of the ROSSETI Group's activities

Interaction with innovative territorial clusters

The ROSSETI Group companies operate in regions characterized by, among other things, high scientific and technological potential. The resident companies of the created clusters develop and produce innovative products. Cooperation is carried out on a regular basis with 9 clusters located in different regions of Russia.

The ROSSETI Group companies actively interact with cluster resident companies, including joint development and implementation of training and advanced training projects.

Key projects for the power grid complex development completed in 2020

The implementation of large investment projects of the ROSSETI Group allowed to improve the reliability of energy supply and created the potential for further development of regions.



- | | | | |
|--|---|---|---|
| <p>1 Improvement of reliability of power supply of facilities in Kaliningrad Region (reconstruction of SS 110 kV Ozerki, Polessk, Bagrationovsk, Ladushkin, Slavsk)</p> <p>136 MVA</p> | <p>4 Strengthening of the electrical network of South MES (construction of overhead lines 500 kV Nevinnomyssk–Mozdok with SS 500 kV Nevinnomyssk and SS 330 kV Mozdok)</p> <p>793 MVA 264 Km</p> | <p>7 Ensuring technological connection of facilities of energy receiving devices JSC Corporation for Development of the Far East (construction of SS Prompark with overhead line 220kV Vladivostok–Prompark)</p> <p>27.5 Km</p> | <p>10 Technological connection of power receiving devices PJSC Gazprom (SS 110 kV Yasen with 110 kV entries)</p> <p>20 MVA 7.7 Km</p> |
| <p>2 Electricity supply of Murmansk and suburban power grids, lifting the restriction on the connection of new consumers (SS 330 kV Murmansnaya with entrances of overhead lines)</p> <p>250 MVA 42 Km</p> | <p>5 Increasing reliability of electricity supply of consumers in Irkutsk Region and the Baikal-Amur Mainline (construction of SS 220 kV Sukhoi Log overhead lines 220 kV Peleduy–Sukhoi Log–Mamakan)</p> <p>250 MVA 520 Km</p> | <p>8 The second stage of increasing reliability of the high-voltage network of Troitsky and Novomoskovsky districts of Moscow</p> <p>709 MVA</p> | <p>11 Wind park capacity distribution scheme (Rostov Region, SS 110 kV Zarya)</p> <p>126 MVA 2 Km</p> |
| <p>3 Technological connection for electricity supply of LLC Gazprom Dobycha Noyabrsk (SS 110 kV GDN, overhead lines 110 kV Severny-GDN 1, 2)</p> <p>80 MVA 48 Km</p> | <p>6 Provision of technological connection of LLC Albinsky Rudnik (overhead lines 220 kV Fevral'skaya–Rudnaya with SS 220 kV Rudnaya)</p> <p>63 MVA 174 Km</p> | <p>9 Technological connection of the facilities of PJSC NK Rosneft (SS 110 kV Erpinskaya and overhead lines 110 kV Sorovskaya–Kintus)</p> <p>80 MVA 67 Km</p> | <p>12 Increasing reliability of electricity supply of consumers in Krasnodar (SS 110 kV Angarskaya)</p> <p>50 MVA</p> |

Power of SS, MVA

Length of power transmission lines, km

Financing plans for the development of subsidiaries and affiliates through additional capitalization funds

Company's name	Region of presence	Amount of financing in 2020, RUB m	Measure	Implemented measures and achieved/expected effects
Yantarenergo	Kaliningrad Region	2,918	Program of reconstruction and development of electric networks in Kaliningrad Region until 2020	In progress. Achieved effects: → Electricity supply to consumers of the Curonian Spit of the Kaliningrad Region; → Increasing the reliability of energy supply of the Western power district of the Kaliningrad Region through the reconstruction of substations; → Increasing the availability of energy infrastructure of the Kaliningrad Region.
	Constituent entities of the North Caucasian Federal District	3,273	Repayment of overdue/unrestructured debt to FGC UES	The measure was implemented in 2020. Achieved effects: → Unrestructured debt of ROSSETI Northern Caucasus to FGC UES for the periods of October 2018–August 2019 and September 2019–February 2020, as well as penalties for violation of payment terms, was settled; → Compensation of operational deficit, creation of financing sources of measures ensuring reduction of electricity losses to the normative level considered by the regulator when establishing electricity transmission tariffs; → The financial stability of ROSSETI Northern Caucasus has been improved.
ROSSETI North Caucasus	Republic of Ingushetia	1	Construction of substation 110/35/10 kV Plievo Novaya	In progress. Expected effects: → Unloading of existing power facilities and maintaining the proper level of reliability of electricity supply of about 40% of consumers of the Republic of Ingushetia; → Transit flow to the Chechen Republic.
	Constituent entities of the North Caucasian Federal District	55	Pre-project inspection and design and survey work for the Electricity Loss Reduction Program of operating branches, excluding Dagenergo branch	In progress. Expected effects: → Reducing the level of losses on high-loss feeders to normative values; → Providing consumers, the network organization and the supplier of last resort with reliable information about the amount of electricity supplied/consumed.
	Republic of Ingushetia	160	Ensuring the implementation of the Electricity Loss Reduction Program of the branch of ROSSETI Northern Caucasus—Ingushenergo	In progress. Expected effects: → Reducing the level of losses on high-loss feeders to normative values; → Providing consumers, the network organization and the supplier of last resort with reliable information about the amount of electricity supplied/consumed.
	Constituent entities of the North Caucasian Federal District	83	Financing of capital investments (technological connection, construction and reconstruction of power grid facilities)	In progress. Expected effects: → Energy supply to consumers of regions; → Increase of reliability of energy supply to regions.

Company's name	Region of presence	Amount of financing in 2020, RUB m	Measure	Implemented measures and achieved/expected effects
Chechenenergo	Chechen Republic	168	Financing of capital investments (construction of substation 110/10 kV Gorod, reconstruction of overhead line of 110 kV substation Yaryk-Su—substation Oysungur (L-128), reconstruction of overhead line of 110 kV substation Naurskaya—Substation No. 84 (L-185), technological connection)	In progress. Expected effect: → Creation of a new 110 kV power center to ensure the reliability of power supply of existing consumers of Grozny; → Ensuring technological connection of consumers.
		205	Construction of 110 kV substations: Kurchaloy (with overhead line 35–110 kV), Gudermes City, and Chernorechye	The measure was implemented in 2020. Achieved effects: → Ensuring quality and uninterrupted electricity supply; → Reducing operating costs due to the use of state-of-the-art reliable equipment with a long overhaul period; → Reducing possible damage due to emergency electricity curtailment owing to increased selectivity and preparedness factor of RP devices.
		277	Reconstruction of Chechenenergo's facilities for fulfillment of the obligations on technological connection of Grozny TPP	The measure was implemented in 2020. Achieved effects: → Fulfillment of the obligations of IDGC of Northern Caucasus under the concluded technological connection agreement in order to ensure the power generation by Grozny TPP.
		408	Financing of pre-project inspection and design and survey work for the electricity loss reduction program of Chechenenergo	The measure was implemented in 2020. Expected effects from the implementation of the loss reduction program (design and survey work and building and assembly work): → Reducing the level of losses on high-loss feeders to normative values; → Providing consumers, the network organization and the supplier of last resort with reliable information about the amount of electricity supplied/consumed.
		250	Additional equipping of Chechenenergo with special equipment and vehicles to meet normative indicators	The measure was implemented in 2020. Achieved effects: → Establishment of an equipment fleet to ensure uninterrupted power supply to electricity consumers through the rapid elimination of technological violations.
		240	Repayment of unrestructured debt of Chechenenergo to FGC UES	The measure was implemented in 2020. Achieved effects: → Unrestructured debt of Chechenenergo to FGC UES for September 2019–February 2020, as well as penalties for violation of payment terms, was settled; → Financial stability of Chechenenergo has been improved.
Tyvaenergo	Republic of Tyva	313	Construction of energy facilities of town settlement Kaa-Hem	The measure was implemented in 2020. Achieved effects: → Bringing the distribution network of town settlement Kaa-Hem to the requirements of regulatory documentation to exclude harm to life, health of citizens and property; → Ensuring the accessibility of electricity for residents of town settlement Kaa-Hem; → Ensuring reliability of electricity supply to existing consumers of the district; → Minimizing commercial electricity losses.
Total:		8,351		

Procurement and supplier relationships

635 bn RUB
(including VAT)



Procurement of ROSSETI Group in 2020

35 thousand



Number of procurement procedures in ROSSETI Group companies in 2020

>24 thousand



Number of suppliers

82 out of **85**



Coverage of regions

181.2 RUB billion



Procurement from SMEs

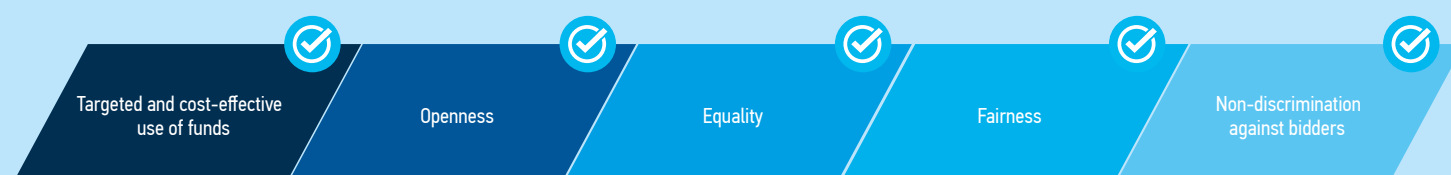
The Company pays special attention to the selection of suppliers and contractors, guided by the principles of procurement activities enshrined in the Uniform Procurement Standard of ROSSETI.

The Central Procurement Commission of ROSSETI creates and implements a unified procurement policy. The companies of ROSSETI Group have their own structural units responsible for the organization and conduct of procurement.

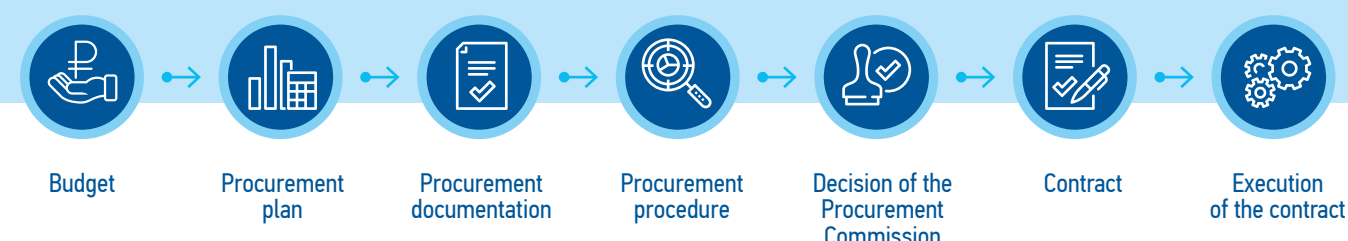


In 2020, ROSSETI Group was awarded once again the highest award "Guaranteed Transparency" based on the results of participation in the National Procurement Transparency Rating. ROSSETI was among the top five state companies in this category.

Procurement principles



Stages in the implementation of the procurement process:

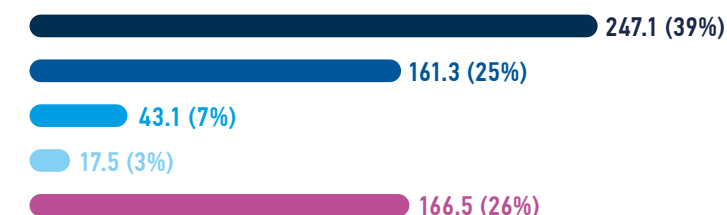


ROSSETI continues work on the conclusion of long-term (three-year) contracts and framework agreements with manufacturers of basic electrical equipment. To date, ROSSETI Group has more than 24,000 suppliers of power grid equipment and contractors, which are represented in 82 out of 85 constituent entities of the Russian Federation. At the same time, there are no suppliers and contractors registered outside the Russian Federation.

Selection and evaluation of suppliers

ROSSETI selects and evaluates suppliers using the criteria of the Unified Procurement Standard. It includes the Anti-Corruption Standard of Procurement and the requirements apply to all participants in procurement. The Company checks counterparties for affiliation, conflict of interest, and other abuses.

Cost structure by type of activity, bn RUB



- New construction and expansion of power grid facilities
- Reconstruction and technical re-equipment of power grid facilities
- Energy repair production, maintenance
- IT
- Other procurement

Cooperation with representatives of small and medium enterprises

ROSSETI Group is trying to simplify the access of small and medium enterprises to procurement as much as possible.

ROSSETI, together with SME Corporation, has been taking an active part in the development of a set of measures aimed at expanding access to the procurement of infrastructure monopolies and companies with state participation for small and medium enterprises (hereinafter, "SMEs"). In addition, in order to improve the efficiency of procurement activities and increase the access of SMEs to the procurement of ROSSETI Group, the Company has the Advisory Body on Ensuring the Efficiency of Procurement of ROSSETI Group companies.

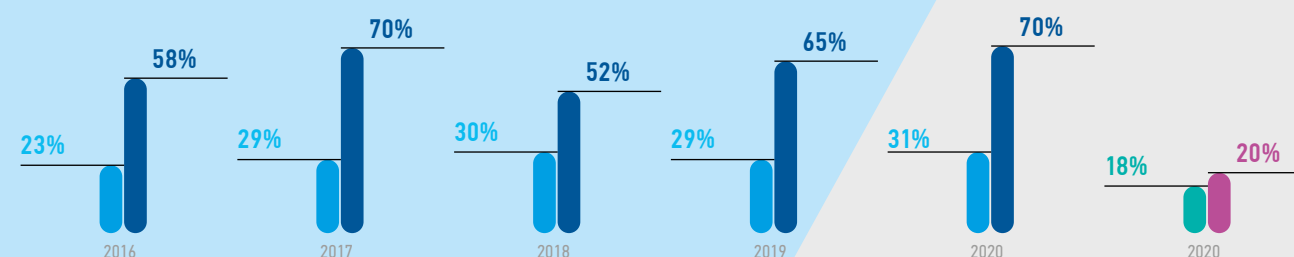
Despite the difficult situation in the economy associated with the spread of the novel coronavirus infection COVID-19, ROSSETI Group has maintained its high rates in terms of procurement share from small and medium enterprises.



In October 2020, ROSSETI Group received the award in the nomination "Best Support for Small and Medium Enterprises" of the annual award "Leader of Competitive Procurement" for its contribution to increasing the access of SMEs to procurement.

Share of the procurement from small and medium enterprises

Data on ROSSETI Group



- Proportion of direct procurement from SMEs resulting from tenders where only SMEs are eligible to participate
- Total proportion of procurement from SMEs, including subcontracting

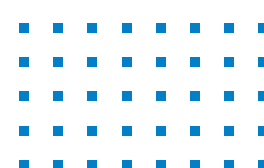
Mandatory SME procurement share set by the Government of the Russian Federation for 2020



Information about all planned and carried out procurement procedures is mandatorily posted on the official website of the Unified Information System (www.zakupki.gov.ru), the Company's website (www.rosseti.ru) and the Company's electronic trading platforms.



For more information on the Company's supply chain and procurement activities, see the [Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020](#), section "Caring for our suppliers".



Implementation of Anti-Corruption Policy

- ROSSETI adheres to the principle of zero tolerance towards corruption and bribery. The work on the corruption prevention in ROSSETI Group is systemic.

The main corporate document regulating the Company's anti-corruption activities is the Anti-Corruption Policy of ROSSETI and the subsidiaries and affiliates of ROSSETI, updated in the reporting year. The document applies to employees of ROSSETI, business partners and counterparties, as well as other interested parties through the conclusion of Anti-Corruption Commitments and agreements when executing contracts.

The main areas of measures when implementing the Anti-Corruption Policy in 2020:

- Prevention and resolution of conflict of interest;
- Anti-corruption control in procurement activities;
- Formation of the law-abiding behavior of employees and their training.

In 2020, all employees of ROSSETI Group, including members of the Board of Directors, were familiarized with the Anti-Corruption Policy. All business partners sign with the companies of ROSSETI Group anti-corruption commitments and an anti-corruption clause confirming that they have read the Anti-Corruption Policy, accept its provisions, and undertake to ensure compliance with its requirements, both on their part and by their related individuals and entities.

In October 2020, the level of anti-corruption control system at ROSSETI Group was marked by the highest score and winning in the first national Anti-Corruption Rating of Russian business, organized by the Russian Union of Industrialists and Entrepreneurs in accordance with the National Anti-Corruption Plan for 2018–2020.

By the decision of the Rating Committee, on the results of the Rating 2020, ROSSETI was assigned the highest rating grade – A1, which is evidence of the special attention of the Company's management to issues of Anti-Corruption Policy and high-level organization of work on the prevention of corruption.

Prevention and resolution of conflict of interest

ROSSETI and 20 subsidiaries and affiliates of ROSSETI use a system of electronic declaration of conflict of interest integrated with the Professional Market and Company Analysis System (SPARK), as well as with the internal systems: the Automated System for Analysis and Collection of Information on Beneficiaries and the Automated Accounts Receivable Accounting System.

Expanding the coverage of ROSSETI Group employees in declaration campaigns in 2020 and the consistent implementation of the electronic declaration system allowed to identify and resolve conflict of interest and pre-conflict situations among employees who had not previously participated in the campaigns.

The experience of ROSSETI Group on conflict of interest resolution was presented at the international workshop conference “Corruption in Entrepreneurship” held in November 2020.

52.5 thousand

employees of ROSSETI Group took part in the conflict of interest declaration campaign, which is 11.8% higher than last year.

Anti-corruption control in procurement

In order to ensure transparency of financial and economic activity, exclude cases of corruption¹, ROSSETI and its subsidiaries and affiliates ensure unconditional disclosure by counterparties of information regarding the entire chain of ownership, information on income, property, and liabilities of the managers of ROSSETI and the subsidiaries and affiliates of ROSSETI. Information about counterparties is included in the single Automated System for Analysis and Collection of Information on Beneficiaries.

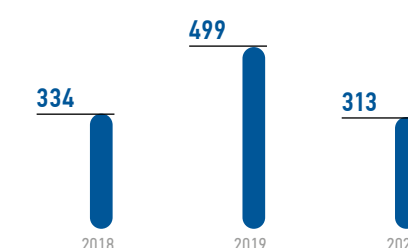
In 2020, at the initiative of security subdivisions, more than 1.3 thousand bidders were rejected. 16 cases of conflict of interest and 340 cases of affiliation have been identified (23 and 339 in 2019, respectively).

In 2020, ROSSETI Group continued work to verify the validity of the initial maximum price of contracts. According to the audit results, the savings in ROSSETI Group amounted to RUB 3.1 bn.

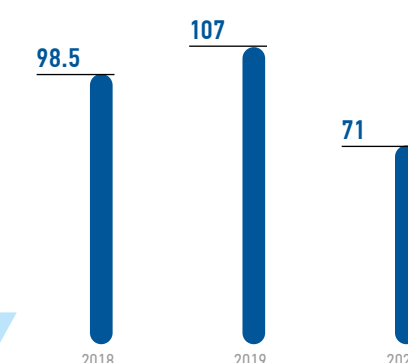


See more about the approach to management of anti-corruption activities and results for 2020 in the [Corporate Social Responsibility and Sustainability Report of ROSSETI for 2020](#), section “Caring for our suppliers.”

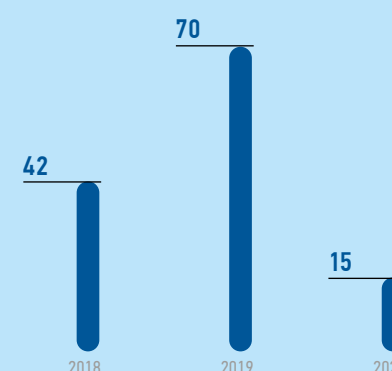
Number of the ROSSETI Group's contractors audited as part of mandatory disclosure of the chain of ownership, thsd contractors



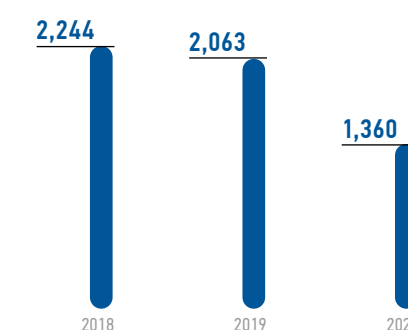
Number of analyses of bidders, thsd pcs.



Identified cases of conflict of interest



Number of rejected bidders due to violations, pcs.



¹ Pursuant to the instructions of the Government of the Russian Federation, the decision of the Presidential Commission of the Russian Federation on the Strategy for the Development of Fuel and Energy Complex and Environmental Security.

3

Corporate Governance Report

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Letter from the Chairman of the Board of Directors of ROSSETI to shareholders on this year's corporate results



Dear colleagues!

Formation of an effective management system for ROSSETI is one of the priorities for the development and improvement of the Company's activities, to which we have paid close attention from the moment of our founding. The past year has been a kind of a test of strength for many organizations. It has clearly demonstrated the practical importance of implemented business processes, policies, rules and standards. They helped minimize the unprecedented risks and ensure companies' sustainability in a climate of absolute unpredictability.

The level of organization of ROSSETI's corporate governance, its components, and the guarantees of the rights of shareholders and investors, as well as the quality of the work performed by the Board of Directors and the Committees have once again been highly recognized by an independent consultant, thereby confirming the validity of our efforts and costs that are being made to achieve the goals set to improve management practices.

In June 2020, the Annual General Meeting of Shareholders of ROSSETI approved a new version of the Company's Articles of Association, taking into account changes in legislation, including those related to the powers of the Company's governing bodies. Also following the results of the Annual General Meeting of Shareholders, the Company's Board of Directors was updated by 1/5 and added three new directors (including one independent), thus significantly strengthening competencies in information technology, innovation and digitalization.

Following the recommendations of the Corporate Governance Code, the Company carried out an external evaluation of the work of the Board of Directors with the involvement of an independent consultant, the results of which were taken into account for further improvement of corporate governance practices.

Under the guidance of the Board of Directors, the updated Long-Term Development Program of ROSSETI and its subsidiaries until 2030 was prepared and approved in 2020, providing ambitious goals and objectives, the achievement of which will allow us to ensure not only the Company's stable financial position and operational efficiency, but also to give confidence to shareholders and investors in long-term security investments in ROSSETI.

In addition, the Board of Directors approved a number of updated key internal documents: the Internal Audit Policy, the Risk Management Policy, and the Anti-Corruption Policy of ROSSETI and subsidiaries. Based on a decision by the Board of Directors, for the first time, the Company approved a succession plan for its executive management, which will enable us to attract the best professionals of the industry to the management bodies and top management positions, and ensure they work effectively.

With a sense of pride for the Board of Directors, I can note that the coordinated actions of the entire management team of ROSSETI gave us the opportunity not only to maintain the dynamics of the Company's development, but also to provide the necessary stability in the face of high market volatility that has occurred throughout the reporting period.

Deputy Prime Minister of the Russian Federation,
Chairman of the Board of Directors of ROSSETI,
A. Novak

Controlling shareholder memorandum

Share ownership grounds and purpose

ROSSETI, which operates the main and distribution electrical grids, coordinates the work of the grid organizations of the Russian Federation, including as part of implementing the technical policy and investment planning. Strategic and control functions, as well as the solution of institutional tasks set before the entire industry have been assigned to the Company. This task has been set by the

current Strategy for Development of the Electric Grid Sector of the Russian Federation, approved by the Order of the Government of the Russian Federation No. 511-r dated April 3, 2013. The majority interest of the state in the Company's share capital structure (88.89% of ordinary shares) provides for the effective policy to be implemented in the economy sector under control.

Key tasks for the asset:

- guaranteed energy security at the level of constituent entities of the Russian Federation and the country as a whole;
- reliable, high-quality and affordable energy supply to consumers;
- development of the electric grid infrastructure for sustainable social and economic growth of the Russian Federation;
- creating conditions for the transition to clean and resource saving energy, promoting the sustainable use of natural resources and energy efficiency;
- setting competitive electricity tariffs for the industrial development;
- improving performance and efficiency at all management levels of the electric grid sector;
- increasing the scientific and innovative potential of the electric grid sector, promoting the development of related industries;
- maximum use of the equipment produced on the territory of the Russian Federation;
- ensuring attractive return on investment for all investors.

Corporate governance targets

The Russian Federation as the controlling shareholder of ROSSETI, fully understands the importance of improving the corporate governance of ROSSETI and strives to ensure openness and transparency of the Company's activities, as well as introduction of the recommendations of the Bank of Russia's Corporate Governance Code and the best global practices into its business operations.

The Russian Federation represented by the Federal Agency for State Property Management annually participates in the nomination of independent directors to the Company's Board of Directors. The main goal is to develop the Corporate Governance Institute taking into account the best practices and principles, to create conditions for improving the investment attractiveness and growth of the Company's capitalization. The number of independent directors complies with the Listing Rules. There are no plans to reduce their number below the current level (five people).

Representatives of the Federal Agency for State Property Management take part in the Annual General Meetings of Shareholders, providing an opportunity for minority shareholders to directly ask their questions about the Company's growth prospects.

As a controlling shareholder, the Russian Federation supports the initiatives of ROSSETI to protect the rights and interests of minority shareholders, as well as to improve the Company's investment attractiveness.

The dividend policy of ROSSETI complies with the requirements of the Order of the Government of the Russian Federation No. 1094-r dated May 29, 2017. The recommended amount of dividends to be paid is determined by the Board of Directors on the basis of the Company's financial performance, including that determined based on the consolidated statements under the IFRS. Dividends are to account for at least 50% of the net profit, taking into account the adjustment specified in the above-stated Order of the Government of the Russian Federation.

Corporate Governance Model

An efficient corporate governance system is one of the key components for the successful development of the Company, providing the necessary balance of interests of shareholders, investors, creditors, and employees. ROSSETI is one of the largest public companies in Russia in terms of the scale of operation, with the number of shareholders exceeding 350 thsd people.

ROSSETI's Corporate Governance Model represents a system of relations among shareholders, the Board of Directors, the executive bodies of the Company and other stakeholders, which ensures smooth operational activities and development, management and control, rules and procedures for corporate decision-making process in the Company and the ROSSETI Group as a whole.



Corporate governance goals of the Company

- Increase of shareholder value and investment attractiveness of the Company
- Generating profit from Company's activities
- Stable and predictable development of the Company
- Ensuring efficient asset management of the Company and its subsidiaries
- Improving the governance system, employee motivation and succession practices



Principles and priorities of the corporate governance of the Company

- Respect for and guarantees of rights and legitimate interests of shareholders, investors, and stakeholders of the Company
- Ensuring informational and financial transparency of the Company's activities
- Predictable dividend policy of the Company
- Efficient and professional Board of Directors accountable to the shareholders of the Company
- Consistency and collegiality of the decision-making process
- Zero tolerance for corruption and fraud
- High standards of business ethics and compliance procedures
- Minimization and settlement of corporate conflicts
- Developed corporate culture and practice of corporate social responsibility



Key corporate governance policies

- Introducing the unified management standards in the ROSSETI Group
- Improving operational efficiency, improving the management system of the Company and the ROSSETI Group, improving the quality of business processes
- Professional interaction with investors, employees and partners of the Company
- Improving the information transparency of the Company, its internal control and audit mechanisms

Characteristics of ROSSETI's Corporate Governance Model

ROSSETI is a company, the majority (controlling) shareholder and owner of 88.89% of the ordinary shares of which is the Russian Federation represented by the Federal Agency for State Property Management. The status of a company with state participation implies a number of management particularities, including:

- based on the Decree of the President of the Russian Federation No. 1567 dated November 22, 2012 "On Joint Stock Company ROSSETI" and the Strategy for Development of the Electric Grid Sector of the Russian Federation approved by Decree of the Government of the Russian Federation No. 511-r dated April 03, 2013, ROSSETI is a management company of the electric grid sector of Russia. The main goal of the Company's activity is defined as ensuring operating reliability of the electric grid sector and uninterrupted power supply to consumers. ROSSETI also coordinates the activities of grid companies, including those related to tariffs, technical policy, investment planning, financial and economic activities, as well as to anti-corruption policy;
- ROSSETI is included in the List of Strategic Joint-Stock Companies¹, the participation of the Russian Federation in the management of which ensures strategic interests, national defense capability and security of the state, protection of

morals, health, rights and legitimate interests of citizens of the Russian Federation. The status of a strategic joint-stock company implies a special procedure for management and control over the Company by the President, the Government and federal executive bodies of the Russian Federation;

- ROSSETI is included in the special list of joint-stock companies, in respect of which the determination of the position on the most important issues (in particular, inclusion of issues on the agenda of the General Meeting of Shareholders, nomination of candidates for election to the management and control bodies, voting on issues on the agenda of the General Meeting of Shareholders, etc.), and approval of instruction to representatives of the Russian Federation in the boards of directors, is carried out by the Government of the Russian Federation²;
- ROSSETI is obliged to ensure that certain orders and tasks initiated by the Russian Federation are duly implemented in the controlled entities as well.



For more details see section [Governance Mechanisms of the ROSSETI Group](#).

Key documents that regulate corporate governance in the Company

- Corporate Governance Code of the Bank of Russia³
- Articles of Association
- Regulations on the Management Bodies of the Company (General Meeting of Shareholders, Board of Directors, Management Board)
- Regulations for Committees of the Board of Directors
- Regulation for the Dividend Policy
- Procedure for Interaction between ROSSETI and business entities whose shares (interests) are owned by ROSSETI
- Regulation for the Corporate Secretary
- Regulation for the procedure for providing information to the Members of the Board of Directors
- Methods for Performance Assessment of the Board of Directors, Committees of the Board of Directors and Members of the Board of Directors

Policies related to core business processes:

- Anti-Corruption Policy
- Internal Audit Policy
- Internal Control Policy
- Risk Management Policy
- The ROSSETI Group Occupational Safety Policy
- Electric Grid Complex Environmental Policy
- Corporate Code of Ethics and Business Conduct
- Information Policy
- Regulation for Insider Information
- Uniform Procurement Standard and Uniform Procurement Policy of the Company
- Regulation for the Uniform Technical Policy in the Electric Grid Sector

¹ Approved by the Decree of the President of the Russian Federation No. 1009 dated August 04, 2004.

² Decree of the Government of the Russian Federation No. 91-r dated January 23, 2003.

³ ROSSETI's Board of Directors by its decision dated June 27, 2017 (Minutes of the Meeting No. 271 dated June 30, 2017) determined that the Company in its activities is guided by the recommendations of the Corporate Governance Code of the Bank of Russia.

The Corporate Governance System of the Company

GENERAL MEETING OF SHAREHOLDERS
HIGHEST MANAGEMENT BODYRussian Federation represented by the Federal Agency for State Property Management
(88.04% of Share Capital*)

Amendments to the Articles of Association, reorganization and liquidation of the Company, election of the Board of Directors and the Internal Audit Commission, approval of the Company's external auditor and annual reports, other issues of crucial importance

Corporate entities and nominee shareholders
(9.15% of Share Capital*)Individuals
(2.81% of Share Capital*)

Election

Reliable, objective, and complete information on the Company's activities,
recommendations on agenda items

Election

Conclusions on the results of the audit of the Company's FEA

Approval

Opinion about reliability of the
information contained in the
Company's annual accounting
statements**BOARD OF DIRECTORS**COLLEGIAL MANAGEMENT BODY CONTROLLING THE ACTIVITIES OF THE COMPANY'S SOLE EXECUTIVE BODY
AND COLLEGIAL EXECUTIVE BODY

General management of the Company's activities, including the following issues:

- determine the priority areas of the Company's activities and approve the Company's development strategy;
- ensure the exercise and protection of the rights and legitimate interests of the Company's shareholders;
- ensure that the information about the Company disclosed to shareholders and other stakeholders is complete, reliable, and unbiased;
- create effective risk management and internal control systems;
- evaluate the performance of the Company's executive bodies on a regular basis

Election

Recommendations
on agenda items**PRELIMINARY REVIEW OF ISSUES,
FORMULATION OF RECOMMENDATIONS FOR THE BOARD OF DIRECTORS**AUDIT
COMMITTEENOMINATION AND
REMUNERATION COMMITTEESTRATEGY
COMMITTEEINVESTMENT, TECHNICAL POLICY,
RELIABILITY, ENERGY EFFICIENCY, AND
INNOVATION COMMITTEE**ADVANCING THE ROSSETI GROUP'S CORPORATE GOVERNANCE, PROVIDING ORGANIZATIONAL AND
TECHNICAL SUPPORT FOR THE ACTIVITIES OF THE COMPANY'S MANAGEMENT BODIES AND COMMITTEES
UNDER THE COMPANY'S BOARD OF DIRECTORS**CORPORATE SECRETARY
NATALIA NIKOLAYEVNA BARANYUKDEPUTY DIRECTOR GENERAL FOR CORPORATE
GOVERNANCE
MARIA GENNADYEVNA TIKHONOVAADMINISTRATIVE OFFICE OF
THE BOARD OF DIRECTORSDEPARTMENT
FOR CORPORATE
GOVERNANCE**INTERNAL AUDIT COMMISSION**RESPONSIBLE FOR INTERNAL CONTROL OVER THE COMPANY'S FINANCIAL
AND ECONOMIC ACTIVITIESStanding elective body responsible for internal control
within the Company and conducting:

- regular audits of the financial and economic activities of the Company;
- assessment of the reliability of information contained in the Company's annual report and annual accounting (financial) statements.

Conclusions on the
results of the audit
of the Company's
FEA**RSM****EXTERNAL AUDITOR**

RESPONSIBLE FOR EXTERNAL (INDEPENDENT) CONTROL

Mandatory independent audit of the Company's
accounting (financial) statements.
As resolved by the General Meeting of
Shareholders of the Company and based on a
bidding procedure, the auditor is RSM RUS.Submission of reports on financial
and economic activities

Control of FEA

Conclusions on the
results of the audit of the
Company's FEA**BOARD OF ROSSETI**
COLLEGIAL EXECUTIVE BODYTogether with the General Director, it manages the current
activities of the Company

Functions:

- development and submission of priority areas of the Company's activities and long-term plans for their implementation for approval by the Board of Directors;
- preparation of reports on the implementation of decisions of the General Meeting of Shareholders and the Board of Directors of the Company;
- preparation of reports on the financial and economic activities of the Company, on the organization, functioning and effectiveness of the Company's risk management and internal control systems, etc.

Provision of the
Company's annual
accounting (financial)
statementsOpinion on the reliability
of the data contained in
the Company's financial
statementsInformation,
recommendations**CHAIRMAN OF THE MANAGEMENT BOARD, DIRECTOR GENERAL**
Together with the Management Board, he manages the Company's
day-to-day operations.**ANDREY VALERIEVICH RYUMIN**

INTERNAL AUDIT

Appointment of the
headINTERNAL CONTROL AND RISK
MANAGEMENTHEAD
DIRECTORATE FOR INTERNAL AUDITHEAD
CONTROLLING AND INTERNAL
INSPECTION DEPARTMENT

Promotion of effective work

Decision on appointment

Provision of reports on the implementation of decisions of the Board of Directors
and the General Meeting of Shareholders

Opinion, recommendations, reports

Election

Opinion

Recommendations, reports

Recommendations, reports

Recommendations, reports

Opinion, recommendations,
reportsDecision on the
appointment of the head

*as of the date of determining (fixing) the persons entitled to participate in the Company's AGM for the year 2019 (07.05.2020)

Advances in Corporate Governance from 2016 till 2020

2016

Introduction of developed practices of Corporate Governance

Introduction of the Corporate Secretary Institute

- In addition, the information policy, regulations on the Committees are developed and approved, taking into account the requirements of the listing and recommendations of the Corporate Governance Code;
- The Audit Committee and the HR and Remuneration Committee are formed exclusively from independent directors;
- Most committees are chaired by independent directors.

2017

External quality evaluation of corporate governance (National Corporate Governance Rating Scale 7++)

Increased share of independent directors (1/3)

- An external quality evaluation of corporate governance was carried out with the involvement of the Russian Institute of Directors, and the Company was rated 7++ in the rating "Developed practice of corporate governance";
- Ordinary shares of the Company are transferred to the quotation list of level 1 of the Moscow Exchange (premium segment);
- The approval of the Dividend Policy, the Environmental Policy, a restated version of the Code of Corporate Ethics, and the Introductory Course Program for Members of the Board of Directors;
- The first external evaluation of the Board of Directors; approval of the methods of evaluation of the Board of the Group.

2018

Electronic voting and remote access to the General Meeting of Shareholders

Introduction of evaluation of candidates for the Board of Directors and the Internal Audit Commission

- The Board of Directors have obtained broader competencies in terms of control over strategy, business planning, management of SDCs, as well as risk management and the internal control;
- The Information Policy, the Insider Information Regulations and the Procurement Regulations have been updated;
- The opportunity of remote participation in the Meeting of Shareholders, as well as access to the video broadcast of the Meeting, are now available. The practice of organization of the forum for shareholders has been introduced;
- The first self-assessment of the Board of Directors and its Committees' performance;
- The integration of the preliminary evaluation of candidates to the Board of Directors of the Company against the criteria of independence.

2019

Update of the Articles of Association and Policies

Changes in the remuneration system for members of the Board of Directors

- Approval of the restated versions of documents on management bodies of the Company in accordance with the changes in legislation and recommendations of the Corporate Governance Code;
- The practice of dividends payment to shareholders is maintained;
- Improved information transparency in the preparation of the Meeting of Shareholders.

2020

Update of the Articles of Association and Policies

Enhanced performance of the Board of Directors

- Increased attention to risk control and stability of core activities, especially in the face of the COVID-19 pandemic;
- Completing of external evaluation of the Board of Directors by an independent consultant;
- Update of the composition of the Board of Directors, including the introduction of the new independent director (Andrey Sharonov);
- Approval of a restated version of the Articles of Association of the Company;
- Approval of the Policy of Continuity of Senior Management, update of the Risk Policy.

Development of Corporate Governance System in 2020

In 2020, work was continued to improve corporate governance in the Company and the ROSSETI Group as a whole. The Annual General Meeting of Shareholders in 2020 approved a new version of the Articles of Association of ROSSETI¹, which takes into account the amendments made in the Federal Law "On Joint-Stock Companies". As part of the changes made in the Articles of Association, the competence of the Management Board has also been expanded and now additionally includes consideration of the issues related to the activities of organizations, the powers of the sole executive body of which have been transferred to the Company, when proposed by the Director General.

In 2020, due to the complicated epidemiological situation, the Company being guided by the provisions of the Federal Law No. 115-FZ dated April 7, 2020 held an Annual General Meeting of Shareholders in the form of an absentee voting. Shareholders were provided with the opportunity to participate in the voting by filling out the electronic voting form on the website of STATUS JSC, the Company's Registrar. In addition, a special e-mail address was created for communication with shareholders and the forum on the agenda of the Meeting was held on the Company's website.

An important positive change in the Company's corporate governance practices in 2020 was the decision made by the Annual General Meeting of Shareholders to pay remuneration to the Members of the Board of Directors, which would contribute to the motivation and retention of persons in the Board of Directors who have the competence and qualifications required for the effective management of the Company, to achieve the established strategic goals and tasks.

The composition of the Company's Board of Directors elected at the Annual General Meeting of Shareholders fully complies with the requirements of the Moscow Exchange for issuers of the Tier I Listing and the recommendations of the Corporate Governance Code of the Bank of Russia: 5 out of 15 members of the Board of Directors are independent.

In 2020, the Company's Board of Directors made a significant contribution to the development of the Company's Corporate Governance System. In particular, the Board of Directors approved:

- restated Internal Audit Policy². The changes are aimed at bringing certain regulations of the Internal Audit Policy in line with the International Professional Standards of Internal Audit and the recommendations of the Federal Agency for State Property Management. The new version of the document expands the functions of the Internal Audit unit of the Company in terms of consulting on the activities of the Audit Committees of the Boards of Directors of subsidiaries and affiliates;
- restated Risk Management Policy³. The changes are aimed at updating the Risk Management System principles taking into account the COSO Framework "Enterprise Risk Management. Integrating with Strategy and Performance", national standard GOST R ISO 31000-2019 "Risk Management. Principles and Guidelines", as well as updating the stages of the risk management process in compliance with the international standard ISO 31000-2018 "Risk Management – Guidelines";
- restated Anti-Corruption Policy of ROSSETI and subsidiaries and affiliates of ROSSETI⁴. The changes are aimed at bringing the internal document in line with the regulatory legal acts of the Russian Federation.

In addition, in 2020, the Company's Board of Directors developed and approved for the first time⁵ the Executive Management Succession Plan, which states the uniform qualification requirements for the executive management of the Company, succession principles and approaches to the formation and development of the Company's executive succession pool. The Plan was approved in accordance with the recommendations of the Bank of Russia on the application of the Corporate Governance Code of the Bank of Russia and in pursuance of the Corrective Action Plan based on the Internal Audit of the Corporate Governance in the Company as part of the efficiency assessment of the internal control and risk management, corporate governance systems.

In view of the recommendations of the Corporate Governance Code of the Bank of Russia, in the second half of 2020 the Company conducted an independent performance assessment of the Board of Directors of the Company involving an external consultant (VTB Registrar JSC). In addition, in the reporting period, the Company's Board of Directors⁶ approved the Methods for Performance Assessment of the Board of Directors, Committees of the Board of Directors and Members of the Board of Directors of ROSSETI.

¹ Minutes w/o No. of the Annual General Meeting of Shareholders of ROSSETI dated June 1, 2020.

² Approved by the Board of Directors of ROSSETI on March 5, 2020 (Minutes No. 399 dated March 6, 2020).

³ Approved by the Board of Directors of ROSSETI on November 23, 2020 (Minutes No. 440 dated November 24, 2020).

⁴ Approved by the Board of Directors of ROSSETI on April 20, 2020 (Minutes No. 405 dated April 22, 2020).

⁵ Approved by the Board of Directors of ROSSETI on April 2, 2020 (Minutes No. 401 dated April 3, 2020).

⁶ Decision of ROSSETI Board of Directors dated September 18, 2020 (Minutes No. 430 dated September 21, 2020).

Plans for 2021

Since it is necessary to keep the Articles of Association and internal documents of ROSSETI and its subsidiaries and affiliates up to date in 2021, as before, the Company plans to focus on monitoring legislative changes, listing rules, recommendations of the regulatory bodies in order to ensure the timely development of model changes or new documents and methods for the Company and its subsidiaries and affiliates.

The list of the Company's key plans in the field of corporate governance includes:

- maintaining a high level of corporate governance rating;
- ensuring the unconditional practical implementation of the requirements and recommendations of internal documents and the implementation of the required corporate procedures;

- holding events related to the transition of the companies of the ROSSETI Group to a single brand architecture;
- increasing the number of meetings of the Board of Directors and Committees of the Board of Directors held in the form of joint presence;
- monitoring the proper implementation of decisions made by the management bodies;
- developing and implementing corrective action plans following the internal audits of corporate governance;
- conducting an external performance assessment of the Company's Board of Directors.

Assessment of corporate governance level

External assessments of the corporate governance development level in the Company

In December 2020, based on the corporate governance quality assessment results of ROSSETI, the Russian Institute of Directors confirmed the rating according to the national corporate governance rating at the level 7++, "Developed Corporate Governance Practice". This rating confirms that the Company complies with the requirements of the Russian legislation in the area of corporate governance and follows a significant number of recommendations of the Corporate Governance Code of the Bank of Russia. Risks of owners loss related to the quality of corporate governance were estimated as rather low.

In the framework of the assessment performed by the Russian Institute of Directors, not only positive changes in the corporate governance practice were highlighted, but also the areas for development of the corporate governance practice were identified necessary to further improve the rating.

National Corporate Governance Rating 7++
Developed Corporate Governance Practice

Positive changes in 2020

- Approval of the restated Articles of Association of the Company.
- Approval of the Anti-Corruption Policy of ROSSETI and subsidiaries and affiliates of ROSSETI, the Restated Internal Audit Policy of ROSSETI, Risk Management Policy of ROSSETI.
- Approval of the Company's Executive Management Succession Plan.
- A decision made by the Annual General Meeting of Shareholders of the Company to pay remuneration to the members of the Company's Board of Directors.
- Disclosure of the results of the internal audit process efficiency assessment performed by the Audit Committee of the Company's Board of Directors in the Company's Annual Report.

Areas for development

- Setting out in the internal documents of ROSSETI of the rules recommended for application by the Corporate Governance Code of the Bank of Russia for the acquisition and repurchase of shares.
- Setting out in the Regulation for the Dividend Policy of ROSSETI of the terms on the minimum net profit share for the payment of the dividends on ordinary shares, as well as introducing changes related to the rules, based on which the dividends are calculated taking into account the net profit determined in accordance with the RAS.
- Developing a long-term motivation system for the management of ROSSETI.
- Considering the possibility to disclose the amount and rate of individual remuneration paid to the members of the management bodies of ROSSETI.

	2016	2017	2018	2019	2020
National Corporate Governance Rating (rating assigned by NP "Russian Institute of Directors")	7++	7++	7++	7++	7++

The high level of corporate governance of ROSSETI was highlighted in other studies conducted by companies specializing in governance practice analysis. In particular, according to the results of the National Corporate Governance Index 2020 prepared by

TopCompetence¹, ROSSETI is among the Top 20 leaders in terms of the integrity and quality of information disclosed on the corporate governance principles observed (out of the 100 largest Russian issuers).

Corporate governance self-assessment in the Company

The Company regularly monitors the development of corporate governance practices, including with the use of a dedicated self-assessment method. The Internal Audit Department of the Company assessed the efficiency of corporate governance at ROSSETI for the 2019–2020 corporate year with the aim of:

- providing the Board of Directors, the Audit Committee, executive bodies with objective and independent information on the status of the corporate governance system of the Company and its compliance with the principles and recommendations set out in the Corporate Governance Code;
- developing recommendations on improving the corporate governance level of the Company.

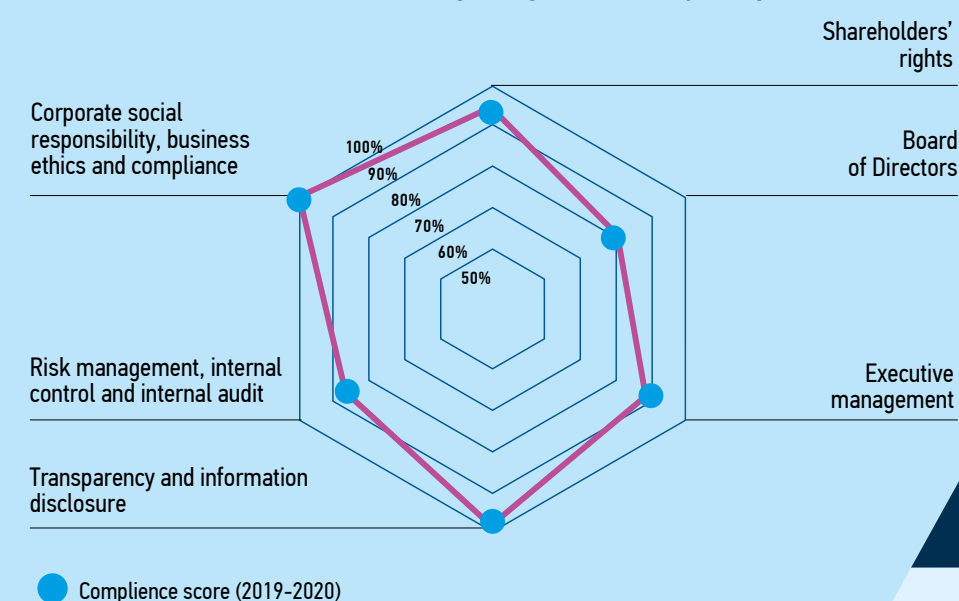
The assessment was carried out based on 6 components (containing 115 criteria in total):

- Shareholders' rights;
- Board of Directors;
- Executive management;
- Transparency and information disclosure;
- Risk management, internal control and internal audit;
- Corporate social responsibility, business ethics.

The overall result of the corporate governance of the Company for these components amounted to 90% out of 100%. At that, compared to the 2018–2019 corporate year, the score for the Executive Management component increased from 90% to 95%.

The overall corporate governance score in ROSSETI following the results of the 2019–2020 corporate year assessment was 90%, which corresponded to the level of "Developed Practice".

Consolidated assessment of corporate governance by components of the ROSSETI Group



¹ The study can be found at <http://cgindex.ru>.

Corporate governance self-assessment in the ROSSETI Group

The Internal Audit Department of the Company also assessed the efficiency of corporate governance in the companies of the ROSSETI Group for the 2019–2020 corporate year.

The assessment was carried out based on the internal methods by 6 components:

→ Shareholders' Rights;

→ Board of Directors;

→ Executive Management;

→ Transparency and Information Disclosure;

→ Risk Management, Internal Control and Internal Audit;

→ Corporate Social Responsibility (CSR), Business Ethics and Compliance.

Assessment methods

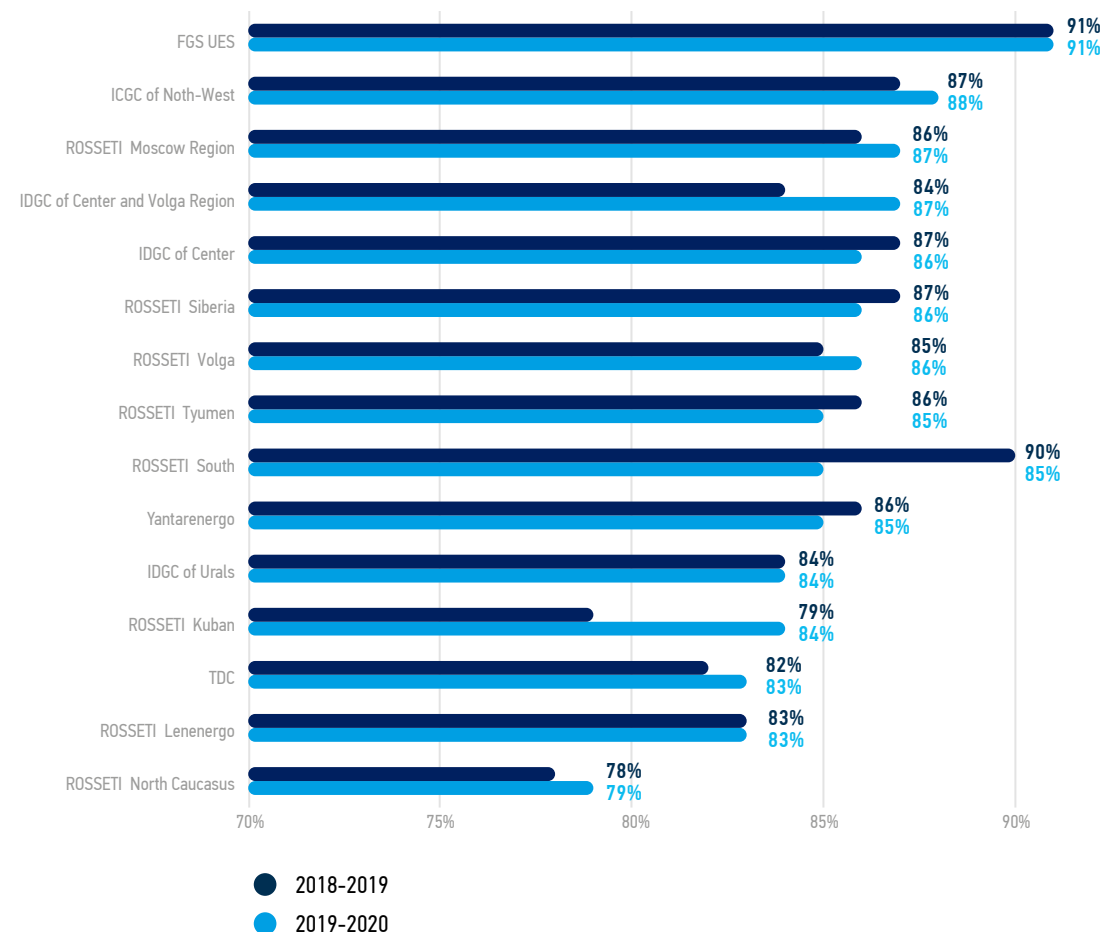
The score is formed by establishing compliance with criteria, which are disclosed through answers to the questions:

- by 112 criteria in total (for the companies of the ROSSETI Group included in Tier 1 and Tier 2 in accordance with the Listing Rules of PJSC Moscow Exchange);
- by 106 criteria (for the companies of the ROSSETI Group included in Tier 3 in accordance with the Listing Rules of PJSC Moscow Exchange);
- by 86 criteria for the companies with 100% of the capital owned by ROSSETI.

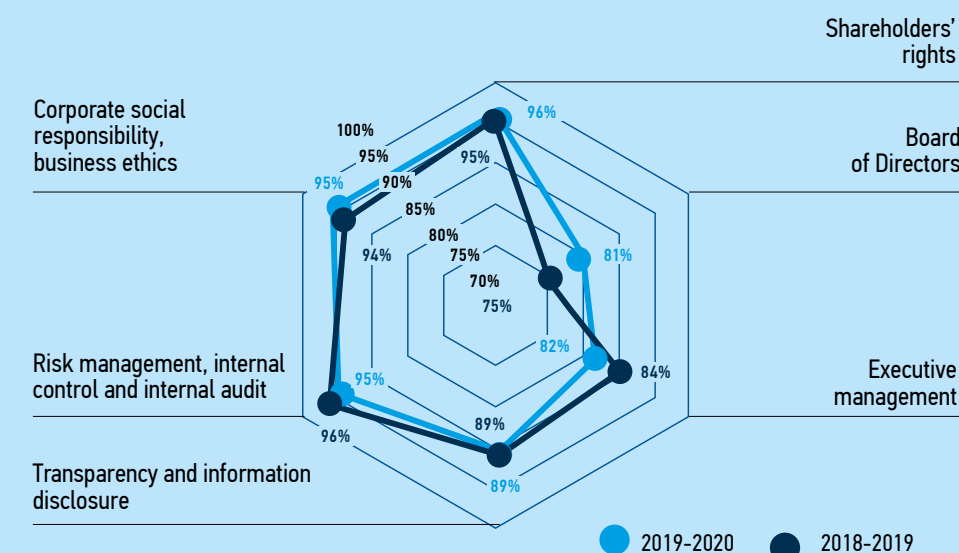
North Caucasus) to 91% (FGC UES). The overall score of the ROSSETI Group was 87%, an increase of 1 percentage point compared to the score for the 2018–2019 corporate year (86%) and corresponds to the "Developed Practice" corporate governance level.

The corporate governance ratings of the companies of the ROSSETI Group in the 2019–2020 corporate year ranged from 79% (ROSSETI

Corporate governance assessment in the ROSSETI Group



Consolidated assessment of corporate governance by components of the ROSSETI Group



In the 2019–2020 corporate year, the compliance level of the ROSSETI Group exceeded 80% and corresponded to the level of "Developed Practice" by all components. The lowest score was received for the component "Board of Directors" (81%), however, compared to the 2018–2019 corporate year this indicator increased by 6 percentage points (from 75%).

The internal auditors of the subsidiaries and affiliates determined the following main system recommendations for improving the corporate governance of the ROSSETI Group:

- update of the internal documents related to the corporate governance (mainly in terms of competence and requirements for the management bodies of the companies);
- development and approval by the Boards of Directors of the executive management succession plans and succession pool development programs;

- development and approval of motivation systems for members of the executive bodies and other key managers of the Company, including long-term motivation systems;
- setting the approval procedure for the non-audit services provided by an external auditor;
- approval of the policies related to the rotation of an external auditor (for subsidiaries and affiliates);
- improvement of "hotline" practices.

Companies of the ROSSETI Group strive to improve their corporate governance and constantly work on addressing concerns expressed by internal auditors through implementation of corrective actions.

ROSSETI intends to take measures to further improve (update) the corporate governance assessment methods of the ROSSETI Group.

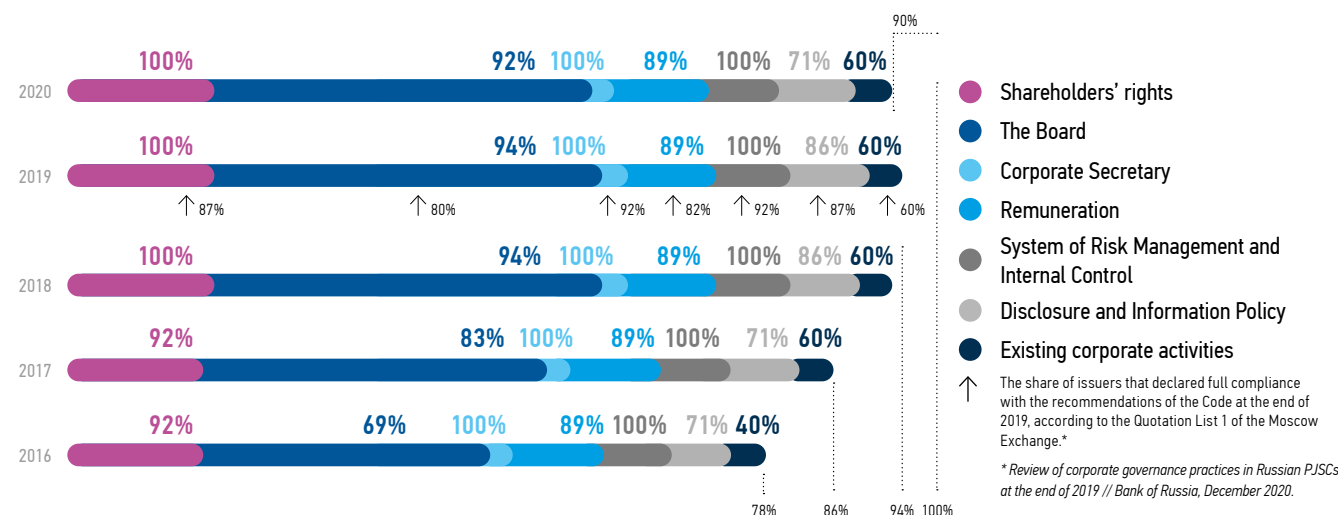
Statistics of compliance with the recommendations and principles of the Corporate Governance Code of the Bank of Russia

The public status and goals set for ROSSETI determine the increased requirements for the quality of corporate governance, because it affects the reputation and investment attractiveness of the Company. Moreover, the corporate governance system in the Company should comply with the best practices and current challenges.

The Company is consistently implementing plans to improve corporate practices, taking into account the recommendations of the Corporate Governance Code of the Bank of Russia, changes in the regulatory environment and initiatives of the professional community.

90% of the recommendations
of the Corporate Governance Code of the Bank of
Russia are fully complied with by the Company

Compliance with the Corporate Governance Code



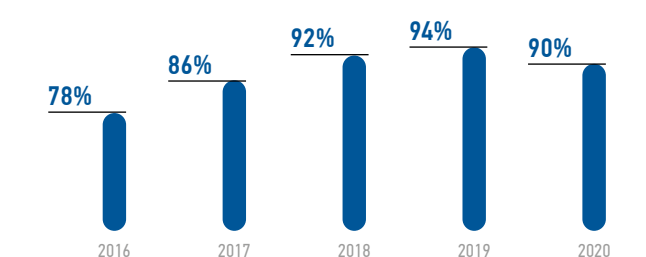
The percentage of the principles and recommendations of the Corporate Governance Code of the Bank of Russia fully complied with by the Company decreased from 94% in 2019 to 90% in 2020. At the same time, this decline is not associated with a deterioration in the quality of corporate governance in the Company, but it is determined by external reasons (in particular, the COVID-19 pandemic), as well as a change in the approach to assessing compliance with the recommendations of the Code.

Thus, due to the serious epidemiological situation associated with the spread of coronavirus infection and the need to comply with the recommendations of the authorized state bodies for the prevention of COVID-19, the number of physical meetings of the Board of Directors of the Company held in the form of joint presence in 2020 was significantly reduced. For this reason, the results of assessing the effectiveness of the Board of Directors were considered at the Meeting of the Board of Directors held in the form of absentee voting¹. Therefore the percentage of the principles and recommendations of the Corporate Governance Code of the Bank of Russia fully complied with by the Company dropped by 2 percentage points.

The Company will return to the practice of complying with the relevant recommendation of the Corporate Governance Code of the Bank of Russia after the lifting of the restrictions related to the COVID-19 pandemic. The increase in the number of meetings of the Board of Directors and its Committees held in the form of joint presence is one of the Company's objectives in the development of corporate governance.

According to the recommendations on the way public joint-stock companies may improve own procedure for the assessment of the compliance of their corporate governance practices with the principles of the Corporate Governance Code of the Bank of Russia posted on the website of the Bank of Russia in March 2021, the Company changed its procedure for the assessment of compliance with 2 recommendations of the Corporate Governance Code of the Bank of Russia related to the disclosure of any information and Information Policy (from "compliant" to "partially compliant"), which led to a 2 percentage point decrease in the share of fully compliant recommendations.

Percentage of recommendations of the Corporate Governance Code fully complied with by ROSSETI



Note: Information is provided on fully compliant recommendations of the Code, excluding partially compliant recommendations.

The Company will return to the practice of complying with the relevant recommendations of the Corporate Governance Code of the Bank of Russia as soon as the regulator publishes the necessary clarifications.

The assessment of compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia is carried out by ROSSETI on the basis of the Methodology recommended by Letter of the Bank of Russia of February 17, 2016 No. IN-06-52/8 "On Disclosing the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of Public Joint-Stock Company".

Complete Report on the Company's Compliance with the Principles and Recommendations of the Corporate Governance Code of the Bank of Russia is provided in [Appendix 1](#).

The Board of Directors hereby confirms that the data provided in the Report contain complete and reliable information about the Company's compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia as at the date of approval of the Report.

Board of Directors of ROSSETI

General Meeting of Shareholders

The General Meeting of Shareholders is the highest governing body of ROSSETI.

The procedure for preparing and holding the General Meeting of Shareholders is regulated by the Articles of Association¹ and the Regulation for the General Meeting of Shareholders of ROSSETI². Due to the COVID-19 pandemic, the Board of Directors of ROSSETI decided to hold the Annual General Meeting of Shareholders in 2020 in the form of absentee voting in order to ensure the sanitary and epidemiological well-being and health protection of shareholders, considering the amendments made to the legislation and recommendations of the Bank of Russia³.

Considering the development of IT technologies, the Company ensured the proper functioning of tools for remote participation in meetings and the access to all necessary information using digital services as part of the Company's plans to organize the Annual General Meeting of Shareholders in the form of absentee voting in 2020, including:

- setting up the forum for shareholders to discuss items on the agenda of the General Meeting of Shareholders;
- provision of an opportunity to fill out an electronic bulletin form on the website;
- provision of an opportunity to get acquainted with the relevant materials in electronic form available on the website of the Company.

Results of the Annual General Meeting of Shareholders of ROSSETI for 2020

No.	Name of agenda item	Voting results	Voting results and status of the decision
1	Approval of the Company's Annual Report for 2019.	For – 99.99% Against – 0.00% Abstained – 0.00%	The Company's Annual Report for 2019 was approved.
2	Approval of the Company's Annual Accounting (Financial) Statements for 2019.	For – 99.99% Against – 0.00% Abstained – 0.00%	The Company's Annual Accounting (Financial) Statements for 2019 were approved.
3	Approval of the Company's profit distribution for 2019.	For – 99.91% Against – 0.09% Abstained – 0.00%	The Company's profit distribution for 2019 was approved. In particular, 23,015,509 thsd RUB for the payment of dividends, including: – 17,992,195 thsd RUB – for 2019; – 5,023,314 thsd RUB – for Q1 2019.
4	Amount, period, and form of dividend payment based on performance results for 2019 and the date set for determining the persons entitled to dividends.	For – 99.91% Against – 0.09% Abstained – 0.00%	It was decided to: pay dividends – 0.189304 RUB per preference share; pay dividends – 0.0885155625 RUB per ordinary share.
5	Payment of remuneration for serving on the Board of Directors to members of the Board of Directors other than those who hold public office in the amount specified in the Company's internal documents.	For – 99.53% Against – 0.23% Abstained – 0.23%	It was decided to pay remuneration to members of the Board of Directors of the Company other than those who hold public office in accordance with the Regulation for Payment of Remuneration and Compensation to Members of the Board of Directors of the Company.
6	Payment of remuneration for serving on the Internal Audit Commission to members of the Internal Audit Commission other than those who hold public office in the amount specified in the Company's internal documents.	For – 98.10% Against – 1.90% Abstained – 0.00%.	It was decided not to pay remuneration to members of the Internal Audit Commission of the Company other than those who hold public office due to the lack of any grounds for accrual of remuneration.
7	Election of members of the Board of Directors of the Company.	Cumulative voting	New Board of Directors of the Company was elected.
8	Election of members of the Internal Audit Commission of the Company.	Roll-call voting	New Internal Audit Commission of the Company was elected.
9	Approval of the Auditor of the Company.	For – 99.91% Against – 0.09% Abstained – 0.00%	LLC RSM RUS was approved as the Auditor of the Company.
10	Approval of a restated version of the Articles of Association of the Company.	For – 99.15% Against – 0.09% Abstained – 0.75%	A restated version of the Articles of Association of the Company was approved.

¹ Approved by the Annual General Meeting of Shareholders of ROSSETI on June 1, 2020 (Minutes w/o No. dated June 1, 2020).

² Approved by the Annual General Meeting of Shareholders of ROSSETI on June 27, 2019 (Minutes w/o No. dated June 27, 2019).

³ Information Letter of the Bank of Russia dated April 3, 2020 No. IN-06-28/48 on holding General Meetings of Shareholders in 2020.

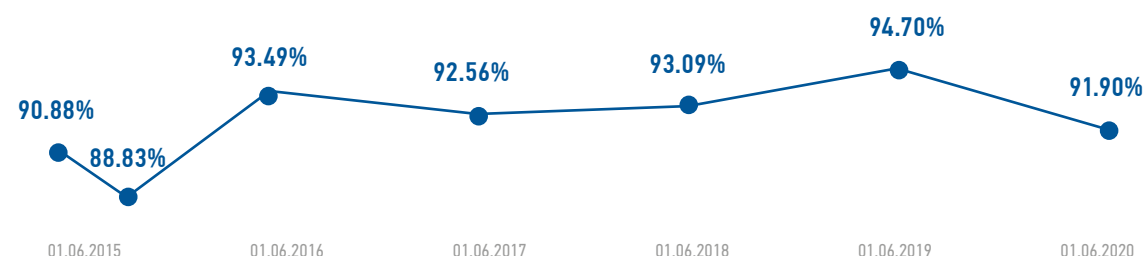


The Minutes of the Annual General Meeting of Shareholders of ROSSETI for 2019 are available on the official website of the Company: <http://www.rosseti.ru/investors/common/results/>.

The extraordinary General Meetings of Shareholders were not held during the reporting period.

The quorum of the majority of the General Meetings of Shareholders of the Company over the past few years has been more than 90%, which indicates the high interest of minority shareholders in participating in the meeting. The quorum at the Annual General Meeting of Shareholders held in 2019 was 94.07%. In 2020, this indicator slightly went down to 91.90% due to the COVID-19 pandemic and the holding of the meeting in the form of absentee voting.

Quorum at General Meetings of Shareholders



Number of votes of specific categories of participants of Annual General Meetings of Shareholders in 2017–2020



Analysis of the shareholders' voting results at the General Meeting of Shareholders

All minority shareholders voted for the proposed draft decisions for most agenda items of the Annual General Meeting of Shareholders held in 2020 as follows:

- share of votes ("against" and "abstained") on almost all issues did not exceed 0.4% of votes;
- share of votes ("against" and "abstained") on a number of issues was 0.8–1.9% of the total number of registered votes;

→ largest number of votes ("against" and "abstained") (1.9% of all votes or 45% of the minority shareholders participating in the Meeting) was cast for a refusal to pay remuneration to the members of the Audit Commission.

Report on the Work of the Board of Directors

The Board of Directors of the Company composed of professional directors is a key link in the effective corporate governance system and plays a vital role in the strategic and business management of the Company. The competence of the Board of Directors of the Company is determined by the requirements of the legislation and the Articles of Association of the Company and considers the special status of the Company as the largest national operator of electricity transmission system.

The Board of Directors of the Company is accountable to the General Meeting of Shareholders, while being responsible to all shareholders for the approval and monitoring of the

implementation of the Development Strategy, efficiency of the Company, as well as the monitoring of the management in the performance of the assigned tasks.

In order to ensure the safety of the members of the Board of Directors during COVID-19, the meetings were held in the format of a video conference call. The interaction between members occurred mainly through electronic channels and telephone communications. The members of the Board of Directors were provided with the opportunity to undergo preliminary and periodic medical examinations.

Organization of the work of the Board of Directors for 2020

The work of the Board of Directors of the Company is organized on a planned basis and involves the holding of 4–8 in-person meetings in order to discuss the most important issues regarding the performance of ROSSETI (strategy, budget, motivation). The agenda of the in-person meetings of the Board of Directors includes, as a rule, three to five issues, which allows ensuring a high-quality level of their discussion and considering different points of view when making decisions. The rest of the meetings are held in absentia and include various issues on which a decision can be made without the joint presence of the members of the Board of Directors of the Company.

Following the established practice, the Board of Directors considers consolidated results of the implementation of budget and key

strategic projects and also hears reports of the executive management of the Company at meetings held in person. Most of the planned issues on the agenda of the meeting of the Board of Directors are preliminarily considered by the relevant Committees of the Board of Directors in order to prepare the recommendations for voting and a more detailed analysis of any information provided.

In 2020, the Board of Directors considered 187 issues, 15 of which were considered in 5 in-person meetings of the Board of Directors.



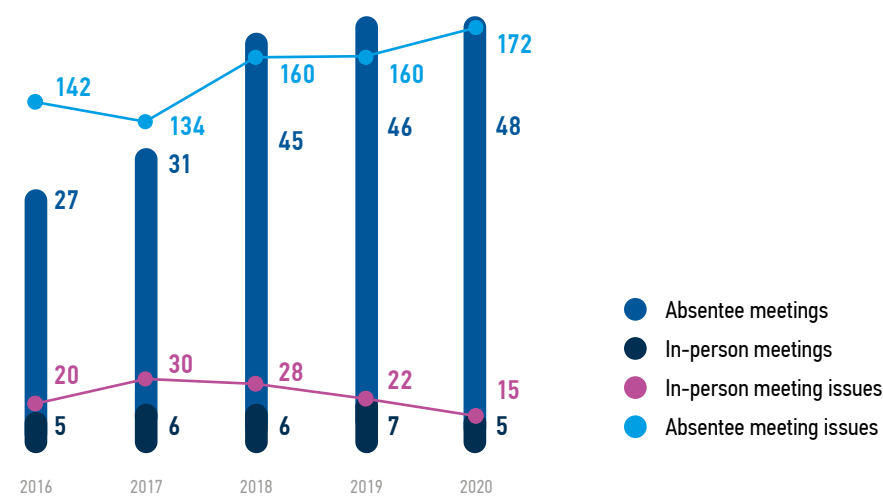
Minutes of Meetings of the Board of Directors are published on the Company's website at <https://www.rosseti.ru/eng/investors/decisions-of-board-of-directors/?year=2020>.

The in-person offsite meeting of the Board of Directors of the Company took place on November 6, 2020 in Grozny, Chechen Republic, after the ceremonial launch of the first highly-automatic substation with digital data exchange in the North Caucasus Federal District (Gorod, 110 kV). The substation was launched by Alexander Novak, Minister of Energy of the Russian Federation, Ramzan Kadyrov, Head of the Chechen Republic, and Pavel Livinsky, Director General of ROSSETI, in the presence of the members of the Board of Directors of the Company and special guests.

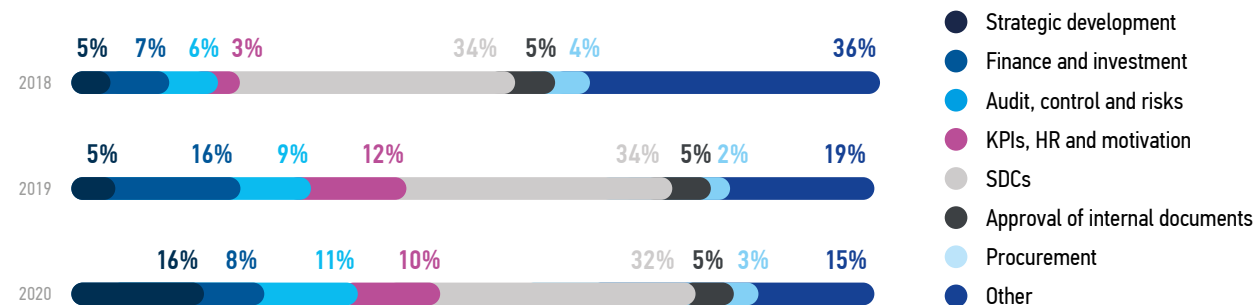
Report of the Board of Directors on the results of the development in the priority areas of the Company's activities for 2020

Strategic priorities	Decisions of the Board of Directors
Improvement of the efficiency of the core business	→ New Long-Term Development Program of ROSSETI and its Subsidiaries and Affiliates (ROSSETI Group) until 2030 was approved. → Issues of dealing with the Company's non-core assets were considered. → Risk Management Program was approved.
Ensuring the reliability and quality of power supply at the specified level	→ Issues on the implementation of the Concept for the Development of the System of Operational and Technological Management and the System of Situational Management in the Electric Grid Complex of ROSSETI and the period of their implementation by the subsidiaries and affiliates of ROSSETI were considered. → List of priority anti-crisis measures in the current economic situation, while considering the factors that negatively affect the financial and economic condition of the subsidiaries and affiliates of ROSSETI, was considered.
Digital transformation	→ Program for the Implementation of Intelligent Electricity Metering Systems of ROSSETI was approved. → Decision on the implementation of joint projects of ROSSETI and JSC SO UES for remote monitoring of substation equipment using automated switching programs was made. → Digital Transformation of the ROSSETI Group for 2019-2030 consolidated program was considered.
Balancing the interests of the state/consumers/shareholders/investors	→ Issues on the implementation of the measures to increase the availability of energy infrastructure were considered. → Decision to improve the Procurement Policy of the Company as part of the implementation of the directives of the Government of the Russian Federation was made.

Performance statistics of the Board of Directors



Categories of issues considered



Participation in meetings of the Board of Directors and Committees of the Board of Directors

Member of the Board of Directors	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Strategy Committee	Committee on Investment, Technical Policy, Reliability, Energy Efficiency and Innovation
Alexander Valentinovich Novak	53/53				
Stanislav Olegovich Ashirov	53/53	15(1)/15	12/12	24/24	
Boris Ilyich Ayuyev	53/53				
Maxim Sergeevich Bystrov	53(1)/53	15/15	11/12		
Kirill Aleksandrovich Dmitriev*	26(4)/26			3(3)/3	
Oleg Markovich Dubnov	53/53	15/15	11/11	23/24	10/10
Alexander Sergeyeovich Kalinin	52(1)/53	15(2)/15	12/12		
Pavel Anatolievich Livinsky	52/53				
Yuri Vladislavovich Manevich	53/53			18/18	
Andrey Yevgenyevich Murov	52(1)/53				
Mikhail Alekseyevich Rasstrigin	50/53				
Nikolay Dmitryevich Rogalev	53/53				
Vladimir Vladimirovich Furgalsky*	26/26				
Andrey Vladimirovich Sharonov *	26(1)/26		6/6		
Sergey Ivanovich Shmatko	53/53				
Vasily Mikhailovich Belov**	27/27	5/5	6/6		
Anatoly Vladimirovich Tikhonov**	27/27				
Nikolay Grigoryevich Shulginov**	25/27				

* Holds the position of a member of the Board of Directors since June 1, 2020.

** Held the position of a member of the Board of Directors until June 1, 2020.

Note: **“Participation”** The data presented in the table are given in the following format: 5(2)/7, which indicates that the person could participate in 7 meetings of the Board of Directors (Committee) and actually participated in 5 meetings (in particular, 2 out of 5 – by providing own written opinions). The coincidence of the number of possible and actually attended meetings shows a high degree of involvement of the director in the activities of the Board of Directors and/or its Committee and the participation in all meetings. A significant number of written opinions means a significant proportion of in-person meetings not attended by a person.

Speeches at the in-person meetings of the Board of Directors

Member of the Board of Directors	Board of Directors 5 in-person meetings
Alexander Valentinovich Novak	15
Stanislav Olegovich Ashirov	10
Boris Ilyich Ayuyev	5
Maxim Sergeevich Bystrov	4
Kirill Aleksandrovich Dmitriev (from June 1, 2020)	-
Oleg Markovich Dubnov	5
Alexander Sergeyeovich Kalinin	4
Pavel Anatolievich Livinsky	11
Yuri Vladislavovich Manevich	4
Andrey Yevgenyevich Murov	3
Mikhail Alekseyevich Rasstrigin	9
Nikolay Dmitryevich Rogalev	3
Vladimir Vladimirovich Furgalsky (from June 1, 2020)	1
Andrey Vladimirovich Sharonov (from June 1, 2020)	2
Sergey Ivanovich Shmatko	1
Vasily Mikhailovich Belov (until June 1, 2020)	2
Anatoly Vladimirovich Tikhonov (until June 1, 2020)	2
Nikolay Grigoryevich Shulginov (until June 1, 2020)	-

“Speeches” The data are given on the basis of the Minutes of the in-person Meetings of the Board of Directors when the members of the Board of Directors had the opportunity to participate in direct discussion of issues. A non-zero value reflects the degree of activity of a member of the Board of Directors in the joint consideration of agenda issues.

Planning of the performance of the Board of Directors of the Company

According to the Work Plan of the Board of Directors of the Company for the 2020–2021 Corporate Year¹ consideration of the following key issues for 2021 is provided:

- adjustment of the ROSSETI Group Digital Transformation 2030 Program;
- consideration of the Consolidated Investment Program of ROSSETI;
- consideration of ROSSETI Group Business Plan for 2021 consolidated on RAS and IFRS principles and the Forecast for 2022–2025;
- approval of the Policy for the Functioning of the Internal Support System in Accordance with the Requirements of the Antimonopoly Legislation of ROSSETI;

- consideration of the Report on the Progress in the Implementation of the Development Strategy of ROSSETI and its Subsidiaries and Affiliates/Long-Term Development Program of ROSSETI and its Subsidiaries and Affiliates for 2020;
- consideration of the Report on the Performance of the Subsidiaries and Affiliates of ROSSETI for Reducing Accounts Receivable for Electricity Transmission Services for 2020;
- consideration of the Report on the Implementation of the Development Plans of Subsidiaries and Affiliates of ROSSETI for 2020.

In total, the Work Plan of the Board of Directors provides the consideration of 42 issues in the first half of 2021.

¹ Approved by the Board of Directors of ROSSETI on July 30, 2020 (Minutes No. 423 dated July 31, 2020).

Composition of the Board of Directors

The composition of the Board of Directors of the Company is determined by the Articles of Association of the Company in the number of 15 members and remains unchanged from the establishment of the Company. The quantitative composition of the Board of Directors of ROSSETI is optimal for such large-scale company and makes it possible to:

- consider the status of the company with a predominant share of state participation and the need to implement the state policy through state (the Russian Federation) agents;
- ensure the participation of the required number of the representatives of stakeholders (subjects of the electricity market and its key segments) in the Board of Directors;
- ensure compliance with the listing requirements of stock exchanges where the Company's shares are admitted to circulation;
- implement the recommendations of the Corporate Governance Code of the Bank of Russia on the presence of a share of independent directors of at least 1/3 of the total number of the members of the Board of Directors;
- ensure even distribution of the workload and tasks between the members of the Board of Directors, while considering their work in the Committees, as well as the scope and complexity of all issues under consideration;
- ensure the necessary share of participation of the representatives of the management of the Company and its key subsidiaries.

When forming proposals on the personal composition of the Board of Directors, the Company, which is represented by the Chairman, individual members of the Board of Directors, participates in the discussion of proposals for candidates together with the representatives of the main shareholder (the Russian Federation represented by the Federal Agency for State Property Management), while paying attention to the need to ensure a

balanced composition of the Board of Directors that ensures its efficiency as well as the availability of the necessary knowledge, skills and competencies of the directors of the Company.

A special focus in the consideration of candidates has been placed on the Nomination and Remuneration Committee, which carries out own independent assessment and notes the compliance of candidates with the criteria of independence and identifies the availability of special skills to comply with the regulatory requirements and compliance provisions (especially in terms of competencies in finance and investment, strategic management and industry experience). The recommendations of the Nomination and Remuneration Committee are made publicly available to all stakeholders and being posted on the Company's website before the Annual General Meeting of Shareholders¹.

When considering the candidates to the Board of Directors at the Annual General Meeting of Shareholders, the results of the performance of each member of the Board of Directors in the previous composition, including own activity in the participation in meetings and discussion of issues, as well as the depth of the study of materials are taken into account. In addition, the objective possibility of being fully involved in the performance of the Board of Directors and its Committees is analyzed. As a result, in order to preserve the consistency of development, it was proposed to re-elect 12 members of the Board of Directors of the current composition for a new period and introduce 3 new members in order to strengthen certain competencies.

We believe that such practice and openness of the Company allow the shareholders and investors of the Company to assess the proposed candidates as objectively as possible and ensure their support in the election of the Board of Directors not only by the main shareholder, but also through the votes of the minority shareholders of the Company.

Competencies and industry experience of the members of the Board of Directors of ROSSETI

Member of the Board of Directors, status	Length of service in the Industry, years	Length of service on the Board of Directors, years	Strategy	Finance, risks and audit	Electric power	IT/Innovations	GR	Corporate governance and law
Alexander Valentinovich Novak <i>Non-Executive Director</i>	8	6						
Stanislav Olegovich Ashirov <i>Independent Director</i>	14	7						
Boris Ilyich Ayuyev <i>Non-Executive Director</i>	39	8						
Maxim Sergeevich Bystrov <i>Independent Director</i>	34	2						
Kirill Aleksandrovich Dmitriev (from June 1, 2020) <i>Non-Executive Director</i>	1	1st year						
Oleg Markovich Dubnov <i>Independent Director</i>	7	4						

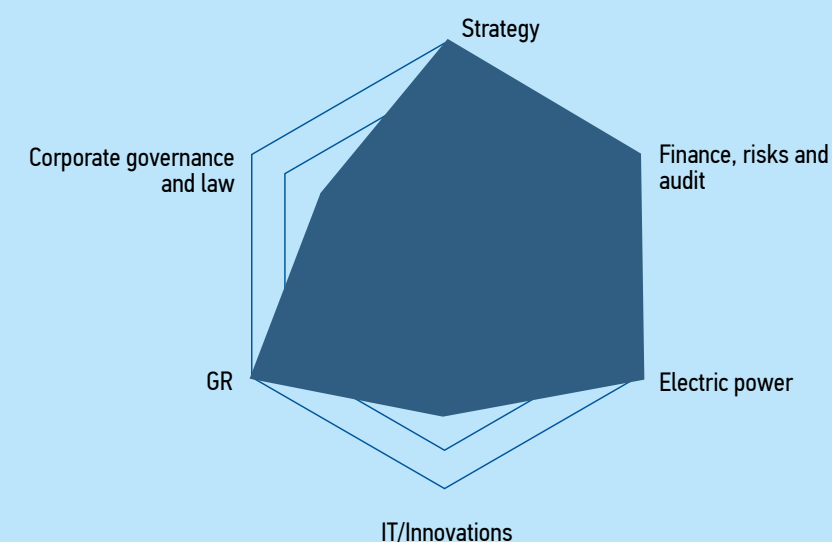
¹ <http://www.rosseti.ru/investors/common/materials/>.

Member of the Board of Directors, status	Length of service in the Industry, years	Length of service on the Board of Directors, years	Strategy	Finance, risks and audit	Electric power	IT/Innovations	GR	Corporate governance and law
Alexander Sergeyevich Kalinin <i>Independent Director</i>	8	7						
Pavel Anatolievich Livinsky <i>Executive Director</i>	17	3						
Yuri Vladislavovich Manevich <i>Non-Executive Director</i>	20	2						
Andrey Yevgenyevich Murov <i>Executive Director</i>	8	8						
Mikhail Alekseyevich Rasstrigin <i>Non-Executive Director</i>	17	3						
Nikolay Dmitryevich Rogalev <i>Non-Executive Director</i>	34	5						
Vladimir Vladimirovich Furgalsky (from June 1, 2020) <i>Non-Executive Director</i>	10	1st year						
Andrey Vladimirovich Sharonov (from June 1, 2020) <i>Independent Director</i>	2	1st year						
Sergey Ivanovich Shmatko <i>Non-Executive Director</i>	14	8						

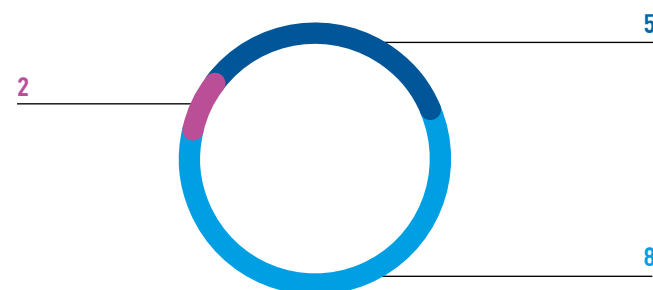
Explanations: All members of the Board of Directors of the Company have professional knowledge and competencies in key areas (strategic management, finance and industry specifics). The assessment of competencies in other areas is based on the information about the availability of specialized education, experience or skills recognized by the professional community of the members of the Board of Directors, where:

■ competencies are fully presented; ■ expertise, knowledge, or skills are available.

Competencies and experience of members of the Board of Directors

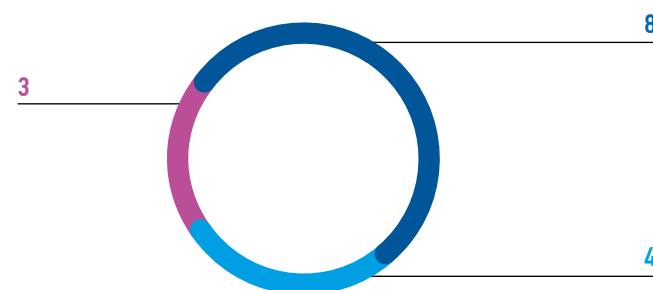


Categories of members of the Board of Directors



- Independent Director
- Non-Executive Director
- Executive Director

Length of service on the Board of Directors of ROSSETI



- 5+ years
- 2-5 years
- Less than 2 years

As of December 31, 2020, the Board of Directors of ROSSETI consisted of the Chairman (Non-Executive Director), two Executive Directors, seven Non-Executive Directors and five Independent Directors (all members of the Board of Directors are citizens of the Russian Federation).

The share of independent directors is ensured at a level allowing to balance the interests of the representatives of shareholders in the Board of Directors. As for non-executive directors, there is no time limit for holding such a position, while at the same time in the case of the annual nomination of directors their performance in the previous composition and the availability of objective opportunities to spend sufficient time on the issues of the activities of the Company are considered.

The election of the members of the Board of Directors is performed through a transparent procedure that allows all shareholders to obtain the information about candidates sufficient to form an idea of their personal and professional qualities. The information about

the candidates to the Board of Directors is posted in Russian and English on the Company's website at least 20 days prior to the date of the General Meeting of Shareholders with the agenda including the issue of electing the Board of Directors. At the same time, shareholders are provided with the information about possible conflicts of interest, shares of each candidate in the Company, initiator of their nomination, participation in the performance of the governing bodies of other companies, so that every shareholder may form own opinion on the candidacy and make an informed decision when voting. Additionally, the information about the members of the Board of Directors is provided to all shareholders as part of materials prepared for the General Meeting of Shareholders of the Company (including Annual Report, information about candidates). In addition, shareholders have the opportunity to discuss all issues related to nomination of candidates to the Board of Directors in a special forum organized by the Company during the preparation of the General Meetings of Shareholders.

Image of a member of the Board of Directors of the Company

Image of a member of the Board of Directors of the Company	Length of service in the industry, years	Length of service on the Board of Directors of the Company, years	Age, years
Maximum	39	8	63
Average	14	5	49
Minimum	1	1	37

Independent Directors	Length of service in the industry, years	Length of service on the Board of Directors of the Company, years	Age, years
Maximum	34	8	56
Average	9	7	54
Minimum	1	1	47

Non-Executive Directors	Length of service in the industry, years	Length of service on the Board of Directors of the Company, years	Age, years
Maximum	39	8	63
Average	16	4	49
Minimum	1	1	37

Biographies of the members of the Board of Directors



NOVAK Alexander Valentinovich

Non-Executive Director

Chairman of the Board of Directors

Born in 1971 in Avdeevka, Donetsk Region, Ukrainian SSR.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1993, graduated from Norilsk Industrial Institute with a degree in Economics and Management in Metallurgy.

In 2009, graduated from Lomonosov Moscow State University with a degree in Management.

PROFESSIONAL BACKGROUND

Before 2012, worked in public authorities.

2012–2020 – Minister of Energy of the Russian Federation.

Since November 2020–present – Deputy Prime Minister of the Russian Federation.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards, Board of Trustees) of PJSC Rosneft, PJSC Gazprom, PJSC Transneft, State Corporation Rosatom, NRU MEI, Gubkin University, Siberian Federal University, Russian Basketball Federation, Fund for the Conservation and development of the Solovetsky archipelago, The Global Energy Association, as well as the Chairman of the Presidium of the Russian National Committee of World Energy Council and the Chairman of the Governing Board of the Autonomous Non-Commercial Organization "International Sustainable Energy Development Centre" under the auspices of UNESCO.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



ASHIROV Stanislav Olegovich

Independent Director

(following Decision of the Board of Directors No. 420 dated June 18, 2020)

Member of the Audit Committee under the Board of Directors of the Company

Member of the Nomination and Remuneration Committee under the Board of Directors of the Company

Member of the Strategy Committee under the Board of Directors of the Company

Born in 1973 in Achinsk, Krasnoyarsk Region.

Nationality – Russian Federation.

The candidacy was proposed by the shareholders of the Company – JSC Progressive Investment Ideas, JSC NPF GAZFOND Pension Savings, LLC Gazprom Capital, LLC VELES Aktiv.

EDUCATION

In 1996, graduated from the Sergo Ordzhonikidze State Academy of Management with a degree in Management.

Ph.D. in Economics.

PROFESSIONAL BACKGROUND

Before 2008, held senior positions in companies in the extractive and electricity sectors of the economy.

2008–present – Director General of JSC Gazprom Energosbyt.

2008–present – Deputy Director General for Strategic Development of JSC Gazprom Energosbyt Tyumen.

2017–present – Director General (part-time) of LLC Engineering Company Energy Solutions in the Electric Power Industry.

2019–present – Director (part-time) of the Foundation "Our Future".

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Board of Directors of JSC Gazprom Energosbyt Tyumen.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



AYUYEV Boris Ilyich

Non-Executive Director

Born in 1957 in Rostov-on-Don.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1979, graduated from Ural Polytechnic Institute with a degree in Power Plants.

Doctor of Technical Sciences.

PROFESSIONAL BACKGROUND

Before 2004, held various project and management positions in electric power enterprises.

2004-present – Chairman of the Management Board of JSC SO UES.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards) of JSC INTER RAO, JSC SO UES, Association “Digital Energy”, and member of the Presidium of Association RNC CIGRE.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

Share in the authorized capital of ROSSETI: 0.00%.

Percentage of ordinary shares of ROSSETI owned by the person: 0.00%.

Percentage of ordinary shares of PJSC FGC UES owned by the person: 0.007115%.

Share in the authorized capital of PJSC FGC UES: 0.007115 %.

On December 22, 2020, the following transaction with securities of ROSSETI was made: sale of shares of ROSSETI (share in the authorized capital of the Company: 0.004467%, percentage of ordinary shares of the Company owned by the person: 0.004514%).

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



BYSTROV Maxim Sergeevich

Independent Director

(following Decision of the Board of Directors No. 420 dated June 18, 2020)

Chairman of the Audit Committee under the Board of Directors of the Company

Member of the Nomination and Remuneration Committee under the Board of Directors of the Company

Born in 1964 in Moscow.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1986, graduated from Moscow State University of Civil Engineering with a degree in Hydrotechnical Construction of River Structures and Hydroelectric Power Plants.

In 1998, graduated from the Russian Foreign Trade Academy with a degree in World Economy.

PROFESSIONAL BACKGROUND

Before 2013, he worked in public authorities, as well as authorities of the Government of the Russian Federation, Ministry of Economic Development of the Russian Federation, Ministry of Regional Development of the Russian Federation.

2013-present – Head of JSC ATS.

2014-present – Head of Association NP Market Council.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards) of PJSC RusHydro, JSC SO UES, Association NP Market Council, JSC ATS.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



DMITRIEV Kirill Alexandrovich

Non-Executive Director

Chairman of the Strategy Committee under the Board of Directors of the Company

Born in 1975 in Kiev.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1996, graduated from Stanford University with a BA in Economics.

In 2000, graduated from Harvard University, Master of Business Administration.

PROFESSIONAL BACKGROUND

Before becoming the Head of the Russian Direct Investment Fund in 2011, he headed large private equity funds. Began his career at Goldman Sachs and McKinsey & Company.

2011-present – Head of the Russian Direct Investment Fund.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards, Boards of Trustees) of JSC Management Company of the Russian Direct Investment Fund, the Group of Companies “Mother and Child”; Russian-Chinese Investment Fund (RCIF Asset Management Limited); RCTIF Investment Advisor Limited (Russian-Chinese Technology Investment Fund), RCTIF General Partner Limited (Russian-Chinese Technology Investment Fund), Lomonosov Moscow State University; JSC Gazprombank, PJSC Rostelecom, JSC Russian Railways, PJSC ALROSA, PJSC Transneft; member of the Management Board of the Roscongress Foundation, representative of the Russian Federation in the BRICS Business Council, APEC Business Advisory Council.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.



DUBNOV Oleg Markovich

Independent Director

Chairman of the Investment, Technical Policy, Reliability, Energy Efficiency and Innovation Committee under the Board of Directors of the Company

Member of the Audit Committee under the Board of Directors of the Company

Member of the Nomination and Remuneration Committee under the Board of Directors of the Company

Member of the Strategy Committee under the Board of Directors of the Company

Born in 1971 in Vologda.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 2000, graduated from the A. S. Griboedov Institute of International Law and Economics with a degree in Jurisprudence.

In 2004, graduated from Moscow State Institute of International Relations with a degree in World Economy.

PROFESSIONAL BACKGROUND

2011-2015 – Director for Energy, Member of the Management Board of CJSC Polyus.

2015-2017 – Advisor to the Director General of the Institute of Professional Directors.

2017-present – Vice President, Executive Director of the Skolkovo Foundation’s Energy-Efficient Technology Cluster.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



KALININ Alexander Sergeevich

Independent Director

(following Decision of the Board of Directors No. 420 dated June 18, 2020)

Chairman of the Nomination and Remuneration Committee under the Board of Directors of the Company

Member of the Audit Committee under the Board of Directors of the Company

Born in 1966 in Chelyabinsk.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1989, graduated from Chelyabinsk Polytechnic Institute with a degree in Robotics.

In 1998, graduated from the Ural Academy of Public Civil Service with a degree in Jurisprudence.

Candidate of Technical Sciences.

PROFESSIONAL BACKGROUND

Before 2014, he worked in commercial and public organizations acting as one of the founders of the Organization of Small and Medium business “OPORA RUSSIA”.

2014-present – Head of the All-Russian Public Organization of Small and Medium business “OPORA RUSSIA” and NP “OPORA”.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors of JSC RSMB Corporation, ORIENT EXPRESS BANK.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



LIVINSKY Pavel Anatolievich

Executive Director¹

Born in 1980 in Chelyabinsk.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 2001, graduated from Lomonosov Moscow State University with a degree in Economics.

In 2003, graduated from Lomonosov Moscow State University with a master degree in Management.

PROFESSIONAL BACKGROUND

Before 2013, he worked in power grid companies in Moscow and the Moscow Region making the way to the Head of JSC “OEC”.

2013-2017 – Head of the Department of Fuel and Energy Sector of Moscow, Department of Housing, Utilities and Amenities of Moscow.

2017-2021 – Director General, Chairman of the Management Board of ROSSETI.

Since January 2021 – Director of the Department of Energy of the Government of the Russian Federation.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was a member of the Boards of Directors (Supervisory Boards, Boards of Trustees) of JSC SO UES, ROSSETI Moscow Region, FGC UES, ROSSETI Lenenergo, NP NTS UES, NRU MEI, Association of organisations of digital development Digital Energy.

He was also a member of the Boards of Directors (Supervisory Boards, Board of Trustees) of the Foundation of the Cathedral of Christ the Saviour, Russian modern pentathlon federation, Public Organization “Russian Swimming Federation”, Regional Public Organization Sports Federation of Firefighters and Rescuers.

In addition, he was a member of the Presidiums of RNC CIGRE and RNC WEC Associations, Member of the Management Board of the RSPP.

He was also the Chairman of the Serbian Business Council.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



MANEVICH Yuri Vladislavovich

Non-Executive Director

Born in 1972 in Leningrad.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1994, graduated from St. Petersburg State University of Economics and Finance with a degree in Economics and Industrial Management.

Ph.D. in Economics.

PROFESSIONAL BACKGROUND

Before 2010, he worked in financial industrial groups and infrastructure companies in the electric power industry.

2010-2019 – Head of CJSC ROSPROJECT.

2019-2020 – Deputy Minister of Energy of the Russian Federation.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards) of PJSC RusHydro, JSC SO UES, PJSC FGC UES, Association NP Market Council.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



MUROV Andrey Evgenievich

Executive Director

Born in 1970 in Leningrad.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1993, graduated from the Law Faculty of St. Petersburg State University with a degree in Law.

In 1998, took a professional retraining course in Financial Management at the Interindustry Institute of Professional Development and Retraining of Managers.

Doctor of Science (Economics).

PROFESSIONAL BACKGROUND

Before 2013, he worked in commercial organizations in the transport and electric power sectors.

2013-2020 – Chairman of the Management Board of PJSC FGC UES.

April, 2020-present – First Deputy Director General, Executive Director of ROSSETI.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards, Boards of Trustees) of PJSC FGC UES, JSC SO UES, PJSC Inter RAO, Global Energy Association, NP NTS UES, member of the Presidium of RNC CIGRE Association.

In addition, he was a member of the Boards of Directors (Supervisory Boards, Boards of Trustees) of NRU MPEI, St. Petersburg State University, St. Petersburg State University of Economics, Rugby Union of Russia, The Union of machine engineers of Russia.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.

¹ Position changed after the reporting date. Since January 2021, Pavel Livinsky is not an Executive Director.



RASSTRIGIN Mikhail Alexeevich

Non-Executive Director

Born in 1983 in Ivanovo.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 2005, graduated from Ivanovo State Power University named after V.I. Lenin with degrees in Thermal Power Plants and Economics.

PROFESSIONAL BACKGROUND

Before 2008, he worked in banking and electric power sectors.

2008-2017 – Analyst, the Head of Power at the Analytical Department of VTB Capital.

2017-2020 – Assistant to the Minister of Economic Development of the Russian Federation, Deputy Minister of Economic Development of the Russian Federation, member of the Management Board of the Federal Antimonopoly Service of the Russian Federation.

August, 2020-present – First Vice-President of the Center for Strategic Development, Head of the Center for Economic Analysis and Forecasting.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards) of JSC SO UES, Russian Highways State Company (Avtodor).

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



ROGALEV Nikolay Dmitrievich

Non-Executive Director

Born in 1962 in Urussu of the Tatar ASSR.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1985, graduated from Moscow Power Engineering Institute with a degree in Thermal Power Plants.

Doctor of Technical Sciences.

PROFESSIONAL BACKGROUND

Before 2013, he worked in scientific, educational institutions and commercial organizations specializing in energy efficiency and innovative development.

2013-present – Rector of Moscow Power Engineering Institute.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors of PJSC RusHydro and JSC OGK-2, as well as President of NP NTS UES.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



FURGALSKY Vladimir Vladimirovich

Non-Executive Director

Born in 1977 in Leningrad.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 2000, graduated from St. Petersburg State University of Economics and Finance with a degree in Finance and Credit, qualification: Economist.

PROFESSIONAL BACKGROUND

2010-2014 – Director for Corporate Governance, Director for Corporate Governance and Strategic Communications, Deputy Chairman of the Management Board of PJSC FGC UES.

2014-2015 – Director of the Department of International Cooperation of the Ministry of North Caucasus Affairs of the Russian Federation.

2015-2018 – Chief Advisor, Head of the Fuel and Energy Expert Center, Russian Energy Agency of the Ministry of Energy of the Russian Federation.

2018-2020 – Chief Advisor of ROSSETI, Deputy Director General for Corporate Governance of ROSSETI.

April, 2020-present – Director of the Department for Corporate Policies and Property Relations in Fuel and Energy Industry Branches of the Ministry of Energy of the Russian Federation.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors of JSC Zarubezhneft and PJSC FGC UES.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



SHARONOV Andrey Vladimirovich

Independent Director

Member of the Nomination and Remuneration Committee under the Board of Directors of the Company

Born in 1964 in Ufa.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1986, graduated from Ufa State Aviation Technical University with a degree in Electrical Engineering.

In 1996, graduated from the Russian Presidential Academy of Public Administration with a degree in Law, qualification: Advisor and Expert on Market Economies.

Candidate of Science (Sociology).

PROFESSIONAL BACKGROUND

1996-1997 – Head of the Social Policy Department of the Ministry of Economic Affairs of the Russian Federation.

1997-2000 – Deputy Minister of Economy of the Russian Federation.

2000-2007 – Deputy Minister of Economic Development and Trade of the Russian Federation, State Secretary.

2007-2010 – Managing Director of CJSC Troika Dialog Investment Company.

2010-2013 – Deputy Mayor on Economic Policy in the Government of Moscow.

2013-2016 – Rector of Moscow School of Management SKOLKOVO.

2016-present – President of Moscow School of Management SKOLKOVO.

Since 2009 – Professor, Department of Finance, Faculty of Economic Sciences, National Research University “Higher School of Economics” (primary part-time).

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards, Boards of Trustees) of PAO Sovcomflot, PJSC PhosAgro, JSC Medicina, LLC NefteTransService Management Company, International company PJSC EN+ GROUP, Skolkovo Innovation Center Endowment Fund (Director), Skolkovo Association (Executive Director).

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.



SHMATKO Sergey Ivanovich

Non-Executive Director

Born in 1966 in Stavropol.

Nationality – Russian Federation.

The candidacy was proposed by the Federal Agency for State Property Management (main shareholder of the Company).

EDUCATION

In 1990, graduated from Ural State University with a degree in Political Economy.

In 1992, graduated from the Faculty of Economics of the University of Marburg with a degree in Economics.

Candidate of Technical Sciences, Professor.

PROFESSIONAL BACKGROUND

Before 2013 – Held senior positions in consulting companies in Russia and Europe and also held positions in public authorities.

In the reporting period, none of the members of the Board of Directors of the Company received loans from the Company or had any other contractual relations with the Company and/or its controlled entities with the exception of labor agreements/contracts (P.A. Livinsky, Director General of ROSSETI, and A.E. Murov, Chairman of the Management Board of FGC UES, from April 2020 – First Deputy Director General – Executive Director of ROSSETI), as well as all agreements related to the status of the members of the Board of Directors of the Company.

2008-2012 – Minister of Energy of the Russian Federation.

2012-present – President of LLC Artpol Holdings.

2013-present – Special Representative of the President of the Russian Federation on International Cooperation in the Field of Electric Power.

2014-present – Professor of the Department of Economics in Energy and Industry of NRU MPEI.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards, Boards of Trustees) of JSC Artpol Engineering, JSC Atommashexport, NP NTS UES, NRU MEI.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

Has never been a relative of any persons that are members of the management bodies and/or bodies controlling ROSSETI or its controlled entities.

Changes in the composition of the Board of Directors in the reporting period

In 2020, the composition of the Board of Directors of the Company was renewed by 20%: General Meeting of Shareholders elected 3 new members on June 1, 2020: K. A. Dmitriev and V. V. Furgalsky, and A. V. Sharonov as Independent Director. The remaining 12 members of the Board of Directors were re-elected for a further term.

In the period prior to the Annual General Meeting of Shareholders on June 1, 2020, the Board of Directors of the Company also consisted of the following members:



Vasily Mikhailovich Belov

Independent Director

Born in 1981 in Moscow.

In 2003, graduated from the Faculty of Computational Mathematics and Cybernetics of Lomonosov Moscow State University and received an MBA from the American Institute of Business and Economics.

Position as of the time of election – Director General, LLC Skolkovo Venture Investments.

From September 2019 – Director, Mergers & Acquisitions, LLC IBS.



Anatoly Vladimirovich Tikhonov

Non-Executive Director

Born in 1969 in Moscow.

In 1995, graduated from Lomonosov Moscow State University with a degree in Jurisprudence. In 2011, graduated from Lomonosov Moscow State University with a degree in Management.

Position as of the time of election – Director General, FGBU REA of the Ministry of Energy of the Russian Federation.

From July 2019 – Deputy Minister of Energy of the Russian Federation.



Nikolay Grigoryevich Shulginov

Non-Executive Director

Born in 1951 in the Stavropol Territory.

In 1973, graduated from Novocherkassk Polytechnic Institute named after Sergo Ordzhonikidze with a degree in Power Supply of Industrial Enterprises and Cities. Candidate of Technical Sciences.

Position as of the time of election – Chairman of the Management Board, Director General of RusHydro.

From November 2020 – Minister of Energy of the Russian Federation.

In the reporting year, V.M. Belov, A.V. Tikhonov and N.G. Shulginov had no shares of ROSSETI and its affiliates, made no transactions with securities of such organizations and never were relatives of any members of the Company's management bodies.

Admission of New Members of the Board of Directors to the Position

In 2020, by the decision of the Annual General Meeting of Shareholders, 3 of 15 members of the Board of Directors were elected for the first time: K.A. Dmitriev, V.V. Furgalsky and A.V. Sharonov.

The Company has a practice of providing additional information and organizing individual orientation sessions for newly elected members of the Board of Directors, which allows them to be more quickly involved in the work of the Board of Directors and its Committees and provide relevant data on the production and financial and economic activities of the Company.

The procedure for admission to the position usually includes the following activities:

- sending the Company's internal documents;
- providing any information on key issues of the management and performance of the Company;
- additional visit to production facilities (in particular, visit to Grozny in November 2020);
- meetings with the management of the Company and its key subsidiaries;
- informing the members of the Board of Directors about their duties and powers, status, expected time spent, resources necessary to perform the functions of members of the Board of Directors;
- informing on key events with the participation of the members of the Board of Directors planned in the corporate year.

Assessment of the Board of Directors

One of the tasks of the Company in the field of corporate governance for 2020 was to evaluate the Board of Directors, its Committees and the members of the Board of Directors with engagement of an independent external consultant.

As part of the measures to apply the key provisions of the Corporate Governance Code of the Bank of Russia and advanced corporate governance tools, the Company carries out the independent assessment and self-assessment of the Board of Directors. The results of the assessment are submitted for examination to the Board of Directors usually before the Annual General Meeting of Shareholders in order to consider the identified aspects when planning further activities of the Board of Directors and its Committees.

According to the internal documents of the Company, the Board of Directors shall be entitled to annually assess the performance of the Board of Directors and its Committees independently (self-assessment) or with the engagement of an independent external

organization (consultant) with the necessary qualifications to carry out such an assessment. Following the recommendations of the Corporate Governance Code of the Bank of Russia (Article 2.9.2), the Company engages the external organization (consultant) to carry out the independent assessment of the Board of Directors not less frequently than once in three years.

In 2020, an independent consultant carried out the external assessment of the Company's Board of Directors and its Committees for the 2019–2020 corporate year. According to the results of an open tender procedure, VTB Registrar (hereinafter referred to as the independent consultant) was recognized as the independent appraiser under the relevant service agreement.

Assessment of the Board of Directors	Type of assessment	Organizer	Methodology	Cost
2017-2018	Self-assessment	Internal Audit Department	Internal methodology	Not applicable
2018-2019	Self-assessment	Internal Audit Department	Internal methodology	Not applicable
2019-2020	External assessment	VTB Registrar	Internal methodology revised by consultant	508,100 RUB (incl. VAT)
	Self-assessment	Internal Audit Department	Internal methodology	Not applicable

In the reporting year, the independent consultant revised the current Methodology for Assessing the Performance of the Board of Directors, Its Committees and the Members of the Board of Directors of ROSSETI (hereinafter referred to as the Methodology). Restated version of the Methodology was approved by the Board of Directors¹.

The assessment of the Board of Directors, its Committees and the members of the Board of Directors of ROSSETI for the 2019–2020 corporate year was carried out by the independent consultant in accordance with the restated version of the Methodology.

Items to assess the Company's Board of Directors and its Committees:



The Methodology provides a questionnaire based on 5-score criteria, interviews with the members of the Board of Directors and the members of its Committees, analysis of the Articles of Association, internal documents, as well as the minutes and materials of the performance of the Board of Directors in the reporting period.

The following metrics are used as assessment criteria:

- composition, structure and work practice of the Board of Directors and its Committees;
- quality of the organization of performance of the Board of Directors;
- analysis of the performance of the key management functions of ROSSETI;
- quality of the interaction of the Board of Directors, its Committees and the management of the Company;
- performance of the Chairman of the Board of Directors;
- performance of each member of the Board of Directors.

The results of the performance assessment of the Board of Directors and its members are considered when organizing the activities of governing bodies and in improving the Company's corporate governance practice in:

- distribution of powers and functions among the members of the Board of Directors (for the purposes of a deeper study and examination of materials);
- formation of the composition of the Committees under the Board of Directors;
- nomination process for the election of the new Board of Directors in the preparation for the Annual General Meeting of Shareholders.

When carrying out the independent assessment of the Board of Directors in 2020, the following were assessed: quality of the performance of the functions assigned to the Board of Directors and its Committees, relevance of the composition and structure of the Board of Directors and its Committees, role of the Chairman, planning of the performance of the Board of Directors and its Committees, organizational and information support of the Board of Directors and its Committees, as well as a number of other aspects.

According to the results of the assessment, the independent consultant noted:

- important role of the Committees under the Board of Directors in improving the efficiency of the Board of Directors;
- valuable contribution of all independent directors to the performance of the Board of Directors and its Committees;
- performance of the Chairman of the Board of Directors and the Corporate Secretary of the Company.

Results of the assessment by component (maximum score — 5):	Score
Board of Directors	4.73
Chairman of the Board of Directors	5.00
Members of the Board of Directors (average score for 15 members of the Board of Directors)	4.87
Committees under the Board of Directors (average score for 4 Committees under the Board of Directors)	4.83

The minimum score of all above-mentioned scores (4.73 on a scale of 1 to 5) corresponds to the mature level of development of the Board of Directors and its Committees.

According to the results of the assessment, the independent consultant prepared a report on the performance assessment of the Board of Directors and its Committees containing the recommendations for further improving the performance of the Board of Directors and its Committees. The Company will comply with these recommendations during the next reporting year.

Also, according to the results of the assessment, the ways for improving the practices of the Board of Directors and its Committees were determined.

¹ Decision of the Board of Directors of ROSSETI dated September 18, 2020 (Minutes No. 430 dated September 21, 2020).

Role of the Chairman of the Board of Directors in the Performance of the Board of Directors

One of the key roles in organizing the performance of the Board of Directors belongs to the Chairman of the Board of Directors of the Company. The main functions of the Chairman of the Board of Directors are determined by the Regulation on the Board of Directors and include:

- organization, convening and holding of the meetings of the Board of Directors;
- determination of key issues to be considered by the Board of Directors and the selection of the relevant meeting form for discussing issues;
- representation of the Board of Directors in relations with shareholders, management and other interested parties;
- monitoring of the execution of all decisions of the Board of Directors of the Company.

In 2020, A.V. Novak, Non-Executive Director, was the Chairman of the Board of Directors. The simultaneous participation of A.V. Novak, Chairman of the Board of Directors, in the Boards of Directors of a number of other companies and the performance of the official duties of the Minister of Energy of the Russian Federation, and Deputy Prime Minister of the Russian Federation since November, 2020 made it possible, according to the Company, to efficiently perform his functions and tasks of managing the Board of Directors of ROSSETI, as evidenced, among others, by:

- participation in 100% of 53 meetings of the Board of Directors of the Company;
- personal participation in 100% of 5 in-person meetings of the Board of Directors;
- holding of regular working meetings with the members of the Board of Directors and the representatives of the management of the Company;
- personal participation in the events and meetings that are significant for the Company (for example, various meetings with the heads of the regions where the Company's facilities are located, as well as external meetings of the Board of Directors).

The competence and working procedure of the Board of Directors and the current corporate procedures allow making decisions on a significant part of issues in the presence of a simple majority of votes of the members of the Board of Directors. At the same time, the Chairman of the Board of Directors, when discussing agenda items, considers the opinion of each member of the Board of Directors and takes measures to make the better decision on key issues, considering the positions and certain points to be concerned by the members of the Board of Directors of the Company.

Independent Directors

The status of a public company and the availability of securities admitted to trading in the first-level quotation list of the Moscow Exchange presuppose the presence of a significant share of independent directors in the Board of Directors of the Company complying with the substantive criteria of independence.

The election of independent directors to the Board of Directors of the Company is aimed at establishing an efficient and professional Board of Directors capable of having opinions and judgments independent of relations with the shareholders and executive bodies of the Company.

The participation of independent directors in the Board of Directors of the Company allows considering the interests of various groups of interested parties when making decisions, contributes to improving their quality and also growing confidence in the Company on the part of shareholders and investors. The position of independent directors based on knowledge, experience and qualifications plays a significant role for the Board of Directors and the Company as a whole.

All independent directors complied with the criteria of independence or were considered as independent directors according to the procedure established by the Listing Rules of the Moscow Exchange, which, among other things, provides:

- lack of relations with competitors, significant counterparties, representatives of the management or the members of the Board of Directors, which could affect the objectivity and professionalism of decisions;

- lack of significant material remuneration from the Company or related persons (except for remuneration for performing the duties of a member of the Board of Directors);
- acting as a member of the Board of Directors of the Company for no more than a specified period of time.

The Board of Directors annually considers the issue of compliance of its members with the criteria of independence, as a rule, at the first meeting of the Board of Directors elected in the new composition.

The Regulation on the Board of Directors¹ provides the possibility of electing a senior independent director in order to represent the interests of all independent directors in interaction with the Chairman of the Board of Directors, external counterparties or consultants. In the reporting year, the position of the Senior Independent Director was not available in the Company. At the same time, all independent directors of the Company have the opportunity to pay attention and bring their position to the Chairman of the Board of Directors, the Company's management and the representatives of the main shareholder in the cases where such an opinion may be important for the decision to be made.

In 2020, 5 of 15 members of the Board of Directors were independent.

Mechanisms for Monitoring the Execution of the Instructions of the Board of Directors

All decisions made by the Board of Directors of the Company and containing various instructions to the management are to be monitored in order to ensure the necessary executive discipline and the timely and proper performance of the assigned tasks. On a quarterly basis, the Board of Directors receives the information on the status of the execution of instructions, while the members of the Board of Directors have the opportunity to additionally request any information on the execution of certain instructions, if necessary.

The monitoring of the execution of instructions is performed according to the relevant order of the Director General of the Company specifying the period of its execution and those responsible. The monitoring system also makes it possible to cascade instructions through the appropriate management decisions to the level of affiliates, which provides additional executive discipline throughout the ROSSETI Group.

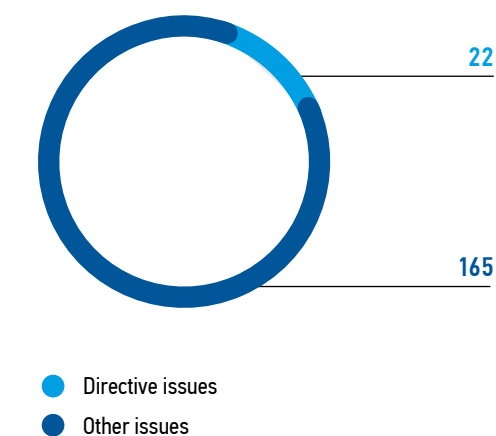
Specifics of the Performance of the Board of Directors in Relation to the State Participation in the Authorized Capital of the Company

Due to the prevailing participation in the authorized capital of the Company of the Russian Federation, the corporate governance and role of the Board of Directors are characterized by the specifics of regulation, as well as the making certain decisions, which is reflected in the following features:

- the Board of Directors of the Company includes different government officials representing the federal executive bodies of the Russian Federation, which coordinate the management of state property, as well as industry regulation (regarding ROSSETI – the Government of the Russian Federation and the Ministry of Energy of the Russian Federation, respectively);
- members of the Board of Directors representing the interests of the state, when performing their functions, shall consider the position of the shareholder and in some cases participate in voting and vote only in a certain way on instructions from the shareholder (according to the directives of the Government of the Russian Federation)¹;
- voting of state agents on the agenda of the General Meeting of Shareholders of the Company is carried out only in the case of the written directives of the Government of the Russian Federation;
- the Board of Directors of the Company should additionally monitor and ensure the implementation of the measures to improve the efficiency of the Company in accordance with the individual decisions of the federal executive bodies of the Russian Federation. In particular, the Board of Directors should additionally consider the management of core and non-core assets, long-term program for the development of the Company, as well as special procurement measures, while considering the methodological recommendations when approving a number of documents and making decisions (KPIs, internal control, incentive system, etc.).

When making decisions, the Board of Directors considers the above mentioned features, while ensuring a comprehensive consideration of issues and taking into account the interests of all groups of shareholders and investors of the Company for the most efficient performance of the Company. For ensuring objectivity when considering "directive issues", the Company considers the position of independent directors (they are not obliged to be guided by the directives of the Government of the Russian Federation), which makes it possible to further improve the quality and depth of the consideration of such issues.

Share of "directive issues" considered by the Board of Directors in 2020



¹ The list of such issues includes two groups: (1) issues determined in Clause 17 of the Regulation on the Management of Federal Owned Shares of Joint-Stock Companies and the Use of the Special Right of the Russian Federation to Participate in the Management of Joint-Stock Companies (golden share) approved by Resolution of the Government of the Russian Federation dated December 3, 2004 No. 738 (in particular, the formation and termination of the powers of the executive bodies of the Company, approval of major transactions, participation in other organizations, determination of the agenda of the General Meeting of Shareholders, election of the Chairman of the Board of Directors); (2) issues on the execution of individual instructions of the President or the Government of the Russian Federation (as a rule, the approval of individual programs and policies, requirements for the incentive system for top management, etc.).

¹ Approved by the Annual General Meeting of Shareholders of ROSSETI on June 27, 2019 (Minutes w/o No. dated June 27, 2019).

Regulation of Possible Conflict of Interests of the Members of the Board of Directors

The internal documents of the Company, such as the Regulation on the Board of Directors and the Code of Corporate Ethics and Business Conduct, determine the list of all specific cases that confirm any conflict of interests among the members of the Board of Directors. Such documents oblige the members of the Board of Directors to refrain from participating in the decision-making procedure regarding the issues representing a conflict of interest and notify the Board of Directors of such cases.

The monitoring of the period and frequency of providing information in this case is entrusted to the Corporate Secretary of the Company. In the organization of the performance of the Board of Directors, the Chairman of the Board of Directors and the Corporate Secretary of the Company take the necessary measures to form the most comfortable and constructive relations between the members of the Board of Directors in order to make balanced and objective decisions.

The internal corporate procedures exclude the possibility of proposing the issues, which are not processed and not prepared for the decision-making procedure, for consideration by the Board of Directors, and the relevant period for the preliminary acquaintance of directors with the planned agenda and materials (at least 10 days in advance) facilitates the comprehensive study of documents and substance of issues. At the same time, the format of discussion during the in-person meetings of the Board of Directors

in a number of cases leads to the situations when the initial draft decisions are changed, or individual directors speak out against or abstain from voting on agenda items. This circumstance additionally confirms that the members of the Board of Directors are attentive to the functions assigned to them and, in the case of objections, pay attention to it, which ultimately helps to make more balanced decisions and consider the interests of the representatives of various parties.

Voting of the Members of the Board of Directors on Agenda Items¹

Voting options	Votes	
	Number	Share
For	2,946	98.73%
Against	3	0.10%
Abstained	35	1.17%

The Corporate Secretary quarterly monitors the possibility of any conflict of interest by analyzing the questionnaires of the members of the Board of Directors.

In 2020, no cases of conflict of interests among the members of the Board of Directors of ROSSETI were identified.

Liability Insurance of the Members of the Board of Directors

For several years, the Company and its subsidiaries have applied the practice of insuring the liability of the members of the Board of Directors, executive bodies and officials under the relevant liability insurance agreements with directors and officials (Directors and Officers Liability, D&O).

The main purpose of concluding a liability insurance agreement for directors and officials is to protect the interests of the shareholders of ROSSETI in order to provide a source of compensation of

possible losses of the Company and/or insured persons in relation to their obligation to compensate for any damage caused to third parties (including shareholders, public authorities, investors) as a result of any unintentional/wrong actions in the performance of their management activities.

Separate terms and conditions and requirements for liability insurance in the Company are stipulated by the Regulation for Insurance Coverage of ROSSETI.

General Terms and Conditions of Liability Insurance for Directors and Officials

Insurer	SOGAZ Insurance	Ingosstrakh	Ingosstrakh
Period	July 2018 - July 2019 (12 months)	July 2019 - July 2020 (12 months)	July 2020 - July 2021 (12 months)
Insurance premium, RUB	13,000,000	12,600,000	61,900,000
Insurance amount, RUB	10,000,000,000	10,000,000,000	10,000,000,000
Cumulative additional insurance coverage for independent directors, RUB	300,000,000	300,000,000	300,000,000

¹ The information is provided according to the Minutes of the Meetings of the Board of Directors of ROSSETI. The share of votes ("against" and "abstained") usually indicates the presence of different points of view, which helps to ensure a more objective consideration of issues and make balanced decisions.

INSURED RISKS

- risk of third-party claims against the insured persons for compensation of losses caused by any unintentional wrong actions of the insured persons in the performance of management activities;
- risk of third-party claims against ROSSETI for compensation of losses in respect of the securities of ROSSETI.

INSURED PERSONS

- ROSSETI.
- Any individual or legal entity, which was, is or is becoming:
 - member of the Board of Directors of ROSSETI, regardless of own name in any jurisdiction;
 - member of the Board of Directors of the subsidiaries and affiliates of ROSSETI elected to the Board of Directors of the subsidiaries and affiliates of ROSSETI by votes belonging to ROSSETI;
 - sole executive body of ROSSETI and/or its subsidiaries and affiliates (Director General), deputy of the sole executive body (First Deputy Director General, Deputy Director General) of ROSSETI, member of the Management Board of ROSSETI, Chief Accountant of ROSSETI, other officials of the Company.

INSURANCE TERRITORY

In 2020, the main reasons for the significant increase in the amount of the insurance premium were:

- changes in the current economic situation in the world, as well as the existing crisis phenomena caused by the spread of COVID-19;
- geopolitical impact on the decisions of foreign reinsurers to participate in various Russian D&O programs;

Global

- increase in the number of insured events and D&O payments in Russia and worldwide;
- reduction in the capacity of insurance and reinsurance markets;
- USD to RUB exchange rate change.

Committees under the Board of Directors

The Committees under the Board of Directors of ROSSETI are one of the key elements of the corporate governance system of the Company responsible for the preliminary study and examination of the most significant issues falling within the competence of the Board of Directors of the Company. The effective and professional work of the Committees allows improving the quality and depth of analysis when considering certain aspects of the Company's activities and its subsidiaries and dependent companies (SDCs), as a result of which recommendations are provided to the Board of Directors in terms of voting on agenda items.

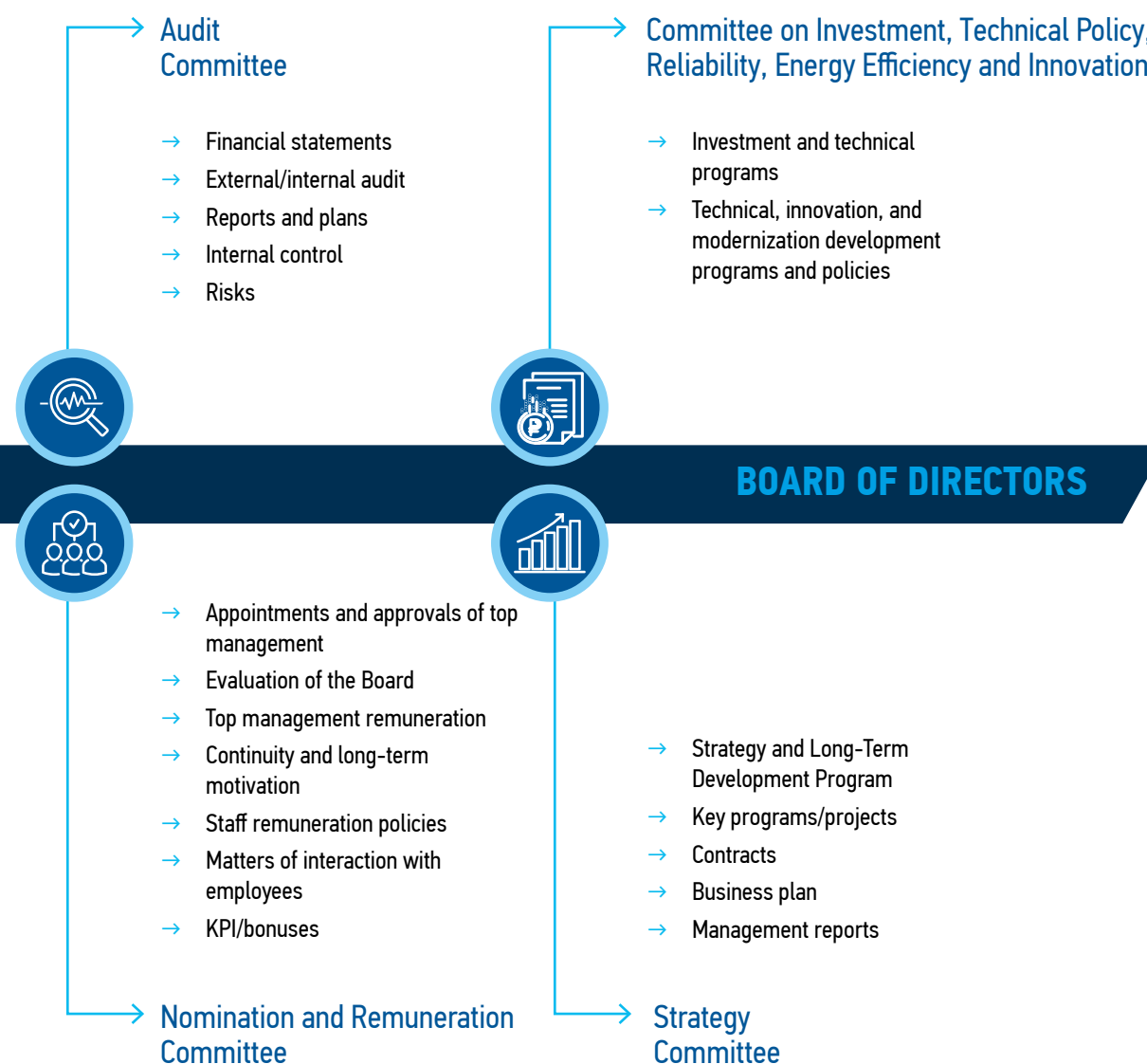


The organizational foundations of the Committees' activities (operating procedures, functions, and competence as well as composition requirements) follow the regulations on the Committees approved by the resolutions of the Board of Directors and posted on the Company's website: <https://www.rosseti.ru/eng/investors/reports/Internal-docs/>.

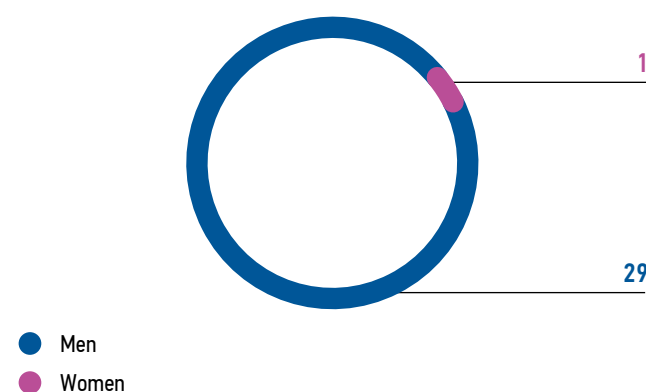
In order to ensure maximum information transparency and compliance with information disclosure standards, the Company's website additionally publishes information about the results of the work of the Committees and the main issues considered.

When organizing the effective work of the Committees, ROSSETI strives to adhere to the following principles:

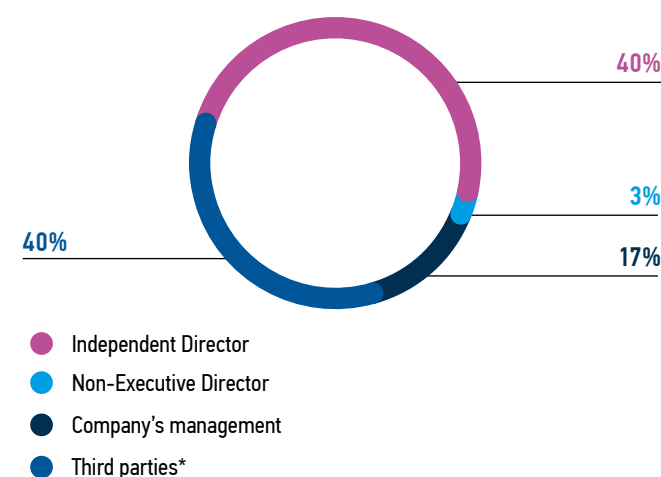
- accountability of the Committees to the Company's Board of Directors;
- management of the Committees only by the members of the Board of Directors;
- presence of only independent directors in the Audit Committee and the Nomination and Remuneration Committee;
- possibility of attracting persons who are not members of the Board of Directors to the work of the Committees (except for the Audit Committee and the Nomination and Remuneration Committee);
- consideration by the Committees of both issues related to the provision of recommendations to the Board of Directors and issues the control over which is directly delegated to the Committees.



Gender composition



Categories of Committee members



* Representatives of companies in the electric power and oil and gas sectors, investment funds, the Ministry of Energy of the Russian Federation.

Audit Committee



Dear shareholders and investors of ROSSETI!

Assistance in the efficient performance of the Board of Directors in terms of preliminary consideration of issues related to control over the financial and economic activities of the Company is a priority task of the Audit Committee under the Board of Directors of ROSSETI.

The Committee is composed exclusively of independent directors with broad competencies in audit, financial reporting analysis, and risk management. All members of the Committee have extensive expertise in the electric power industry, which makes it possible to comprehensively and objectively consider the industry-related issues.

In the reporting year, 15 meetings of the Committee were held, at which 29 items were considered. We paid special attention to the issues of reliability and efficiency of functioning of internal control systems, risk management, and corporate governance, which accounted for 34.5% of all the items considered, as well as to the functions of internal audit (31.1%).

The meetings considered new versions of the Company's Risk Management Policy, a plan to maintain efficiency and develop

internal control and risk management systems for the ROSSETI Group, in line with a plan for the development and improvement of internal audit activities in the ROSSETI Group.

In order to provide information to shareholders of ROSSETI when preparing for the Annual General Meeting of Shareholders, the Committee considered the issues related to the selection and efficiency of the Company's external auditors and the terms and conditions of contracts with them, and also reviewed the annual accounting (financial) statements of the Company based on the results of the reporting year as part of the control over ensuring the completeness, accuracy, and reliability of the Company's accounting (financial) statements.

The recommendations issued to the Board of Directors and the management of the Company based on the results of the Committee's work in 2020 made it possible to significantly improve the practice of preparing financial statements and conducting audits, which meets the interests of all shareholders and stakeholders of the Company.

Maxim Sergeevich Bystrov

Chairman,
Independent Director,
Member of the Board of Directors of ROSSETI

The Audit Committee is responsible for preliminary consideration and development of recommendations to the Board of Directors on the issues related to control over the financial and economic activities of the Company.

The Regulations for the Audit Committee under the Board of Directors of ROSSETI were approved by the Board of Directors of ROSSETI on December 25, 2015 (Minutes No. 217 dated December 28, 2015).

Composition of the Audit Committee and information about participation of Committee members in meetings held in 2020

No.	Full name of the Committee member	Absentee meetings (13)		In-person meetings (2)			
		Number of meetings attended by a member of the Committee	Percentage of participation, %	Number of meetings attended by a member of the Committee in person	Number of meetings in which a member of the Committee took part by sending a questionnaire	Percentage of presence, %	Percentage of participation, %
1	Maxim Sergeevich Bystrov** Chairman of the Committee Independent Director	9	100	1	0	100	100
2	Vasily Mikhailovich Belov* Independent Director	4	100	1	0	100	100
3	Stanislav Olegovich Ashirov Independent Director	13	100	1	1	50	100
4	Oleg Markovich Dubnov Independent Director	13	100	2	0	100	100
5	Alexander Sergeyevich Kalinin Independent Director	13	100	0	2	0	100

* In the reporting period, he was a member of the Committee until June 18, 2020.

** In the reporting period, he was a member of the Committee from June 18, 2020.

The Chairman and members of the Audit Committee have many years of experience, competencies and professional skills in the field of audit, financial reporting, risk management, internal

control, and compliance. The members of the Committee have extensive experience of working in companies in the electric power industry.

Committee's objectives and performance in the reporting period

CONTROL OF THE COMPANY'S REPORTING

In the reporting period, the following were considered:

- financial statements of the Company in accordance with RAS and IFRS, as well as recommendations to the General Meeting of Shareholders of the Company on the approval of statements;
- opinion and recommendations of the external auditor;
- information from the external auditor based on the results of the audit of financial statements, the internal control system, as well as reports on the elimination of deficiencies based on the audit results.

EXTERNAL AUDIT

In the reporting period, the following were considered:

- the candidate for the auditor and the amount of payment for the auditor's services.

INTERNAL CONTROL, RISKS AND CORPORATE GOVERNANCE

In the reporting period, the following were considered:

- issues of the functioning of the risk management and internal control system, as well as reports on these areas in relation to the Company and its SDCs;
- Risk Management Program and Risk Management Policy as revised;
- assessment of the quality of internal audit activities;
- corporate governance assessment report;
- issues of organizing an external assessment of the internal audit and its material conditions;
- approval of the appointment of the head of the internal audit department of ROSSETI, as well as the amount of its remuneration.

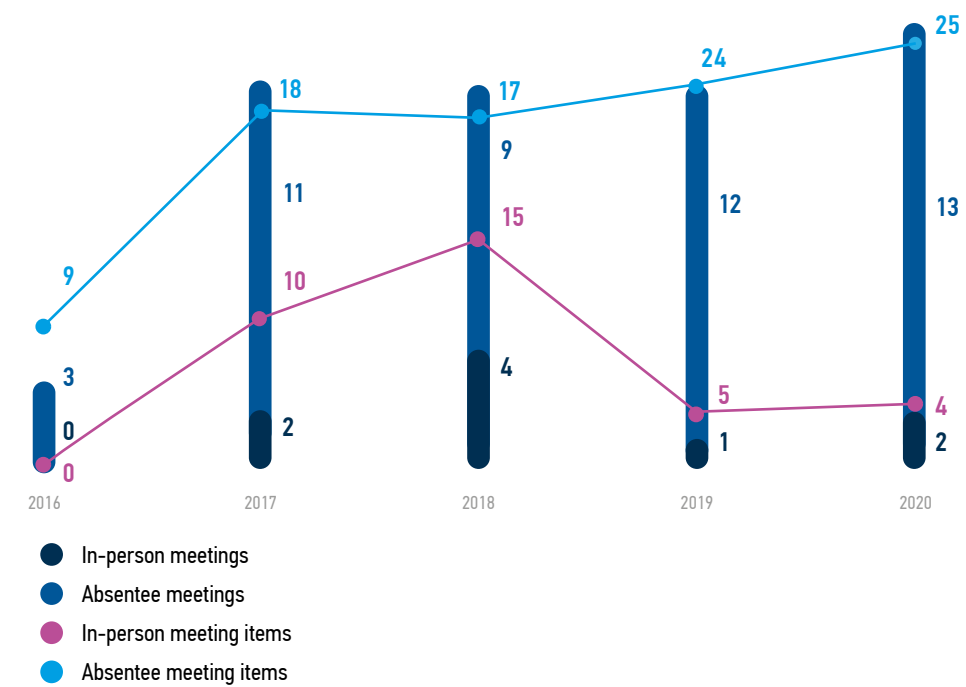
ANTI-CORRUPTION POLICY AND COMPLIANCE

In the reporting period, the following were considered:

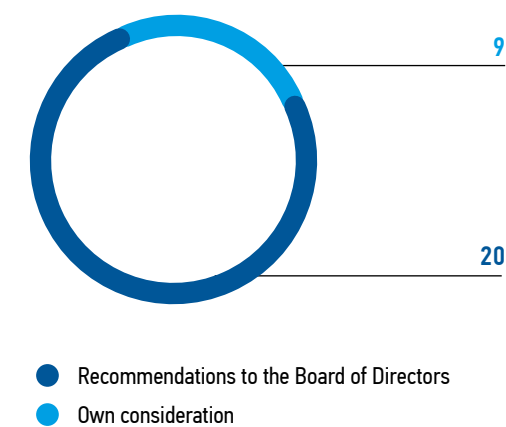
- compliance issues, compliance with insider laws;
- updating the Regulations for Insider Information, Anti-Corruption Policy, Internal Audit Policy, Regulations for the Internal Audit Department;
- results of the audits conducted.

In 2020, the Committee held 15 meetings (including 2 in-person), and a total of 29 items were considered.

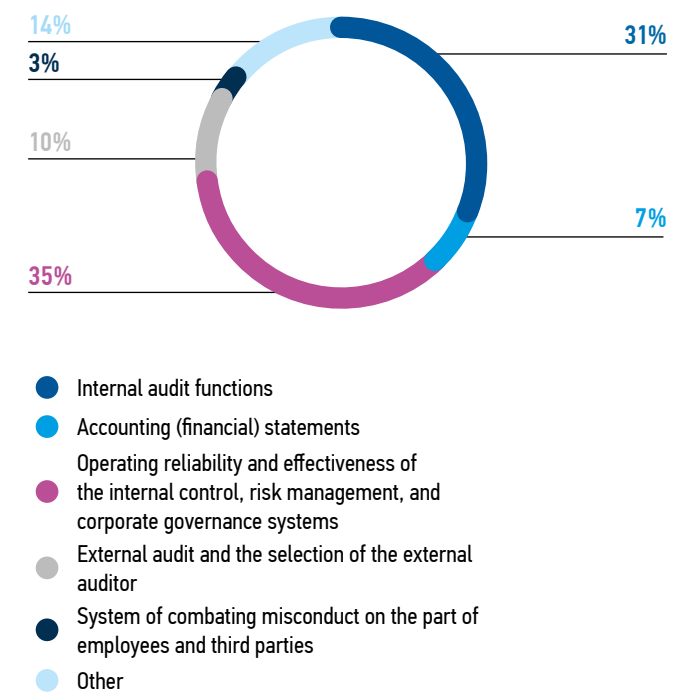
Performance statistics of the Strategy Committee



Categories of issues considered



Subjects of the issues considered by the Audit Committee



Nomination and Remuneration Committee



Dear shareholders and investors of ROSSETI!

Since the establishment of the Nomination and Remuneration Committee, the main tasks have been and remain to assist in the improvement and development of the personnel motivation system, succession and talent pool, selection and assessment of candidates for the positions of the Company's top executive management.

Traditionally, for the Annual General Meeting of Shareholders of the Company, the Committee prepared a preliminary assessment of candidates to the Board of Directors of ROSSETI, which, in our opinion, contributes to greater awareness of the Meeting participants and the ability to fully analyze the proposed candidates.

Digital transformation is still one of the strategic directions in the Company. Based on the Development Strategy and the Digital Transformation 2030 concept, at the in-person meeting of the

Committee, the information on personnel training and talent pool development of the ROSSETI Group as part of digital transformation was considered.

Taking into account the new challenges facing the Company and society, based on the resolution of the Committee, members of the Board of Directors were also provided with the information on the experience of transferring employees of the ROSSETI Group to remote work amidst the spread of the coronavirus infection.

We are confident that the professional and balanced composition of the Committee, as well as the extensive experience of its members, make it possible to ensure the effective development of the Company in terms of HR policy and incentive systems, which contributes to the achievement of the goals set for the Company by the shareholders at most.

Alexander Sergeyevich Kalinin
Chairman,
Independent Director,
Member of the Board of Directors of ROSSETI

The Nomination and Remuneration Committee provides preliminary consideration and development of proposals to the Company's Board of Directors when resolving issues of assessment of the Board of Directors, succession of top management, development and control over the implementation of the policy of remuneration of members of the Board of Directors and senior management of the Company.

The Regulations for the Nomination and Remuneration Committee under the Board of Directors of ROSSETI were approved by the Board of Directors of ROSSETI on February 28, 2018 (Minutes No. 295 dated March 2, 2018).

Composition of the Nomination and Remuneration Committee and information about participation of Committee members in meetings held in 2020

No.	Full name of the Committee member	Absentee meetings (11)		In-person meetings (1)			
		Number of meetings attended by a member of the Committee	Percentage of participation, %	Number of meetings attended by a member of the Committee in person	Number of meetings in which a member of the Committee took part by sending a questionnaire	Percentage of presence, %	Percentage of participation, %
1	Alexander Sergeyevich Kalinin Chairman of the Committee Independent Director	11	100	1	0	100	100
2	Stanislav Olegovich Ashirov Independent Director	11	100	1	0	100	100
3	Vasily Mikhailovich Belov* Independent Director	6	100	0	0	0	0
4	Maxim Sergeevich Bystrov Independent Director	10	91	1	0	100	100
5	Oleg Markovich Dubnov Independent Director	11	100	1	0	100	100
6	Andrey Vladimirovich Sharonov** Independent Director	5	100	1	0	100	100

* In the reporting period, he was a member of the Committee until June 18, 2020.

** In the reporting period, he was a member of the Committee from June 18, 2020.

Committee's objectives and performance in the reporting period

REMUNERATIONS FOR MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGERS

In the reporting period, the following were considered:

- Regulations for Financial Incentives for Senior Managers of ROSSETI;
- KPI results of the Director General of ROSSETI.

CONTINUITY AND TALENT POOL

In the reporting period, the following were considered:

- succession plan of the Company's executive management;
- candidates for the Board of Directors of the Company;
- composition of the Management Board of the Company.

ASSESSMENT OF THE PERFORMANCE OF MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGERS

In the reporting period, the following were considered:

- methodology for assessing the work of the Board of Directors, Committees and members of the Board of Directors of the Company;
- report on the implementation of the KPIs of the Director General of ROSSETI;
- issues of assessing the efficiency of the Company's Board of Directors.

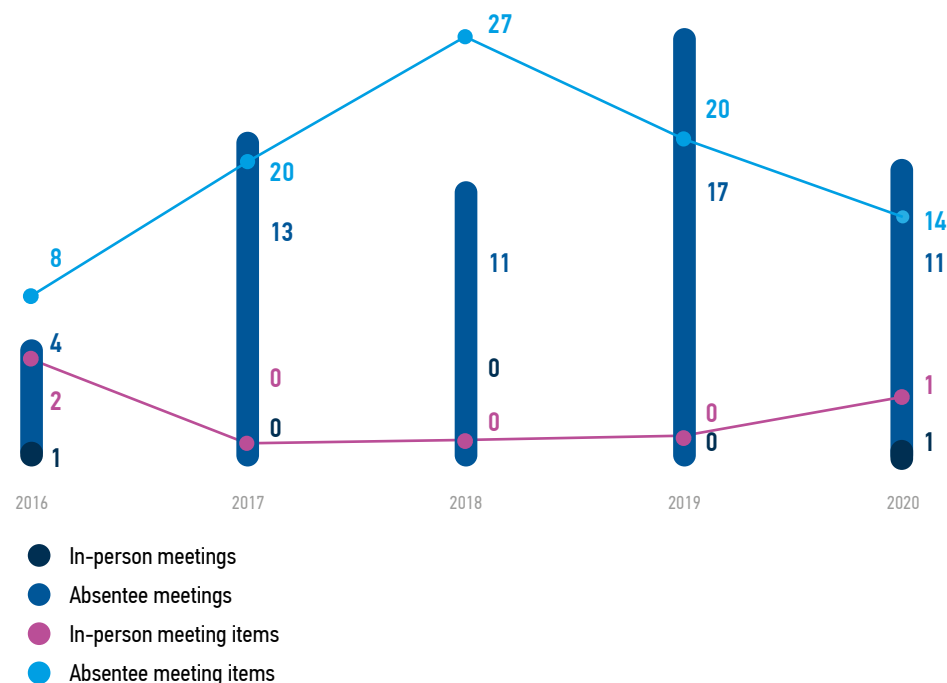
ORGANIZATION OF THE BOARD OF DIRECTORS AND COMMITTEES

In the reporting period, the following were considered:

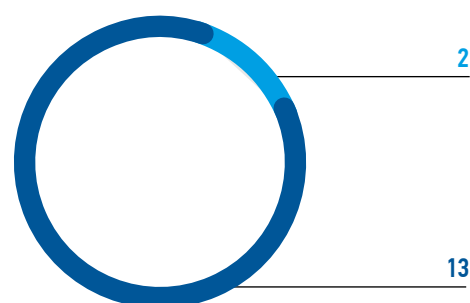
- candidatures for members of the Board of Directors for compliance with the independence criteria;
- issues of introducing professional standards into the Company's activities.

In 2020, the Committee held 12 meetings (including 1 in-person), and a total of 15 items were considered.

Performance statistics of the Nomination and Remuneration Committee

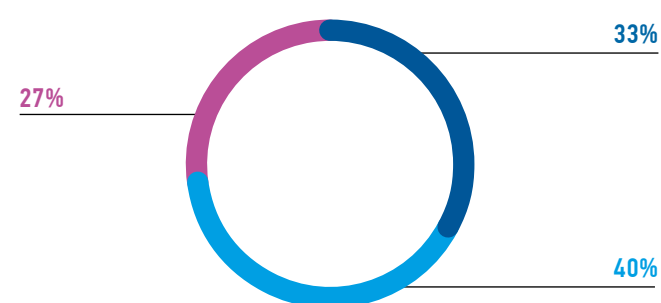


Categories of issues considered



- Recommendations to the Board of Directors
- Own consideration

Subjects of the issues considered by the Nomination and Remuneration Committee



- Organizational structure, assessment, nomination and approval of officers
- Incentives for senior managers, KPI methodologies, KPI reports of the Director General
- Other

Strategy Committee



Dear shareholders and investors of ROSSETI!

The Development Strategy of the ROSSETI Group is a basic guideline for the formation of almost all key business processes and programs of the Company. The Strategy Committee ensures the necessary coordination and interaction of the main participants, being responsible for the development, updating, and monitoring of the implementation of the Strategy of the ROSSETI Group in the interests of the Company's Board of Directors.

The Development Strategy of ROSSETI was approved by the Board of Directors of ROSSETI in December 2019. Taking into account the Strategy approved in 2020, a number of documents of the Company and its SDCs were adjusted, containing tasks and activities in the field of strategic planning, including the principles and mechanisms for their implementation. Also, based on the Development Strategy, the Company developed a new

Long-Term Development Program, which was approved by the Board of Directors of ROSSETI in December 2020.

The second important focus of the Committee's activities is to control the preparation and implementation of the most significant areas and development programs of the Company, within the framework of which in 2020 the Committee reviewed the consolidated business plan of the ROSSETI Group and the results of its implementation, as well as reports on the implementation of Development Plans for ROSSETI SDCs.

In 2020, 24 meetings were held, including 10 in-person meetings. A significant proportion of the issues discussed were related to the management of SDCs on key business issues.

In general, the productive work of the Committee and the active participation of its members in discussing issues made it possible to provide the necessary control in the field of strategic and business planning of the Company, thereby ensuring high efficiency of the entire Group at the end of 2020.

Kirill Aleksandrovich Dmitriev
Chairman,
Member of the Board of Directors of ROSSETI

The Committee's operations are aimed at assisting the Board of Directors of the Company in the performance of its duties to determine the Company's strategy.

The Regulations for the Strategy Committee of the Board of Directors of ROSSETI were approved by the Board of Directors of ROSSETI on October 21, 2013 (Minutes No. 137 dated October 23, 2013, with subsequent amendments)

In 2020, the Strategy Committee under the Board of Directors of ROSSETI acted as follows¹:

Full name	Position (indicated at the time of election)
Kirill Aleksandrovich Dmitriev**	Member of the Board of Directors of ROSSETI, Head of the Russian Direct Investment Fund, Chairman of the Committee since November 24, 2020
Yuri Vladislavovich Manevich*	Deputy Minister of Energy of the Russian Federation, Chairman of the Committee until November 24, 2020
Stanislav Olegovich Ashirov	Member of the Board of Directors of ROSSETI, Independent Director, Director General of Mezhhregionenergosbyt
Oleg Gennadyevich Barkin	Deputy Chairman of the Management Board of NP Market Council
Alexander Yevgenyevich Bogashov*	Director of the Department for Corporate Governance, Price Conditions and Auditing in Fuel and Energy Industry Branches, Ministry of Energy of the Russian Federation
Dmitry Stanislavovich Bulgakov*	Deputy Head of the Fuel and Energy Expert Center, Russian Energy Agency (Fuel and Energy Analytical Center)
Eduard Petrovich Volkov*	Academician, Russian Academy of Sciences
Pavel Vladimirovich Grebtsov	Acting Deputy Director General for Economic Affairs, ROSSETI
Dmitry Gennadyevich Denisov*	Director of the Department for Small and Medium-Sized Business and Competition Development, Ministry of Economic Development of the Russian Federation
Oleg Markovich Dubnov	Member of the Board of Directors, ROSSETI; Independent Director; Vice-President and Executive Director of the Energy-Efficient Technology Cluster, Skolkovo Foundation
Vasily Nikolayevich Kiselyov*	Chairman of the Council of Customers of the Government Commission on the Development of the Electric Power Industry
Mikhail Aleksandrovich Kolesnikov*	Vice President, OPORA RUSSIA, and Director General, Oldam
Vyacheslav Mikhaylovich Kravchenko*	Member of the Board of Directors of ROSSETI, Deputy Minister of Energy of the Russian Federation
Yelena Anatolyevna Medvedeva*	Deputy Director of the Department for Operational Control and Management in the Electric Power Industry, Ministry of Energy of the Russian Federation
Vasily Vladislavovich Nikonov*	Director of the Energy Department, Rosneft
Yevgeny Aleksandrovich Olkhovich*	Deputy Director General for Strategic Development, ROSSETI
Sergey Anatolyevich Pavlushko	Deputy Chairman of the Management Board of JSC SO UES
Sergey Sergeyevich Pikin*	Director, Energy Development Fund
Dzhordzh Ilyich Rizhinashvili*	Member of the Management Board and First Deputy Director General, RusHydro
Pavel Nikolayevich Snikkars	Director of the Electric Power Industry Development Department, Ministry of Energy of the Russian Federation
Maria Gennadyevna Tikhonova	Deputy Chairman of the Management Board of PJSC FGC UES
Alexander Viktorovich Shevchuk*	Executive Director, Association of Institutional Investors
Pavel Yurievich Sorokin**	Deputy Minister of Energy of the Russian Federation
Vladimir Nikolaevich Tulsky**	Director of the Electrical Power Engineering Department, Moscow Power Engineering Institute

* Member of the Committee in the reporting period until November 24, 2020.

** Member of the Committee in the reporting period from November 24, 2020.

Information about participation of Committee members in meetings held in 2020

No.	Full name of the Committee member	Absentee meetings (14)		In-person meetings (10)			
		Number of meetings attended by a member of the Committee	Percentage of participation, %	Number of meetings attended by a member of the Committee in person	Number of meetings in which a member of the Committee took part by sending a questionnaire	Percentage of presence, %	Percentage of participation, %
	K. A. Dmitriev	3	100	0	3	0	100
	Yu. V. Manevich	11	100	7	0	100	100
	S. O. Ashirov	14	100	10	0	100	100
	O. G. Barkin	14	100	10	0	100	100
	A. E. Bogashov	0	0	0	0	0	0
	D. S. Bulgakov	11	100	7	0	100	100
	E. P. Volkov	11	100	4	3	57	100
	P. V. Grebtsov	14	100	10	0	100	100
	D. G. Denisov	11	100	3	4	43	100
	O. M. Dubnov	13	93	10	0	100	100
	V. N. Kiselyov	11	100	7	0	100	100
	M. A. Kolesnikov	11	100	6	1	86	100
	Ye. A. Medvedeva	11	100	5	2	71	100
	V. V. Nikonov	11	100	4	2	57	86
	Ye. A. Olkhovich	9	82	5	1	71	86
	S. A. Pavlushko	13	93	2	7	20	100
	S. S. Pikin	11	100	6	1	86	100
	D. I. Rizhinashvili	0	0	0	0	0	0
	P. N. Snikkars	11	100	4	1	57	71
	M. G. Tikhonova	14	100	10	0	100	100
	A. V. Shevchuk	11	100	7	0	100	100
	P. Yu. Sorokin	2	66.7	0	3	0	100
	V. N. Tulsky	3	100	3	0	100	100

Committee's objectives and performance in the reporting period

STRATEGY AND MAIN ACTIVITIES

In the reporting period, the following were considered:

- Long-term Development Program of the Company for the period up to 2030;
- the Company's Innovative Development Program;
- program for the implementation of intelligent electricity metering systems;
- list of anti-crisis measures in the context of the spread of the coronavirus infection.

MONITORING THE IMPLEMENTATION OF KEY PROGRAMS OF THE COMPANY

In the reporting period, the following were considered:

- reports on the implementation of individual programs and policies of the Company;
- reports on the implementation of key investment projects of the Company.

ADMINISTRATION AND DEVELOPMENT OF SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, the following were considered:

- updated plans for the development of the Company's subsidiaries and affiliates and reports on their implementation;
- key and capital-intensive projects of SDCs.

BUSINESS PLANNING AND BUDGET

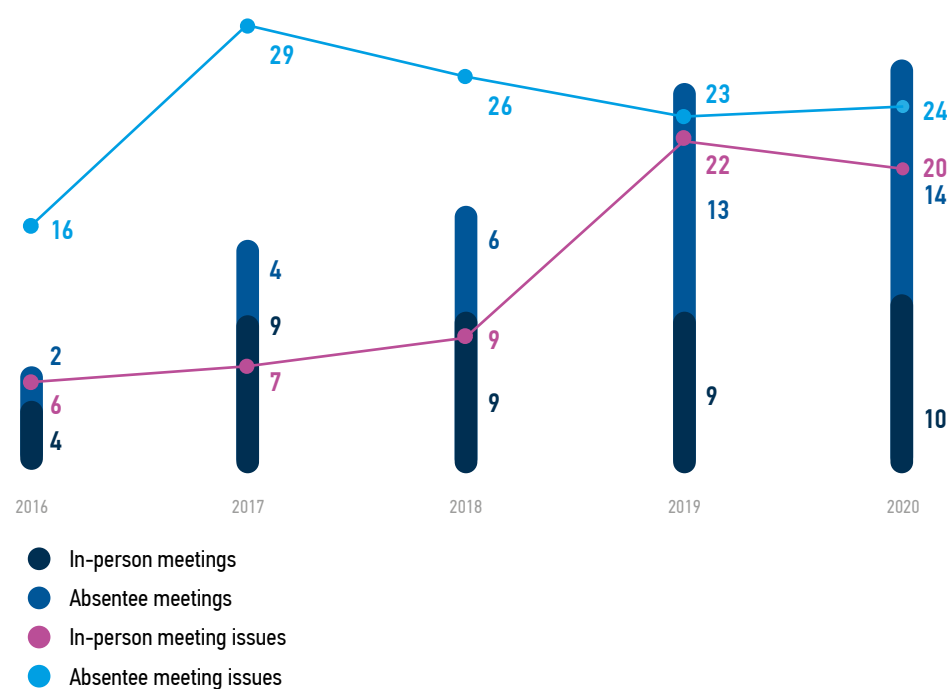
In the reporting period, the following were considered:

- scenario conditions for the formation of a business plan of the ROSSETI Group for a 3-year period;
- budget of ROSSETI, as well as reports on its implementation;
- Regulations for Credit Policy;
- issues related to the functioning of a single treasury in the ROSSETI Group.

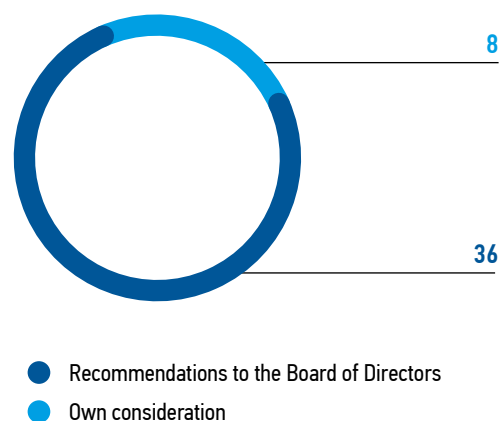
In 2020, the Committee held 24 meetings (including 10 in-person), and a total of 44 items were considered.

¹ One elected member of the Strategy Committee of the Board of Directors did not participate in the work of the Committee.

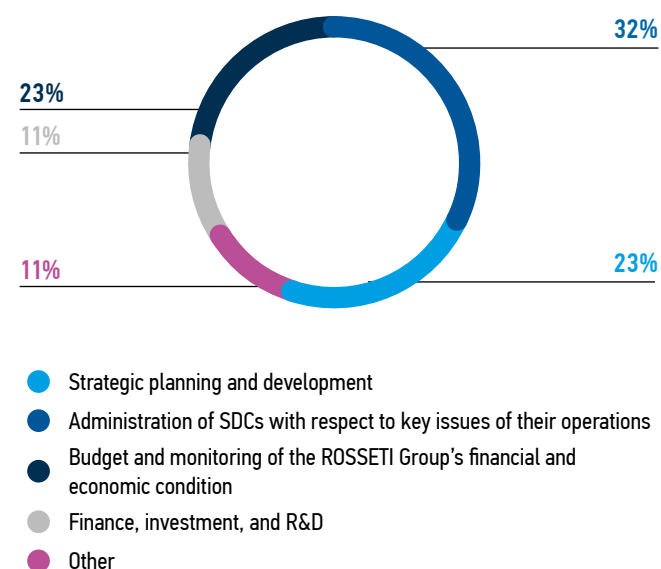
Performance statistics of the Strategy Committee



Categories of issues considered



Subjects of the issues considered by the Strategy Committee



Committee on Investment, Technical Policy, Reliability, Energy Efficiency and Innovation



”

Dear shareholders and investors of ROSSETI!

In 2020, as never before, we all saw the importance of a reliable energy system that provides daily energy supply not only to industrial enterprises, but also to social facilities, infrastructure, and households. The new conditions confirmed the correctness of the approach implemented by ROSSETI. All these years, special attention was paid to priority investments: first of all, the renovation of fixed assets, transmission and distribution grids, and other facilities that ensure the stability and reliability of the Russian energy system.

Within the framework of the Committee, we regularly considered the issues of investment efficiency, implementation of technical policy, digitalization and the introduction of innovative accounting methods. Despite the limitations caused by the pandemic, the Committee held 3 absentee and 7 in-person meetings using conference calls, which enabled us to jointly discuss existing issues and work out balanced decisions.

The Committee's recommendations addressed to the Board of Directors made it possible to study in more detail the issues of capital investments and their return, thereby making a contribution to increasing the Company's investment efficiency and rational allocation of resources.

Proposals and initiatives prepared following the results of the Committee's work were largely taken into account in the Long-Term Development Program of ROSSETI and its subsidiaries and dependent companies (SDCs) until 2030, approved by the Board of Directors of the Company in December 2020.

Oleg Markovich Dubnov
Chairman,
Independent Director,
Member of the Board of Directors of ROSSETI

The Committee on Investment, Technical Policy, Reliability, Energy Efficiency and Innovation was established to assist the Board of Directors in the performance of its responsibilities to ensure the implementation of technical and investment policies, energy efficiency, reliability and innovative development.

The Regulations for the Committee on Investment, Technical Policy, Reliability, Energy Efficiency and Innovation under the Board of Directors of ROSSETI were approved by the Board of Directors of ROSSETI on October 21, 2013 (Minutes No. 137 dated October 23, 2013, with subsequent amendments)

During the reporting period, the Committee functioned as follows:

Full name	Position ¹
Oleg Markovich Dubnov Chairman of the Committee	Member of the Board of Directors of ROSSETI, Independent Director, Vice President, Executive Director of the Energy Efficient Technologies Cluster of the Skolkovo Foundation
Oleg Gennadyevich Barkin	Deputy Chairman of the Management Board of NP Market Council
Dmitry Stanislavovich Bulgakov*	Deputy Head of the Fuel and Energy Expert Center, Russian Energy Agency (Fuel and Energy Analytical Center)
Yevgeny Petrovich Grabchak	Deputy Minister of Energy of the Russian Federation
Dmitry Gennadyevich Denisov*	Director of the Department of Competition, Energy Efficiency and Environment of the Ministry of Economic Development of the Russian Federation
Alexander Vladimirovich Ilyenko	Member of the Management Board and Director for UPS Development Management, SO UPS
Andrey Valentinovich Kazachenkov*	Member of the Management Board and First Deputy Director General, RusHydro
Vasily Nikolayevich Kiselyov	Chairman of the Council of Customers of the Government Commission on the Development of the Electric Power Industry
Leonid Vladimirovich Mazo*	Advisor to the Chairman of the Management Board, TENDER-BANK
Andrey Vladimirovich Mayorov*	Deputy Director General and Chief Engineer of ROSSETI
Konstantin Sergeyevich Mikhaylenko*	Director of the Digital Transformation Department of ROSSETI
Aleksey Valeryevich Molsky	First Deputy Chairman of the Management Board and Member of the Management Board of PJSC FGC UES
Pavel Yurievich Nuzhdin*	Head of Postinvestment Analysis, Investment Development and Management Department of PJSC T Plus
Sergey Vasilyevich Podlutsky*	Director of the Investment Activity Department of ROSSETI
Aleksey Yurievich Roslyakov	Deputy Director General for Technical Affairs of JSC Gazprom Energosbyt
Sergey Vladimirovich Sergeev*	Director General of PJSC Kubanenergo
Pavel Nikolayevich Snikkars*	Director of the Electric Power Industry Development Department, Ministry of Energy of the Russian Federation
Alexander Viktorovich Shevchuk*	Executive Director, Association of Institutional Investors
Alexander Alexandrovich Voloshin**	Head of the Department of Relay Protection and Automation of Energy Systems of the Federal State Budgetary Educational Institution of Higher Education "Moscow Power Engineering Institute"
Grigory Konstantinovich Gladkovsky**	Deputy Director of the Technical Policy Department of ROSSETI
Andrey Vasilievich Zhukov**	Deputy Director for Management of UES Modes of JSC SO UES
Yuri Viktorovich Melnikov**	Senior Power Analyst at the Energy Centre of the SKOLKOVO Moscow School of Management

* Member of the Committee in the reporting period until November 24, 2020.
** Member of the Committee in the reporting period from November 24, 2020.

Information about participation of Committee members in meetings held in 2020

No.	Full name of the Committee member	Absentee meetings (3)		In-person meetings (7)			
		Number of meetings attended by a member of the Committee	Percentage of participation, %	Number of meetings attended by a member of the Committee in person	Number of meetings in which a member of the Committee took part by sending a questionnaire	Percentage of presence, %	Percentage of participation, %
1.	O. V. Dubnov	3	100	7		100	100
2.	O. G. Barkin	3	100	7		100	100

¹ The positions of the members of the Committee are indicated as of the date of election to the Committee. During the reporting year and as of the date of approval of the Report, the positions of individual members of the Committee have changed.

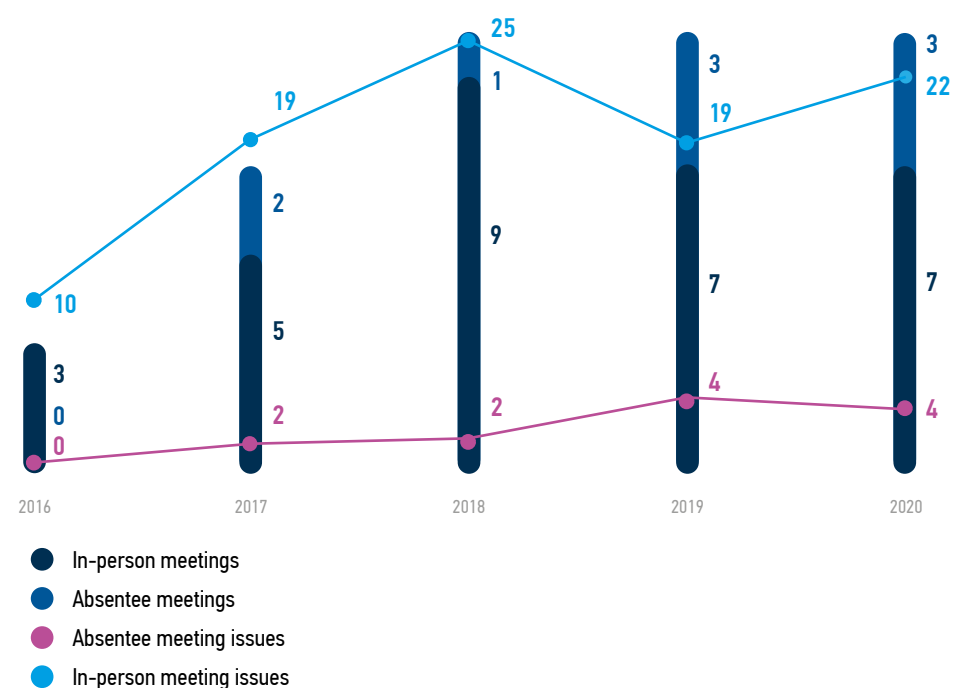
3.	D. S. Bulgakov	3	100	6		100	100
4.	E. P. Grabchak	3	100	5	2	71	100
5.	D. G. Denisov	3	100	3	3	50	100
6.	A. V. Ilyenko	2	67	1	6	14	100
7.	A. V. Kazachenkov	3	100	2	5	29	100
8.	V. N. Kiselyov	3	100	7		100	100
9.	L. V. Mazo	3	100	0	6	0	100
10.	A. V. Mayorov	3	100	2	4	33	100
11.	K. S. Mikhaylenko	3	100	6		100	100
12.	A. V. Molsky	3	100	3	3	50	100
13.	P. Yu. Nuzhdin	3	100	5	1	83	100
14.	S. V. Podlutsky	3	100	7		100	100
15.	A. Yu. Roslyakov	3	100	6	1	83	100
16.	S. V. Sergeev	3	100	1	5	17	100
17.	P. N. Snikkars	3	100	2	3	40	83
18.	A. V. Shevchuk	3	100	6		100	100
19.	G. K. Gladkovsky	-	-	1		100	100
20.	A. V. Zhukov	-	-	1		100	100
21.	Yu. V. Melnikov	-	-	1		100	100
22.	A. A. Voloshin	-	-	0	1	0	100

Committee’s objectives and performance in the reporting period

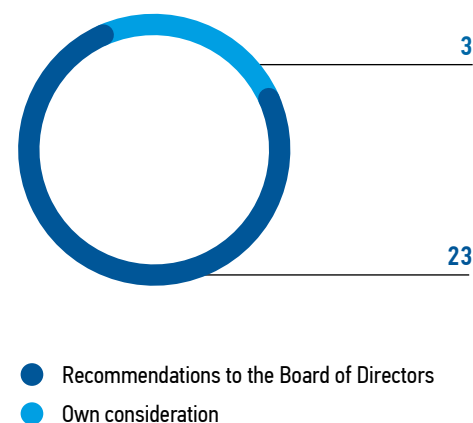
INVESTMENT, TECHNICAL AND OTHER KEY POLICIES OF THE COMPANY	MONITORING PROGRAMS IN THE FIELD OF INVESTMENT, INNOVATION, ENERGY EFFICIENCY, PROCUREMENT
In the reporting period, the following were considered: → consolidated investment program of the ROSSETI Group; → scenario conditions for the optimization of projects of investment programs of the companies of the ROSSETI Group for 2020; → program to improve the investment efficiency of the ROSSETI Group for the period up to 2030; → program for organizing the functioning of modern situational analytical centers, taking into account the creation of Network Control Centers (NCC).	In the reporting period, the following were considered: → reports on the implementation of the Digital Transformation 2030 Concept; → reports on the results of monitoring the effectiveness of procurement; → report on the implementation of the innovative development program of ROSSETI; → reports on the progress of the implementation of priority investment projects; → reports on the results of work to improve the quality of services provided by the ROSSETI Group; → reports on the development of the production asset management system for the companies of the ROSSETI Group.
DEVELOPMENT OF POLICIES FOR INVESTMENT AND TECHNICAL ACTIVITIES, ENSURING RELIABILITY, ENERGY EFFICIENCY AND INNOVATIVE DEVELOPMENT OF THE COMPANY	ANALYSIS OF REGULATORY DOCUMENTS ON THE IMPLEMENTATION OF INVESTMENT, TECHNICAL AND OTHER KEY POLICIES
In the reporting period, the following was considered: → Innovative Development Program of ROSSETI for 2020–2024 with a perspective up to 2030.	In the reporting period, the following were considered: → Methodological recommendations for calculating the effectiveness of digital projects of the program “Digital transformation of the ROSSETI Group” for the period up to 2030.

In 2020, the Committee held 10 meetings (including 7 in-person), and a total of 26 issues were considered.

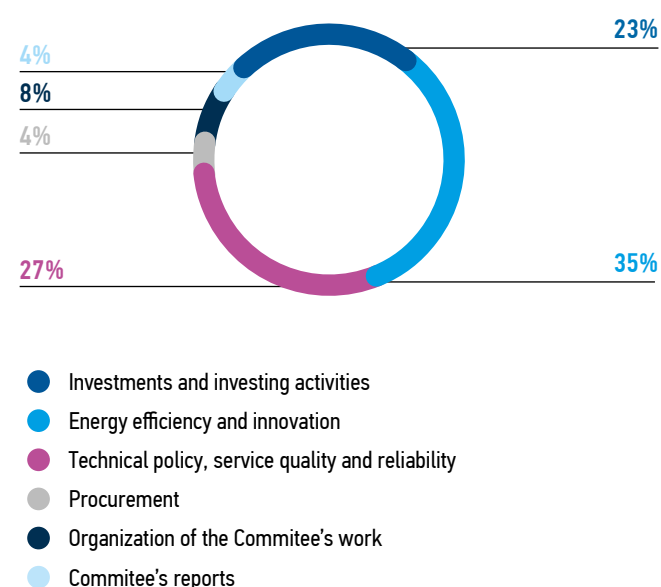
Performance statistics of the Investment, Technical Policy, Reliability, Energy Efficiency and Innovation Committee



Categories of issues considered



Subjects of the issues considered by the Investment, Technical Policy, Reliability, Energy Efficiency and Innovation Committee



Corporate Secretary

The position of Corporate Secretary was first introduced in the Company in 2015. In accordance with the Regulations for the Corporate Secretary of the Company, the functions of the Corporate Secretary include:

- informing the Board of Directors of the Company about compliance with the legislation and provisions of internal documents in the field of corporate governance;
- taking part in the interaction of the Company with its shareholders and prevention of corporate conflicts;

- taking part in the organization of General Meetings of Shareholders of the Company;
- taking part in the implementation of the Information Disclosure Policy, as well as ensuring the storage of corporate documents of the Company;
- taking part in improving the system and functioning of the Company's corporate governance;
- ensuring the operations of the Company's Board of Directors and its Committees.

The Corporate Secretary is functionally subordinate to the Board of Directors, and administratively, due to the peculiarities of the labor legislation of the Russian Federation, to the Director General of the Company.

The appointment and dismissal of the Corporate Secretary in the Company are carried out on the basis of the resolution of the Board of Directors. The competence of the Board of Directors includes issues of motivation, remuneration of the Corporate Secretary, approval of the Regulations for the Corporate Secretary, which ensures independence from the Company's management and the efficiency of performing the assigned functions.

Regulations for the Corporate Secretary of ROSSETI were approved by the Board of Directors on September 23, 2016 (Minutes No. 240 dated September 26, 2016)

The functions of the Corporate Secretary of the Company are performed by Natalia Nikolayevna Baranyuk.

BARANYUK Natalia Nikolayevna

Born in 1978 in Krasnoyarsk.

In 2000 she graduated from the Krasnoyarsk State Agrarian University with a degree in Law.

In 2011 she graduated from the Lomonosov Moscow State University with a degree in Management.

PROFESSIONAL BACKGROUND:

2008-2015: Administrative Assistant and Deputy Department Director, Ministry of Finance of the Russian Federation.

2015: Deputy Director of the Administrative Department, Ministry of Energy of the Russian Federation.

Since 2015: Corporate Secretary and Head of the Administrative Office of the Chairman of the Board of Directors, ROSSETI.

Mrs. Baranyuk does not hold shares in ROSSETI, as well as shares or stakes in the authorized capital of its controlled entities, has not performed transactions with the Company's securities during the year, and also has no loans issued by the Company, and is not included in the management bodies of other legal entities.

Mrs. Baranyuk is a member of the professional association of corporate secretaries (National Corporate Secretary Association (NCSA)).

Executive bodies of ROSSETI

The management of the Company's day-to-day activities is carried out by the collegial and sole executive bodies, namely, the Management Board and the Director General of ROSSETI.

The competence of the executive bodies includes resolving issues related to the ROSSETI's day-to-day activities, except for the issues referred, in accordance with the Articles of Association of the Company, to the competence of the General Meeting of Shareholders and the Board of Directors.

Key issues within the competence of the Management Board of ROSSETI

- developing and submitting for approval of the Board of Directors of the priority areas of the Company's activities and long-term plans for their implementation;
- preparing a report on the financial and economic activities of the Company, on the organization, functioning, and efficiency of the risk management and internal control system of the Company;
- exercising the powers of general meetings of shareholders (participants) of SDCs, 100% of the capital of which belongs to the Company;
- nominating candidates for the positions of chairmen of the boards of directors, sole executive bodies, representatives of the Company on the boards of directors and internal audit commissions of companies of any organizational and legal form in which the Company participates (except for certain cases);
- determining the position of the Company (representatives of the Company) on the agenda issues of general meetings of shareholders and meetings of the boards of directors of SDCs in cases stipulated by the approved Procedure for Interacting with SDCs;
- resolving other issues related to the Company's activities in accordance with the resolutions of the General Meetings of Shareholders and the Board of Directors, as well as other issues proposed by the Director General for review by the Company's Management Board.

Key issues within the competence of the Director General of ROSSETI

- ensuring the implementation of the plans of the Company's activities necessary for solving its tasks;
- organizing accounting and tax reporting and accounting (financial) reporting in the Company, storage of accounting documents;
- disposing of the Company's property and making transactions on behalf of the Company;
- issuing orders, approving the local regulatory documents and other internal documents of the Company within the limits of authority;
- exercising the rights and obligations of the employer in relation to the employees of the Company;
- distributing duties between the Deputy Director Generals of the Company;
- submitting for consideration by the Board of Directors of the Company's reports on its financial and economic activities and on the organization, functioning and efficiency of its risk management and internal control system;
- appointing the Company's representatives at the meetings of members of business entities whose shares and interests are owned by the Company;
- resolving other issues of the current activities of the Company, except for the issues referred to the competence of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company.

Interaction of executive bodies and the Board of Directors

In accordance with the Articles of Association of ROSSETI and its Regulations for the Management Board, the Director General and the Management Board are accountable to the Board of Directors in terms of their activities.

The range of issues on which the Management Board and the Director General submit reports to the Board of Directors is determined by the Articles of Association and internal documents of ROSSETI and includes, inter alia:

- implementation of the strategy and development program of the Company;
- annual budgets (financial plans);

- information on significant projects of the Company and its SDCs;
- the status of implementation of programs and key policies of the Company;
- long-term plans for the implementation of the main activities of ROSSETI;
- financial and economic activities of SDCs;
- information on the risk management system and internal control procedures.

Collegial executive body (Management Board)

The Management Board of the Company is a collegial executive body, whose tasks include joint consideration, analysis, and decision-making on the most important issues of the Company's day-to-day activities, control over which is referred to the competence of the executive bodies. In its activities, the Management Board is guided by the requirements of the Articles of Association and the Regulations for the Management Board of the Company¹, ensuring the execution of resolutions of both the General Meeting of Shareholders and the Board of Directors. The number of members of the Management Board of the Company is determined by the Board of Directors of ROSSETI as advised by the Director General of the Company. Candidates for members of the Management Board are submitted to the Board of Directors for consideration by the Director General of the Company except for his own candidacy. Election and early termination of powers of members of the Management Board are carried out by the Company's Board of Directors. As of December 31, 2020, the Management Board of ROSSETI consisted of 7 members.

In 2020, the Management Board of ROSSETI issued recommendations on the following most important issues, which were subsequently considered by the Company's Board of Directors:

- on amendments to the methodology for calculating and assessing the implementation of key performance indicators of the Director General of ROSSETI;
- on approval of the budget of ROSSETI for 2021;
- on approval of the target values of key performance indicators for the Director General of ROSSETI for 2021;
- on approval of the Regulations of ROSSETI "On a unified technical policy in the power grid complex" in the new edition;
- on consideration of the main indicators of the Business Plans for 2021–2025 for SDCs of ROSSETI that carry out electricity distribution activities.

Subsequently, all of the above issues were addressed by the Board of Directors of ROSSETI.

Assessment of the Management Board

Evaluation of the Management Board's work is carried out by the Company's Board of Directors by making resolutions on the following issues:

- implementation of the Long-Term Development Program;
- implementation of the consolidated business plan of the ROSSETI Group;
- implementation of the consolidated investment program;
- effectiveness of corporate governance;
- activities of the Management Board and the implementation of resolutions of the Board of Directors;
- achievement of key performance indicators.

¹ Approved by the Annual General Meeting of Shareholders of ROSSETI on June 27, 2019 Minutes w/o No, the text can be found on the Company's website http://www.rosseti.ru/about/documents/doc/Polozhenie_o_praavlennii_2019.pdf.

Composition of the Management Board of the Company¹



LIVINSKY Pavel Anatolievich

**Director General,
Chairman of the Management Board of ROSSETI²**

Born in 1980 in Chelyabinsk.
Nationality — Russian Federation.

EDUCATION

In 2001 he graduated from the Lomonosov Moscow State University with a degree in Economics.

In 2003 graduated from the Lomonosov Moscow State University with the Master's Degree in Management.

PROFESSIONAL BACKGROUND

Until 2013 — worked in power grid companies in Moscow and the Moscow Region making the way to the Head of UNECO.

2013–2017 — Head of the Fuel and Energy Department of Moscow and the Housing and Utilities Department of Moscow.

2017–2021 — Director General and Chairman of the Management Board of ROSSETI.

Since January 2021 — Director of the Department of Energy of the Government of the Russian Federation.

MEMBERSHIP IN MANAGEMENT BODIES

As of the end of the reporting period, he was also a member of the boards of directors (supervisory boards, boards of trustees) of ROSSETI, JSC SO UES, ROSSETI Moscow Region, FGC UES, ROSSETI Lenenergo, Scientific and Technical Council of Unified Energy System, Federal State Budgetary Educational Institution of Higher Education “Moscow Power Engineering Institute”, Association of organizations of digital development Digital Energy, All-Russian Public Sports Organization “Russian Modern Pentathlon Federation”, Public Organization Russian Swimming Federation, All-Russian Public Organization Russian Athletic Federation.

In addition, he was a member of the Presidiums of the RNC CIGRE Association, the RNC WEC Association, and the SFPS Regional Public Organization, as well as a member of the Board of the Russian Union of Industrialists and Entrepreneurs.

He was also a member of the Regional Public Organization for Assistance to the Development of the Cathedral of Christ the Savior Complex “Board of Trustees of the Cathedral of Christ the Savior”.

In addition, he was the Chairman of the Business Council for Cooperation with Serbia.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.



MUROV Andrey Yevgenyevich

**Member of the Management Board, First Deputy
Director General — Executive Director of ROSSETI**

Born in 1970 in Leningrad.
Nationality — Russian Federation.

EDUCATION

In 1993, he graduated from Saint Petersburg State University with a degree in Law.

In 1998, he underwent professional retraining at the Interbranch Institute of Advanced Training and Retraining of Executive Personnel (Financial Management).

Doctor of Science (Economics).

PROFESSIONAL BACKGROUND

A.E. Murov has extensive experience in managing infrastructure organizations.

2005–2012 — Head of the Pulkovo Airport.

2012–2013 — Acting Director General, Member of the Management Board of JSC IDGC Holding (from April 4, 2013 — ROSSETI).

2013–2020 — Chairman of the Management Board of PJSC FGC UES.

Since 2015 — Chairman of the Russian National Committee of the International Council on Large Electric Systems (CIGRE).

From 2020 — First Deputy Director General — Executive Director of ROSSETI (since April 24, 2020), Member of the Management Board of ROSSETI (since May 29, 2020).

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Board of Directors of ROSSETI, PJSC FGC UES, PJSC Inter RAO, JSC SO UES; Member of the Board of Trustees of the Federal State Budgetary Educational Institution of Higher Education “Moscow Power Engineering Institute”, the Federal State Budgetary Educational Institution of Higher Education “St. Petersburg State University”, the Federal State Budgetary Educational Institution of Higher Education “St. Petersburg State Economic University”.

He is also a member of the Supervisory Board of the Association for the Development of International Energy Research and Projects “Global Energy”; Non-Profit Partnership “Scientific and Technical Council of the Unified Energy System”; member of the Central Council and Bureau of the Central Council of the Russian Engineering Union LLC; member of the Board of Trustees of LLC “Sports Federation (Union) of Rugby of Russia”.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.



GREBTSOV Pavel Vladimirovich

**Member of the Management Board, Deputy Director
General for Economic Affairs and Finance**

Born in 1976 in Chelyabinsk.
Nationality — Russian Federation.

EDUCATION

In 1994, he graduated from the Chelyabinsk Legal School of the Ministry of Social Protection of the Russian Federation, majoring in Law and Accounting in Social Security.

In 1998, he graduated from Moscow State University, majoring in Management.

In 2000, he graduated from Plekhanov Russian University of Economics, majoring in Management.

PROFESSIONAL BACKGROUND

He began his career in 1999 at the Ministry of Economic Development of the Russian Federation in the Department of Energy and Energy Supply.

Since 2000 he has worked in the organizations of the fuel and energy complex.

2011–2015 — Moscow Regional Energy Commission with the Moscow Government (abolished).

From 2018 — Public Joint Stock Company ROSSETI (Director of the Tariff Policy Department, Deputy Director General for Economic Affairs, Acting Deputy Director General for Economics and Finance, Acting Deputy Director General for Economic Affairs and Finance (from April 24, 2020), member of the Management Board (from May 29, 2020).

From 2020 — Deputy Chairman of the Management Board (since April 24, 2020 until May 17, 2021), Deputy General Director for Economic Affairs and Finance of PJSC FGC UES (since May 18, 2020).

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the boards of directors of ROSSETI Volga, ROSSETI Lenenergo, ROSSETI Moscow Region, ROSSETI South, and FGC UES.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.



ZARAGATSKY Alexander Arkadevich

**Member of the Management Board
First Deputy Director General of ROSSETI**

Born in 1976 in Leningrad.
Nationality — Russian Federation.

EDUCATION

In 2001, he graduated from St. Petersburg Law Institute of the General Prosecutor Office, majoring in Law,

In 2002, he graduated from St. Petersburg Institute for Management and Economics, majoring in State and Municipal Management.

Ph.D. in Economics.

PROFESSIONAL BACKGROUND

A. A. Zaragatsky has considerable expertise in the field of legal regulation:

1999–2013 — worked in the St. Petersburg Legislative Assembly.

2013–2016 — Deputy Chairman of the Management Board of PJSC FGC UES.

2014–2020 — Member of the Management Board of PJSC FGC UES

2016–2020 — First Deputy Chairman of the Management Board of PJSC FGC UES.

From 2020 — First Deputy Director General (since April 24, 2020 until May 20, 2021), Member of the Management Board of ROSSETI (from May 29, 2020).

From 2020 — First Deputy Director General of PJSC FGS UES. (since May 18, 2020 until May 20, 2021).

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

¹ As of December 31, 2020.

² Position changed after the reporting date. Since January 2021, Pavel Anatolievich Livinsky is not the Director General, Chairman of the Management Board of ROSSETI.



MAYOROV Andrey Vladimirovich

**Member of the Management Board,
First Deputy Director General of ROSSETI**

Born in 1968 in Ivanovo.

Nationality — Russian Federation.

EDUCATION

In 1994, he graduated from the Moscow Power Engineering Institute with a degree in Electric Power Systems and Grids.

In 2017, he graduated from R&D Center FGC UES, Ph.D. in Technical Science, 2017.

Ph.D. in Technical Sciences.

PROFESSIONAL BACKGROUND

A. V. Mayorov has over 35 years of experience in the electric power industry. He began his career in 1985, having made his way from a 4th category electrical fitter for transformer maintenance of Kumertau Electricity Networks, Bashkirenergo to the First Deputy Director General for Production and Chief Engineer of MOESK.

2011–2014 — First Deputy Director General and Technical Director of UNECO.

2014–2018 — Director General of UNECO.

From 2018 — Deputy Director General and Chief Engineer, First Deputy Director General and Chief Engineer (from April 24, 2020), member of the Management Board of ROSSETI (from May 29, 2020).

From 2020 — First Deputy Chairman of the Management Board—Chief Engineer (since April 24, 2020 until May 17, 2020), First Deputy Director General—Chief Engineer of PJSC FGC UES (since May 18, 2020).

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors of ROSSETI Volga, ROSSETI Moscow Region, IDGC of Center and Volga Region, ROSSETI North Caucasus, IDGC of Centre.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

Shares of PJSC FGC UES — 190,000 pcs.



MOLSKY Aleksey Valeryevich

**Member of the Management Board, Deputy Director
General for Investment, Capital Construction and
Sales Of Services**

Born in 1980 in Grozny.

Nationality — Russian Federation.

EDUCATION

In 2004, he graduated from the Moscow Power Engineering Institute, majoring in Electric Energy Systems and Grids and Economics and Electric Energy Company Management.

PROFESSIONAL BACKGROUND

A. V. Molsky started his career in 2003. In 2006, he moved to FGC UES, where he worked his way up from Deputy Chief Engineer to First Deputy Chairman of the Management Board.

2019–2020 — First Deputy Chairman of the Management Board of PJSC FGC UES (since January 24, 2019 until April 23, 2020).

2016–2020 — Member of the Management Board of PJSC FGC UES.

From 2020 — Deputy Chairman of the Management Board for Investment, Capital Construction and Sales of Services of PJSC FGC UES (since April 24, 2020 until May 17, 2020), Deputy General Director for Investment, Capital Construction and Sales of Services of PJSC FGC UES (since May 18, 2020).

From 2020 — First Deputy Chairman of the Management Board, Deputy Chairman of the Management Board, Deputy Director General for Investments, Capital Construction and Sale of Services of PJSC FGC UES.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, he was also a member of the Boards of Directors (Supervisory Boards) of JSC IPS SakRusenergo; Association NP Market Council; CJSC TaigaEnergoStroy, JSC Institute ENERGOSETPROEKT, JSC Center for Engineering and Construction Management of UES, ROSSETI Moscow Region, JSC Tomsk Trunk Grids. He was also a member of the Presidium of RNC CIGRE.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.



ROMANOVSKAYA Larisa Anatolievna

**Member of the Management Board,
First Deputy Director General**

Born in 1972 in Chapaevsk.

Nationality — Russian Federation.

EDUCATION

In 1995, she graduated from the Samara State Academy of Economics with a degree in Economics.

PROFESSIONAL BACKGROUND

2014–2017 — Director General of Ensol LLC.

From 2017 — Advisor, Chief Advisor, and Acting Deputy Director General for Human Resources and Government and Media Relations, First Deputy Director General (until May 20, 2021),

From 2020 — member of the Management Board of ROSSETI.

From 2020 — First Deputy Chairman of the Management Board, Deputy Director General of PJSC FGC UES.

From 2020 — First Deputy Chairman of the Management Board (since April 24, 2020 until May 17, 2020), First Deputy Director General of PJSC FGC UES (since May 18, 2020 until May 20, 2021).

Changes in the composition of the Management Board in 2020

Until May 29, 2020¹, the Management Board of the Company also included:

- Andrey Aleksandrovich Dyomin;
- Dmitry Sergeyevich Korotkov;
- Alexander Mikhailovich Pyatigor;
- Olga Andreyevna Sergeeva.

MEMBERSHIP IN MANAGEMENT BODIES

At the end of the reporting period, she was also a member of the Boards of Directors (Supervisory Boards, Boards of Trustees) of IDGC of Centre, ROSSETI Moscow Region, ROSSETI Lenenergo, FGC UES, Association of Continuing Professional Education Nonprofit Partnership Corporate Educational and Scientific Center of the Unified Energy System named after A. F. Dyakov.

She was also a member of the Board of the Association of organizations of digital development Digital Energy.

SHAREHOLDING AND TRANSACTIONS WITH SHARES OF ROSSETI AND ITS SUBSIDIARIES AND DEPENDENT COMPANIES

In the reporting period, had no shares (stakes) of ROSSETI and its controlled entities and made no transactions with securities (stakes) of such companies.

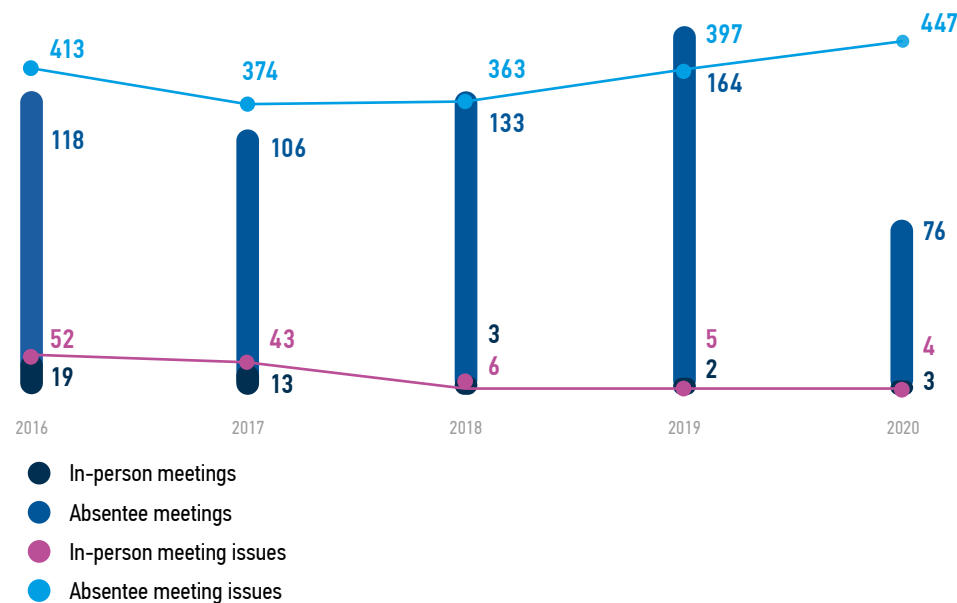
During the reporting period, none of the members of the Management Board of ROSSETI received loans from the Company, did not have any other contractual relations with the Company and (or) its controlled entities, except for labor agreements/contracts, and did not have any other grounds indicating a conflict of interests of a member of the Management Board of the Company.

¹ The powers were terminated early by the resolution of the Board of Directors of ROSSETI dated May 29, 2020 (Minutes No. 419 dated May 29, 2020).

Report on the activities of the Management Board

In the reporting period, 79 meetings of the Management Board of the Company were held, including 3 in-person meetings, and a total of 451 items were considered.

Performance statistics of the Management Board



Participation of members of the Management Board of ROSSETI in meetings held in 2020 (composition of the Management Board was in force from January 2020 to May 29, 2020).

Nº	Full name	Absentee meetings	In-person meetings
1	Pavel Anatolievich Livinsky	39/39	2/2
2	Andrey Aleksandrovich Dyomin	39/39	2/2
3	Dmitry Sergeevich Korotkov	39/39	2/2
4	Alexander Mikhailovich Pyatigor	31/39	2/2
5	Olga Andreyevna Sergeeva	39/39	2/2

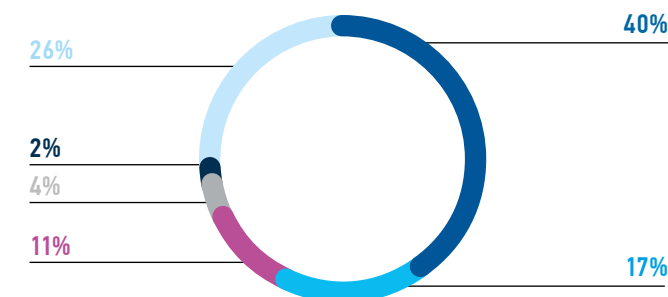
Participation of members of the Management Board of ROSSETI in meetings in 2020 (composition of the Management Board was in force from May 29, 2020 to December 2020)

Nº	Full name	Absentee meetings	In-person meetings
1	Pavel Anatolievich Livinsky	37/37	1/1
2	Andrey Yevgenyevich Murov	37/37	1/1
3	Pavel Vladimirovich Grebtsov	37/37	1/1
4	Alexander Arkadevich Zaragatsky	37/37	1/1
5	Andrey Vladimirovich Mayorov	37/37	1/1
6	Aleksey Valeryevich Molsky	37/37	1/1
7	Larisa Anatolievna Romanovskaya	37/37	1/1

Note:

The data in the table are given in the "5/7" format, which means that a person could take part in 7 meetings of the Management Board, and actually attended 5 meetings.

Categories of issues considered by the Management Board



- Recommendations to the Board of Directors (strategy, audit and control, budget, investment, R&D, KPIs, procurement, internal regulations)
- Issues related to strategic planning, financial and economic performance
- Transactions associated with the acquisition/disposal of SDCs' property
- Performance of the functions of SDCs' general meetings of shareholders
- Issues related to nominations for SDCs' management bodies
- Issues related to ROSSETI's day-to-day activities

Sole executive body (Director General)

In accordance with the Company's Articles of Association, Director General of ROSSETI is in charge of the Company's day-to-day activities and is elected by the Board of Directors of ROSSETI in accordance with the directives of the Government of the Russian Federation. The Director General also heads the Management Board of the Company.

From September 2017 to January 2021, the functions of the sole executive body of ROSSETI — Director General were performed by Pavel Anatolievich Livinsky.



Find information about P. A. Livinsky in section ["Composition of the Management Board of the Company"](#).

On January 15, 2021, Andrey Valeryevich Ryumin was appointed Acting Director General, Chairman of the Company's Management Board¹. On February 12, 2021, Andrey Valeryevich Ryumin was elected Director General of ROSSETI².



RYUMIN Andrey Valeryevich

Director General, Chairman of the Management Board of ROSSETI

Born in 1980 in Moscow.

Nationality — Russian Federation.

EDUCATION

In 2002, he graduated with honors from the Faculty of Mechanics and Mathematics of the Lomonosov Moscow State University.

In 2004, he earned a Ph.D. in Economics from the Market Economy Institute of the Russian Academy of Sciences.

PROFESSIONAL BACKGROUND

2002–2011 — held various management positions in leading Russian investment and industrial companies.

From 2011 — First Deputy Director General of United Energy Company. In 2013 — he was appointed Director General of United Energy Company.

2014–2016 — worked in business.

2016–2017 — Independent Director, Member of the Board of Directors of Mosenergo.

2018–2021 — Director General of ROSSETI Lenenergo (formerly Lenenergo).

On January 14, 2021, he was elected a member of the Management Board of ROSSETI and appointed Acting Director General as well as Chairman of the Management Board of ROSSETI.

On February 12, 2021, he was appointed Director General of ROSSETI.

¹ Resolution of the Board of Directors of ROSSETI dated January 14, 2021 (Minutes No. 446 dated January 14, 2021).

² Resolution of the Board of Directors of ROSSETI dated January 14, 2021 (Minutes No. 448 dated January 14, 2021).

Remuneration and engagement

Message from the Chairman of the HR and Remuneration Committee



Dear readers of the Report!

In 2020, despite the objective difficulties caused by the impact of the pandemic, the HR and Remuneration Committee focused on issues of succession, as well as the effectiveness of the system of engagement of employees and top management of the Company.

The Committee reviewed the Regulation for Material Incentives for Top Managers of the Company, and approved a succession plan for the executive management of the Company.

In addition, the Committee considered issues of developing the human resources of the ROSSETI Group, thereby emphasizing the importance of these aspects for the Company's activities, increasing operational efficiency and labor productivity.

Alexander Sergeyevich Kalinin
Chairman,
Independent Director,
Member of the Board of Directors of ROSSETI

Key provisions of the policy in the field of remuneration of the Company's management bodies

The Company's approaches to determining the amount and procedure for paying remuneration to members of the Company's management bodies are based on the principles and recommendations of the Corporate Governance Code of the Bank of Russia, as well as on the criteria of transparency and accountability.

Company's policy area of remuneration

- The Company's remuneration policies are reflected in internal documents and regulations:
- for members of the Board of Directors — Regulation for Payment of Remuneration and Compensation to Members of the Board of Directors¹;
 - for members of Committees under the Board of Directors not belonging to the directors — Regulation on the Strategy Committee under the Board of Directors of ROSSETI and Regulation on Committee on Investment, Technical Policy, Reliability, Energy Efficiency and Innovation under the Board of Directors of ROSSETI²;
 - for top managers — Regulation for Material Incentives for Top Managers of ROSSETI³.
- The remuneration of the Director General is determined by the terms of the employment contract concluded with him. By decision of February 12, 2021, the Board of Directors of the Company authorized Alexander Valentinovich Novak, Chairman of the Board of Directors, to determine the conditions and sign an employment contract, as well as additional agreements to the employment contract on behalf of the Company with Andrey Valerievich Ryumin⁴, Director General.
- In September 2020, the Board of Directors of the Company approved the restated version of the Regulation for Material Incentives for Top Managers of ROSSETI. The key changes to the previous version of the document were the cancellation of quarterly KPIs and establishment of only annual KPIs in accordance with the methodology of calculation and target achievement of KPIs by the Director General of ROSSETI⁵.

¹ Approved by the Annual General Meeting of Shareholders of ROSSETI on June 27, 2019 (Minutes w/o No. dated June 27, 2019).
² Approved by the Board of Directors of ROSSETI on October 21, 2013 (Minutes No. 137 dated October 21, 2013, as amended, approved by the Board of Directors of ROSSETI on December 15, 2014 (Minutes No. 173 dated December 18, 2014).
³ Approved by the Board of Directors of ROSSETI on September 25, 2020 (Minutes No. 431 dated September 28, 2020).
⁴ Minutes of the Meeting of the Board of Directors of ROSSETI No. 448 dated February 12, 2021).
⁵ Approved by the Board of Directors of ROSSETI on December 26, 2019 (Minutes No. 388 dated December 26, 2019).

Role of the HR and Remuneration Committee of the Board of Directors

- The HR and Remuneration Committee of the Board of Directors of the Company plays an important role in the functioning of the remuneration system for the Company's management bodies:
- it is empowered to develop and periodically review the policy on remuneration of members of the Board of Directors of the Company;
 - it oversees implementation of policies on remuneration of members of the Board of Directors and members of the Management Board;
 - it gives recommendations to the Board of Directors of the Company on the methodology for calculating and assessing the implementation of KPIs for the Director General of ROSSETI;
 - it preliminarily considers reports on the implementation of the annual KPIs of the Director General of ROSSETI and forms recommendations to the Board of Directors on this issue.

In the reporting period, no consultants were involved in determining the amount of remuneration and compensation to members of the Board of Directors and members of the Management Board, and the effectiveness of the remuneration system was not evaluated.

Remuneration to members of the Board of Directors and Committees of the Board of Directors

Principles for Determining the Amount of Remuneration to Members of the Board of Directors

The amount of remuneration to the members of the Board of Directors is determined based on the scope of duties of each director and their actual participation in the work of the Board of Directors, as well as work in the Committees of the Board of Directors. The amount of the basic annual remuneration is adjusted on the basis of the specified indicators, the amount of which is established by the Regulations on the payment of remuneration and compensations to members of the Board of Directors of ROSSETI.

The remuneration is paid as a one-time payment in RUB. Other forms of remuneration, including forms of short-term and long-term incentives, depending on the financial result, as well as forms of incentives with shares (stock options), are not applied in the Company.

Remuneration is paid within 30 calendar days upon holding he Annual General Meeting of Shareholders of the Company, which passed a resolution to pay remuneration to members of the Board of Directors of the Company.

	Remuneration for participation in the Board of Directors (S1)
Remuneration of the member of the Board of Directors	S1 = (Basic annual remuneration) X 100/130 X n/m where: n is the number of actual participation of a member of the Board of Directors in meetings of the Board in the corporate year m is the number of meetings of the Board of Directors in the corporate year
(the amount of basic annual remuneration or less)	Allowances (totaled up when combining duties) 30% of S1 – to the Chairman of the Board of Directors 20% of S1 – to the Chairman of the Committee of the Board of Directors 10% of S1 – for participation in the work of the Committee of the Board of Directors

Basic annual remuneration is 3.5 mn RUB.

Restrictions on the payment of remuneration:

Members of the Board of Directors belonging to the Management Board of the Company	No remuneration shall be calculated and paid out to these members of the Board of Directors
Members of the Board of Directors, in whose respect the Federal Law stipulates limitation or prohibition on receipt of any payments from commercial organizations	No remuneration shall be calculated and paid out to these members of the Board of Directors
Participation of a member of the Board of Directors in less than 50% of meetings of the Board of Directors	No remuneration shall be calculated and paid out to this member of the Board of Directors
The total amount of remuneration of all members of the Board of Directors exceeds the Company's net income in accordance with RAS for the last year	No remuneration shall be paid out to the members of the Board of Directors
Holding less than 3 meetings of the Committee of the Board of Directors	No remuneration for chairmanship and/or membership of this Committee shall be paid out

The Company provides for compensation of expenses related to participation in meetings of the Board of Directors or Committees, General Meetings of Shareholders to members of the Board of Directors of ROSSETI in accordance with the rules for reimbursement of travel expenses established by the Company at the time of the meeting.

No severance pay, compensation and other provisions are paid in the Company in the event of early termination of powers of a member of the Board of Directors.

Remuneration to members of the Committees of the Board of Directors not belonging to the Board of Directors

The Strategy Committee of the Board of Directors and the Committee on Investment, Technical Policy, Reliability, Energy Efficiency and Innovation of the Board of Directors are partially composed of persons not belonging to the Board of Directors in	order to attract the necessary competencies and expertise. The procedure for payment of remuneration for participation in the meetings of these Committees to these persons is governed by the Regulations on the appropriate Committees.
Remuneration to the Chairman of the Committee	3 minimum monthly tariff rate of first grade worker ¹ per meeting
Remuneration to the Deputy Chairman of the Committee, member of the Committee	80% of the remuneration of the Chairman of the Committee per meeting

In the reporting year, members of the Committees not belonging to the Board of Directors were paid remuneration for participation in one meeting of the Committee in the amount of:

→ in the first half of 2020 – 20,743.00 RUB;
→ in the second half of 2020 – 21,408.20 RUB.

Report on actual remuneration and compensations paid to the members of the Board of Directors and members of Committees of the Board of Directors

The Annual General Meeting of Shareholders of the Company held on June 1, 2020², on the recommendation of the Board of Directors, in connection with the net income received by the Company at the end of 2019, adopted a decision to pay remuneration to members of the Board of Directors of the Company who are not civil servants. Remuneration to the members of the Board of Directors for the period of their performance amounted to 27,394,230.80 RUB.

¹ Established by the Industrial Agreement of the Electric Grid Sector of the Russian Federation. The rate at the date of the meeting is considered, taking into account the indexation under this agreement.

² Minutes of the Annual General Meeting of Shareholders of ROSSETI w/o No. dated June 1, 2020.

Calculation of remuneration for members of the Board of Directors¹

Name of the Board member	Participation in the Board meetings	Limitations on the payments	Remuneration (Ractual), RUB	Member-ship in the Committees under the Board of Directors	Additional remuneration, RUB			Total, RUB	Max payment, RUB	Total payable, RUB
					To the Chairman of the Board of Directors	To the Chairman of the Committee	For Committee membership			
S. O. Ashirov	56/56	no	2,692,307.69	AC	0	0	269,230.77	3,500,000.00	3,500,000.00	3,500,000.00
				HR&RC	0	0	269,230.77			
				SC	0	0	269,230.77			
B. I. Ayuev	56/56	no	2,692,307.69	no	0	0	0	2,692,307.69	3,500,000.00	2,692,307.69
V. M. Belov	56/56	no	2,692,307.69	AC	0	538,461.54	0	3,500,000.00	3,500,000.00	3,500,000.00
				HR&RC	0	0	269,230.77			
M. S. Bystrov	55/56	no	2,644,230.77	HR&RC	0	0	264,423.08	2,908,653.85	3,500,000.00	2,908,653.85
				AC	0	0	269,230.77			
O. M. Dubnov	56/56	no	2,692,307.69	HR&RC	0	0	269,230.77	4,038,461.54	3,500,000.00	3,500,000.00
				SC	0	0	269,230.77			
				CITPREEI	0	538,461.54	0			
A. S. Kalinin	53/56	no	2,548,076.92	AC	0	0.00	254,807.69	3,312,500.00	3,500,000.00	3,312,500.00
				HR&RC	0	509,615.38	0			
P. A. Livinsky	55/56	yes (sole executive body)	0	no	0	0	0	0	0	0
Yu. V. Manevich	55/56	yes (civil service)	0	SC	0	0	0	0	0	0
A. E. Murov	55/56	yes (Board member)	0	no	0	0	0	0	0	0
A. V. Novak	56/56	yes (civil service)	0	no	0	0	0	0	0	0
M. A. Rasstrigin	51/56	yes (civil service)	0	no	0	0	0	0	0	0
N. D. Rogalev	56/56	no	2,692,307.69	no	0	0	0	2,692,307.69	3,500,000.00	2,692,307.69
A. V. Tikhonov	56/56	yes (civil service)	0	no	0	0	0	0	0	0
S. I. Shmatko	56/56	no	2,692,307.69	no	0	0	0	2,692,307.69	3,500,000.00	2,692,307.69
N. G. Shulginov										-

The amount of remuneration to the members of the Board of Directors in 2016–2020

	2016	2017	2018	2019	2020
The total amount of remuneration to the members of the Board of Directors, thsd RUB	Not paid (the Company had no net income)	6,971	Not paid (the Company had no net income)	Not paid (the Company had no net income)	27,394

The total amount of remuneration paid in 2020 to members of the Committees under the Board of Directors not belonging to the Board of Directors amounted to 7,907.7 thsd RUB.

¹ The disclosure of remuneration is approved by the Board members, except for Mr. Shulgin.

Remuneration to the Management Board and Director General of the Company

The remuneration system for the members of the Management Board of ROSSETI is aimed at ensuring their material interest in achieving the strategic goals of the Company and increasing the economic efficiency of management, as well as ensuring a fair and competitive level of remuneration. The remuneration of the Director

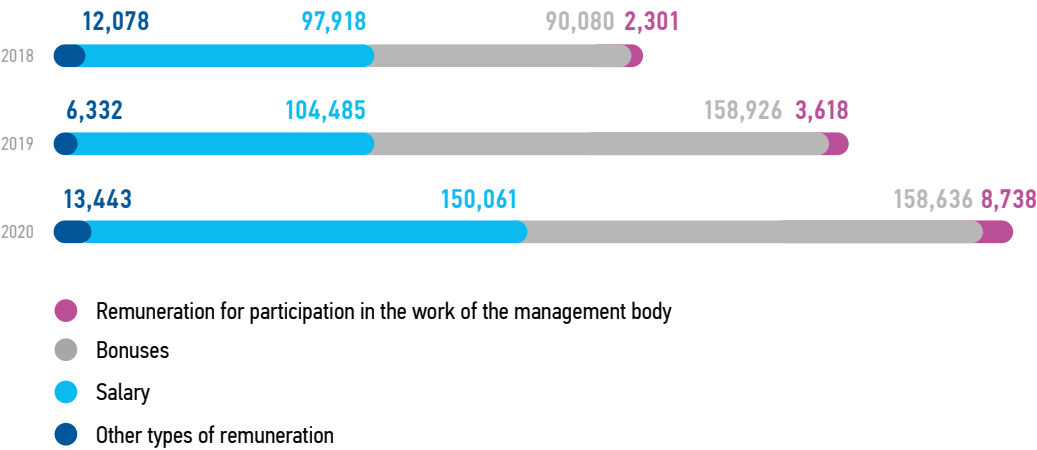
General of ROSSETI is determined by the terms of the employment contract. The remuneration of the members of the Management Board is determined by the Regulation for Financial Incentives for Senior Managers of ROSSETI.

Report on the actual remuneration and compensations paid to the members of the Management Board and the Director General of the Company¹

Remuneration to the Director General and members of the Management Board accrued in 2020, thsd RUB

Remuneration for participation in the work of the management body	8,738
Salary	150,061
Bonuses	158,636
Other types of remuneration	13,443
Total	330,878

Remuneration to the Director General and members of the Management Board accrued in 2020, thsd RUB



The amount of the bonus part of the remuneration for 2020 was determined based on meeting KPIs and target values.

For details on the KPI system, see the section [KPI System. Efficiency evaluation.](#)

¹ Information on the remuneration paid is disclosed on the Company's website as part of the quarterly report: <http://www.rosseti.ru/investors/info/quarter/doc/qtr0420.pdf>.

Risk Management System and Corporate Control

Internal control system

The Internal Control System of the Company is designed to minimize the risks arising during achievement of the strategic and operational goals of the Company, as well as to increase the efficiency of the Company performance, to ensure compliance with the requirements of legislation and local regulations of the Company, the reliability and timeliness of the accounting (financial),

management reporting of the Company. Internal control is integrated into the risk management system and is an integral part thereof.

The procedure for conducting internal control in the Company is governed by the Internal Control Policy approved by the Board of Directors of the Company on November 16, 2015¹.

Basic documents	Description
Internal Control Policy ROSSETI	Determines the requirements for the organization and functioning of the internal control system: goals, principles of operation, elements of the internal control system of the Company, the main functions and responsibilities of participants in the internal control system, the procedure for assessing the effectiveness of the internal control system.
The procedure for implementing the requirements of the Internal Control Policy of ROSSETI	Determines the tools for implementing the requirements of the Internal Control Policy, discloses the practical aspects of applying the norms enshrined in the Internal Control Policy.
Regulation of the "Internal control" process	Defines the rules of the "Internal Control" process, as well as the roles of the process participants and resources.
Control and risk matrices	Establish oversight procedures to minimize risks for the processes of the main and supporting activities, as well as the management processes of the Company.

In accordance with the Internal Control Policy, the responsibility for the proper organization and implementation of control procedures is imposed on all participants in the internal control process within

the powers enshrined in the Company's Charter, the Internal Control Policy, local regulations of the Company, regulations on structural divisions and job descriptions of employees.

ASSESSMENT OF THE INTERNAL CONTROL SYSTEM EFFECTIVENESS

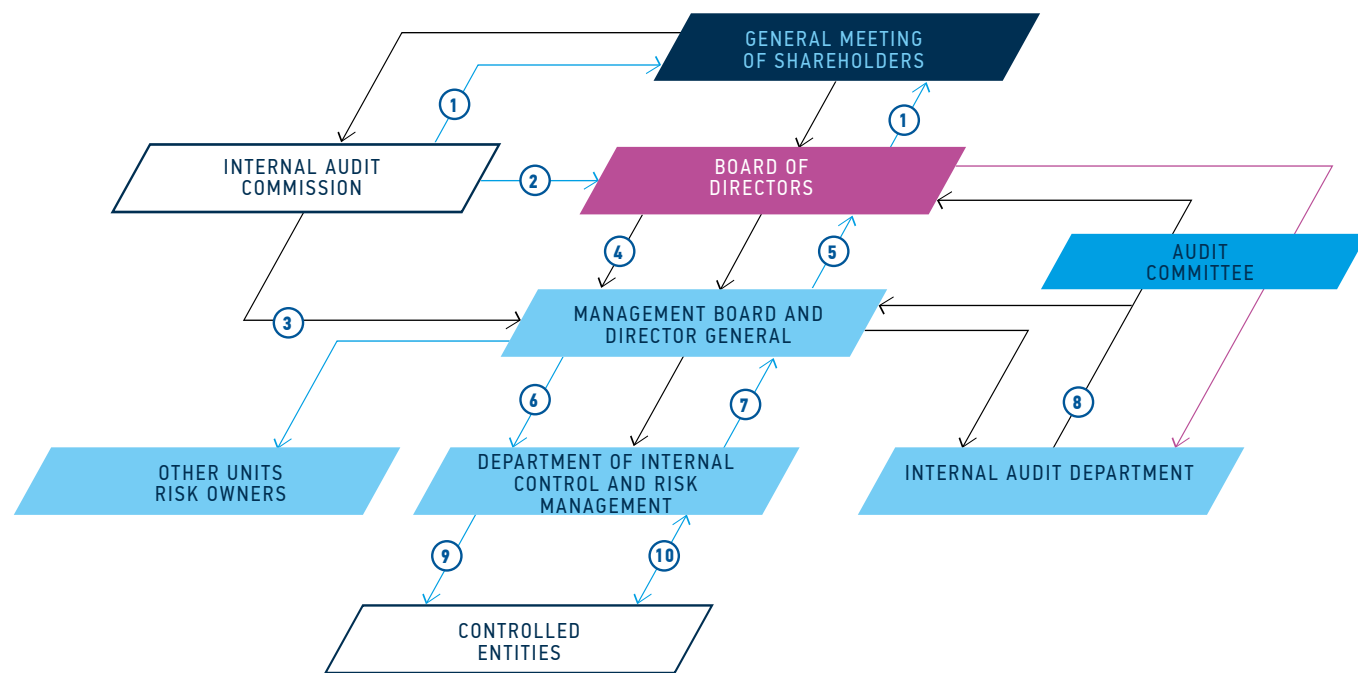
ROSSETI's internal audit unit conducts an annual internal independent evaluation of the effectiveness of the internal control system. The report of the internal auditor for the results of 2020 has been preliminarily reviewed by the Audit Committee of the Board of Directors 18.05.2021 (Minutes No. 132 dated 19.05.2021). The maturity level of the internal control system is assessed at 5.7, i.e. it has not changed year-over-year.

¹ Decision of the Board of Directors of ROSSETI dated November 16, 2015 (Minutes No. 208 dated November 18, 2015).

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Participants of the risk management system

Interaction between the participants of the risk management system



Functions and purposes

① Accountability	⑥ → Approving bylaws → Supervising the internal control system
② Providing information	⑦ → Reporting → Proposals
③ Recommendations for RMS improvement	⑧ → Informing → RMS improvement suggestions
④ → Approval of the RM Policy → Approval of risk appetite	⑨ Methodology
⑤ → Reporting → Proposals on the level of risk appetite	⑩ Interaction with Subsidiaries and Associates

Risk management

ROSSETI uses various risk management mechanisms, the main of which are the following:

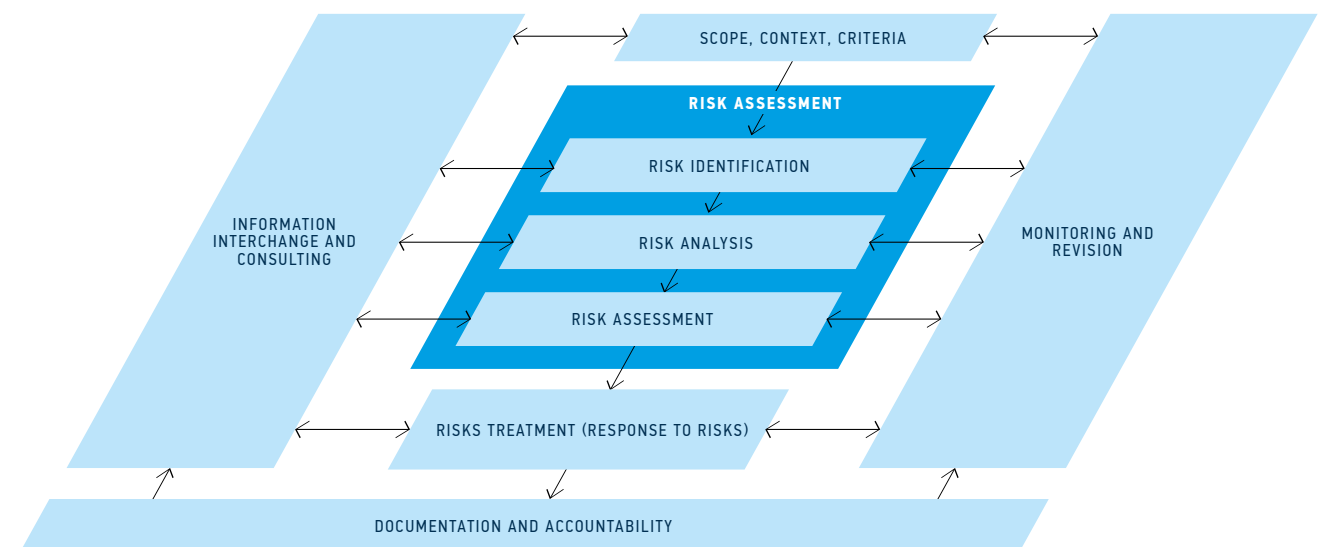
- **risk avoidance** – aversion or avoidance of risk;
- **risk mitigation** – impact on risk by reducing the likelihood of risk occurrence and (or) reducing negative consequences in case of risk occurrence;
- **risk transfer** – transfer or partial transfer of risk to another party to reduce the negative impact of uncertainty on the achievement of the ROSSETI's objectives;
- **risk acceptance** – ROSSETI admits the possible occurrence of adverse consequences of the risk, while identifying specific sources of coverage of losses from such consequences.

The choice of a risk response method depends on the level of materiality of the risk, on the impact on the risk, on the cost of response and the benefits obtained.

Risk management is a continuous and cyclical process as part of the general management system of the ROSSETI Group.

For more information on risk classification and risk management measures, see the [“Risks” section](#).

Risk Management Process Steps



Key measures in the field of the risk management system implemented in 2020

In 2020, work continued to improve the risk management system based on common approaches and standards:

- the fundamental strategic document of ROSSETI in the field of risk management was updated – the Risk Management Policy of ROSSETI (hereinafter referred to as the Policy). The main changes made to the Policy relate to updating the principles of the risk management system and the steps of the risk management process, taking into account the provisions of the COSO Concept “Organization Risk Management. Integrating with Strategy and Performance”, national standard GOST R ISO

31000–2019 “Risk Management. Principles and Guidelines”, international standard ISO 31000–2018 “Risk Management – Governance”, functions of participants in the risk management process in accordance with the new organizational structure of ROSSETI;

- the key methodological documents in the field of risk management for the companies of the ROSSETI Group were updated: a standard regulation on risk management, a standard basic list of risks, a standard model of the maturity of the risk management system.

ASSESSMENT OF THE EFFECTIVENESS OF THE RISK MANAGEMENT SYSTEM

In order to provide guarantees of the effectiveness of the risk management system, ROSSETI's internal audit unit conducts an internal independent evaluation of the effectiveness of the risk management system annually. The internal auditor's report on the results of 2020 has been preliminarily reviewed by the Audit Committee of the Board of Directors 18.05.2021 (Minutes No. 132 dated 19.05.2021). The maturity level of the risk management system is assessed at 4.9, an increase of 0.1 point compared to 2019.

Further plans to improve the risk management system

In order to develop the risk management system, the Plan for maintaining the efficiency and development of the internal control system and the risk management system of the ROSSETI Group for 2021–2023¹ was developed, including the following areas:

- developing a culture of risk awareness, conducting training events on the organization and functioning of the risk management system in the companies of the ROSSETI Group;
- improving approaches to integrating risk management into key business processes;

- organization of automation of the risk assessment process;
- development of a unified methodology for determining the risk appetite for the companies of the ROSSETI Group;
- updating the risk register of ROSSETI in conjunction with the development strategy of the companies of the ROSSETI Group.

¹ Decision of the Board of Directors of ROSSETI dated December 28, 2020 (Minutes No. 443 dated December 29, 2020).

Internal Audit Commission

In order to control the financial and economic activities of ROSSETI, the Company has an Internal Audit Commission – a standing control body elected by the General Meeting of Shareholders and accountable thereto.

The Internal Audit Commission is elected from among the candidates proposed by the shareholders of the Company or nominated by the Board of Directors of the Company. The activities of the Internal Audit Commission are governed by the Charter and

the Regulations on the Internal Audit Commission of ROSSETI, approved by the Annual General Meeting of Shareholders of ROSSETI on June 30, 2015¹, as well as taking into account the methodological recommendations of the Federal Agency for State Property Management².

Key issues considered by the Internal Audit Commission in the reporting year:

Monitoring of financial and economic activities, elimination of identified deficiencies based on the results of inspections	Audits of financial and economic activities for 2019 and 9 months of 2020 were carried out. No significant violations have been revealed.
Assessment of the reliability of the data contained in the Annual Report and annual financial statements	The Annual Report for 2019, annual accounting (financial) statements for 2019 and 9 months of 2020 have been considered. No data corruption that could materially affect the said reporting have been identified.
Informing on violations of the procedure for keeping accounting statements, presenting financial statements, and the procedure for the implementation of financial and economic activities	Issues of preparation of accounting (financial) statements and compliance with the rules of accounting have been considered. No significant violations have been revealed.
Control of the legality of financial and economic transactions	The report on transactions concluded in 2019 in which there is an interest has been considered. No violations of the law were revealed.

There were two compositions of the Internal Audit Commission in the reporting year.

Composition of the Internal Audit Commission effective from June 1, 2020³

Full name	Position at the time of election
Zobkova Tatiana Valentinovna (Chairman)	Deputy Director Department for Corporate Governance, Price Conditions and Auditing in Fuel and Energy Industry Branches, Ministry of Energy of the Russian Federation
Gabov Andrey Vladimirovich (Secretary)	Deputy Director of the Department of State Regulation of Tariffs, Infrastructure Reforms and Energy Efficiency of the RF Ministry of Economic Development and Trade
Balagurov Sergei Arkadevich	Deputy Head of the Division of the Electric Power Industry Development Department of the Ministry of Energy of the Russian Federation
Agamamedova Diana Agamamedovna	Leading specialist-expert of the management department of the Federal Agency for State Property Management
Pozdnyakov Konstantin Konstantinovich	Deputy First Vice-Rector of the Federal State Educational Budgetary Institution of Higher Education “Financial University under the Government of the Russian Federation”

Composition of the Internal Audit Commission that acted until June 1, 2020⁴

Full name	Position at the time of election
Zobkova Tatiana Valentinovna (Chairman)	Deputy Director Department for Corporate Governance, Price Conditions and Auditing in Fuel and Energy Industry Branches, Ministry of Energy of the Russian Federation
Gabov Andrey Vladimirovich (Secretary)	Deputy Director of the Department of State Regulation of Tariffs, Infrastructure Reforms and Energy Efficiency of the RF Ministry of Economic Development and Trade
Balagurov Sergei Arkadevich	Deputy Head of the Division of the Electric Power Industry Development Department of the Ministry of Energy of the Russian Federation
Grechka Irina Nikolayevna	Temporarily unemployed
Simochkin Dmitry Igorevich	Head of the Department of Property Affairs and Privatization of Major Organizations of the Federal Agency for State Property Management

¹ The Decision of the Annual General Meeting of Shareholders of ROSSETI on June 30, 2020 (Minutes w/o No. dated July 2, 2020).

² Approved by order of the Federal Agency for State Property Management No. 350 dated September 16, 2014.

³ By the elected Annual General Meeting of Shareholders of ROSSETI on June 1, 2020 (Minutes w/o No. dated June 1, 2020).

⁴ Elected by the Annual General Meeting of Shareholders of ROSSETI on June 27, 2019 (Minutes w/o No. dated June 27, 2019).

Remuneration of Members of the Audit Commission

The remuneration policy for members of the Internal Audit Commission is determined by the Regulations on the Payment of Remuneration and Compensation to Members of the Internal Audit Commission of ROSSETI, approved by the Annual General Meeting of Shareholders of ROSSETI on June 29, 2018 (Minutes w/o No. dated June 29, 2018).

Key principles of the Company’s policy in the field of remuneration of members of the Internal Audit Commission:

- remuneration is paid by decision of the General Meeting of Shareholders;
- remuneration is paid in a lump sum based on the results of work for the corporate year;
- the amount of remuneration depends on the degree of participation in the work of the Internal Audit Commission;
- remuneration is not paid to persons in respect of whom there is a legislative restriction or prohibition on receiving payments from commercial organizations;

Internal audit

ROSSETI has established and effectively operates a division that performs internal audit functions and reports to the Company Board of Directors, the Internal Audit Department.

The purpose of the internal audit is to assist the Board of Directors and executive bodies of the Company in improving the efficiency of the Company’s management, its financial and economic activities, including through a systematic and consistent approach to the analysis and evaluation of the risk management system and the internal control and corporate governance system as tools for ensuring reasonable confidence in achieving the Company’s goals:

- approval of the internal audit activity plan;
- review of the report on implementation of the internal audit activity plan;
- approval of the internal audit unit budget;
- consideration of significant restrictions on the powers of the internal audit unit or other restrictions that may negatively affect the implementation of internal audit;
- approval of decisions on appointment, discharge, and determination of remuneration of the head of the internal audit unit.

Goals and objectives, basic principles of organization, functions and powers of internal audit are defined in the Internal Audit Policy of ROSSETI, approved by the Board of Directors on March 5, 2020³. In addition, the Company has other internal documents regulating the function of internal audit.

- the amount of remuneration depends on the following:
 - the amount of revenue, according to which the basic amount of remuneration is determined;
 - the period during which the duties of a member of the Internal Audit Commission were fulfilled;
 - coefficient of personal participation of a member of the Internal Audit Commission.

During the period of activity of the members of the Internal Audit Commission elected by the Annual General Meeting of Shareholders of ROSSETI on June 27, 2019¹, members of the Internal Audit Commission T.V. Zobkova, A.V. Gabov, S.A. Balagurov were persons filling the positions of the state service of the Russian Federation, and I.N. Grechka and D.I. Simochkin did not take part in the activities of the Internal Audit Commission.

On 01.06.2020², the Annual General Meeting of Shareholders of ROSSETI made a decision not to pay remuneration to members of the Internal Audit Commission of the Company due to the absence of grounds for calculating and paying remuneration.

According to the results of self-assessment, the overall assessment of the quality of ROSSETI’s internal audit at the end of 2020 corresponds to the level of 2019—3.9 points, which belongs to the category “generally conforms” according to the approved assessment methodology.⁴

Feedback from the Audit Committee is provided by the head of internal audit in various forms during interaction with the Audit Committee, including analysis of decisions/recommendations of the Audit Committee on issues within the internal audit competence, as well as through questioning the Audit Committee members. The satisfaction indicator of the Audit Committee under the Company Board of Directors with the results of the internal audit unit in 2020 corresponds to the assessment 1.15⁵ (meaning “conforms”). No comments were made by members of the Audit Committee under the Board of Directors to the internal audit activities.

Based on the results of an external independent assessment of the internal audit of the companies of the ROSSETI Group in 2019, an independent expert issued recommendations to improve the internal audit activity⁶. Based on the recommendations received, as well as taking into account the proposals of the members of the Internal Audit Committee, an Action Plan for the development and improvement of the internal audit activities in the ROSSETI Group for the period from 2020 to 2024 has been developed and is being implemented.⁷

¹ The Decision of the Annual General Meeting of Shareholders of ROSSETI on June 27, 2019 (Minutes w/o No. dated June 27, 2019).

² The Decision of the Annual General Meeting of Shareholders of ROSSETI on June 27, 2019 (Minutes w/o No. dated June 27, 2019).

³ Approved by the Board of Directors of ROSSETI on March 05, 2020 (Minutes No. 399 dated March 06, 2020).

⁴ Results of self-assessment of the quality of ROSSETI’s internal audit activities at the end of 2020 was preliminary reviewed by the Audit Committee of ROSSETI’s Board of Directors at May 11, 2021 (Minutes No. 131 dated May 11, 2021).

⁵ The evaluation takes into account estimates deemed “not applicable” (4 points).

⁶ The results of the external independent assessment of the internal audit activities of ROSSETI and SDC were considered by the Internal Audit Committee under the Board of Directors of ROSSETI on January 16, 2020 (Minutes No. 113 dated January 16, 2020) and by the Board of Directors of ROSSETI on April 2, 2020 (Minutes No. 401 dated April 3, 2020).

⁷ Approved by the Board of Directors of ROSSETI on May 22, 2020 (Minutes No. 415 dated May 22, 2020).

Internal audit aspects of ROSSETI



External audit

In order to independently assess the reliability of the accounting (financial) statements, the Company annually engages an external auditor to conduct an audit of reports prepared under IFRS and RAS. External auditors are engaged on the basis of competitive procedures ensuring objective selection by criteria taking into account the scope and time of work, as well as the specifics of the Company's activities. The candidacy of the Company's auditors, as

well as those of its subsidiaries and affiliates (including the basic terms of contracts on the basis of which auditors are engaged) are considered tentatively by the Audit Committee of the Company Board of Directors to make recommendations for further approval of external auditors in accordance with the procedure established by law.

Selection of auditors

The current legislation obliges companies with state participation (including ROSSETI) to ensure the selection of internal audit organizations solely on the basis of competitive procedures, while a competition is allowed to determine the auditor's candidacy for a period of up to 3 years.

The candidacy of the Company's auditor was determined based on the results of an open competition held by ROSSETI for the right to conclude contracts for the mandatory annual audit of the reporting

of ROSSETI for 2018–2020, carried out in accordance with the procedure provided for by Federal Law No. 44-FZ dated April 5, 2013 "On the contract system in the field of procurement of goods, works, services to meet state and municipal needs." The candidacy of the auditor (RSM RUS) was preliminary recommended by the Internal Audit Committee, the Board of Directors of the Company¹ and approved by the Annual General Meeting of Shareholders of ROSSETI held on June 1, 2020.

	2018	2019	2020
Auditor (RAS and IFRS)	RSM RUS	RSM RUS	RSM RUS
Cost of reporting audit services	RUB 4,034 thousand	RUB 4,068 thousand	RUB 4,068 thousand
Cost of other services excluding mandatory audit (providing the services related to audit)	No service (RUB 0)	No service (RUB 0)	No service (RUB 0)

On May 11, 2020², the Audit Committee of ROSSETI's Board of Directors approved the effectiveness assessment of the external audit of accounting (financial) statements of ROSSETI for 2020, prepared in accordance with the RAS, and the audit opinion thereon, noting external auditor's opinion compliance with international auditing standards and the legislation of the Russian Federation.

RSM RUS
is the auditor of the Company, starting
with the audit of the reporting for 2015.

¹ Meeting Minutes of the ROSSETI Board of Directors meeting, dated May 27, 2019, No. 356

² Meeting Minutes of the Audit Committee of ROSSETI's Board of Directors No.131 dated May 11, 2021.

Management Mechanisms in the ROSSETI Group

The corporate management mechanism in the ROSSETI Group includes a number of tools of influence and control in relation to controlled entities. As of the end of the reporting period, ROSSETI was the controller in relation to 86 entities operating in 80 regions of the Russian Federation.

The specifics of managing controlled entities are determined by the specifics of the business model of ROSSETI and the structure of the Group:

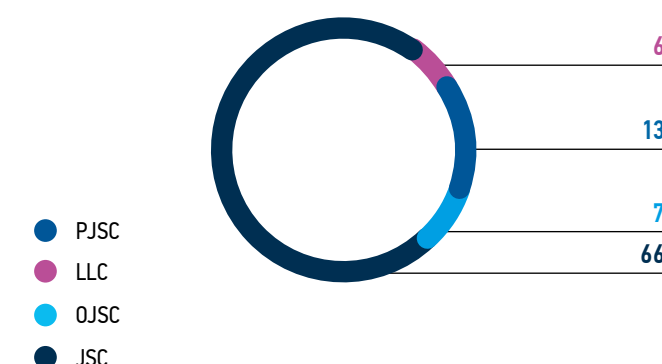
- ROSSETI does not directly carry out operational activities in the electric power industry market, while acting as a coordinator of the activities of controlled entities and a center for developing a unified management policy;
- ROSSETI is responsible for the implementation of orders of the President, Government, federal executive bodies of the Russian Federation by controlled entities;
- Special powers in relation to FGC UES as the largest transmission system operator, including as a managing organization, starting from May 15, 2020.

Controlled entities that are material to ROSSETI:

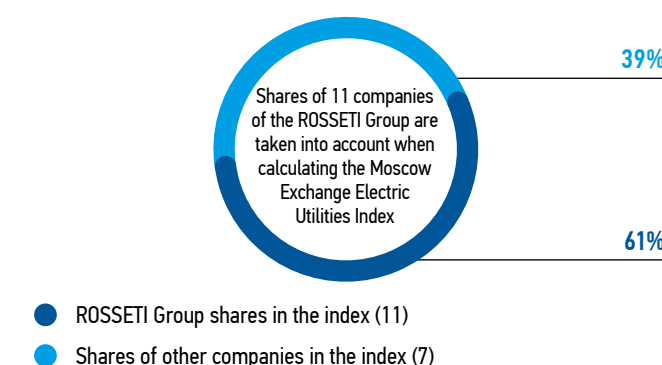
- FGC UES
- ROSSETI Kuban
- ROSSETI Lenenergo
- IDGC of Center
- IDGC of Center and Volga Region
- ROSSETI Moscow Region
- IDGC of Urals
- ROSSETI South
- IDGC of the North-West
- ROSSETI Siberia
- ROSSETI Volga
- ROSSETI North Caucasus
- TDC
- ROSSETI Tyumen
- Yantarenergo

The procedure for interaction of ROSSETI with business entities whose shares (stakes) are owned by ROSSETI was approved by the Board of Directors on April 22, 2011 (Minutes No. 57 dated April 25, 2011), subject to changes introduced by the Board of Directors of ROSSETI on December 28, 2018 (Minutes No. 338 dated December 29, 2018)

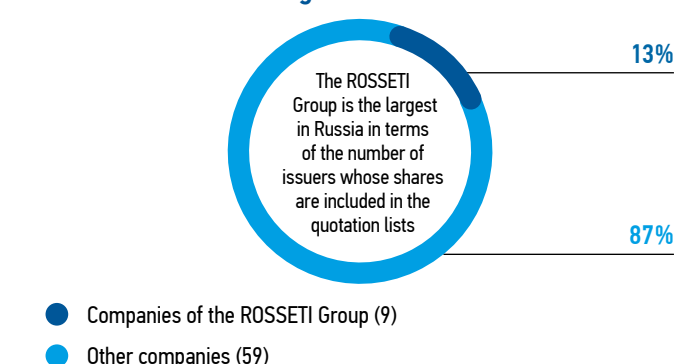
Categories of ROSSETI's controlled entities



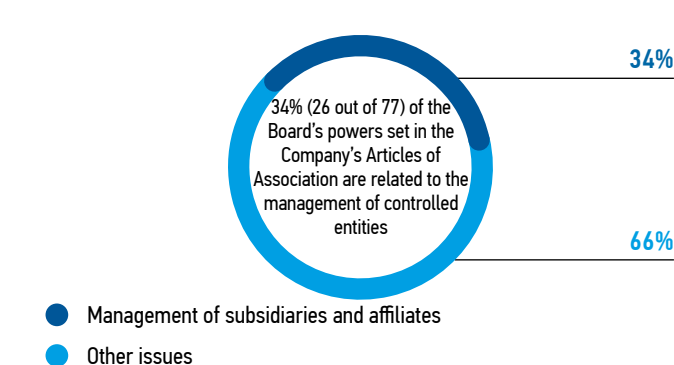
Share of ROSSETI Group companies in the Electric Utilities Index of the Moscow Exchange

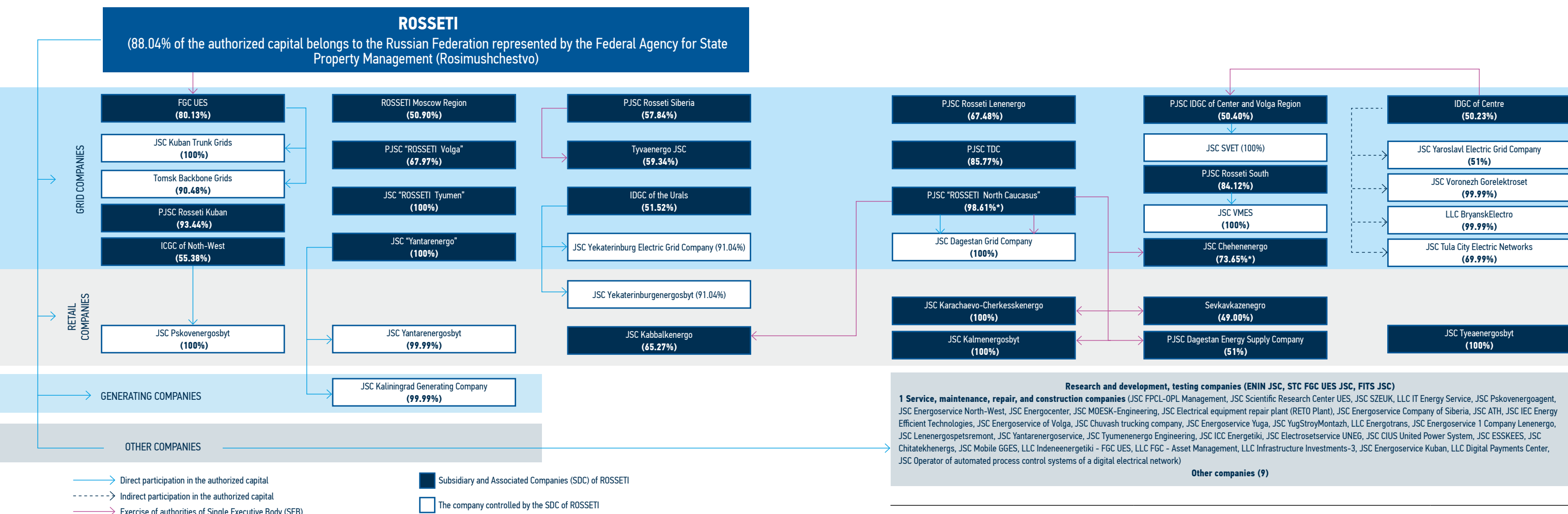


Share of ROSSETI Group companies in quotation lists of the Moscow Exchange



Competence of the Board of Directors in management of subsidiaries and affiliates





*The share of PJSC ROSSETI in the authorized capital of the subsidiary company is indicated as of 31.12.2020, excluding the results of the current additional issue of shares of the ROSSETI subsidiary company,

The management of such a large number of controlled entities is implemented through the following tools and activities:

- broader powers of the Boards of Directors of controlled entities, which exclude the possibility of sole decision-making by their heads on key issues without the consent of the General Meeting/Board of Directors;
- broader control powers of the Board of Directors and the Management Board of the Company in terms of decisions taken by controlled entities. The main tool in this case is "position determination";

- synchronization of the provisions of the charters, key internal documents of the Company and controlled entities in order to be able to cascade decisions made at the level of ROSSETI into controlled entities;
- active participation in determining the development strategy of controlled entities;
- coordination of financial, investment, personnel activities of controlled entities;
- information interaction between the Company and controlled entities.

Matrix of corporate management tools for SDC

SDC category	Management tool	Decision-making level of ROSSETI
Share of ROSSETI in SDC is 100% (9 companies)	Exercise of powers of general meetings of shareholders/ participants of SDC	Board of ROSSETI
Share of ROSSETI in SDCs is less than 100%, herewith: (21 company)		
It is possible to determine the decision of SDC (control)	Determination of the position for representatives of ROSSETI at the General Meeting of Shareholders, Board of Directors on key issues of SDC	Board of Directors of ROSSETI

There is no possibility to determine the decision of SDC (control)

The decision of the representative of ROSSETI without the need to determine the position

Subsidiaries and depending companies in relation to SDCs of ROSSETI (level ROSSETI minus 2), herewith:
(56 companies)

It is possible to determine the decision of SDC (control)

Determination of the position for representatives of SDC at the GMS/BD of such entities on key issues

Board of Directors of ROSSETI with cascading at OSA/BD of SDC

There is no possibility to determine the decision of SDC (control)

The decision of the representative of the ROSSETI Group without the need to determine the position

The Chapter of the Company and the Procedure for Interaction of ROSSETI with business entities whose shares (stakes) are owned by ROSSETI define the list of the most important issues on the agenda of the General Meeting of Shareholders and the meeting of the Board of Directors of SDC on which the position of the Company (representatives of the Company) is determined by the decision of the Board of Directors of the Company.

Key issues related to the activities of SDC controlled by ROSSETI through participation in the work of collegial bodies of SDC, in particular, include the following:

- decisions on significant corporate events (holding meetings, reorganization, liquidation, formation of management/control bodies, changes in the authorized capital, etc.);

- approval of significant transactions and projects of SDCs;
- approval of participation in other organizations.

The main business processes of SDC are synchronized with the planning and implementation cycles of the strategy and budget of the corporate center. The ROSSETI Group has unified principles and approaches to the implementation of key business processes (strategy, budget, KPIs, personnel management, and others). Internal documents are updated on a regular basis, taking into account changes in the goals and objectives of the ROSSETI Group, as well as in order to introduce best practices.

The Company's procedures allow to successfully coordinate and control the activities of subsidiaries within the framework of the Company's development strategy, under the leadership of the corporate center.

Rebranding

In 2019, the Company presented the Unified Corporate Identity Standard for ROSSETI and the entities of the ROSSETI Group. All subsidiaries and dependent companies of the transmission and distribution electric grid sector switched to a unified brand architecture in corporate and marketing communications and began using new names containing the name of the parent company ROSSETI and regional or functional linkage.

The introduction of the concept of a single brand for all subsidiaries and dependent companies and, as a result, increasing the recognition of the ROSSETI Group allows focusing the attention of stakeholders on the activities of the energy holding as an integral system. Rebranding provides an opportunity for the prospective growth of the investment attractiveness of the Company as a whole, its capitalization and increased loyalty on the part of consumers, partners and shareholders.



The activities regarding the transition to a single brand architecture were divided into two main stages:

Stage I

After approval of the Unified Corporate Identity Standard by the Board of Directors of ROSSETI, all subsidiaries and dependent companies of the distribution and transmission sector carried out the appropriate corporate procedures. Further replacement of corporate elements is carried out as the depreciation period expires, without increasing existing budgets and within the framework of approved business plans.

Stage II

Change of legal names of subsidiaries.

In 2020, 7 companies of the ROSSETI Group changed their legal names as part of the transition to a unified brand architecture: ROSSETI Moscow Region, ROSSETI Lenenergo, ROSSETI Siberia, ROSSETI Volga, ROSSETI Kuban, ROSSETI South and ROSSETI North Caucasus (all are PJSCs). A year earlier this was done by ROSSETI Tyumen.

As part of the names, the geographic reference to the activities of entities has been preserved or clarified, and in some cases parts of the historical and well-known names have remained.

In St. Petersburg and the Leningrad Region, the historical name "Lenenergo" has been preserved (used since 1932). The name ROSSETI Moscow Region (formerly MOESK), more accurately identifies the work of the Company in the most densely populated metropolitan region of the country. ROSSETI Tyumen, ROSSETI Siberia, ROSSETI Volga, ROSSETI Kuban, ROSSETI South and ROSSETI Northern Caucasus were previously known as Tyumenenergo, IDGC Siberia, IDGC Volga, Kubanenergo, IDGC of South and IDGC of Northern Caucasus.

The common approach to the naming and visual identification of the ROSSETI Group companies reflects common approaches to the management and development of the power grid infrastructure, the quality of services provided in 80 regions of presence.

The change in the names of the companies did not entail any changes in their structure and staffing, in the rights and obligations in relation to consumers and counterparties.

Also in 2020, a number of service companies of the ROSSETI Group were included in the perimeter of the unified brand architecture: ROSSETI Digital, ROSSETI Scientific and Technical Center, ROSSETI Property Management and ROSSETI APMS.

Shareholder Value Creation

Share Capital

The authorized capital of ROSSETI is RUB 200,903,014,525 and is divided into 200,903,014,525 shares with a par value of RUB 1, including 198,827,865,141 ordinary and 2,075,149,384 preferred shares. ROSSETI issued no shares in 2020.

The number of state-owned shares of ROSSETI (as of December 31, 2020):

Number of shares, pcs		Share in AC, %
Ordinary	Preferred	
176,729,514,113	145,523,224	88.04

98.97% 1.03%

- Ordinary shares
- Preferred shares

The total number of shareholders holding ROSSETI ordinary and/or preferred shares is more than 351,000

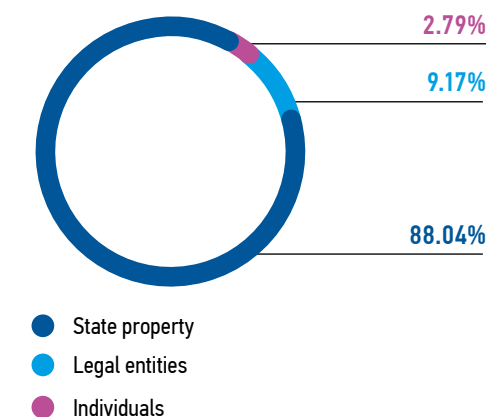
The share of ROSSETI shares in free float is 11.1% for ordinary shares, 53% for preferred shares¹.

The share fraction in ROSSETI owned by subsidiaries is 0.16%.

ROSSETI does not have its own repurchased shares on its balance sheet.

ROSSETI shareholding structure as of December 31, 2020

Range of ownership	Owner accounts and trust management		Quantity of securities in accounts	
	Quantity	Share	Amount of securities	Share
1. Less than 0.01%	351,290	99.9650%	4,509,919,823	2.24%
2. 0.01% – 0.05%	85	0.0242%	3,792,402,024	1.89%
3. 0.05% – 0.1%	18	0.0051%	4,252,758,263	2.12%
4. 0.1% – 0.5%	16	0.0046%	6,306,502,441	3.14%
5. 0.5% – 1%	2	0.0006%	2,603,994,637	1.30%
6. 1.0% – 2.0%	1	0.0003%	2,562,400,000	1.28%
7. More than 2.0%	1	0.0003%	176,875,037,337	88.04%
Total	351,413	100.00%	200,903,014,525	100.00%



² According to the Moscow Exchange information.

Information on blocks of shares of the main statistical groups of the electric grid complex shareholders

No.	Issuer	The State		The ROSSETI Group		Legal entities, residents		Legal entities, nonresidents		Individuals	
		% of AC	RUB mln	% of AC	RUB mln	% of AC	RUB mln	% of AC	RUB mln	% of AC	RUB mln
1	ROSSETI	88.04	312,973.4	0.16	686.3	3.85	13,725.5	4.30	15,328.2	2.79	10,416.1
2	ROSSETI FGC UES	0.61	1,737.3	80.14	227,018.6	4.24	12,007.8	10.52	29,795.9	4.01	11,351.4
3	ROSSETI Moscow Region	-	-	50.90	34,625.1	43.85	29,827.6	0.89	607.3	4.27	2,907.7
4	ROSSETI Lenenergo ¹	28.80	12,978.4	69.36	34,617.9	0.06	532.6	0.27	1,380.4	1.24	9,185.2
5	ROSSETI Center	0.46	77.1	50.23	8,508.0	5.88	995.5	28.61	4,845.4	14.23	2,411.0
6	ROSSETI Center and Volga Region	0.01	1.5	50.40	14,320.3	1.57	445.2	31.40	8,922.1	16.48	4,681.8
7	ROSSETI Volga	0.50	64.1	67.97	8,690.6	5.47	698.9	14.57	1,862.5	11.35	1,451.3
8	ROSSETI North-West	0.00	0.1	55.38	2,883.1	5.06	263.7	24.97	1,300.1	14.38	748.7
9	ROSSETI Urals	3.71	525.2	51.52	7,287.7	29.00	4,103.0	7.61	1,077.0	7.97	1,126.9
10	ROSSETI Siberia ²	0.06	20.3	55.59	20,213.5	0.20	72.0	41.42	15,059.5	2.65	962.3
11	ROSSETI South	0.05	3.4	84.12	6,212.0	0.14	10.3	8.83	652.1	6.33	467.2
12	ROSSETI Northern Caucasus ³	0.05	12.0	98.93	26,006.5	0.50	131.9	0.01	3.1	0.49	128.7
13	ROSSETI Kuban	6.22	1,426.7	93.44	21,420.7	0.00	0.7	0.01	2.5	0.10	23.6
14	ROSSETI Tomsk	0.63	10.7	85.77	1,449.0	2.91	38.3	0.97	13.4	9.44	129.5
Total		329,830.1		413,939.4		62,852.9		80,849.5		45,991.4	

Minority shareholders

Institutional investors are key among the Company's minority shareholders; the share of retail investors is about 2.8%.

The Company does not have information on the existence of fractions in the Company exceeding 5%, other than those disclosed by the Company.

Groups of shareholders (in alphabetical order) collectively owning about 5% of the allotted shares of ROSSETI⁴

Name	Country
APG	Netherlands
J.P. MORGAN CHASE & Co.	USA
Julius Baer Holding Ltd	Switzerland
Polunin Capital Partners Limited (PCP)	USA
Vanguard	USA
Alfa-Group	Russia
Gazprom, Group	Russia
Rosneft, Group	Russia

The share of foreign institutional investors is about 43% of the free-float shares of ROSSETI. These include funds from the world's largest asset management companies such as Vanguard, J.P. MORGAN CHASE, Julius Baer.

¹ The share of the ROSSETI Group is indicated taking into account the block of shares purchased from the shareholders and registered on the balance sheet of ROSSETI Lenenergo.

² For comparability of data on ROSSETI Siberia, the fractions of ordinary shares in the total number of ordinary shares are indicated (100% of the preferred shares of ROSSETI Siberia are owned by ROSSETI, are not traded in organized trading and are not taken into account in the calculation).

³ The fractions are indicated without taking into account the additional issue shares being placed.

⁴ Source: the Company data.

Market intelligence on the Company's securities

Exchange listing

Moscow Stock Exchange	London Stock Exchange
ticker: RSTI; RSTIP	listing date: December 8, 2008
listing date: December 3, 2008	listing date: December 8, 2011
quotation list: Level 1	1 depositary receipt = 200 ordinary shares (OS) in ROSSETI
segment: Main Market	segment: Main Market Standard Listing, IOB

ROSSETI's global depositary receipts began trading on the London Stock Exchange's Main Market on December 8, 2011, and were admitted to trading as interdealer share repos on the Moscow Stock Exchange on May 28, 2014. The ratio of 1 depositary receipt to ROSSETI's shares is 1:200.

ROSSETI's shares included in indices

Index	Code	Weight, % ¹	Index currency
Russian indices			
Moscow Exchange Index ²	IMOEX	0.23 OS	RUB
	RTSI	0.23 OS	USD
Share subindex	MOEX EPSI	0.26 OS	RUB
	MOEXEU	13.43 OS ↑	RUB
Electricity Index		0.85 PS ↑	RUB
	RTSeu	13.43 OS ↑	USD
SMID Index		0.85 PS ↑	USD
	MCXSM	3.63 OS ↓	RUB
State-Owned Companies Index	RTSSM	3.63 OS ↓	USD
	MOEX SCI	1.59 OS ↓	RUB
Broad Market Index	MOEXBMI	0.21 OS =	RUB
		0.01 PS =	RUB
		0.21 OS =	USD
	RUBMI	0.01 PS =	USD

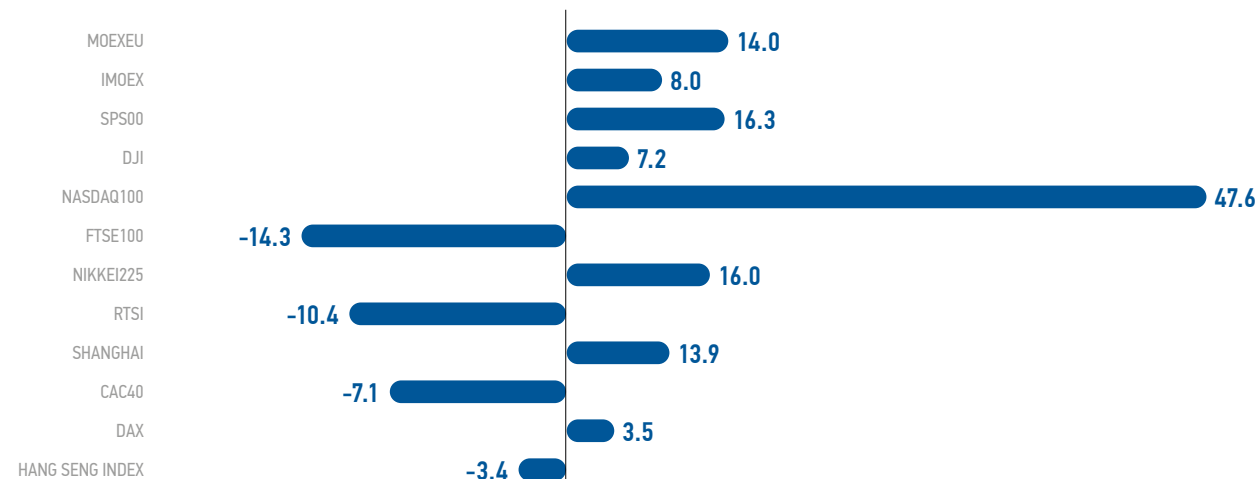
Index	Weight, % ³
ESG indices	
Responsibility and Transparency	0.39 OS
Sustainability Vector	5.23 OS
International indices	
FTSE All-World	<0.005 OS =
FTSE Emerging	0.08 OS =

¹ As at December 31, 2020.

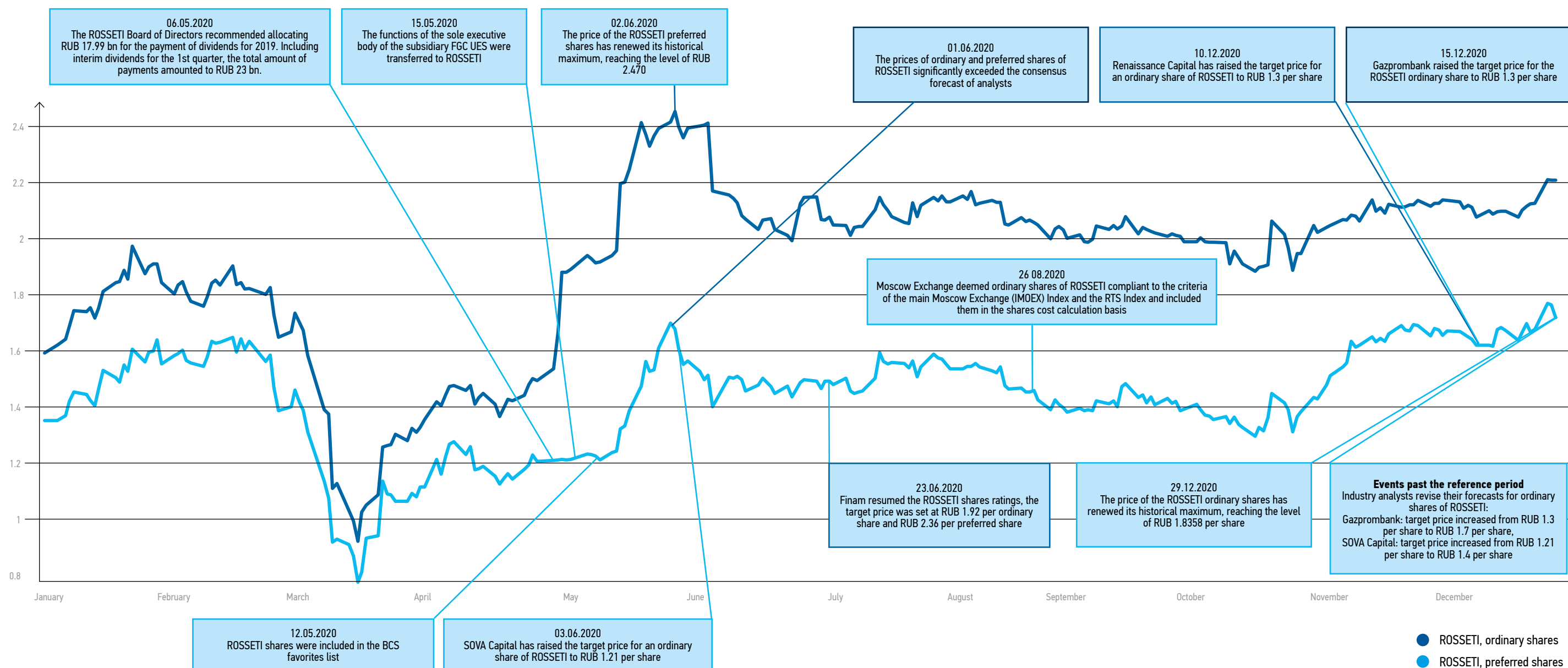
² From September 2020.

³ As at December 31, 2020.

Trends in the value of global indices for 2020, %



Factors of dynamics of changes in the value of shares in 2020

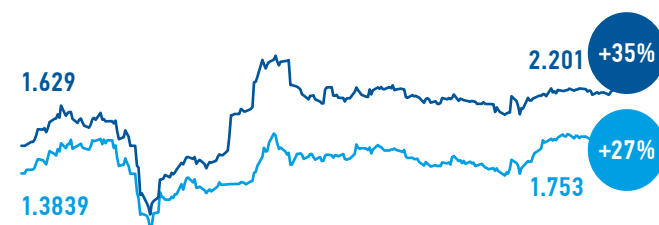


Information on trading in ROSSETI's shares

	ROSSETI, ordinary shares				ROSSETI, preferred shares			
	Closing price, RUB/share	Max., RUB/share	Min., RUB/share	Turnover, bn RUB	Closing price, RUB/share	Max., RUB/share	Min., RUB/share	Turnover, bn RUB
2016	1.1439	1.3259	0.4365	65.5	2.209	2.314	0.58	1.78
2017	0.8204	1.2651	0.7245	70.7	1.626	2.449	1.479	3.5
2018	0.7755	0.9368	0.6613	33.9	1.402	1.817	1.211	1.50
2019	1.3839	1.46	0.7762	57.9	1.629	1.77	1.352	2.29
2020	1.753	1.799	0.8884	118.1	2.201	2.425	1.022	5.91
2020Q1	1.1792	1.688	0.8884	34.3	1.39	1.985	1.022	1.75
2020Q2	1.4935	1.735	1.167	40.3	2.003	2.425	1.377	2.52
2020Q3	1.4785	1.6388	1.4436	20.5	2.021	2.164	1.998	0.92
2020Q4	1.753	1.799	1.364	23.0	2.201	2.203	1.904	0.72

ROSSETI stock market

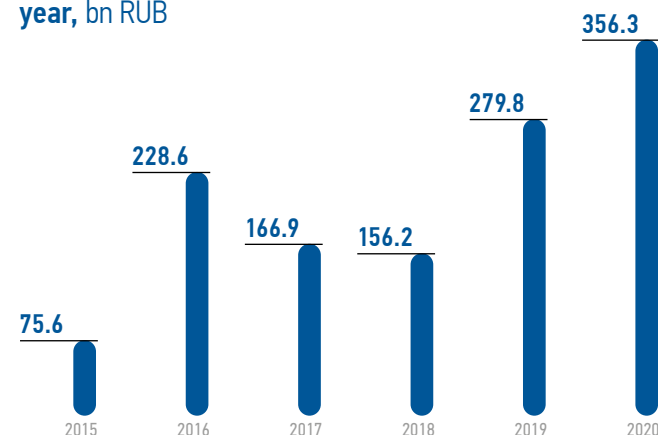
Performance of ROSSETI shares in 2020, RUB



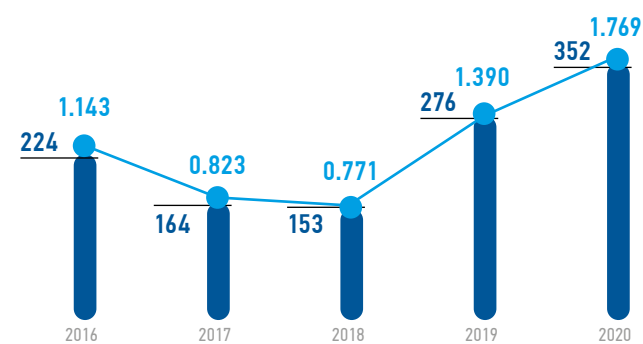
- Preferred shares
- Ordinary shares

ROSSETI's capitalization grew by 27.4% in 2020. The value of ROSSETI's ordinary share was up by 26.7% to RUB 1.753, and the Company's preferred share (PS) increased by 35.1% to RUB 2.201.

ROSSETI capitalization dynamics at the end of the year, bn RUB

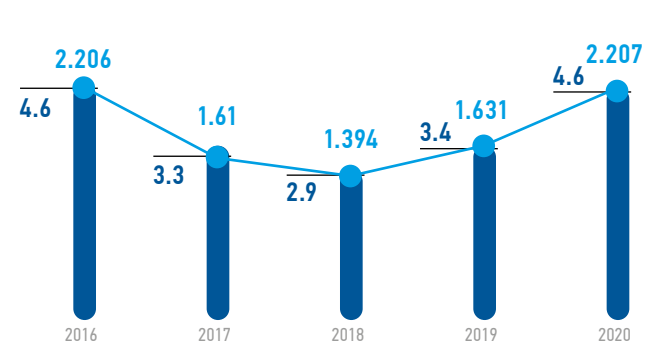


Volume weighted average price of ROSSETI ordinary shares, RUB



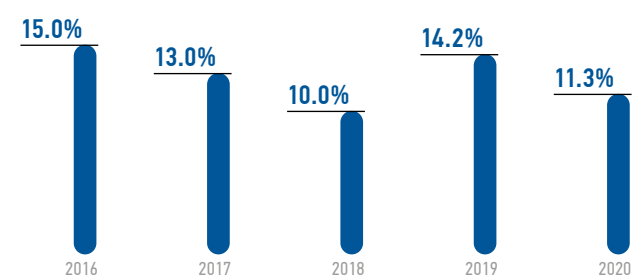
- Capitalization, bn RUB
- Volume weighted average price, RUB

Volume weighted average price of ROSSETI preference shares, RUB

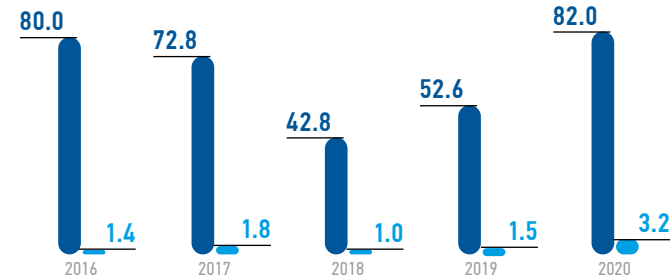


- Capitalization, bn RUB
- Volume weighted average price, RUB

ROSSETI's stock trading volumes vs. MOEXEU turnover, %



ROSSETI's stock trading volume, pcs.

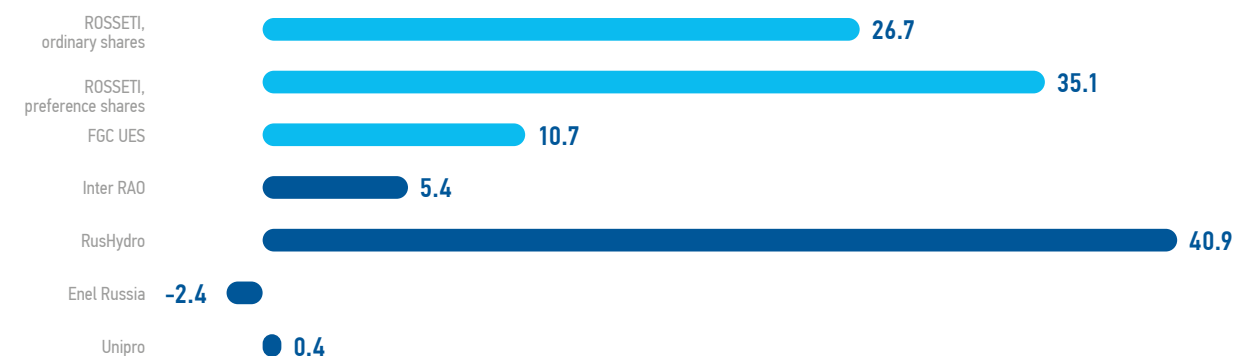


- Ordinary shares
- Preferred shares

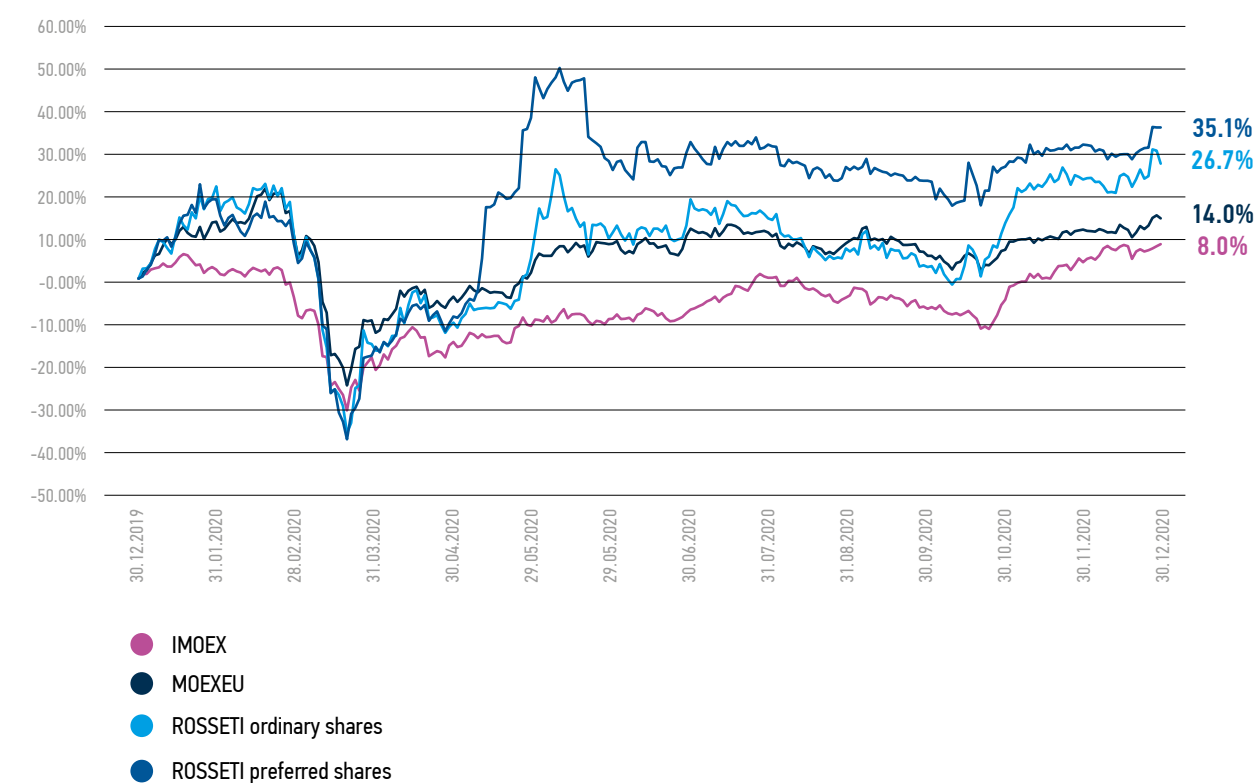
2020 was marked by high volatility in world markets due to the complex epidemiological situation worldwide and uncertainty in the commodity market. In March 2020, IMOEX has dropped to a new low since 2008, with a decrease of more than 30% from the beginning of the year. Due to improved internal efficiency and maintaining operational and financial

stability, ROSSETI's shares showed better performance relative to the market. ROSSETI's ordinary shares increased by 26.7% and preferred shares — by 35.1%. In the meantime, Power Index grew by 14.0% and IMOEX was up by 8.0%.

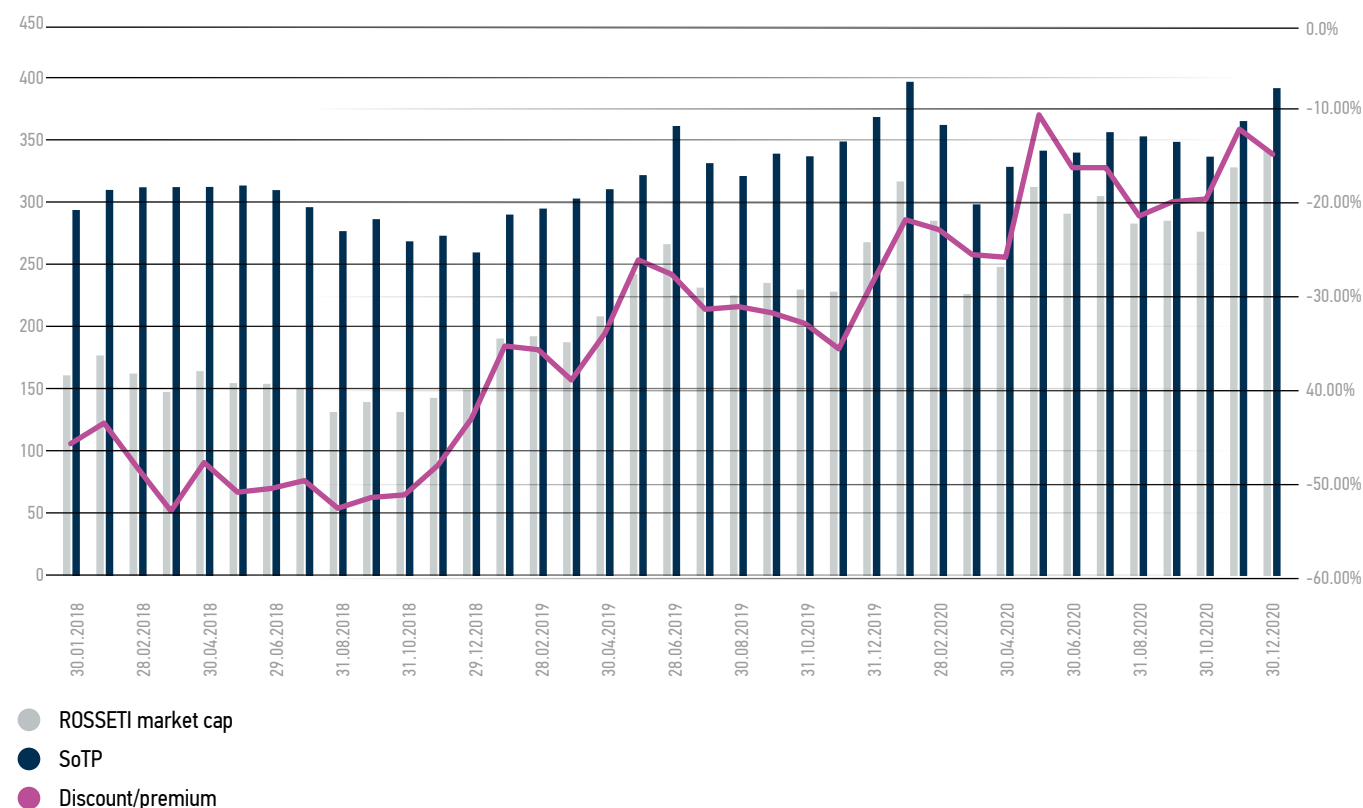
Fluctuation in the value of shares of major Russian energy companies through 2020, %



Performance of ROSSETI shares vs. IMOEX and MOEXEU sector index



ROSSETI capitalization vs. total value of shares of power grid companies owned by ROSSETI and traded on the Moscow Exchange (SoTP Valuation)



Interaction between shareholders, investors and analysts

Increasing the aggregate shareholder return has been identified as one of the key priorities of the ROSSETI Group's Strategy until 2030.

The Company has set the task to maintain the investment attractiveness, and also to search for new growth drivers under conditions of a drastic change in the external conjuncture. To do this, the entire list of interaction channels with the investment community was used in the reporting year, with proper consideration of the restrictions associated with COVID-19: holding individual meetings, including within the investment forums, conference calls, coverage of the consolidated financial results of

ROSSETI and the ROSSETI Group, providing the necessary operational information.

Considering the increased attention to the ESG-topic in international markets and the increase in the aggregate size of investors' assets, and with regard to ESG factors in the investment decision-making, the Company has originally singled out the coverage of activities in the sphere of sustainable development as a separate task.

During 2020, the Company was committed to providing the most detailed information on approaches and outcomes in the area of sustainable development at the dialog with investors, ESG agencies, stock market analysts through the meetings and online inquiries.

8 major investment companies — ATON, BCS, VTB Capital, Gazprombank, Renaissance Capital, Sberbank CIB, SOVA Capital, and Finam — provide analytical coverage of ROSSETI (the analytical coverage was resumed in June 2020).

Based on the results of work in 2020, 3 out of 8 investment banks and companies have improved their recommendations and ROSSETI's forecast prices for shares.

At the end of the period, the Market consensus of analysts was 1.50 RUB (+ 63.04% YoY) for ordinary shares and 1.37 RUB (+7.03% YoY) for preferred shares.



Reference to the Investors Section on the Company's website: <https://www.rosseti.ru/investors/>



Reference to the section of the site, which contains a complete list of investment analysts covering the activities of the Company: <http://www.rosseti.ru/investors/securities/analysts/>



Contacts of Divisions/ Investor Relations Persons:
Investor Relations Department of ROSSETI ir@rosseti.ru



Investor's calendar for 2021:
<https://www.rosseti.ru/eng/investors/Investor-calendar//>

The results of the work done in 2020 are the following:

Increase in ROSSETI capitalization (by 28%) outperforming the Moscow Exchange and Electric Utilities Indies

Inclusion of ROSSETI ordinary shares in the base of calculation of the main Moscow Exchange Index, which includes the most liquid securities of the largest and dynamically developing Russian issuers

Increase in target prices of ordinary and preference shares projected by analysts: by 65.22% and 9.7%, respectively

ROSSETI shares breaking all-time highs and outperforming the target prices projected by analysts

Greater analyst coverage of ROSSETI shares

Inclusion of Company shares on the TOP Outperformers by BCS Global Markets

Dividend Policy

The ROSSETI's dividend policy is aimed at balancing the interests of the Company and its shareholders, increasing its investment attractiveness and long-term growth in market value. The payment of dividends by the Company is carried out

in accordance with the Regulations on the Dividend Policy, taking into account the requirements of the order of the Government of the Russian Federation dated May 29, 2017 No. 1094-r.

Aspects of dividend policy

Compliance with the legislation of the Russian Federation and corporate governance standards	Maximum transparency of the mechanism for determining the amount of dividends and dividends payment procedure
Balance of interests of shareholders and the needs of the Company	Positive dynamics of dividend payments with an increase in net profit
Dividends in the amount of at least 50% of net profit	Availability of dividend policy information

Dividend Payment Guides:

- Articles of Association of the Company;
- Regulation on Dividend Policy of ROSSETI;
- current legislation, directives and orders of the Government of the Russian Federation.

Criteria for dividends payment decision-making based on the results of the reporting period:

- availability of net profit determined according to RAS at the end of the reporting period;
- availability of net profit excluding income and expenses related to the revaluation of SDC traded on the securities market.

Implementation of the principles of dividend policy, which will ensure the predictability, competitiveness, and transparency of the calculation of dividend payments, as well as their regularity, is one of the key tools for increasing investment attractiveness and value, outlined in the Development Strategy of the ROSSETI Group until 2030. The roadmap for preparing program documents of ROSSETI has the designated preparation of a new draft dividend policy based on the maximum transparency of the mechanism for determining the dividends rate and the procedure for their payment, taking into account the analysis of the practices of the largest Russian and international companies, including those with state participation. The main parameters of the new dividend policy will be disclosed after policy preparation and approval by the Company's management bodies.

Payment of dividends in 2020

In 2020, dividends of RUB 17.99 billion were paid at the end of 2019¹, which provided a dividend yield of 9.6% for ordinary shares and 18.2% for preferred shares. Raise in dividend payments to ROSSETI's shareholders in 2019–2020 allowed them to provide

them with a total shareholder return (TSR) of 33.6% in 2020, which significantly exceeded the profitability of the Moscow Exchange Index (8.0%) and the Moscow Exchange Electricity Index (14.0%) for the corresponding period.

Report on accrued and paid dividends to ROSSETI shareholders

Year of payment	Decision date	Date of listing	Dividend payment deadline, no later than the date		Class of shares	Dividend per share, RUB	Accrued by shares classes, RUB	Total accrued, RUB	Paid up, RUB	Including dividend, paid to the federal budget for shares owned by the Russian Federation	% payout
			Nominee shareholder and Trust manager ² , which have been registered in the registry	To other persons registered in the register							
in 2016 (based on the results of the 1st quarter of 2016)	30.06.2016	19.07.2016	29.07.2016	13.08.2016	Preferred shares	0.07452614	154,652,853.55	1,784,969,556.71	148,151,456.38	10,845,284.17	99.52
					Ordinary shares	0.00831813	1,630,316,703.16		1,628,178,753.56	1,446,970,838.31	
in 2017 (based on the results of 2016)	30.06.2017	19.07.2017	02.08.2017	23.08.2017	Preferred shares	0.368355281	764,392,240.17	1,999,999,992.41	734,438,857.47	53,604,248.07	98.39
					Ordinary shares	0.00621446	1,235,607,752.24		1,233,425,024.01	1,098,278,496.27	
in 2018 (based on the results of 2017)										Dividends were not accrued or paid up	
in 2018 (based on the results of the 1st quarter of 2018)	29.06.2018	09.07.2018	19.07.2018	03.08.2018	Preferred shares	0.04287	88,961,647.07	2,467,937,257.33	85,200,424.15	6,238,580.61	99.73
					Ordinary shares	0.011965	2,378,975,610.26		2,376,015,877.43	2,114,568,636.36	
in 2019 (by the results of 2018)										Dividends were not accrued or paid up	
in 2019 (based on the results of the first quarter of 2019)	27.06.2019	08.07.2019	18.07.2019	02.08.2019	Preferred shares	0.07997	165,949,713.97	5,023,314,482.85	159,379,673.07	11,637,492.22	99.77
	27.06.2019	08.07.2019			Ordinary shares	0.02443	4,857,364,768.88		4,852,275,688.63	4,317,502,029.78	
in 2020 (based on the results of 2019)	01.06.2020	15.06.2020	15.06.2020	10.07.2020	Preferred shares	0.189304	392,834,114.93	17,992,194,438.3	377,323,412.6	27,548,128.40	99.81
	01.06.2020	15.06.2020			Ordinary shares	0.0885155625	17,599,360,323.37		17,581,149,824.79	15,643,312,352.06	

The report, reflecting the dividends amount, received by ROSSETI from participation in other businesses

In 2020, the size of dividends received by ROSSETI from participation in other business entities amounted to 24.83 bn RUB. This amount includes dividends paid for 9 months of 2019 (12.51 bn RUB) and dividends paid for 2019 (12.32 bn RUB).

* Dividends payment Indebtedness due to the lack of correct details of shareholders amounted to RUB 52.1 mn as of December 31, 2020. The Company works with shareholders to update personal data and ensures the repeated payment of dividends after receiving them during the payment period established by the legislation of the Russian Federation.

The amount of dividends remitted to the federal budget in the reporting period

Area	2016 (based on the results of the first quarter of 2016)	2017 (based on the results of 2016)	2018 (based on the results of the first quarter of 2018)	in 2019 (based on the results of the first quarter of 2019)	in 2020 (based on the results of 2019)
Paid to the federal budget, thsd RUB	1,457,816	1,151,883	2,120,807	4,329,140	15,670,860.5
Debt to the federal budget	Not available	Not available	Not available	Not available	Not available

Profit distribution for 2019, thsd RUB

Undistributed profit of the reporting period:	135,244,692
Allocation to the reserve stock	
reserve stock	141,615
dividends, including	23,015,509
interim dividends for the first quarter of 2019	5,023,314
2019 dividend payable	17,992,195
investment and development	14,410,492
coverage of losses of previous years	69,910,729
Undistributed profit of the reporting period,	27,766,347

¹ Dividends for the 1st quarter of 2019 in the amount of RUB 5.02 billion were paid in 2019 in line with the decision of the Annual General Meeting of Shareholders of ROSSETI dated 27.06.2019 (Minutes as of 27.06.2019 with no number).

² Who is a professional participant in the securities market.

4

Financial Statements

224 The main forms of annual financial statements in accordance with RAS of ROSSETI for 2020

234 The main forms of consolidated financial statements established by IFRS of ROSSETI for 2020



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March 3, 2021
No. RSM-727

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Public Joint Stock Company ROSSETI (PJSC ROSSETI)

Opinion

We have audited the accounting (financial) statements of PJSC ROSSETI (hereinafter, the "Company"), consisting of the Balance Sheet as at December 31, 2020, the Statement of Financial Performance, the Appendices to the Balance Sheet and the Statement of Financial Performance, including the Statement of Changes in Capital and the Cash Flow Statement for 2020, and the Notes to the Balance Sheet and the Statement of Financial Performance, including the summary of accounting policies.

In our opinion, the accompanying accounting (financial) statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year ended on the specified date in accordance with the rules applicable to the preparation of accounting (financial) statements in the Russian Federation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the section Responsibility of the Auditor for the Audit of Accounting (Financial) Statements of this Report. We are independent of the Company in accordance with the Independence Rules for Auditors and Audit Firms and the Code of Ethics for Professional Accountants complying with the International Code of Ethics for Professional Accountants (including the International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled other ethical responsibilities in accordance with such professional ethics requirements.

We believe that the audit evidence obtained by our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key matters of the audit are those matters that, according to our professional judgment, were of most significance in our audit of the accounting (financial) statements for the period under review. These matters were addressed in the context of conducting our audit of the accounting (financial) statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Receivables

In our opinion, this issue was among the most significant in connection with the considerable amounts of accounts receivable of the Company's subsidiaries as at December 31, 2020. How the management has considered the recoverability of receivable is a difficult and highly subjective issue, and is based on assumptions, specifically, regarding the solvency projections for the Company's subsidiaries.

We have conducted procedures for assessing the adequacy of the Company's evaluation policy applicable to receivables with respect to the creation of reserve for impairment and the procedures for confirming the adequacy of estimates made by the Company's management, including analysis of recovery of receivables, analysis of maturity and delinquency of obligations, solvency analysis for the Company's subsidiaries.

Our audit procedures included: testing internal controls over the process of recoverability of receivables; testing cash receipts after the reporting date; testing the reasonableness of calculating allowances for doubtful debts, taking into account the information available from external sources on the degree of credit risk in respect of receivables, and also using our own understanding of the size of doubtful receivables in the industry as a whole.

We also evaluated the adequacy of the disclosures made by the Company as to the extent of use of evaluation judgments in calculating the reserve for doubtful debts.

Information on the charged reserve for doubtful debts account is disclosed in paragraph 10.2 of the Notes to the Balance Sheet and the Statement of Financial Performance..

Profit and Loss Recognition Based on the Revaluation of Financial Investments

In our opinion, this issue was one of the most significant for the audit of the accounting (financial) statements due to the fact that the accounting (financial) statements reflect a significant amount of profits and losses from the revaluation of financial investments and impairment charges of 107,657,346 thousand rubles and 90,446,366 thousand rubles respectively. These profits and losses resulted from a significant growth and reduction in the quotes of the Company's financial investments in ordinary shares of subsidiaries during 2020.

We have conducted procedures to assess the completeness and accuracy of the reflection in the accounting (financial) statements of profits and losses from the revaluation of financial investments, the value of financial investments, and analysis of the completeness of disclosures in the accounting (financial) statements.

Information on changes in share prices was disclosed by the Company in Note 8.2 to the Balance Sheet and the Statement of Financial Performance.

Other Information

Management is responsible for other information. Other information comprises the information contained in the Annual Report of PJSC ROSSETI for 2020 and the issuer's quarterly report of PJSC ROSSETI for the 1st quarter of 2021, but does not include the accounting (financial) statements and our auditor's report thereon. We expect to receive the Annual Report of PJSC ROSSETI for 2020 and the issuer's quarterly report for the 1st quarter of 2021 after the date of this audit report.

Our opinion on the accounting (financial) statements does not cover such other information, and we do not express any opinion with assurance in any form with respect thereto.

In the context of auditing these accounting (financial) statements, our responsibility is to review such other information when it is provided to us and address the matter of whether there are material controversies between such other information and the accounting (financial) statements or our knowledge received during the audit and whether such other information is free from other potential material misstatements.

If, upon the study of the Annual Report of PJSC ROSSETI for 2020 and the issuer's quarterly report for the 1st quarter of 2021, we conclude that there is any material misstatement of such other information, we are required to report that fact to the persons responsible for corporate governance..

Responsibility of Management and the Audit Committee of the Board of Directors for Accounting (Financial) Statements

Management of the Company is responsible for the preparation and reliability of these accounting (financial) statements in accordance with the rules applicable to the preparation of accounting (financial) statements in the Russian Federation and for such internal control as deemed by the Board of Directors to be necessary to prepare accounting (financial) statements that are free from material misstatements, whether due to fraud or error.

In preparing the accounting (financial) statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management intends to liquidate the Company or cease its operations or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors oversees the preparation of the Company's accounting (financial) statements.

Responsibility of the Auditor for the Audit of Accounting (Financial) Statements

Our goal is to obtain reasonable assurance about whether accounting (financial) statements are free from material misstatements, whether due to fraud or error, and to issue an auditor's 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 collectively, they could reasonably be expected to influence economic decisions made by the users relying upon such accounting (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 accounting (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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude whether management properly uses the going concern basis of accounting and, based on the audit evidence obtained, whether any material uncertainty exists in relation to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that any material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in accounting (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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of accounting (financial) statements, including the disclosures, and whether accounting (financial) statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the 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 submit to the Audit Committee of the Board of Directors of the Company a statement that we have complied with all relevant ethical requirements for independence and informed these persons of all relationships and other matters that can reasonably be considered influencing the independence of the auditor, and, where necessary, of appropriate precautionary measures.

Among the issues that we communicated to the Audit Committee of the Board of Directors of the Company, we identified the matters that were most significant for the audit of the accounting (financial) statements for the period under review and, therefore, are key audit matters. We describe these key matters in our audit opinion, except where the public disclosure of such key matters is prohibited by laws or regulations, or where we conclude in rare cases that information about any matter should not be stated in our audit report, since it can reasonably be assumed that the negative consequences of the disclosure of such information will exceed the socially significant benefit from its presentation.

Chairman of Management Board

Auditor Qualification License No. 05-000015, issued by a self-regulatory organization of auditors, Russian Collegium of Auditors Not-for-Profit Partnership under Resolution No. 24 of November 15, 2011; valid for an unlimited term.

Principal Entry Registration Number (ORNZ) on the Register of Auditors and Audit Organizations: 21706004215

Audit Manager for the Auditor's Report

Auditor Qualification License No. 05-000030, issued by a self-regulatory organization of auditors, Russian Collegium of Auditors Not-for-Profit Partnership, under Resolution No. 25 of November 30, 2011; valid for an unlimited term.

Principal Entry Registration Number (ORNZ) on the Register of Auditors and Audit Organizations: 21706004441

Auditee:

Public Joint Stock Company ROSSETI (short name: **PJSC ROSSETI**)

Location: Russia, 121353, Moscow, ul. Belovezhskaya, 4;

Principal State Registration Number: 1087760000019.

Auditor:

RSM RUS Ltd.

Location: Russia, 119285, Moscow, ul. Pudovkina, 4, Floor 4, Room 25;

Telephone: (495) 363-28-48; Fax: (495) 981-41-21;

Principal State Registration Number: 1027700257540.

RSM RUS Ltd. is a member of a self-regulatory organization of auditors, Association Sodruzhestvo (Certificate of Membership No. 6938; Principal Entry Registration Number (ORNZ): 11306030308); location: Russia, 119192, Moscow, Michurinsky pr-t, 21, korp. 4.

The audit was conducted under Agreement No. 201a017 of July 14, 2020, awarded according to the results of the bidding procedure (Minutes of the Bidding Commission Meeting of March 30, 2018; Purchase No. 473000000518000001). The auditor was approved by the Annual General Meeting of Shareholders (AGM) on June 01, 2020.



Balance Sheet as at December 31, 2020

Organization: **Public Joint Stock Company ROSSETI**

Taxpayer Identification Number:

Activity type: **management of holding companies**

Legal form of ownership / ownership category: **public joint-stock company /**

mixed Russian ownership with a share of federal ownership

Measurement unit: **thousands of rubles**

Location (address): **121353, Moscow, ul. Belovezhskaya, 4**

Accounting statements are subject to mandatory audit ☒ YES ☐ NO

Auditor name **RSM RUS Ltd.**

Taxpayer Identification Number of the Auditor

Principal State Registration Number of the Auditor

Form as per OKUD Date (day/month/year)	Codes		
	0710001		
	31	12	2020
	OKPO 94129941		
	INN 7728662669		
	OKVED 70.10.2		
	OKOPF/OKFS	12247	41
	OKEI	384	
	INN	7722020834	
	ОГРН	1027700257540	

Notes	Item	Item Code	December 31, 2020	December 31, 2019	December 31, 2018
	ASSETS				
	I. NONCURRENT ASSETS				
5	Intangible assets	1110	6,457	7,096	11,760
	R&D results	1120	-	-	-
	Intangible exploration assets	1130	-	-	-
	Tangible exploration assets	1140	-	-	-
7	Fixed assets	1150	298,179	256,178	288,615
7	Income-bearing investments in tangible assets	1160	3,162	3,315	3,469
8	Financial investments	1170	459,867,122	421,244,008	328,796,661
18	Deferred tax assets	1180	1,109,694	89,530	105,639
	Other noncurrent assets	1190	418,171	433,631	455,869
	Section I Total	1100	461,702,785	422,033,758	329,662,013
	II. CURRENT ASSETS		9,662		
9	Inventory	1210	-	7,618	5,774
	Value added tax on acquired valuables	1220	-	-	-
10	Accounts receivable	1230	13,890,273	21,290,496	3,380,337
8	Financial investments (excluding cash equivalents)	1240	31,259,739	30,559,086	42,569,710
19	Cash and cash equivalents	1250	16,058,258	16,255,082	10,850,973
	Other current assets	1260	220,549	111,303	105,190
	Section II Total	1200	61,438,481	68,223,585	56,911,984
	BALANCE	1600	523,141,266	490,257,343	386,573,997
	LIABILITIES				
	III. CAPITAL AND RESERVES				
11	Authorized capital (share capital, statutory fund, partnership contributions)	1310	200,903,015	200,903,015	200,903,015
	Treasury stock	1320	-	-	-
	Revaluation of noncurrent assets	1340	-	-	-
11	Additional paid-in capital (net of revaluation)	1350	213,098,198	213,098,198	213,098,198
11	Reserve funds	1360	10,045,151	9,903,536	9,903,536
11	Undistributed profit (uncovered loss)	1370	72,788,328	60,310,649	(69,919,366)
	Section III Total	1300	496,834,692	484,215,398	353,985,383
	IV. LONG-TERM LIABILITIES				
12	Borrowings	1410	15,000,000	5,000,000	31,000,000
18	Deferred tax liabilities	1420	15,056	16,976	17,446
13	Estimated liabilities	1430	-	-	-
10	Other liabilities	1450	-	-	-
	Section IV Total	1400	15,015,056	5,016,976	31,017,446
	V. SHORT-TERM LIABILITIES				
12	Borrowings	1510	10,392,000	193,150	668,210
10	Accounts payable	1520	572,683	397,545	386,569
	Deferred income	1530	-	-	66,179
13	Estimated liabilities	1540	326,835	434,274	450,210
	Other liabilities	1550	-	-	-
	Section V Total	1500	11,291,518	1,024,969	1,571,168
	BALANCE	1700	523,141,266	490,257,343	386,573,997

Chief Executive


(signature)

A. V. Ryumin

(full name)

March 3, 2021

Statement of Financial Performance for January–December 2020

Organization: **Public Joint Stock Company ROSSETI**

Taxpayer Identification Number:

Activity type: **management of holding companies**

Legal form of ownership / ownership category: **public joint-stock company /**

mixed Russian ownership with a share of federal ownership

Measurement unit: **thousands of ruble**

Form as per OKUD	Codes		
	0710002		
Date (day/month/year)	31	12	2020
OKPO	94129941		
INN	7728662669		
OKVED	70.10.2		
OKOPF/OKFS	12247	41	
OKEI	384		

Notes	Item	Code	January–December 2020	January–December 2019
16	Revenues	2110	15,752,565	39,434,924
16	Cost of sales	2120	(4,404,598)	(4,658,385)
	Gross profit (loss)	2100	11,347,967	34,776,539
	Selling expenses	2210	-	-
	Administrative expenses	2220	-	-
	Sales profit (loss)	2200	11,347,967	34,776,539
17	Interest receivable	2320	4,537,066	7,215,608
17	Interest payable	2330	(1,050,350)	(2,581,460)
17	Other income	2340	111,260,405	167,894,930
17	Other expense	2350	(96,023,857)	(71,500,374)
	Profit (loss) before tax	2300	30,071,231	135,805,243
18	Profit tax	2410	(524,796)	(537,152)
18	Current profit tax	2411	(513,414)	-
18	Deferred profit tax	2412	(11,382)	(26,608,258)
	Other	2460	(548)	(7,760)
	Net profit (loss)	2400	29,545,887	135,244,692

Notes	Item	Code	January–December 2020	January–December 2019
	Result of revaluation of noncurrent assets not included in net profit (loss) for accounting period	2510	-	-
	Result of other operations not included in net profit (loss) for accounting period	2520	-	-
	Income tax on operations not included in net profit (loss) for accounting period	2530	-	-
	Total financial result for accounting period	2500	29,545,887	135,244,692
	For reference			
11	Basic earnings (loss) per share	2900	0,0001	(0.00007)
11	Diluted earnings (loss) per share	2910	-	-

Chief Executive


(signature)

A. V. Ryumin

(full name)

March 3, 2021

Statement of Changes in Capital for 2020

Organization: **Public Joint Stock Company ROSSETI**

Taxpayer Identification Number:

Activity type: **management of holding companies**

Legal form of ownership / ownership category: **public joint-stock company /**

mixed Russian ownership with a share of federal ownership

Measurement unit: **thousands of ruble**

	Codes		
Form as per OKUD	0710003		
Date (day/month/year)	31	12	2020
OKPO	94129941		
INN	7728662669		
OKVED	70.10.2		
OKOPF/OKFS	12247	41	
OKEI	384		

1. Changes in Capital

Item	Code	Authorized Capital	Treasury stock	Additional Paid-in Capital	Reserve Funds	Undistributed Profit (Uncovered Loss)	Total
Capital as at December 31, 2018	3100	200,903,015	(1,662,956)	213,098,198	9,903,536	(69,919,366)	363,985,383
2019							
Total increase in capital:	3210	-	-	-	-	135,253,329	135,253,329
including:						-	-
net profit	3211	X	X	X	X	135,244,692	135,244,692
revaluation of assets	3212	X	X	-	X	-	-
income directly attributable to increase in capital	3213	X	X	-	X	8,637	8,637
additional issue of shares	3214	-	-	-	X	X	-
increase in par value of shares	3215	-	X	X	X	-	X
corporate entity reorganization	3216	-	-	-	-	-	-
Total decrease in capital:	3220	-	-	-	-	(5,023,314)	(5,023,314)
including:							
loss	3221	X	X	X	X	-	-
revaluation of assets	3222	X	X	-	X	-	-
expense directly attributable to decrease in capital	3223	X	X	-	X	-	-
decrease in par value of shares	3224	-	X	X	X	-	-
decrease in number of shares	3225	-	-	X	X	-	-
corporate entity reorganization	3226	-	-	-	-	-	-
dividends	3227	X	X	X	X	(5,023,314)	(5,023,314)
Change in additional paid-in capital	3230	X	X	-	X	-	X
Change in reserve funds	3240	X	X	X	-	X	X
Capital as at December 31, 2018	3200	200,903,015	-	213,098,198	9,903,536	60,310,649	484,215,398
2020							
Total increase in capital:	3310	-	-	-	-	30,611,488	30,611,488
including:						-	-
net profit	3311	X	X	X	X	29,545,887	29,545,887
revaluation of assets	3312	X	X	-	X	-	-
income directly attributable to increase in capital	3313	X	X	-	X	1,065,601	1,065,601
additional issue of shares	3314	-	-	-	X	X	-
increase in par value of shares	3315	-	X	X	X	-	X
corporate entity reorganization	3316	-	-	-	-	-	-
Total decrease in capital:	3320	-	-	-	141,615	(18,133,809)	(17,992,194)
including:							
loss	3321	X	X	X	X	-	-
revaluation of assets	3322	X	X	-	X	-	-
expense directly attributable to decrease in capital	3323	X	X	-	X	-	-
decrease in par value of shares	3324	-	X	X	X	-	-
decrease in number of shares	3325	-	-	X	X	-	-
corporate entity reorganization	3326	-	-	-	-	-	-
dividends	3327	X	X	X	X	(17,992,194)	(17,992,194)
Change in additional paid-in capital	3330	X	X	-	X	-	X
Change in reserve funds	3340	X	X	X	141,615	(141,615)	X
Capital as at December 31, 2019	3300	200,903,015	-	213,098,198	10,045,151	72,788,328	496,834,692

2. Adjustments Due to Changes in Accounting Policy and Error Correction

Item	Code	December 31, 2018	Changes in Capital in 2019		December 31, 2019
			due to net profit (loss)	due to other factors	
Total capital					
prior to adjustments	3400	353,985,383	130,230,015	-	484,215,398
adjustment due to:					
changes in accounting policy	3410	-	-	-	-
error correction	3420	-	-	-	-
after adjustments	3500	353,985,383	130,230,015	-	484,215,398
including:					
undistributed profit (uncovered loss):					
prior to adjustments	3401	(69,919,366)	(130,230,015)	-	60,310,649
adjustment due to:					
changes in accounting policy	3411	-	-	-	-
error correction	3421	-	-	-	-
after adjustments	3501	(69,919,366)	130,230,015	-	60,310,649
other adjusted capital items: (by item)					
prior to adjustments	3402	423,904,749	-	-	423,904,749
Authorized capital	34021	200,903,015	-	-	200,903,015
Capital (prior to registration of changes)	340211	-	-	-	-
Treasury stock	34022	-	-	-	-
Additional paid-in capital	34023	213,098,198	-	-	213,098,198
Reserve funds	34024	9,903,536	-	-	9,903,536
adjustment due to:					
changes in accounting policy	3412	-	-	-	-
error correction	3422	-	-	-	-
after adjustments	3502	423,904,749	-	1,662,956	423,904,749

3. Net Assets

Item	Code	December 31, 2020	December 31, 2019	December 31, 2018
Net assets	3600	496,834,692	484,215,398	354,051,562

Chief Executive


(signature)

A. V. Ryumin

(full name)

March 3, 2021

Cash Flow Statement for 2020

Organization: **Public Joint Stock Company ROSSETI**

Taxpayer Identification Number:

Activity type: **management of holding companies**Legal form of ownership / ownership category: **public joint-stock company / mixed Russian ownership with a share of federal ownership**Measurement unit: **thousands of ruble**

Form as per OKUD Date (day/month/year)	Codes		
	0710005		
	31	12	2020
	OKPO		
	94129941		
	INN		
	7728662669		
	OKVED		
	70.10.2		
OKOPF/OKFS	12247		41
	OKEI		
384			

Item	Code	2020	2019
Cash flows from operating activities			
Total proceeds	4110	30,548,255	28,759,104
including:			
from sale of products, goods, work, services	4111	28,443,976	26,510,359
from lease payments, license payments, royalties, commission payments, and other similar payments	4112	-	-
from resale of financial investments	4113	-	-
other cash inflow	4119	2,104,279	2,248,745
Total payments	4120	(7,677,524)	(9,994,308)
including:			
to suppliers (contractors) for raw materials, supplies, work, services	4121	(1,587,854)	(1,526,194)
payroll expenses	4122	(3,067,394)	(2,813,887)
interest on debt obligations	4123	(851,500)	(3,259,720)
profit tax	4124	(506,292)	(678,489)
other payments	4129	(1,664,484)	(1,666,018)
Net cash flows from operating activities	4100	22,870,731	18,814,796
Cash flows from investing activities			
Total proceeds	4210	62,759,102	121,277,641
including:			
from sale of fixed assets (excluding financial investments)	4211	-	-
from sale of shares (interests) in other entities	4212	-	-
from repayment of loans, from sale of debt securities (receivables from other entities)	4213	7,145,489	20,020,384
from dividends, interest on financial investments, and similar proceeds from shareholdings in other entities	4214	1,157,501	3,392,034
other proceeds	4219	54,456,112	97,865,223
Total payments	4220	(87,891,231)	(103,674,020)
including:			
in connection with acquisition, creation, modernization, rehabilitation, and preparation for use of noncurrent assets	4221	(121,415)	(76,445)
in connection with acquisition of shares (interests) in other entities	4222	(8,622,328)	(19,283,850)
in connection with acquisition of debt securities (receivables from other entities), loans extended to other entities	4223	(43,359,456)	(620,263)
interest on debt obligations included in investment asset value	4224	-	-
other payments	4229	(35,788,032)	(83,693,462)
Net cash flows from investing activities	4200	(25,132,129)	17,603,621
Cash flows from financing activities		-	-

Item	Code	2020	2019
Total proceeds	4310	19,997,500	-
including:		-	-
received loans and advances	4311	-	-
cash contributions from owners (members)	4312	-	-
from issue of shares, increase in shareholdings	4313	-	-
from issue of bonds, notes, other debt securities, etc.	4314	-	-
other proceeds	4319	-	-
Total payments	4320	(17,932,942)	(31,014,308)
including:		-	-
to owners (members) in connection with shares (interests) purchased from them in entities or in connection with their withdrawal from members	4321	-	-
for dividends or other payments for profit distribution to owners (members)	4322	(17,932,942)	(5,012,613)
in connection with redemption (repurchase) of notes and other debt securities, repayment of loans and advances	4323	-	(26,000,000)
other payments	4329	-	(1,695)
Net cash flows from financing activities	4300	2,064,558	(31,014,308)
Net cash flows for accounting period	4400	(196,840)	5,404,109
Balance of cash and cash equivalents at beginning of accounting period	4450	16,255,082	10,850,973
Balance of cash and cash equivalents at end of accounting period	4500	16,058,258	16,255,082
Effect of changes in exchange rate between foreign currency and Russian ruble	4490	(1)	(1)

Chief Executive



(signature)

A. V. Ryumin

(full name)

March 3, 2021



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March 3, 2021
No. RSM-727

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Public Joint Stock Company "ROSSETI" (PJSC "ROSSETI")

Opinion

We have audited the consolidated financial statements of PJSC "ROSSETI" and its subsidiaries (hereinafter - the Group), which comprise the Consolidated Statement of Financial Position as of 31 December 2020, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended and notes to the consolidated financial statements, composed of a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year that ended on the specified date 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 in accordance with those standards are 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 Rules for the Independence of Auditors and Auditing Organizations and with the Auditor Code of Ethics, corresponded International Code of Ethics for Professional Accountants (including international standards of independence) developed by the International Ethics Standards Board for Professional Accountants, and we have fulfilled other responsibilities in accordance with these requirements of professional ethics. 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.

Impairment of property, plant and equipment

In our opinion, this matter was one of most significance in our audit due to a significant share of property, plant and equipment in total assets of the Group, high level of the subjectivity of assumptions used to determine the fair value as well as the materiality of judgments and estimates made by the management in determining the replacement cost of property, plant and equipment.

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, making it impossible to use market-based approaches for determining its fair value. Consequently, the fair value of such items is primarily determined by the Group using depreciated replacement cost valuation method.

We have performed procedures of analysis and testing of the model used in making the estimates, assessment of the adequacy of assumptions underlying the estimates, including assumptions in respect of projected revenue, tariffs solutions, discount rates, etc.

We have also reviewed the relevant controls in respect of the estimates, consideration by management of estimation uncertainty and changes in approaches as compared to the previous period. We have reviewed the actual outcomes of the use of the model to obtain sufficient appropriate audit evidence about whether the management in making the estimates complied with IFRS requirements, the methods used in estimates of tests are appropriate and are applied consistently and the changes in estimates are reasonable based on information available at the date of preparation of the accounts.

For testing the model of estimate and underlying assumptions, we have engaged an expert in accordance with the procedure established by ISA.

We have evaluated the accuracy and sufficiency of disclosures to the consolidated financial statements of information about the determination of the fair value of property, plant and equipment, including information about uncertainties taken into consideration when making the estimates.

Information about property, plant and equipment, the manner of recognition and measurement of the Group's property, plant and equipment is disclosed in Notes 2, 3, 4, 15 to the consolidated financial statements.

Provision for expected credit losses on trade and other receivables

In our opinion, this matter was one of the most significant in our audit due to significant balances of trade and other receivables as at 31 December 2020. The management estimate of recoverability of these receivables is complex, largely subjective and based on the assumptions, in particular, forecasting and estimating financial solvency of the Group's counterparties, credit risk and expected credit losses.

We have performed procedures of evaluation of the adequacy of the Group's policy on reviewing trade and other receivables and determining if provision for credit losses should be accrued, as well as procedures of confirming the reasonableness of the estimates made by the management of the Group, including specific characteristics of specific clients, their financial solvency, dynamics of a collection of accounts receivable, payments and arrangements after the balance-sheet date, as well as a review of expected future cash flows, credit losses.

Accrued provision for expected credit losses on trade and other receivables is disclosed by the Group in Notes 2, 21 and 33 to the consolidated financial statements.

Recognition and measurement of revenue

Recognition and measurement of revenue were matters of most significance in our audit due to certain imperfection of mechanisms of operation of the electricity market and it leads to disagreements between electric grid companies and energy supply companies in respect of volume of electricity consumption and capacity. The assessment by the Group's management of favorable outcome of the dispute resolution is, to a large extent, subjective and is based on the assumptions of dispute resolution.

We evaluated the internal control over revenue recognition, reviewed the accuracy of determining revenue amounts based on concluded contracts for electricity transmission and other work (services), on a sample basis obtained confirmations of accounts receivable balances from the counterparties, reviewed and evaluated existing procedures for confirming the volume of electricity transmitted and outcomes of litigations in respect of disputed amounts for the provided services, and also performed other procedures to obtain sufficient and appropriate audit evidence, in order to confirm the accuracy, in all material respects, of the amounts of revenues recognized in the consolidated financial statements.

Revenue amounts and recognition approach are disclosed in Notes 3, 8 and 9 to the consolidated financial statements.

Recognition, measurement and disclosure of provisions and contingent liabilities

Recognition, measurement and disclosure of provisions and contingent liabilities in respect of litigations and claims of counterparties (including territorial electric grid companies and energy supply companies) were matters of most significance in our audit because they require a lot of management judgments in respect of significant amounts in dispute in the course of litigations and claim settlements.

Our audit procedures included a review of court rulings made by courts of different levels, a review of the adequacy of management judgments and documents confirming the assessment of the possibility of an outflow of economic resources following dispute resolutions, conformity of the prepared documentation with the existing contracts and compliance with the law.

Provisions and contingent liabilities of the Group are disclosed in Notes 3, 32 and 35 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of PJSC "ROSSETI" for 2020 and the quarterly report of the issuer PJSC "ROSSETI" for the 1st quarter of 2021, but does not include the consolidated financial statements and our auditor's report thereon. The annual report of PJSC "ROSSETI" for 2020 and the quarterly report of the issuer for the 1st quarter of 2021 are 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 do not express any form of assurance conclusion thereon.

In connection with the audit of the consolidated financial statements, our responsibility is to study the other information provided above, when it is provided to us, and to consider whether there are material misstatements between the other information and the consolidated financial statements or our knowledge obtained in the course of the audit and whether the other information contains other possible material misstatements.

In case after reviewing the annual report of PJSC "ROSSETI" for 2020 and/or the quarterly report of the issuer PJSC "ROSSETI" for the 1st quarter of 2021, we conclude that there are material misstatements therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and the 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 International Financial Reporting Standards, and for such internal 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 concerned 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.

The Audit Committee of the Board of Directors is 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 auditor's 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 ISAs 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 ISAs, 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 the 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 the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the Audit Committee of the Board of Directors 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 the 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.

Management Board Chairperson

Audit Certificate No. 05-000015. Issued following Resolution of self-regulatory organization Not-for-Profit Partnership "Russian Collegium of Auditors" dated 15 November 2011 No. 24. Permanent award.

ORNZ in the Register of auditors and audit organizations – 21706004215

Engagement Leader on the audit resulting in this independent auditor's report

Audit Certificate No. 05-000030. Issued following Resolution of self-regulatory organization Not-for-Profit Partnership "Russian Collegium of Auditors" dated 30 November 2011 No. 25. Permanent award.

ORNZ in the Register of auditors and audit organizations – 21706004441

N.A. Dantser



H.H. Усанова

Audited entity:
Public Joint Stock Company “ROSSETI” (abbreviated name – PJSC “ROSSETI”).

Location: 4 Belovezhskaya St., Moscow, 121353, Russia;

Primary state registration number – 1087760000019.

Auditor:
RSM RUS Ltd.

Location: room 15, floor 3, 4, Pudovkina St., Moscow, 119285;

Tel.: (495) 363-28-48;

Primary state registration number – 1027700257540;

RSM RUS Ltd. is a member of the Self-regulatory organization of auditors Association “Sodruzhestvo” (membership certificate # 6938, ORNZ 11306030308), location: 21, Michurinsky Ave., bldg. 4, Moscow, 119192.

The audit was conducted pursuant to Contract No. 201a017 dated 14.07.2020, concluded based on the results of competitive selection (Minutes of 30.03.2018, procurement №0473000000518000001). The auditor was approved by the Annual General Meeting of Shareholders (AGM) on June 01, 2020.

Consolidated Statement of profit or loss and other comprehensive income (in millions of Russian rubles unless otherwise stated))

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Revenue	9	1,001,517	1,029,654
Operating expenses	11	(870,512)	(858,282)
Accrual of allowance for expected credit losses	33	(10,251)	(23,356)
Net accrual of impairment of property, plant and equipment and right-of-use assets	15, 17	(39,716)	(23,631)
Other income	10	18,280	31,966
Other expenses	10	(2,372)	(4,860)
Operating profit		96,946	151,491
Finance income	13	19,510	21,741
Finance costs	13	(32,571)	(31,696)
Total finance costs		(13,061)	(9,955)
Share of profit of associates and joint ventures		144	192
Profit before income tax		84,029	141,728
Income tax expense	14	(22,854)	(36,436)
Profit for the period		61,175	105,292
Total other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference		42	(228)
Total items that may be reclassified subsequently to profit or loss		42	(228)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in fair value of financial assets at fair value through other comprehensive income		2,454	9,865
Remeasurements of the defined benefit liability	28	(1,227)	(5,056)
Income tax	14	(183)	(731)
Total items that will not be reclassified subsequently to profit or loss		1,044	4,078
Total other comprehensive income for the period, net of income tax		1,086	3,850
Total comprehensive income for the period		62,261	109,142
Profit attributable to:			
Owners of the Company		43,872	76,773
Non-controlling interest		17,303	28,519
Total comprehensive income attributable to:			
Owners of the Company		44,798	80,411
Non-controlling interest		17,463	28,731
Earnings per share			
Basic and diluted earnings per share (in RUB)	25	0.22	0.38

These consolidated financial statements were approved by management on March 25 2021 and were signed on its behalf by:

Director General


(signature)

A.V. Ryumin
(full name)

Head of Accounting and Financial
Reporting – Chief Accountant


(signature)

D.V. Nagovitsyn
(full name)

Consolidated Statement of Financial Position

(in millions of Russian rubles unless otherwise stated)

	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	15	2,205,068	2,119,648
Intangible assets	16	22,390	19,648
Right-of-use assets	17	42,801	36,669
Investments in associates and joint ventures		1,481	1,296
Trade and other receivables	21	83,524	76,882
Assets related to employee benefits plans	28	5,976	5,808
Other non-current financial assets	18	70,893	49,227
Deferred tax assets	19	11,664	12,245
Advances given and other non-current assets	22	5,878	6,664
Total non-current assets		2,449,675	2,328,087
Current assets			
Inventories	20	39,982	37,329
Other current financial assets	18	20,950	57,592
Income tax prepayments		3,851	2,266
Trade and other receivables	21	120,977	126,827
Cash and cash equivalents	23	65,911	79,013
Advances given and other current assets	22	29,239	18,152
Total current assets		280,910	321,179
Assets held for sale		313	313
Total assets		2,730,898	2,649,579
EQUITY AND LIABILITIES			
Equity			
Share capital	24	200,903	200,903
Share premium		213,098	213,098
Treasury shares		(109)	(109)
Reserves		18,401	17,517
Retained earnings		783,397	758,600
Total equity attributable to owners of the Company		1,215,690	1,190,009
Non-controlling interests		407,604	394,096
Total equity		1,623,294	1,584,105
Non-current liabilities			
Non-current borrowings	26	499,043	464,709
Non-current trade and other payables	29	25,767	23,797
Non-current advances received	31	41,285	42,280
Employee benefit liabilities	28	29,198	27,800
Deferred tax liabilities	19	94,927	91,878
Total non-current liabilities		690,220	650,464
Current liabilities			
Current borrowings and current portion of non-current borrowings	26	65,179	97,698
Trade and other payables	29	219,742	208,685
Taxes other than income tax	30	22,282	22,427
Advances received	31	72,515	58,992
Provisions	32	36,240	23,234

	Notes	31 December 2020	31 December 2019
Current income tax liabilities		1,426	3,974
Total current liabilities		417,384	415,010
Total liabilities		1,107,604	1,065,474
Total equity and liabilities		2,730,898	2,649,579

Consolidated Statement of Cash Flows

(in millions of Russian rubles unless otherwise stated)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		61,175	105,292
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment and right-of-use-assets, amortisation of intangible assets	11	139,488	129,413
Net accrual of impairment of property, plant and equipment and right-of-use assets	15, 17	39,716	23,631
Finance costs	13	32,571	31,696
Finance income	13	(19,510)	(21,741)
Loss on disposal of property, plant and equipment	10	2,372	4,860
Share of profit of associates and joint ventures		(144)	(192)
Allowance for expected credit losses	33	10,251	23,356
Write-off accounts payable		(1,198)	(660)
Accrual of provisions	11	19,367	17,340
Gain on compensation of losses in connection with retirement / liquidation of electric grid assets		(2,891)	(2,663)
Non-cash settlements under technological connection agreements		(747)	(962)
Gain on disposal of assets	10	–	(8,110)
Gain on acquisition of new subsidiaries	10	(122)	(1,036)
Other non-cash transactions		(642)	(114)
Income tax expense	14	22,854	36,436
Total impact of adjustments		241,365	231,254
Change in assets related to employee benefit liabilities		238	408
Change in employee benefit liabilities		(1,428)	(2,633)
Change in non-current trade and other receivables		(2,303)	10,463
Change in non-current advances given and other non-current assets		973	(2,508)
Change in non-current trade and other payables		7,851	3,109
Change in non-current advances received		(995)	16,058
Cash flows from operating activities before changes in working capital and provisions		306,876	361,443

Consolidated Statement of Cash Flows

(in millions of Russian rubles unless otherwise stated)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
<i>Changes in operating assets and liabilities:</i>			
Change in trade and other receivables		(2,548)	(23,600)
Change in advances given and other assets		(10,587)	2,419
Change in inventories		(1,616)	546
Change in trade and other payables		(255)	(117)
Change in advances received		13,353	(9,895)
Use of provisions		(7,483)	(5,058)
Cash flows from operating activities before income tax and interest paid		297,740	325,738
Income tax paid		(24,214)	(23,971)
Interest paid under lease agreements		(3,798)	(3,305)
Interest paid		(34,316)	(42,017)
Net cash flows from operating activities		235,412	256,445
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(235,632)	(231,684)
Proceeds from sale of property, plant and equipment and intangible assets		916	1,622
Acquisition of financial assets and placement of bank deposits		(92,578)	(119,864)
Disposal of financial assets and withdrawal of bank deposits		109,515	109,730
Interest received		8,319	,9,210,
Sale of financial investments		–	32,180
Acquisition of shares in subsidiary, net of cash and cash equivalents		(852)	(3,818)
Proceeds from sale of subsidiary, net of cash and cash equivalents		–	45
Dividends received		1,553	1,467
Net cash flows used in investing activities		(208,759)	(201,112)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowed funds		498,182	288,722
Repayment of borrowed funds		(504,786)	(330,660)
Acquisition of non-controlling interests		(535)	(74)
Dividends paid to owners of the Company		(17,900)	(4,988)
Dividends paid to non-controlling interest		(9,656)	(10,154)
Repayment of lease liabilities		(5,060)	(3,222)
Net cash flows used in financing activities		(39,755)	(60,376)
Net decrease in cash and cash equivalents		(13,102)	(5,043)
Cash and cash equivalents at the beginning of the period	23	79,013	84,056
Cash and cash equivalents at the end of the period	23	65,911	79,013

Consolidated Statement of Changes in Equity

(in millions of Russian rubles unless otherwise stated)

	Attributable to owners of the Company							
	Share capital	Share premium	Treasury shares	Reserves	Retained	Total	Total equity	Total equity
Balance at 1 January 2020	200,903	213,098	(109)	17,517	758,600	1 190,009	394,096	1 584,105
Profit for the period	–	–	–	–	43,872	43,872	17,303	61,175
Other comprehensive income	–	–	–	1,092	–	1,092	177	1,269
Related income tax (Note 14)	–	–	–	(166)	–	(166)	(17)	(183)
Total comprehensive income for the period	–	–	–	926	43,872	44,798	17,463	62,261
Dividends (Note 24)	–	–	–	–	(17 934)	(17 934)	(4 613)	(22 547)
Change of non-controlling interest in subsidiaries (Note 6)	–	–	–	(42)	(1,141)	(1,183)	658	(525)
Balance at 31 December 2020	200,903	213,098	(109)	18,401	783,397	1 215,690	407 604	1 623,294

Consolidated Statement of Changes in Equity

(in millions of Russian rubles unless otherwise stated)

	Attributable to owners of the Company							
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2019	200,903	213,098	(109)	15,322	687,356	1,116,570	377,957	1,494,527
Profit for the period	–	–	–	–	76,773	76,773	28,519	105,292
Transfer of provision for revaluation on the disposal of equity investments	–	–	–	(1 338)	1,338	–	–	–
Other comprehensive income	–	–	–	4,358	–	4,358	223	4,581
Related income tax (Note 14)	–	–	–	(720)	–	(720)	(11)	(731)
Total comprehensive income for the period	–	–	–	2,300	78,111	80,411	28,731	109,142
Dividends	–	–	–	–	(4,990)	(4,990)	(15,323)	(20,313)
Change of non-controlling interest in subsidiaries	–	–	–	(105)	(1,877)	(1,982)	2,060	78
Acquisition of new subsidiaries	–	–	–	–	–	–	671	671
Balance at 31 December 2019	200,903	213,098	(109)	17,517	758,600	1,190,009	394,096	1,584,105

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Regulations and standards used in preparing the Report

The Annual Report is prepared in accordance with:

- Federal Law No. 208-FZ dated 26 December 1995 on Joint Stock Companies;
- Regulation of the Bank of Russia No. 454-P dated 30 December 2014 on Disclosing Information by Securities Issuers;
- Resolution of the Government of the Russian Federation No. 1214 dated 31 December 2010 on Improvement of the

Procedure of Management of Open Joint Stock Companies whose Shares are in Federal Ownership, and Federal State Unitary Enterprises;

- Corporate Governance Code of the Bank of Russia;
- requirements and recommendations of the majority shareholder;
- world best practice in the field of disclosure.

Disclaimer

The Annual Report of ROSSETI for 2020 contains management's forward-looking statements regarding business operations, plans, projections, and expected results.

The Company makes no warranties with respect to the achievement of the results described in the forward-looking statements and warns that the actual results may differ from what is expressed, whether directly or indirectly, in the forward-looking statements and estimates.

The Company shall not be liable for any losses or damage which may be incurred by any individuals or legal entities acting on the basis of such forecasting statements.

Except as expressly provided by law, the Company assumes no obligation to publish updates and changes to its forecasting statements based on any new information and subsequent events.

Glossary

Abbreviation	Meaning
ABIACS	Automated Beneficiary Information Analysis and Collection System
AC	Audit Committee
ACL	Aerial cable line
AD	Autonomous district
AGM	Annual General Meeting of Shareholders
ANO	Autonomous noncommercial organization
AP	Asia Pacific
AR	Annual report
Bank of Russia	The Central Bank of the Russian Federation
BoD	Board of Directors
BRELL	Electric ring: Belarus—Russia—Estonia—Latvia—Lithuania
CAPEX	Capital expenses/expenditures
CGC	Corporate Governance Code
CIGRE	International Council on Large Electric Systems (RNC CIGRE—ussian National Committee CIGRE)
CIM	Common Information Model
CITPREEI	Committee on Investment, Technical Policy, Reliability, Energy Efficiency and Innovation
CJSC	Closed Joint-Stock Company
CL	Cable line
Company	ROSSETI
CSR	Corporate Social Responsibility
D&O	Directors and Officers Liability Insurance
DGC	Distribution grid companies
DP	Distribution points
EAEU	Eurasian Economic Union
EBITDA, EBITDA adj.	Earnings before interest, taxes, depreciation and amortization. EBITDA adj.—adjusted EBITDA
ENCE	Electric Network Company of Ekaterinburg
EP	Environmental protection
ERP	Enterprise Resource Planning
ERS	Electricity-receiving station
ETF	Electronic trading floor

About the Company	Strategic Report	Corporate Governance Report	Financial Statements	Additional Information
Abbreviation	Meaning			
ETG	Electricity transmission grid			
ETGE	Electricity transmission grid entity			
EV	Enterprise value			
FAS Russia	Federal Antimonopoly Service of the Russian Federation			
FASPM	Federal Agency for State Property Management			
FD	Federal District			
FEA	Financial and economic activities			
FEC	Fuel and energy complex			
FGC UES	Federal Grid Company of the Unified Energy System			
FOCL-OL	Fiber-optic communication lines, overhead line			
FSBI	Federal State Budgetary Institution			
FTS	Federal Tax Service of Russia			
JSC	Joint-Stock Company			
GC	Grid company			
GDP	Gross domestic product			
GMS	General Meeting of Shareholders			
GOC	Group of companies			
GOELRO	State Commission for Electrification of Russia			
GOST	State standard			
GR	Government Relations			
GRI	Global Reporting Initiative			
HCS	Housing and communal services			
HEI	Higher education institution			
HPP	Hydraulic power plant			
IAC	Internal Audit Commission			
IC&IA	Internal control and internal audit			
ICE	Internal combustion engine			
ICS	Internal control system			
IDGC	Interregional distribution grid company			
IEC	International Electrotechnical Commission			
IFRS	International Financial Reporting Standards			
IFRS	International Financial Reporting Standards			
IP	Investment Program			
IS	Isolator switch			
ISO	International Organization for Standardization			
IT	Information Technology			
KPI	Key performance indicators			
LLC	Limited Liability Company			
LRA	Local Regulatory Act			
LTDP	Long-Term Development Program			
LTIFR	Lost time injury frequency rate			
MBA	Master of business administration			
MC	Management company			
MChS	The Ministry of Civil Defense, Emergencies and Disaster Relief			
Media	Mass media			
Minenergo f Russia	The Ministry of Energy of the Russian Federation			
MPN	Main power network			
MRR	Minimum regulated revenue			
MSU	Moscow State University			
MUE	Municipal Unitary Enterprise			
N&RC	Nomination and Remuneration Committee			
NP	Nonprofit Partnership			
NRU	National Research University			
NRU MPEI	National Research University Moscow Power Engineering Institute			
NS	Nominee shareholder			

Abbreviation	Meaning
NSTU	Novosibirsk State Technical University
OED	Organizational and executive documentation
OHS	Occupational Health and Safety
OJSC	Open Joint-Stock Company
OL	Overhead line
OPEX	Operating expenses
OPL	Overhead power lines
OS	Organization standard
OSMS	Occupational safety management system
P/E	Price/earnings multiplier
PDZ	Power distribution zone
PJSC	Public Joint-Stock Company
PL	Power line
QR code	Quick Response Code
R&D	Research and development
RAB regulation	Regulatory Asset Base
RAO UES of Russia	Russian Joint-Stock Company Unified Energy System of Russia
RAS	Russian Academy of Sciences
RAS	Russian Accounting Standards
RES	Renewable energy source
RMS	Risk management system
ROIC	Return On Invested Capital
ROSATOM	The State Atomic Energy Corporation
ROSSETI Group	ROSSETI and its subsidiaries and dependent companies
Rosstat	Federal State Statistics Service
Rostekhnadzor	Federal Environmental, Industrial and Nuclear Supervision Service of Russia
RP	Relay protection: a set of devices designed to quickly trip a circuit breaker when a fault is detected in order to separate the damaged elements of an electrical system from that system and protect the entire system from damage
RSPP	Russian Union of Industrialists and Entrepreneurs
Saidi	System Average Interruption Duration Index
Saifi	System Average Interruption Frequency Index
SC	Share capital
SC	Short-circuiter
SC	Strategy Committee
SDCs	Subsidiaries and dependent companies
SDG UN	United Nations Sustainable Development Goals
SEB	Sole executive body
SME	Small and medium entrepreneurship
SO UES	System Operator of the Unified Energy System
SPBU	Saint Petersburg State University
SPD	Surge protection device
SRMIC	System of Risk Management and Internal Control
SRW	Scientific research work
SS	Substation
SSEI	Specialized secondary education institution
SSR	Soviet Socialist Republic
STA	Sectoral Tariff Agreement
Subs	Subsidiary
TGC	Territorial generation company
TGO	Territorial grid organizations
TSS	Transformer substation
UES	Unified energy system
UIAS	Unified Identification and Authentication System
UN	United Nations
UPS	Uninterruptible power supplies
VAT	Value-added tax
VHI	Voluntary health insurance
WGC	Wholesale generation company

Units of measurement	Meaning	Units of measurement	Meaning
GVA	Gigavolt-ampere	bn	Billion
GW	Gigawatt	subpara.	Subparagraph p.p. Percentage point
u	Unit	RUB	Russian ruble
kV	Kilovolt	t	Ton
kWh	Kilowatt-hour	toe	Ton of oil equivalent
km	Kilometer	tn	Trillion
MVA	Megavolt-ampere	thsd	Thousand
MW	Megawatt	pc.	Piece
mn	Million		

Naming of the ROSSETI Group Companies

Abbreviated name of legal entity	Short description	Name after rebranding
JSC ENCE	ENCE	
ROSSETI Kuban (Kubanenergo until August 10, 2020)	ROSSETI Kuban	ROSSETI Kuban
JSC Kurortenergo	Kurortenergo	
ROSSETI Lenenergo (Lenenergo until July 30, 2020)	ROSSETI Lenenergo	ROSSETI Lenenergo
ROSSETI Moscow Region (MOESK until July 24, 2020)	ROSSETI Moscow Region	ROSSETI Moscow Region
ROSSETI Volga (IDGC of Volga until August 4, 2020)	ROSSETI Volga	ROSSETI Volga
ROSSETI Siberia (IDGC of Siberia until August 5, 2020)	ROSSETI Siberia	ROSSETI Siberia
IDGC of Urals	IDGC of Urals	ROSSETI Urals
IDGC of Centre	IDGC of Center	ROSSETI Center
IDGC of Center and Volga Region	IDGC of Center and Volga Region	ROSSETI Center and Volga Region
IDGC of the North-West	ICGC of North-West	ROSSETI North-West
JSC PES	PES	
ROSSETI	ROSSETI	ROSSETI
ROSSETI South (IDGC of South until February 17, 2020)	ROSSETI South	ROSSETI South
ROSSETI Northern Caucasus (IDGC of Northern Caucasus until March 24, 2020)	ROSSETI Northern Caucasus	ROSSETI North Caucasus
ROSSETI Tyumen	ROSSETI Tyumen	ROSSETI Tyumen
CJSC Svet	Svet	
JSC Saint Petersburg Power Grid	Saint Petersburg Power Grid	
TDC	TDC	ROSSETI Tomsk
PJSC Tyvaenergo	Tyvaenergo	
FGC UES	FGC UES	ROSSETI FGC UES
Chehenenergo	Chechenenergo	
JSC Tsarskoye Selo Energy Company	Tsarskoye Selo Energy Company	
Yantarenergo	Yantarenergo	ROSSETI Yantar

Contact Information

Indicator name	Data as at December 31, 2020
Full name of the Company	Public Joint-Stock Company ROSSETI
Number and date of State Registration Certificate of Legal Entity No.	77 011168002 dated July 1, 2008
Constituent entity of the Russian Federation on the territory where the Company is registered	Moscow
Location, contact phone, fax, e-mail address	4a Belovezhskaya st., Moscow 121353, Russian Federation Tel.: +7 495 995-5333 (from 09:00 AM to 06:00 PM, Moscow time) Tel./fax: +7 495 664-8133 E-mail: info@rosseti.ru
Primary activity	70.10.2 – Management of holding companies
Information on inclusion in the List of Strategic Enterprises and Joint-Stock Companies	Included in the List of Strategic Enterprises and Joint-Stock Companies approved by Decree of the President of the Russian Federation No. 1009 dated August 4, 2004 on Approval of the List of Strategic Enterprises and Joint-Stock Companies

The authorized personnel complement of the executive apparatus and the Technical Supervision Center branch, people.	682.7
Full name and address of the registrar	Joint-Stock Company Registry society "STATUS" 23 Novokhokhlovskaya st., bld. 1, Moscow 109052, Russian Federation
Amount of the share capital	200,903,014,525 RUB
Total quantity of shares	200,903,014,525 pieces
Number and par value of ordinary shares	198,827,865,141 shares with a nominal value of 1 RUB
State registration number of the issue of ordinary (preference) shares and the date of state registration	Ordinary shares: State registration number: 1-01-55385-E Date of state registration of issue and report: July 29, 2008 – Order of the Federal Financial Markets Service of the Russian Federation No. 08-1731/pz-i Preference shares: State registration number: 2-01-55385-E Date of state registration of issue and report: July 29, 2008 – Order of the Federal Financial Markets Service of the Russian Federation No. 08-1731/pz-i
State registration number of the additional issue of ordinary (preference) shares and the date of state registration	Additional issues: State registration number: 1-01-55385-E-001D. Date of state registration of issue: May 6, 2010 – Order of the Federal Financial Markets Service of the Russian Federation No. 10-1221/pz-i Date of state registration of report: February 3, 2011 – Order of the Federal Financial Markets Service of the Russian Federation No. 11-194/pz-i Placed: 1,922,313,097 shares Individual issue code: 001D, canceled on May 19, 2011 State registration number: 1-01-55385-E-002D Date of state registration of issue: November 10, 2011 – Order of the Federal Financial Markets Service of the Russian Federation No. 11-3021/pz-i Date of state registration of report: May 24, 2012 – Order of the Federal Financial Markets Service of the Russian Federation No. 12-1301/pz-i Placed: 4,907,627,335 shares Individual issue code: 002D, canceled on September 13, 2012 State registration number: 1-01-55385-E-003D Date of state registration of issue: December 3, 2012 – Order of the Federal Financial Markets Service of the Russian Federation No. 12-2993/pz-i
Number and par value of preference shares	Date of state registration of report: March 19, 2013 – Order of the Federal Financial Markets Service of the Russian Federation No. 13-614/pz-i Placed: 9,375,608,049 shares Individual issue code: 003D, canceled on June 27, 2013 State registration number: 1-01-55385-E Date of state registration of issue: June 4, 2013 – Order of the Federal Financial Markets Service of the Russian Federation No. 13-1273/pz-i Date of the Notification on the Results of the Additional Issue to the Financial Markets Service of the Bank of Russia: October 1, 2013 Placed: 103,831,550,845 shares State registration number: 1-01-55385-E Date of state registration of issue: October 27, 2015 – Notification of the Bank of Russia No. 52-4/14092 Date of the Notification on the Results of the Additional Issue to the Financial Markets Service of the Bank of Russia: June 29, 2016 Placed: 34,916,726,397 shares State registration number: 1-01-55385-E Date of state registration of issue: December 22, 2016 – Notification of the Bank of Russia No. 52-4/15107 Date of the Notification on the Results of the Additional Issue to the Financial Markets Service of the Bank of Russia: April 7, 2017 Placed: 2,832,285,434 shares
Quantity of shares owned by the Russian Federation	2,075,149,384 shares with a nominal value of 1 RUB
Quantity of shares owned by the Russian Federation	176,729,514,113 (ordinary shares) and 145,523,224 (preference shares)

Share of the Russian Federation in the share capital of the Company, with an indication of the share of the Russian Federation by ordinary and preference shares (%)	88.04% of the share capital, 88.89% of the total number of ordinary shares, 7.01% of the total number of preference shares
Shareholders of the Company, whose share in the share capital of the Company is more than 2%:	1. Russian Federation represented by the Federal Agency for State Property Management: 88.04%.
Availability of special right for the participation of the Russian Federation in the management of the Company (golden shares)	The decision regarding the exercise of the Russian Federation's special right to participate in management of the Company arising from the golden share was not taken
Full name and address of the Company's auditor	Limited Liability Company RSM RUS, 4 Pudovkin st., Moscow 119285, Russian Federation

Organizational structure of ROSSETI

The organizational structure of ROSSETI includes its executive body and branch—Center for Technical Supervision.

The organizational structures of the ROSSETI Group of Companies are established according to the linear-functional principle with the preservation of the end-to-end vertical management: from the management company to the production units of subsidiaries.

**ANNUAL
REPORT
2020
APPENDICES**



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Appendix 1. Report on Compliance With the Principles and Recommendations of the Corporate Governance Code

Date of the Report: 30.03.2021.

This Report on compliance with the principles and recommendations of the Corporate Governance Code¹ (hereinafter referred to as the Report) was considered by the ROSSETI Board of Directors at a meeting dated 24.05.2021 (minutes No. 457 dated 26.05.2021) as part of the 2020 Annual Report.

The Board of Directors hereby acknowledges the fact that the data provided in the Report contain comprehensive and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code as of the date of Report consideration.

The assessment of compliance with the principles and recommendations of the Corporate Governance Code is carried out by ROSSETI based on the letter of the Bank of Russia dated 17.02.2016, No. IN-06-52/8 «About disclosure of the statement on compliance with the principles and recommendations of the Corporate Governance Code in the annual report of a public joint-stock company».

This Report is an appendix to the Annual Report of ROSSETI for 2020, which contains a description of the most significant aspects of the corporate management model and relevant practice.

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
1.1	The Company shall guarantee an equal and fair attitude toward all shareholders, exercising their right to participate in the management of the Company.				
1.1.1	The Company creates the most favorable conditions for the participation of shareholders in the General Meeting, provisions for developing a well-grounded position on the General Meeting agenda, coordination of shareholders actions, as well as the opportunity to express their opinion on the issues under consideration.	1. The internal document of the Company, approved by the General Meeting of Shareholders and governing the procedures for holding the General Meeting, is placed in the public domain. 2. The Company grants an accessible way of communication with the members of the Company, such as a hotline, e-mail, or an Internet forum, giving shareholders the possibility to express their views and send questions regarding the agenda during preparation for the General Meeting. These actions were taken by the Company the day before each General Meeting held during the reporting period.	☒ observed ☐ partially observed ☐ not observed		

¹ Here and elsewhere – the Corporate Governance Code recommended for adoption by joint-stock companies which securities are admitted to on-exchange trading by letter of the Bank of Russia dated 10.04.2014 No. 06-52/2463.

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
1.1.2	The procedure for the General Meeting announcement and the provision of materials for the General Meeting gives shareholders the opportunity to be properly prepared for it.	1. The announcement of the General Meeting of Shareholders was posted (published) on the website at least 30 days before the date of the General Meeting. 2. The place of the meeting and the documents required for entering the building were included in the meeting announcement. 3. Shareholders have got access to information about who proposed the agenda items and who has nominated candidates for the Board of Directors and the Internal Audit Commission of the Company.	☒ observed ☐ partially observed ☐ not observed		According to Art. 2 of the Federal Law dated 18.03.2020 No. 50-FZ "On the acquisition of ordinary shares of the public joint-stock company "Sberbank of Russia" from the Central Bank by the Government of the Russian Federation and invalidation of certain provisions of legislative acts of the Russian Federation", the general meeting of shareholders in 2020, concerning the issues specified in clause 2, Art. 50 of the Federal Law dated 26.12.1995, No. 208-FZ "On Joint Stock Companies", can be held in the form of absentee voting by decision of the Board of Directors (Supervisory Board). By the Information Letter of the Bank of Russia dated 03.04.2020, No. IN-06-28/48 "On holding General Meetings of Shareholders in 2020" amid the spread of the coronavirus infection COVID-19, holding General Meetings of Shareholders in the form of joint presence (in person), depending on the actions taken by the regional authorities, is deemed difficult or impossible. In this regard, the Board of Directors of ROSSETI decided to convene the Annual General Meeting of Shareholders as absentee (online) voting (Minutes No. 409 dated April 27, 2020) and for this reason, the place of the meeting and the documents required for admission to the building were not indicated in the meeting announcement. Holding of the Annual General Meeting of Shareholders of ROSSETI in the form of absentee voting was caused by force majeure circumstances. ROSSETI allows shareholders to properly prepare for participation in the General Meeting of Shareholders.

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
1.1.3	In the preparation and arranging of the General Meeting, shareholders shall be able to freely and timely receive information about the meeting and meeting materials, address questions to the executive bodies and members of the Board of Directors of the Company, communicate with each other.	1. In the reporting period, shareholders had the opportunity to address questions to members of the executive bodies and members of the Board of Directors of the Company the previous day and during the Annual General Meeting. 2. The position of the Board of Directors (including dissenting opinions included in the minutes) on each item on the agenda of the General Meetings held during the reporting period was included in the materials for the General Meeting of Shareholders. 3. For the shareholders, having such right the Company provided with access to the list of persons entitled to participate in the General Meeting, starting from the date of its receipt by the Company, in all cases of holding general meetings in the reporting period.	☒ observed ☐ partially observed ☐ not observed		As far as the annual General Meeting of Shareholders of ROSSETI was held in the form of absentee voting due to pandemic of the COVID-19, shareholders were able to ask questions to members of executive bodies and members of the Board of Directors of the Company by e-mail or via the Internet forum.
1.1.4	The exercise of the shareholder's right to demand the convocation of the General Meeting, nominate candidates to the governing bodies, and make proposals for inclusion in the agenda of the General Meeting was not associated with unjustified difficulties.	1. In the reporting period, shareholders had the opportunity, within at least 60 days after the end of the corresponding calendar year, to make proposals for the agenda of the Annual General Meeting. 2. During the reporting period, the Company accepted proposals for the agenda or candidates to the bodies of the Company due to misprints and other significant deficiencies in the shareholder's proposal.	☒ observed ☐ partially observed ☐ not observed		
1.1.5	Each shareholder had the opportunity to freely exercise the right to vote in the simplest and most convenient way.	1. An internal document (internal policy) of the Company contains provisions according to which each participant of the General Meeting may, before the end of the relevant meeting, demand a copy of the ballot filled in by this shareholder, and certified by the Counting Commission.	☒ observed ☐ partially observed ☐ not observed		As long as the annual General Meeting of Shareholders of ROSSETI was held as absentee voting, the shareholders could exercise their right to participate in it: - by sending completed voting ballot to the postal address; - by filling out an electronic voting ballot form on the registrar's website.

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
1.1.6	The procedure for conducting the General Meeting, established by the company, offers an equal opportunity for all persons, attending the meeting to express their opinion and ask questions of interest.	1. When General Meetings of Shareholders in the reporting period held in the form of a meeting (joint attendance of shareholders), shareholders had time sufficient to report on agenda items and to discuss agenda issues. 2. Candidates to the management and control bodies of the Company were available to answer questions from shareholders at the meeting, at which their candidacies were brought up for voting. 3. The issue of using telecommunication facilities to provide shareholders with remote access to participate in General Meetings in the reporting period was considered by the Board of Directors at making decisions related to the preparation and holding of General Meetings of Shareholders.	☒ observed ☐ partially observed ☐ not observed		According to Art. 2 of the Federal Law dated 18.03.2020 No. 50-FZ "On the acquisition of ordinary shares of the public joint-stock company "Sberbank of Russia" from the Central Bank by the Government of the Russian Federation and invalidation of certain provisions of legislative acts of the Russian Federation", the general meeting of shareholders in 2020, concerning the issues specified in clause 2, Art. 50 of the Federal Law dated 26.12.1995, No. 208-FZ "On Joint Stock Companies", can be held in the form of absentee voting by decision of the Board of Directors (Supervisory Board). By the Information Letter of the Bank of Russia dated 03.04.2020, No. IN-06-28/48 "On holding General Meetings of Shareholders in 2020" amid the spread of the coronavirus infection COVID-19, holding General Meetings of Shareholders in the form of joint presence (in person), depending on the actions taken by the regional authorities, is deemed difficult or impossible. In this regard, the Board of Directors of ROSSETI made a decision to convene the Annual General Meeting of Shareholders in the form of absentee voting (Minutes of 27.04.2020, No. 409), and for this reason, reports on agenda items of the Meeting and their discussion were not carried out, live streaming of the meeting was not performed either. Holding of the Annual General Meeting of Shareholders of ROSSETI in the form of absentee voting was caused by force majeure circumstances. ROSSETI allows shareholders to properly prepare for participation in the General Meeting of Shareholders.
1.2	Shareholders are provided with an equal and fair opportunity to share in profits of the Company by receiving dividends.				
1.2.1	The Company has developed and introduced a transparent and understandable procedure for calculating the dividends size and dividends payout.	1. The Company has developed, approved through the Board of Directors, and disclosed a dividend policy. 2. If the dividend policy of the Company employs the indicators of the Company's statements to determine the size of dividends, then the relevant provisions of the dividend policy are premised on the consolidated financial statements.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
1.2.2	The Company does not make any decision for payment of dividends if formally, without violating the restrictions established by law, such decision is economically unjustified and may lead to the formation of false ideas about the Company's activities.	1. The dividend policy of the Company contains clear indications of the financial/economic circumstances under which the Company should not distribute dividends.	☒ observed ☐ partially observed ☐ not observed		
1.2.3	The Company does not allow any impairment of the dividend rights of current shareholders.	1. The company did not take any actions leading to the impairment of the dividend rights of current shareholders in the reporting period.	☒ observed ☐ partially observed ☐ not observed		
1.2.4	The Company seeks to exclude the use of other ways of gaining profit (income) by shareholders at the expense of the Company, in addition to dividends and disposal value.	1. In order to exclude other ways of gaining profit (income) by shareholders at the expense of the Company in addition to dividends and disposal value, internal documents of the Company envisage monitoring mechanisms, ensuring the timely identification and procedure for approving business transactions with persons, affiliated (connected) with substantial shareholders (persons entitled to dispose of votes attached to voting shares), in cases when the law does not formally recognize such transactions as interested-party transactions.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
1.3	The system and practice of corporate management guarantee equal conditions for all shareholders – owners of shares of the same category (class), including minority (small) shareholders and foreign shareholders, and equal attitude toward them by the Company.				
1.3.1	The company has created conditions for fair treatment of each shareholder by the management bodies and controlling persons of the company, including conditions ensuring the inadmissibility of abuse of minority shareholders by large shareholders.	1. During the reporting period, the procedures for managing potential conflicts of interest for substantial shareholders remained effective, and the Board of Directors paid due attention to conflicts between them if such conflicts took place.	☒ observed ☐ partially observed ☐ not observed		
1.3.2	The Company refrains from any actions that cause or threaten to cause any artificial redistribution of corporate governance.	1. Quasi-treasury shares are not available or did not participate in voting during the reporting period.	☒ observed ☐ partially observed ☐ not observed		Quasi-shares did not participate in the voting at the Annual General Meeting of Shareholders in 2020.
1.4	Shareholders are supported by reliable and effective methods of accounting shares interest, as well as the ability to freely and easily dispose of their shares.				
1.4.1.	Shareholders are supported by reliable and effective methods of accounting shares interest, as well as the ability to freely and easily dispose of their shares.	1. The quality and reliability of the company's registrar activities to maintain the register of securities holders meet the needs of the Company and its shareholders.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.1	The Board of Directors is engaged in strategic management of the Company, and defines the basic principles and approaches to the organization of the risk management and internal control system, controls the activities of the executive bodies of the Company, and also executes other key duties.				
2.1.1	The Board of Directors is responsible for making decisions related to the appointment and dismissal of executive bodies from their posts, including in connection with improper performance of duties. The Board of Directors also supervises the actions of the executive bodies of the Company in line with the approved development strategy and main areas of the Company's activities.	1. The Board of Directors has the powers stipulated in the Articles of Association to appoint, dismiss and determine the terms of contracts concerning members of executive bodies. 2. The Board of Directors reviewed the report (reports) of the Single Executive Body and members of the collegial executive body on the implementation of the Company's strategy.	☒ observed ☐ partially observed ☐ not observed		
2.1.2	The Board of Directors establishes the main guidelines for the Company's long-term activities, evaluates and approves key performance indicators and main business goals of the Company, evaluates and approves the strategy and business plans for the foremost activities of the Company.	1. At meetings during the reporting period, the Board of Directors has considered issues related to the implementation and updating of the strategy, approval of the financial and business plan (budget) of the Company, as well as consideration of criteria and indicators (including intermediate ones) for the implementation of the strategy and business plans of the Company.	☒ observed ☐ partially observed ☐ not observed		
2.1.3	The Board of Directors determines the principles and approaches to the organization of the risk management and internal control system in the Company.	1. The Board of Directors has defined the principles and approaches to the organization of the risk management and internal control system in the Company. 2. The Board of Directors took an assessment of the risk management and internal control system of the Company during the reporting period.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.1.4	The Board of Directors determines the Company's remuneration policy and (or) reimbursement of expenses (compensations) to members of the Board of Directors, executive bodies, and other key executives of the Company.	1. The Company has developed and implemented a policy (policies) for remuneration and reimbursement of expenses (compensations) for members of the Board of Directors, executive bodies of the Company and other key executives of the Company approved by the Board of Directors. 2. During the reporting period, at the meetings of the Board of Directors, issues related to the specified policy (policies) were considered.	☒ observed ☐ partially observed ☐ not observed		The company has current Regulations on payment of remuneration and compensation to members of the Board of Directors of ROSSETI² and operative Regulations on payment of remuneration and compensation to Members of the Internal Audit Commission of ROSSETI³. The remuneration of the executive bodies of the Company and other key executives is determined with the account of key performance indicators of top managers. The Company Board of Directors approves the key performance indicators of the top managers, and also quarterly considers reports on their performance.
2.1.5	The Board of Directors plays a key role in the prevention, detection, and settlement of internal conflicts between the bodies of the Company, shareholders of the Company, and employees of the Company.	1. The board of directors plays a key role in preventing, identifying and resolving internal conflicts. 2. The Company has created a system for identifying business transactions related to conflicts of interest and a system of measures aimed at resolving such conflicts.	☒ observed ☐ partially observed ☐ not observed		
2.1.6	The Board of Directors plays a key role in securing the transparency of the Company, timeliness, and completeness of information disclosure by the Company, and easy access for shareholders to the documents of the Company.	1. The Board of Directors approved the Information Policy Regulations. 2. Persons responsible for the implementation of the information policy are determined in the Company.	☒ observed ☐ partially observed ☐ not observed		
2.1.7	The Board of Directors maintain control over the corporate management practice in the Company and plays a key role in significant corporate events of the Company.	1. During the reporting period, the Board of Directors address the issue of corporate management practice in the Company.	☒ observed ☐ partially observed ☐ not observed		

² Approved by the Annual General Meeting of Shareholders of ROSSETI on June 27, 2019 (Minutes w/o No. dated June 27, 2019).

³ Approved by the Annual General Meeting of Shareholders of ROSSETI on June 29, 2018 (Minutes w/o No. dated June 29, 2018).

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.2	The Board of Directors is accountable to the shareholders of the Company.				
2.2.1	Information about the Board of Directors' operation is disclosed and provided to shareholders.	1. The annual report of the Company for the reporting period includes information of the Board of Directors and committees meetings attendance by individual directors. 2. The annual report contains information on the main results of the assessment of the work of the Board of Directors carried out in the reporting period.	☒ observed ☐ partially observed ☐ not observed		
2.2.2	The Chairman of the Board of Directors is available for communication with the shareholders of the Company.	1. The Company has a transparent procedure that provides shareholders with the opportunity to send questions and their position on them to the Chairman of the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		
2.3	The Board of Directors is an efficient and professional corporate body of the Company, capable of making objective independent judgments and making decisions that meet the interests of the Company and its shareholders.				
2.3.1	Only persons with an excellent business and personal reputation and possessing the knowledge, skills, and experience necessary for making decisions within the competence of the Board of Directors and required for the effective implementation of its duties are elected members of the Board of Directors.	1. The procedure for assessing the effectiveness of the Board of Directors, adopted in the Company, includes, inter alia, an assessment of the professional qualifications of the members of the Board of Directors. 2. In the reporting period, the Board of Directors (or its Nomination Committee) assessed candidates for the Board of Directors in terms of having the necessary experience, knowledge, business reputation, absence of conflict of interest, etc.	☒ observed ☐ partially observed ☐ not observed		
2.3.2	Members of the Board of Directors of the Company are elected through a transparent procedure that allows shareholders to obtain information about candidates sufficient to form an idea of their personal and professional qualities.	1. At General Meetings of Shareholders in the reporting period, which agenda covered issues on the election of the Board of Directors, the Company provided shareholders with biographical data of all candidates for members of the Board of Directors, the results of the assessment of such candidates by the Board of Directors (or its Nominating Committee), and information on the compliance of each candidate with the independence criteria by recommendations 102-107 of the Code and the written consent of candidates for election to the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.3.3	The composition of the Board of Directors is well-balanced, including in terms of the qualifications of its members, members' experience, knowledge, and business proficiency, and enjoys the confidence of shareholders.	1. As part of the procedure for assessing the Board of Directors operation, carried out in the reporting period, the Board of Directors analyzed its own needs in the area of professional qualifications, experience, and business skills.	☒ observed ☐ partially observed ☐ not observed		
2.3.4	The quantitative composition of the Board of Directors of the Company makes it possible to organize the activities of the Board of Directors in the most efficient way, including the possibility to form committees of the Board of Directors, and also provides significant minority shareholders of the Company with the opportunity to elect a candidate to the Board of Directors for whom they vote.	1. As part of the procedure for evaluating the Board of Directors carried out in the reporting period, the Board of Directors considered the issue of the compliance of the Board of Directors quantitative composition with the needs of the Company and the interests of shareholders.	☒ observed ☐ partially observed ☐ not observed		
2.4	The Board of Directors includes a sufficient number of non-executive directors.				
2.4.1	The non-executive director is a person who possesses sufficient professionalism, experience, and independence to form his individual position, is able to make objective and conscientious judgments, regardless of the influence of the executive bodies of the Company, individual groups of shareholders, or other concerned parties. It should be taken into account that under normal conditions a candidate (elected member of the Board of Directors) who is associated with the Company, its substantial shareholder, substantial counterparty, or competitor of the Company, or is associated with the state service, cannot be considered as non-executive (independent).	1. During the reporting period, all independent members of the Board of Directors met all the independence criteria specified in recommendations 102-107 of the Code, or were recognized as independent by the decision of the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.4.2	The Company conducts an assessment of the compliance of candidates for members of the Board of Directors with the independence criteria and also carries out regular analysis of the compliance of independent members of the Board of Directors with the independence criteria. In making such an assessment, content should dominate over form.	1. In the reporting period, the Board of Directors (or the Nominating Committee of the Board of Directors) has made an opinion upon the independence of each candidate to the Board of Directors and provided shareholders with a corresponding opinion. 2. During the reporting period, the Board of Directors (or the Nominating Committee of the Board of Directors) has reviewed the independence of the current members of the Board of Directors at least once, whom the Company indicates in the annual report as non-executive directors. 3. The Company has developed procedures defining the necessary actions of a member of the Board of Directors in case he ceases to be non-executive, including the obligation to timely inform the Board of Directors about this.	☒ observed ☐ partially observed ☐ not observed		
2.4.3	Non-executive directors make up at least one third of the elected members of the Board of Directors.	1. Non-executive directors make up at least one third of the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		
2.4.4	Non-executive directors play a key role in preventing internal conflicts in the Company and in the performance of significant corporate actions by the Company.	1. Non-executive directors (who do not have a conflict of interest) preliminarily assess significant corporate actions related to a possible conflict of interest, and the results of such an assessment are presented to the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.5	The Chairman of the Board of Directors shall contribute to the most efficient performance of duties assigned to the Board of Directors.				
2.5.1	A non-executive director shall be elected by the Chairman of the Board of Directors, or a senior non-executive director, coordinating the non-executive directors and interacting with the Chairman of the Board of Directors shall be determined from among the elected non-executive directors.	1. The Chairman of the Board of Directors shall be a non-executive director, or a senior non-executive director has been selected from among the non-executive directors. 2. The role, rights, and obligations of the Chairman of the Board of Directors (and, if applicable, the senior non-executive director) are duly defined in the internal documents of the Company.	☐ observed ☒ partially observed ☐ not observed	1. Not observed. The Chairman of the Board of Directors of ROSSETI is elected in accordance with the directives of the Government of the Russian Federation. Deputy Chairman of the Government of the Russian Federation A.V. Novak, who is a government representative as per the Order of the Government of the Russian Federation dated 30.03.2020, No. 803-r, was elected as Chairman of the Board of Directors of ROSSETI in the reporting period in line with the directives of the Government of the Russian Federation and the decision of the Board of Directors of the Company. The Regulations on the Board of Directors of the Company provides for the right to elect the Senior Non-executive Director, and also establish its role, rights and responsibilities in the activities of the Board of Directors of the Company. At the same time, the Senior Non-executive Director was not appointed by the Board of Directors of the Company as there was no initiative of the members of the Board of Directors to elect a senior non-executive director. Currently, the absence of a Senior Non-executive Director does not entail additional risks for the Company and its stakeholders. The issue of electing the Chairman of the Board of Directors will be decided in line with the directive of the Government of the Russian Federation. A Senior Non-executive Director may be elected upon displaying such initiative by the members of the Board of Directors, as determined by the current Regulations on the Board of Directors of the Company. 2. Observed.	
2.5.2	The Chairman of the Board of Directors shall ensure a positive atmosphere for arranging meetings, free discussion of issues put on the agenda of the meeting, control over the implementation of decisions taken by the Board of Directors.	1. The performance of the Chairman of the Board of Directors was assessed within the framework of the procedure for assessing the effectiveness of the Board of Directors in the reporting period.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.5.3	The Chairman of the Board of Directors takes the necessary measures to timely provide the members of the Board of Directors with the information necessary for making decisions on the agenda items.	1. The obligation of the Chairman of the Board of Directors to make preparations for the timely provision of materials to the members of the Board of Directors on the issues on the agenda of the meeting of the Board of Directors is enshrined in the internal documents of the Company.	☒ observed ☐ partially observed ☐ not observed		
2.6	Members of the Board of Directors act in good faith and reasonably in the interests of the Company and its shareholders based on adequate information awareness, with due diligence and discretion.				
2.6.1	In the absence of a conflict of interest, members of the Board of Directors make decisions considering all available information, with respect to an equal attitude to the Company's shareholders, within the ordinary business risk.	1. The internal documents of the Company established the fact that a member of the Board of Directors is obliged to notify the Board of Directors if such member has a conflict of interest concerning any issue on the agenda of a meeting or a committee of the Board of Directors, before the discussion of the relevant issue on the agenda. 2. Internal documents of the Company provide that a member of the Board of Directors must abstain from voting on any issue in which he has a conflict of interest. 3. The Company has established a procedure that allows the Board of Directors to receive expert consultation on issues within its competence at the expense of the Company.	☒ observed ☐ partially observed ☐ not observed		
2.6.2	The rights and obligations of the members of the Board of Directors are clearly formulated and enshrined in the Company's internal documents.	1. The Company has adopted and published an internal document that clearly defines the rights and obligations of members of the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.6.3	Members of the Board of Directors have sufficient time to perform their duties.	1. Individual attendance at meetings of the Board of Directors and committees, as well as the time devoted to preparation for participation in meetings, was taken into account as part of the assessment procedure for the Board of Directors in the reporting period. 2. In accordance with the internal documents of the Company, members of the Board of Directors are obliged to notify the Board of Directors of their intention to become a member of the management bodies of other organizations (in addition to the controlled and dependent organizations of the Company), as well as the fact of such appointment.	☒ observed ☐ partially observed ☐ not observed		
2.6.4	All members of the Board of Directors are equally able to access the documents and information of the Company. Newly elected members of the Board of Directors are provided with sufficient information relating to the company and the work of the Board of Directors as soon as possible.	1. In accordance with the internal documents of the Company, members of the Board of Directors have the right to access documents and make inquiries regarding the Company and its controlled organizations, and the executive bodies of the Company are required to provide relevant information and documents. 2. The Company applies a formalized program of familiarization events for newly elected members of the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		
2.7	Meetings of the Board of Directors, preparation and participation of members of the Board of Directors ensure efficient operation of the Board of Directors.				
2.7.1	Meetings of the Board of Directors are held as required, taking into account the scale of activities and the tasks facing the Company in a certain period of time.	1. The Board of Directors held at least six meetings during the reporting year.	☒ observed ☐ partially observed ☐ not observed		Due to the difficult epidemiological situation associated with the COVID-19 pandemic and the need to comply with the recommendations of the authorized state bodies for the prevention of COVID-19, meetings of the Board of Directors of the Company in the form of joint presence in 2020 were held through video conferencing.
2.7.2	The internal documents of the Company establish the procedure for preparing and holding meetings of the Board of Directors, which provides members of the Board of Directors with the opportunity to properly prepare for their holding.	1. The Company has approved an internal document defining the procedure for preparing and holding meetings of the Board of Directors, which, among other things, stipulates that a notice of holding a meeting must be made, as a rule, at least 5 days prior to the date of its holding.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.7.3	The form of the meeting of the Board of Directors is determined taking into account the importance of the agenda items. The most important issues are resolved at meetings held in person.	1. The Articles of Association or internal document of the Company stipulate that the most important issues (according to the list given in recommendation 168 of the Code) should be considered at in-person meetings of the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		
2.7.4	Decisions on the most important issues of the Company's activities are made at a meeting of the Board of Directors by a qualified majority or a majority of votes of all elected members of the Board of Directors.	1. The Company' Articles of Association provide that decisions on the most important issues set out in recommendation 170 of the Code shall be made at a meeting of the Board of Directors by a qualified majority, not less than three quarters of votes, or by a majority of votes of all elected members of the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		
2.8	The Board of Directors establishes committees for preliminary consideration of the most important issues of the Company's activities.				
2.8.1	For preliminary consideration of issues relating to control over the financial and economic activities of the Company, an Audit Committee was established, consisting of independent directors.	1. The Board of Directors has established an Audit Committee composed entirely of independent directors. 2. The internal documents of the Company define the tasks of the Audit Committee, including the tasks contained in recommendation 172 of the Code. 3. At least one member of the Audit Committee acting as an independent director has experience and knowledge in preparation, analysis, assessment, and audit of accounting (financial) statements. 4. Meetings of the Audit Committee were held at least once a quarter during the reporting period.	☒ observed ☐ partially observed ☐ not observed		
2.8.2	For preliminary consideration of issues relating to establishing an efficient and transparent remuneration practice, a Remuneration Committee was formed, consisting of independent directors and chaired by an independent director who is not the chairman of the Board of Directors.	1. The Board of Directors has established the Remuneration Committee, consisting entirely of independent directors. 2. The Chairman of the Remuneration Committee is an independent director who is not the Chairman of the Board of Directors. 3. The internal documents of the Company define the tasks of the Remuneration Committee, including the tasks contained in recommendation 180 of the Code.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.8.3	For preliminary consideration of issues relating to the implementation of personnel planning (succession planning), the professional composition and efficiency of the Board of Directors, a Committee on Nominations (Appointments, Personnel) was established, the majority of whose members are independent directors.	1. The Board of Directors has established a Nomination Committee (or its tasks specified in recommendation 186 of the Code are implemented within the framework of another committee), the majority of whose members are independent directors. 2. The internal documents of the Company define the tasks of the Nominations Committee (or the corresponding committee with combined functionality), including the tasks listed in recommendation 186 of the Code.	☒ observed ☐ partially observed ☐ not observed		The Board of Directors established the Committee for Personnel and Remuneration of the Board of Directors, whose competence includes the tasks of the Committee for Nominations (Appointments, Personnel), provided for by recommendation 186 of the Code.
2.8.4	Taking into account the scale of activities and the level of risk, the Board of Directors of the Company made sure that the composition of its committees fully meets the goals of the Company. Additional committees were either formed or were not recognized as necessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.).	1. During the reporting period, the Board of Directors of the Company considered the issue of compliance of the composition of its committees with the tasks of the Board of Directors and the goals of the Company's activities. Additional committees were either formed or were not recognized as necessary.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.8.5	The composition of the committees is determined in such a way that it allows for an in-depth discussion of preliminary issues, taking into account different opinions.	1. Committees of the Board of Directors are headed by independent directors. 2. The internal documents (policies) of the Company provide provisions according to which persons who are not members of the Audit Committee, the Nominating Committee and the Remuneration Committee can attend the meetings of the committees only upon invitation of the respective committee's chairman.	☐ observed ☒ partially observed ☐ not observed	1. Partially observed. Three out of four Committees – the Human Resources and Remuneration Committee, the Audit Committee, the Investment, Technical Policy, Reliability, Energy Efficiency and Innovation Committee – are chaired by independent directors. The Chairman of the Strategy Committee is a person who is not an independent director – the Head of the Russian Private Equity Fund Kirill Dmitriev. The Company does not see any risks in this regard, since the large and versatile composition of the Strategy Committee makes it possible to take into account all opinions. When making a decision by the Board of Directors on the composition of the Committees, including the issue of appointing the Chairmen of the Committees, it takes into account not only the status of an independent director, but also, first of all, the availability of the necessary competencies of potential members of the Committees and the ability to devote sufficient time to work in the Committee. Taking into account these restrictions, the personal composition of the Committees is formed, and their Chairpersons are appointed.	
2.8.6	The chairpersons of the committees regularly inform the Board of Directors and its chairman on the work of their committees.	1. During the reporting period, the chairmen of the committees regularly reported on the work of the committees to the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
2.9	The Board of Directors ensures that the quality of the work of the Board of Directors, its committees and members of the Board of Directors is assessed.				
2.9.1	Assessment of the quality of work of the Board of Directors is aimed at determining the degree of efficiency of the work of the Board of Directors, committees and members of the Board of Directors, their compliance with the needs of the development of the Company, revitalizing the work of the Board of Directors and identifying areas where their activities can be improved.	1. Self-assessment or external assessment of the work of the Board of Directors performed in the reporting period included an assessment of the work of the committees, individual members of the Board of Directors, and the Board of Directors as a whole. 2. The results of the self-assessment or external assessment of the Board of Directors performed during the reporting period were considered at the in-person meeting of the Board of Directors	☐ observed ☒ partially observed ☐ not observed	1. Observed. 2. Partially observed. In terms of evaluation criterion No. 2: The results of the assessment of the efficiency of the Board of Directors' work performed during the reporting period were considered at the meeting of the Board of Directors on 03/05/2020, held in the form of absentee voting (Minutes No. 399 dated 04/06/2020). In accordance with clause 3.1.8. Methods for Assessing the Work of the Board of Directors, Committees under the Board of Directors and members of the Board of Directors of ROSSETI approved by the decision of the Board of Directors on September 18, 2020 (minutes of September 21, 2020), the report on the assessment results is considered at a meeting of the Board of Directors of the Company with preliminary consideration at a meeting of the Committee on personnel and remuneration under the Board of Directors of the Company. The preferred form of the meeting is joint attendance. By decision of the Chairman of the Board of Directors/Chairman of the Personnel and Remuneration Committee under the Board of Directors of the Company, the form of the meeting may be changed. In 2020, it was planned to consider the results of assessing the performance of the Board of Directors for the next period at an in-person meeting of the Board of Directors. However, due to the COVID-19 pandemic, the overwhelming majority of meetings of the Board of Directors of the Company were held in the form of absentee voting.	
2.9.2	The performance of the Board of Directors, committees and members of the Board of Directors is assessed on a regular basis at least once a year. To conduct an independent assessment of the quality of the work of the Board of Directors, an external organization (consultant) is involved at least once every three years.	1. To perform an independent assessment of the quality of the Board of Directors' work during the last three reporting periods, the Company has engaged an external organization (consultant) at least once.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
3.1	The Corporate Secretary of the Company ensures efficient day-to-day interaction with shareholders, coordination of the Company's actions to protect the rights and interests of shareholders, and support for the efficient work of the Board of Directors.				
3.1.1	The Corporate Secretary has the knowledge, experience and qualifications sufficient to fulfill the duties assigned, an impeccable reputation, and enjoys the trust of shareholders.	1. The Company has adopted and disclosed an internal document – the regulation on the Corporate Secretary. 2. The Company's website on the Internet and in the annual report contains biographical information about the Corporate Secretary, with the same level of detail as for the members of the Board of Directors and the executive management of the Company.	☒ observed ☐ partially observed ☐ not observed		
3.1.2	The Corporate Secretary has sufficient independence from the executive bodies of the Company and has the necessary powers and resources to fulfill the tasks assigned to him.	1. The Board of Directors approves the appointment, removal from office and additional remuneration of the Corporate Secretary.	☒ observed ☐ partially observed ☐ not observed		
4.1	The level of remuneration paid by the Company is sufficient to attract, motivate and retain persons possessing the competence and qualifications necessary for the Company. Remuneration to members of the Board of Directors, executive bodies and other key management employees of the Company is paid in accordance with the remuneration policy adopted by the Company.				
4.1.1	The level of remuneration provided by the Company to members of the Board of Directors, executive bodies and other key management personnel creates sufficient motivation for their efficient work, allowing the Company to attract and retain competent and qualified specialists. At the same time, the Company avoids a higher than necessary level of remuneration, as well as an unreasonably large gap between the levels of remuneration of these persons and employees of the Company.	1. The Company has adopted an internal document (documents) – a policy (policies) on remuneration of members of the Board of Directors, executive bodies and other key management personnel, which clearly defines the approaches to remuneration of these persons.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
4.1.2	The Company's remuneration policy was elaborated by the Remuneration Committee and approved by the Company's Board of Directors. The Board of Directors, with the support of the Remuneration Committee, ensures control over the implementation and implementation of the remuneration policy in the Company, and, if necessary, revises and makes adjustments to it.	1. During the reporting period, the Remuneration Committee reviewed the remuneration policy (policies) and the practice of its (their) implementation and presented appropriate recommendations to the Board of Directors as necessary.	☒ observed ☐ partially observed ☐ not observed		
4.1.3	The Company's remuneration policy involves transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies and other key executive employees of the Company, and also regulates all types of payments, benefits and privileges provided to these persons.	1. The remuneration policy (policies) of the Company involves transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies and other key executive employees of the Company, and also regulates all types of payments, benefits and privileges provided to these persons.	☒ observed ☐ partially observed ☐ not observed		
4.1.4	The Company determines the policy of reimbursement of expenses (compensations), specifying the list of expenses subject to reimbursement and the level of service that members of the Board of Directors, executive bodies, and other key managers of the Company can apply for. Such a policy may form an integral part of the Company's remuneration policy.	1. The remuneration policy (policies) or other internal documents of the Company establish the rules for reimbursing the expenses of members of the Board of Directors, executive bodies and other key executive employees of the Company.	☒ observed ☐ partially observed ☐ not observed		

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4.2	The system of remuneration for the members of the Board of Directors ensures the convergence of the financial interests of the directors with the long-term financial interests of shareholders.				
4.2.1	The Company pays a fixed annual remuneration to the members of the Board of Directors. The Company does not pay remuneration for participation in certain meetings of the Board or committees of the Board of Directors. The Company does not apply forms of short-term motivation and additional material incentives to members of the Board of Directors.	1. Fixed annual remuneration was the only monetary form of remuneration to members of the Board of Directors for work on the Board of Directors during the reporting period.	☒ observed ☐ partially observed ☐ not observed		
4.2.2	Long-term ownership of the Company's shares to the greatest extent contributes to the convergence of the financial interests of the members of the Board of Directors with the long-term interests of shareholders. At the same time, the Company does not condition the right to sell shares on the achievement of certain performance indicators, and members of the Board of Directors do not participate in stock option programs.	1. If the internal document (documents) of the Company, i.e. the remuneration policy (policies) provide for the provision of shares of the Company to members of the Board of Directors, clear rules for the ownership of shares by members of the Board of Directors should be provided for and disclosed, aimed at stimulating long-term ownership of such shares.	☒ observed ☐ partially observed ☐ not observed	Evaluation of compliance with the criterion in this clause cannot be given, since the internal document (documents) – the policy (policies) for remuneration of members of the Board of Directors of the Company does not provide (do not provide) the provision of shares of the Company to members of the Board of Directors.	
4.2.3	The Company does not provide for any additional payments or compensations in case of early termination of the powers of the members of the Board of Directors in connection with the transfer 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 the powers of the members of the Board of Directors in connection with the transfer of control over the Company or other circumstances.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
4.3	The system of remuneration for members of executive bodies and other key executive employees of the Company provides for the dependence of remuneration on the result of the work of the Company and their personal contribution to achieving this result.				
4.3.1	The remuneration of members of the executive bodies and other key executive employees of the Company is determined in such a way as to ensure a reasonable and reasonable ratio of the fixed part of remuneration and the variable part of remuneration, depending on the results of the Company's work and the employee's personal (individual) contribution to the final result.	1. During the reporting period, the annual performance indicators approved by the Board of Directors were used to determine the amount of variable remuneration for members of executive bodies and other key executive employees of the Company. 2. Through the course of the latest assessment of the remuneration system for members of executive bodies and other key executive employees of the Company, the Board of Directors (Remuneration Committee) made sure that the Company applies an effective ratio of a fixed part of remuneration to a variable part of remuneration. 3. The company provides for a procedure that ensures the return to the Company of bonus payments illegally received by members of executive bodies and other key executive employees of the Company.	☒ observed ☐ partially observed ☐ not observed		
4.3.2	The Company has introduced a long-term incentive program for members of executive bodies and other key executive employees of the Company using the Company's shares (options or other derivative financial instruments, the underlying asset for which is the Company's shares).	1. The Company has introduced a long-term motivation program for members of the executive bodies and other key executive employees of the Company using the Company's shares (financial instruments based on the Company's shares). 2. The program of long-term motivation of members of executive bodies and other key executive employees of the Company stipulates that the right to sell shares and other financial instruments used in such a program occurs no earlier than three years from the date of their provision. At the same time, the right to implement them is conditioned by the achievement of certain performance indicators of the Company.	☐ observed ☐ partially observed ☒ not observed	During the reporting period, the Company conducted work on preparing a new Option Program for members of executive bodies and other key executive employees of the Company. The previous long-term incentive program for members of executive bodies and other key executive employees of the Company using shares (option program), approved by the Board of Directors of the Company in 2010, expired in 2017.	

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4.3.3	The amount of compensation (golden parachute) paid by the Company in the event of early termination of powers to members of executive bodies or key executives at the initiative of the Company and in the absence of fraudulent actions on their part does not exceed two times the fixed part of the annual remuneration.	1. The amount of compensation (golden parachute) paid by the Company in the event of early termination of powers to members of executive bodies or key executives at the initiative of the Company and in the absence of fraudulent actions on their part, in the reporting period did not exceed two times the fixed part of the annual remuneration.	☒ observed ☐ partially observed ☐ not observed		
5.1	The Company has established an efficiently functioning risk management and internal control system aimed at providing reasonable confidence in achieving the goals set for the Company.				
5.1.1	The Board of Directors of the Company determined the principles and approaches to the organization of the risk management and internal control system in the Company.	1. The functions of various management bodies and divisions of the Company in the risk management and internal control system are clearly defined in the internal documents/ relevant policy of the Company approved by the Board of Directors.	☒ observed ☐ partially observed ☐ not observed		
5.1.2	The executive bodies of the Company ensure the creation and maintenance of the functioning of an efficient risk management and internal control system in the Company.	1. The executive bodies of the Company ensured the distribution of functions and powers in relation to risk management and internal control between the heads (heads) of divisions and departments accountable to them.	☒ observed ☐ partially observed ☐ not observed		
5.1.3	The risk management and internal control system in the Company ensures an objective, fair and clear view of the current state and prospects of the Company, the integrity and transparency of the Company's reporting, the rationality and acceptability of the risks assumed by the Company.	1. The Company has approved an anti-corruption policy. 2. The Company has established an accessible way of informing the Board of Directors or the Audit Committee of the Board of Directors on the facts of violation of legislation, internal procedures, and the Company's Code of Ethics.	☒ observed ☐ partially observed ☐ not observed		

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5.1.4	The Company's Board of Directors takes the necessary measures to ensure that the current risk management and internal control system in the Company complies with the principles and approaches to its organization determined by the Board of Directors and functions in an efficient way.	1. During the reporting period, the Board of Directors or the Audit Committee of the Board of Directors assessed the performance of the risk management and internal control system of the Company. Information on the main results of such an assessment is included in the Company's annual report.	☒ observed ☐ partially observed ☐ not observed		
5.2	For a systematic independent assessment of the reliability and efficiency of the risk management and internal control system and corporate governance practice, the Company organizes an internal audit.				
5.2.1	To conduct an internal audit, a separate structural unit has been created in the Company or an independent external organization has been involved. The functional and administrative accountability of the internal audit unit is delineated. In operational terms, the internal audit unit reports to the Board of Directors.	1. To conduct internal audit, the Company has established a separate structural unit for internal audit, functionally accountable to the Board of Directors or the Audit Committee, or an independent external organization has been involved with the same principle of accountability.	☒ observed ☐ partially observed ☐ not observed		
5.2.2	The internal audit division evaluates the performance of the internal control system, the efficiency of the risk management system, as well as the corporate governance system. The Company applies generally accepted standards of activity in internal audit.	1. During the reporting period, as part of the internal audit, an assessment was made of the performance of the internal control and risk management system. 2. The Company uses generally accepted approaches to internal control and risk management.	☒ observed ☐ partially observed ☐ not observed		

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6.1	The Company and its activities are transparent for shareholders, investors, and other interested parties.				
6.1.1	The Company has elaborated and implemented an information policy that ensures efficient information interaction between the Company, shareholders, investors, and other interested parties.	1. The Board of Directors of the Company approved the information policy of the Company, elaborated in accordance with the Code recommendations.	☒ observed ☐ partially observed ☐ not observed		
		2. The Board of Directors (or one of its committees) considered issues related to the Company's compliance with its information policy at least once during the reporting period.			
6.1.2	The Company discloses information on the corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code.	1. The Company discloses information on the corporate governance system in the Company and the general principles of corporate governance applied in the Company, including on the Company's website on the Internet.	☒ observed ☐ partially observed ☐ not observed		
		2. The company discloses information on the composition of the executive bodies and the Board of Directors, the independence of the Board members and their membership in the committees of the Board of Directors (in accordance with the Code definition).			
		3. If there is a person controlling the Company, the Company publishes a memorandum of the controlling person regarding the plans of such a person in relation to corporate governance in the Company.			

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6.2	The Company discloses complete, up-to-date and reliable information related to the Company to ensure the possibility of making informed decisions by the Company's shareholders and investors in a timely manner.				
6.2.1	The Company discloses information in accordance with the rules of regularity, consistency and efficiency, as well as the availability, reliability, completeness and comparability of the disclosed data.	1. The information policy of the Company defines the approaches and criteria for determining information that can have a significant impact on the assessment of the Company and the value of its securities and procedures that ensure the disclosure of such information in a timely manner. 2. If the Company's securities are traded on foreign organized markets, material information in the Russian Federation and on such markets is disclosed simultaneously and equivalently during the reporting year. 3. If foreign shareholders own a significant number of shares of the Company, then during the reporting year the information was disclosed not only in Russian, but also in one of the most common foreign languages.	☐ observed ☒ partially observed ☐ not observed	1. Not observed. The Company's information policy does not establish approaches and criteria for determining information that can have a significant impact on the assessment of the Company and the value of its securities, as well as procedures to ensure the timely disclosure of such information. At the same time, the Information Policy involves a large list of information that the Company discloses in addition to the list established by legislation, which eliminates the risks of non-disclosure by the Company of any information that significantly affects the Company or the value of its securities. Given to the absence of criteria for classifying information as material, as well as clarifications of the regulator on possible approaches to determining such materiality in the legal regulation, the implementation of this recommendation of the Code is currently complicated. Taking into account the entry into force from 01.04.2021 of the Bank of Russia Directive No. 5326-U dated November 21, 2019 and from October 01, 2021 of the Bank of Russia Regulation No. information and material facts, after the publication of the necessary clarifications of the regulator, the Company plans to finalize the Information Policy in order to further disclose material information related to its activities. 2. Observed. 3. Observed.	The Company discloses information in accordance with the requirements of the UK Financial Conduct Authority. Disclosure of information that the Company considers essential in the Russian Federation and Great Britain is carried out simultaneously and in an equivalent manner.

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6.2.2	The company avoids a formal approach when disclosing information and discloses material information relating to its activities, even if the disclosure of such information is not provided for by law.	1. During the reporting period, the Company disclosed annual and semi-annual financial statements prepared in accordance with IFRS standards. The Company's annual report for the reporting period includes the annual financial statements prepared in accordance with IFRS standards, along with the auditor's report. 2. The Company discloses full information on the capital structure of the Company in accordance with Recommendation 290 of the Code in the annual report and on the Company's website on the Internet.	☒ observed ☐ partially observed ☐ not observed		
6.2.3	Being one of the most important tools for information interaction with shareholders and other interested parties, the annual report contains information that makes it possible to assess the results of the Company's activities for the year.	1. The Company's annual report contains information on key aspects of the Company's operating activities and its financial results 2. The Company's annual report contains information on the environmental and social aspects of the Company's activities.	☒ observed ☐ partially observed ☐ not observed		
6.3	The Company provides information and documents at the request of shareholders based on equal and unhindered access.				
6.3.1	The provision of information and documents by the Company at the request of shareholders is ensured in accordance with equal and unhindered access.	1. The Company's information policy of the Company defines an easy procedure for providing shareholders with access to information, including information on legal entities controlled by the Company, at the request of shareholders.	☐ observed ☒ partially observed ☐ not observed	Partially observed. The information policy of the Company does not directly regulate the procedure for providing shareholders with access to information on legal entities controlled by the Company. At the same time, the Information Policy stipulates that in case of receiving a request from a shareholder, the Company will seek to provide information and/or copies of documents related to information of controlled entities.	
6.3.2	When the Company provides information to shareholders, a reasonable balance is ensured between the interests of specific shareholders and the interests of the Company itself, which is interested in maintaining the confidentiality of important commercial information, which may have a significant impact on its competitive ability.	1. During the reporting period, the Company did not refuse to satisfy the shareholders' requests for information, or such refusals were justified. 2. In cases determined by the information policy of the Company, shareholders are warned of the confidential nature of the information and assume the obligation to maintain its confidentiality.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
7.1	Actions that significantly affect or may affect the structure of the share capital and the financial condition of the Company and, accordingly, the position of shareholders (significant corporate actions) are carried out on fair terms that ensure the observance of the 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 percent of voting shares of the Company (takeover), performance by the Company of significant transactions, increase or decrease in the share capital of the Company, listing and delisting of shares of the Company, as well as other actions that may lead to a significant change rights of shareholders or violation of their interests. The Company's Articles of Association define a list (criteria) of transactions or other actions that are significant corporate actions, and such actions are referred to the competence of the Board of Directors of the Company.	1. The Company's Articles of Association define a list of transactions or other actions that are significant corporate actions, and the criteria for their determination. Decision-making in relation to significant corporate actions is referred to the scope of the Board of Directors. In cases where the implementation of these corporate actions is directly attributed by law to the competence of the General Meeting of Shareholders, the Board of Directors provides shareholders with appropriate recommendations. 2. The Company's Articles of Association include at least the following as significant corporate actions: reorganization of the Company, acquisition of 30 or more percent of voting shares of the Company (takeover), performance by the Company of significant transactions, increase or decrease in the share capital of the Company, listing and delisting of the Company's shares.	☐ observed ☒ partially observed ☐ not observed	1.2 Partially observed. The Company's Articles of Association does not define the very concept of significant corporate actions. At the same time, in the Company's Articles of Association, a significant number of issues are attributed to the competence of the Board of Directors and the General Meeting of Shareholders of the Company, which, taking into account recommendation 303 of the Code, refer to significant corporate actions (such as reorganization of the Company, increase/decrease in the share capital of the Company, split and consolidation of shares, adopting decisions on the participation of the Company in other organizations, on the acquisition, alienation and encumbrance of their shares and stakes, changes in the share of participation in the share capital of these organizations; making a decision on filing an application for the delisting of the Company's shares and (or) equity securities of the Company convertible into its shares; preliminary approval of decisions on the conclusion of transactions, the subject of which is the non-current assets of the Company in the amount of 10 to 25 percent of the book value of these assets according to the financial statements as of the last reporting date; preliminary approval of decisions on the conclusion by the Company of transactions (including several interconnected transactions) related to the alienation or the possibility of alienation of core property, in cases (amounts) determined by separate decisions of the Board of Directors of the Company, etc.). When submitting any issues to be addressed by the General Meeting of Shareholders, including those related to significant corporate actions, the Board of Directors provides shareholders with appropriate recommendations. In addition, given the inclusion of ROSSETI in a special list approved by the order of the Government of the Russian Federation dated January 23, 2003 No. 91-r, decisions on the most important significant corporate actions are taken by the management bodies of the Company in accordance with the directives of the Government of the Russian Federation, while certain issues (for example, concerning changes in the share capital of the Company) are addressed in accordance with the decrees of the President of the Russian Federation.	

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7.1.2	The Board of Directors plays a major role in making decisions or making recommendations regarding significant corporate actions; the Board of Directors relies on the position of independent directors of the Company.	1. The Company provides for a procedure according to which independent directors declare their position on significant corporate actions prior to their approval.	☒ observed ☐ partially observed ☐ not observed		
7.1.3	When making significant corporate actions affecting the rights and legitimate interests of shareholders, equal conditions are ensured for all of the Company's shareholders, and if the mechanisms provided for by law are insufficient to protect the rights of shareholders, additional measures are taken to protect the rights and legitimate interests of the Company's shareholders. At the same time, the Company is guided not only by compliance with the formal requirements of the legislation, but also by the principles of corporate governance set out in the Code.	1. Given the specifics of its activities, the Company's Articles of Association establish lower than the statutory minimum criteria for classifying the Company's transactions as significant corporate actions. 2. During the reporting period, all significant corporate actions went through the approval procedure prior to their implementation.	☒ observed ☐ partially observed ☐ not observed		
7.2	The Company provides for such a procedure for performing significant corporate actions that enables shareholders to receive full information on such actions in a timely manner, provides them with the opportunity to influence the performance of such actions and ensures compliance and an adequate level of protection of their rights when performing such actions.				
7.2.1	Information on the performance of significant corporate actions is disclosed with an explanation of the reasons, conditions and consequences of such actions.	1. During the reporting period, the Company disclosed information on significant corporate actions of the Company, including the grounds and timing of such actions, in detail in a timely manner.	☒ observed ☐ partially observed ☐ not observed		

	Principles of corporate governance	Criteria for assessing compliance with the corporate governance principles	Status compliance with the principles of corporate governance	Explanations for deviations from the criteria for assessing compliance with the principle of corporate governance	Notes
7.2.2	The rules and procedures related to the implementation by the Company of significant corporate actions are enshrined in the internal documents of the Company.	1. The Company's internal documents provide for the procedure for engaging an independent appraiser to determine the value of property alienated or acquired under a major or interested party transaction. 2. The Company's internal documents provide for the procedure for engaging an independent appraiser to assess the cost of acquiring and repurchasing the Company's shares. 3. The Company's internal documents provide for an extended list of grounds on which members of the Board of Directors of the Company and other persons stipulated by the legislation are recognized as interested in the transactions of the Company.	☐ observed ☒ partially observed ☐ not observed	1. Observed. 2. Observed. 3. Not observed. The Company's internal documents do not provide for an extended list of grounds on which members of the Board of Directors of the Company and other persons stipulated by the legislation are recognized as interested in the Company's transactions. At the same time, in accordance with the Regulations on the Board of Directors of the Company, in case of a potential conflict of interest for a member of the Board of Directors of the Company, including if there is an interest in the conclusion of a transaction by the Company, such a member of the Board of Directors should immediately notify the Company's Board of Directors, proceeding from the priority of the interests of the Company over his own interests, as well as refrain from voting on issues in relation to which he has a conflict of interests or not to be present when such an issue is discussed at the meeting. In accordance with the Federal Law of 03.07.2016 No. 343-FZ "On Amendments to the Federal Law "On Joint Stock Companies" and the Federal Law "On Limited Liability Companies" regarding the regulation of large transactions and transactions in which there is an interest", and the Bank of Russia Ordinance No. 4335-U of March 31, 2017 established a new procedure for interested-party transactions and established limit values for the size of transactions, above which such transactions can be recognized as interested-party transactions. The new procedure considerably eased the regulatory burden on businesses and eliminated unnecessary pre-approval of a significant number of transactions. In connection with the above, expanding the list of grounds on which transactions can be classified as interested-party transactions seems inappropriate.	

Appendix 2. Information on Transactions of ROSSETI and Legal Entities Controlled thereby

1.1 Information on Transactions of ROSSETI in 2020 Recognized as Major Transactions in Accordance with the Legislation of the Russian Federation

In 2020, the Company made no transactions recognized as major transactions in accordance with the Federal Law on Joint-Stock Companies, as well as other transactions subject to the procedure for approving major transactions under the Articles of Association of ROSSETI.

1.2 Information on Transactions of ROSSETI in 2020 Recognized as Interested Party Transactions in Accordance with the Legislation of the Russian Federation

The information on transactions of ROSSETI in 2020 recognized as interested party transactions in accordance with the Federal Law on Joint-Stock Companies⁴ is contained in the Report on Transactions of ROSSETI in 2020 published: on the Company's official website at the following link: <https://www.rosseti.ru/investors/deals/>.

At the same time, the Company made no transactions (groups of related transactions) recognized as interested party transactions in accordance with the Federal Law on Joint-Stock Companies, whose amount was 2 or more percent of the book value of the assets ROSSETI.

1.3 Information on Major Transactions of ROSSETI and Legal Entities Controlled thereby in 2020

The information on major transactions of ROSSETI and legal entities controlled thereby in 2020 is published on the Company's official website at the following link: <https://www.rosseti.ru/investors/deals/>.

⁴ Approved by the Board of Directors of ROSSETI (Minutes № 457 dated 26.05.2021).

Appendix 3. Information on Actual Execution of Instructions of the President and the Government of the Russian Federation by ROSSETI in 2020

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
1. Disposal of Non-Core Assets				
1.1.	Decree of the President of the Russian Federation Instruction of the President of the Russian Federation Order of the Government of the Russian Federation	No. 596 dated May 7, 2012 (Paragraph 4, Sub-Clause "c", Clause 2) No. Пп-348 dated February 22, 2016 No. 894-p dated May 10, 2017 (Clauses 3, 5 and 7)	On implementation of non-core asset disposal programs	Since 2012, ROSSETI has been working to identify and manage its non-core assets. Pursuant to Directives of the Government of the Russian Federation No. 6604n-П13 dated September 18, 2017, the Non-Core Asset Disposal Program of ROSSETI and Its Subsidiaries and Affiliates (hereinafter referred to as the Program) and the Procedure for Organizing the Disposal of Non-Core Assets of ROSSETI and Its Subsidiaries and Affiliates (Minutes No. 287 dated December 29, 2017), which are currently valid, were approved by Decision of the Board of Directors of ROSSETI dated December 28, 2017 (Minutes No. 287 dated December 29, 2017), taking into account the amendments made by Decision of the Board of Directors of ROSSETI dated September 17, 2018 (Minutes No. 323 dated September 20, 2018). According to the provisions of the current Program, ROSSETI: - approves the ROSSETI's updated Register of Non-Core Assets at least once a year; - considers all quarterly reports on progress in the implementation of the Register of Non-Core Assets. According to the Program, the updated Register of Non-Core Assets of ROSSETI was approved by Decision of the Board of Directors of ROSSETI dated October 15, 2020 (extract from Meeting Minutes of the Board of Directors of ROSSETI No. 435 dated October 16, 2020). In addition, according to the Procedure for the Execution of Clause 6 of Order of the Government of the Russian Federation No. 894p dated May 10, 2017 provided by the Meeting Minutes of the Interdepartmental Commission for Monitoring the Disposal of Non-Core Assets by Companies and Organizations (Minutes No. 67-Д06 dated September 18, 2017), the following measures are implemented: - post information on the disposal of non-core assets on the Interdepartmental Portal for State Property Management (Federal Agency for State Property Management) on a quarterly basis (before the 8th day of the month following the reporting quarter); - provide the federal executive bodies (Ministry of Energy of the Russian Federation, Ministry of Economic Development of the Russian Federation) with the reporting information on actual implementation of the Non-Core Asset Disposal Program, as well as various action plans for the disposal of non-core assets prepared according to the reporting forms approved by the Interdepartmental Commission for Monitoring the Disposal of Non-Core Assets by Companies and Organizations, on a quarterly basis (before 15th day following the reporting quarter). The information on disposal of non-core assets at the end of 2020 is reflected in full. In order to increase the efficiency of activities related to the disposal of non-core assets for the development of the Program, the Company approved: - Order No. 435p dated September 28, 2018 "On Approval of Methodological Recommendations", which regulates the procedure for filling out the form of the Register of Non-Core Assets, form of the report on progress in the implementation of the Register of Non-Core Assets, form of the action plan for disposal of non-core assets, as well as the form of the Register of Management Accounting Units (E2Y Register); - Order No. 366p dated August 17, 2018 "On Establishment of a Commission for the Identification and Disposal of Non-Core Assets of ROSSETI". Meetings of the Commission for the Identification and Management of Non-Core Assets of ROSSETI are held on a quarterly basis in order to timely identify non-core assets and update the Register of Non-Core Assets, if necessary.

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI									
1	2	3	4	5									
2. Procurement of Goods, Works or Services													
2.1.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation Instruction of the Government of the Russian Federation Instruction of the Government of the Russian Federation	No. Пp-2821 dated December 5, 2014 (Sub-Clause 4, Clause 1) No. ДМ-П9-87np dated November 25, 2013 (Clauses 3 and 6) No. АД-П9-9176 dated December 12, 2014 No. ИШ-П13-1419 dated March 5, 2015	On the staged replacement of the procurement of foreign products (works, services) with Russian products (works, services) relevant in specifications and consumer properties	ROSSETI's activities in the field of import substitution are performed in accordance with the Corporate Plan for Import Substitution (Order of ROSSETI No. 46 dated February 5, 2020, instead of Order of ROSSETI No. 116 dated August 30, 2017). ROSSETI developed the Corporate Plan for Import Substitution in accordance with the Methodological Recommendations for the Preparation of the Corporate Plans for Import Substitution by State Corporations, State-Owned Companies and Joint-Stock Companies with the Participation of the Russian Federation in their Authorized Capitals Exceeding 50 Percent, Organizations Implementing Investment Projects Included in the Register of Investment Projects According to Decision of the Government Commission on Import Substitution approved by Order of the Ministry of Economic Development of the Russian Federation No. 219P-AY dated August 11, 2016, taking into account the Analytical Report On Assessment of the Potential of Import Substitution and the Main Directions of Import Substitution and Conditions for Their Implementation in Subsidiaries and Affiliates of ROSSETI until 2019 considered by the meeting of ROSSETI's Management Board (Minutes No. 386np dated October 14, 2015). The goals and objectives of ROSSETI's Corporate Plan for Import Substitution are aimed at ensuring the technological safety of the power grid sector of the Russian Federation and reducing the dependence on foreign products, equipment and technical devices, as well as any services/works of foreign companies and the use of foreign software. As a result of the implementation of import substitution measures, the share of imports in the procurement of equipment by ROSSETI was 7.90% (in 2014, the share of imports was over 40%). Dynamics of Changes in the Share of Imported Equipment in ROSSETI's Procurement:									
				Indicator	2016	2017	2018	2019	2020	2021	2022	2023	2024
				Target (values of key indicators of the import substitution program, %)	30.0%	27.0%	23.0%	18.0%	12.0%	11.5%	11.0%	10.5%	10.0%
				Actual (share of imports in the volume of purchases, %)	12.00%	8.84%	8.83%	8.45%	7.90%	-	-	-	-
2.2.	Instruction of the Government of the Russian Federation	No. ИШ-П13-1872 dated April 1, 2016	Amendments to the procurement policy on procurement of domestic competitive software	By Decision of the Board of Directors of ROSSETI (minutes No. 239 of August 19, 2016), amendments on the purchase of domestic competitive software required to support the Company's activities were made to its Unified Procurement Standard.									
2.3.	Meeting Minutes of the Government Commission on the Use of Information Technologies	No. 1 dated February 9, 2018 (Clauses 4 and 6, Section II)	On transition to predominantly domestic software	According to Directive of the Government of the Russian Federation No. 10068n-П13 dated December 6, 2018 (hereinafter referred to as the Directive), the meeting of ROSSETI's Board of Directors, where it was decided to prepare an Action Plan on Transition of the Company to Predominantly Domestic Software in 2018–2021, was held (Minutes No. 345 dated March 7, 2019). The Draft Action Plan on Transition of the Company to Predominantly Domestic Software in 2018–2021 has been prepared and undergoes various corporate procedures for its approval at the subsequent meeting of the Board of Directors of ROSSETI. Also, according to the Directive, ROSSETI quarterly submits the report on implementation of the Directive to the Ministry of Digital Development, Communications and Mass Media of the Russian Federation by posting it on the Interdepartmental Portal for State Property Management.									
2.4.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. Пp-2578 dated December 10, 2015 No. ДМ-П9-8413 (Clause 2) dated December 12, 2015	On development and approval of the provision ensuring the regulation of procurement activities and the implementation of procurement standards in joint-stock companies	As part of its execution, amendments were made to Order of ROSSETI No. 82p dated February 28, 2014 "On Approval of Standards for the Resource Provision of Activities of ROSSETI Employees and its Branch – Technical Supervision Center" (as amended by Order of ROSSETI No. 360p dated August 31, 2016). Then Order No. 82p dated February 28, 2014 was canceled, and new Order No. 238p dated May 17, 2019 "On Approval of Standards for the Resource Provision of Activities of ROSSETI Employees and Its Branch – Technical Supervision Center" (as amended by Order of ROSSETI No. 362p dated August 28, 2019) was issued instead.									
2.5.	Minutes of the Meeting with the Prime Minister of the Russian Federation	No. ДМ-П9-38np dated June 14, 2016 (Clause 7)	On amendments to the procurement policy on innovative building materials	By Decision of the Board of Directors of ROSSETI (Minutes No. 244 dated November 11, 2016), amendments on the establishment of a priority for the procurement of Russian innovative building materials were made to the Company's Unified Procurement Standard.									

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
2.6.	Instruction of the Deputy Prime Minister of the Russian Federation	No. ДК-П9-81np of May 13, 2019 (Clause 6)	On procurement of Russian products used for the implementation of national projects and the comprehensive plan for the modernization and expansion of trunk infrastructure	Decision of the Board of Directors of ROSSETI made in the execution of directive of the Government of the Russian Federation No. 9984n-П13 dated November 1, 2019 on the procurement of Russian products used for the implementation of national projects and the comprehensive plan for the modernization and expansion of trunk infrastructure (Minutes No. 396 dated February 26, 2020). Amendments have not been made to ROSSETI's Unified Procurement Standard, since Clause 4.5.4 of the Standard contains regulations stipulating the priority of Russian goods, works and services provided by Russian entities compared to any foreign goods, works and services provided by foreign entities may be applied in the cases and according to the procedure established by the current legislation of the Russian Federation. The regulations of Decree of the Government of the Russian Federation No. 925 dated September 16, 2016 "On Priority of Russian Goods, Works and Services Provided by Russian Entities Compared to Foreign Goods, Works and Services Provided by Foreign Entities" prioritizing all Russian goods, works and services provided by Russian entities compared to foreign goods, works and services provided by foreign entities and the procedure for their application are specified in Appendix 2 to the Company's Unified Procurement Standard.
2.7.	Decree of the President of the Russian Federation Decree of the President of the Russian Federation	No. 618 dated December 21, 2017 No. 204 dated May 7, 2018	On development of various programs to improve the quality of procurement management	Developed and approved by Order of ROSSETI No. 47 dated March 1, 2019 "On Approval of the Program to Improve the Quality of Procurement Management of ROSSETI according to directive of the Government of the Russian Federation No. 1519n-П13 dated February 20, 2019. In addition, ROSSETI's subsidiaries and affiliates approved their programs to improve the quality of procurement management based on the relevant program of ROSSETI by Order No. 47 dated March 1, 2019 "On Approval of the Program to Improve the Quality of Procurement Management of ROSSETI".
2.8.	Order of the Government of the Russian Federation	No. 867-p dated May 29, 2013	On the implementation of partnership programs with SMEs	As part of the execution of directive of the Government of the Russian Federation No. 7377n-П13 dated December 7, 2013, as well as Decision of the Board of Directors of ROSSETI (Minutes No. 142 dated December 30, 2013), the Partnership Program was developed by Order of ROSSETI No. 32 dated February 18, 2014 "On Approval of the Partnership Program between JSC Rosseti and Small and Medium-Sized Enterprises" (subsequently, the order was updated and reissued in the wording of Order No. 239 dated November 5, 2019).
2.9.	Decree of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. 204 dated May 7, 2018 No. ДМ-П13-1100 dated March 1, 2016 (Clause 89)	Expanding the practice of using factoring in the performance of contracts for the supply of goods (performance of works, provision of services)	Amendments were made to the internal documents of the Company regulating the procurement activities providing the right of small and medium-sized enterprises in order to assign the right to claim (factoring) in favor of another person (financial agent, factor) by directives of the Government of the Russian Federation No. 4111n-П13 dated May 8, 2019. Considering that such provisions were included in the Company's Unified Procurement Standard (Meeting Minutes of ROSSETI's Board of Directors No. 247 dated December 16, 2016) in accordance with Directive of the Government of the Russian Federation No. 7704n-П13 dated October 11, 2016, the Board of Directors of ROSSETI made its decision not to amend the Unified Procurement Standard of ROSSETI.
2.10.	Instruction of the Government of the Russian Federation	No. ПД-П7-4168 dated June 28, 2017 (Clause 2)	On the number of contracts concluded with enterprises of the military-industrial complex of the Russian Federation for the procurement of civilian products for the needs of the fuel and energy complex	By Letter of the Federal Agency for State Property Management No. 05/32761 dated October 1, 2018, Directive of the Government of the Russian Federation No. 7923n-П13 dated September 26, 2018 was sent to ROSSETI. Information on any contracts concluded by ROSSETI with enterprises of the military-industrial complex of the Russian Federation for the procurement of civilian products (works, services), which are not included in the State Defense Order in 2020, has been prepared. Information letters to the relevant federal executive bodies will be prepared and sent by ROSSETI in April — May 2021, but no later than 30 days before the Annual General Meeting of Shareholders held in 2021 (i.e., within the reporting period specified in the Directive). In 2020, the number of contracts concluded with enterprises of the military-industrial complex of the Russian Federation for the procurement of civilian products for the needs of the ROSSETI Group amounted to 4.88 bn rubles.
3. Strategy Development and Update, Long-Term Planning				
3.1.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. Пп-3013 dated December 27, 2014 (Clauses 1 and 2) No. ИШ-П13-54 dated January 13, 2015 No. ИШ-П13-8144 dated December 30, 2016	On development and approval of the list of internal regulations governing activities of a joint-stock company	Information on the implementation of the Long-Term Development Program for 2019 was included in the materials of the Annual General Meeting of Shareholders held in 2020. The Long-Term Development Program of ROSSETI and Its Subsidiaries and Affiliates (ROSSETI Group) until 2030 was approved by the Board of Directors of ROSSETI (Minutes No. 444 dated December 30, 2020).

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
3.2.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. Пр-769 dated April 26, 2016 (Clause 2) No. АД-П36-4292 dated July 20, 2016 (Clause 6)	On filling out the questionnaire for analyzing the implementation of internal documents	1) Data of the questionnaire for analyzing the implementation of the Regulations on the Risk Management System are updated on the Interdepartmental Portal for State Property Management. ROSSETI's risk management system is regulated by the Risk Management Policy (as amended) approved by Decision of the Board of Directors on November 23, 2020 (Minutes No. 440 dated November 24, 2020), which complies with the Methodological Guidelines approved by the Government of the Russian Federation (Order No. МШ-П13-4148 of June 24, 2015) and considers the regulations set forth in the COSO framework "Enterprise Risk Management. Integrating with Strategy and Performance", national standard GOST R ISO 31000-2019 "Risk Management. Principles and Guidelines" (approved by Order of the Federal Agency on Technical Regulating and Metrology No. 1379-сг dated December 10, 2019 "On Approval of the National Standard of the Russian Federation"), and international standard ISO 31000-2018 "Risk Management — Guidelines". The Risk Management Policy establishes main goals, objectives and principles of the risk management system, stages of the risk management process, functions and roles of participants in the risk management process, nature of their interaction and distribution of responsibilities between them. 2) According to Letter of the Federal Agency for State Property Management No. РБ-11/9968 dated March 20, 2017, the questionnaire for analyzing the implementation of the Internal Audit Policy was filled out in the personal account of ROSSETI on the Interdepartmental Portal for State Property Management. Currently, the specified reporting form of the Interdepartmental Portal for State Property Management in the personal accounts of ROSSETI (link: https://mp.rosim.ru) is valid.
3.3.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. Пр-3086 dated December 27, 2013 (Sub-Clauses 32, 33 and 34, Clause 1) No. ДМ-П13-9589 dated December 31, 2013 (Clauses 32, 33 and 34)	On approval of long-term development programs and audit of such programs	The independent auditor's opinion on the results of the audit of the report on implementation of the Long-Term Development Program for 2019 was considered by the Board of Directors of ROSSETI (Minutes No. 429 dated September 14, 2020). The Long-Term Development Program of ROSSETI and Its Subsidiaries and Affiliates (ROSSETI Group) until 2030 was approved by the Board of Directors of ROSSETI (Minutes No. 444 dated December 30, 2020). The revised standard for assessing the implementation of the Long-Term Development Program and the achievement of key performance indicators was approved by the Board of Directors of ROSSETI (Minutes No. 437 dated November 2, 2020) pursuant to Directives of the Government of the Russian Federation No. 6739n-П13 dated July 30, 2020.
3.4.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. Пр-1627 dated July 1, 2014 (Sub-Clause "b", Clause 2) No. МШ-П8-6196 dated August 15, 2014	On inclusion in the program of the main parameters of the need for labor resources (in particular, in engineering and technical specialties), which are necessary for the performance of main activities under the long-term development program	The Long-Term Development Program of JSC ROSSETI for 2015–2019 and the forecast until 2030, which included the Need for Personnel. Main Elements of the HR Policy section approved by Decision of the Board of Directors dated December 19, 2014 (Minutes No. 174 dated December 22, 2014). The Long-Term Development Program of ROSSETI and Its Subsidiaries and Affiliates until 2030, which includes the HR Policy section, was approved by Decision of the Board of Directors of ROSSETI on December 30, 2020 (Minutes No. 444 dated December 30, 2020).
3.5.	Instruction of the Government of the Russian Federation Meeting Minutes of the Presidium of the Council Under the President of the Russian Federation on the Modernization of Economy and Innovative Development of Russia	No. АД-П36-6296 dated September 15, 2015 (Clause 5) No. АД-П36-8381 dated December 10, 2015 (Clause 1) No. 2 dated April 17, 2015 (Sub-Clause "b", Clause 2, Section II)	On inclusion of an integral key performance indicator of innovative activities in the list of key performance indicators under the long-term development program	The Long-Term Development Program of ROSSETI and Its Subsidiaries and Affiliates (ROSSETI Group) until 2030 approved by Decision of the Board of Directors on December 30, 2020 (Minutes No. 444 dated December 30, 2020) includes an integral KPI of innovative activities as part of the key performance indicators.

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
3.6.	Meeting Minutes of the Interdepartmental Working Group on the Implementation of Priorities of the Innovative Development of the Presidium of the President Council for Economic Modernization and Innovative Development of Russia Instruction of the Government of the Russian Federation	No. 1 dated April 14, 2017 (Clause 9, Section III) No. ДМ-П36-7563 dated November 7, 2015	On comparing the level of technological development and current values of key performance indicators of a joint-stock company with the level of development and indicators of leading foreign peer companies	By Decision of the Board of Directors of ROSSETI (Minutes No. 311 dated June 21, 2018), the Company was instructed (by November 1, 2018) to compare the level of technological development and current values of ROSSETI's key performance indicators with the level of development and indicators of leading foreign peer companies, and provide the Ministry of Economic Development of the Russian Federation and the Ministry of Energy of the Russian Federation with results of such comparison, proposals for adjusting the Innovative and Long-Term Development Programs of ROSSETI, and proposals on the composition and values of the integral key performance indicator of ROSSETI for 2019. The reporting materials based on the results of the comparison were sent by the Letter dated October 31, 2018 to the Ministry of Economic Development of the Russian Federation (No. OE-5873) and the Ministry of Energy of the Russian Federation (No. OE-5874). The report on comparison of the level of technological development and values of ROSSETI's key performance indicators with the level of development and indicators of leading foreign peer companies was approved by the Board of Directors of ROSSETI (Minutes No. 424 dated August 6, 2020).
3.7.	Decree of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. 204 dated May 7, 2018 No. ДМ-П13-4513 dated July 21, 2018 (Clause 3.7 of the Action Plan to Accelerate the Growth Rate of Investments in Fixed Assets and increase Their Share in Gross Domestic Product to 25% approved at the meeting of the Government of the Russian Federation held on July 12, 2018 (Minutes No. 20, Section I))	On assessment of the presence or absence of ongoing or planned large investment projects	Pursuant to Decree of the President of the Russian Federation No. 204 dated May 7, 2018 "On Assessing the Presence or Absence of Ongoing or Planned Large Investment Projects", Instruction of the Government of the Russian Federation (Clause 3.7 of the Action Plan to Accelerate the Growth Rate of...) No. ДМ-П13-4513 dated July 21, 2018, the Board of Directors of ROSSETI (Minutes No. 399 dated March 6, 2020) considered the issue "On Assessing the Presence or Absence of Ongoing or Planned Large Investment Projects" and made relevant decisions on March 5, 2020 in accordance with the requirements of the directive: "5. Instruct the Director General of ROSSETI to organize activities in the following areas: 5.1. If there are any projects with a total amount of initial capital investments under the investment stage of the project exceeding 10 bn rubles, provide information about such projects to the Ministry of Economic Development of the Russian Federation and the Federal Agency for State Property Management twice a year from 2020 (in April and October until the 25th day of the month) in accordance with the requirements specified in Appendix 5 hereto. 5.2. In the case of implementation or planning the implementation of large investment projects that were not previously considered at a meeting of ROSSETI's Board of Directors, ensure that the relevant issue will be considered by the Board of Directors of ROSSETI in accordance with the requirements specified in Appendix 5 hereto." ROSSETI does not have own investment program, as well as any projects with a total amount of initial capital investments under the investment stage exceeding 10 bn rubles. Information about the absence of large investment projects was sent to the Federal Agency for State Property Management by Letter No. НЛ-1791 dated April 24, 2020.
3.8.	Decree of the Government of the Russian Federation	No. 1502 dated December 27, 2016	On the procedure for approval of investment programs and other plans for infrastructure development implemented by state corporations, state-owned companies and other organizations with state participation by the Ministry for the Development of the Russian Far East and the Arctic of the Russian Federation	The ROSSETI Group's Long-Term Development Program until 2030 (approved by the Board of Directors of ROSSETI, Minutes No. 444 dated December 30, 2020) has been approved by the Ministry for the Development of the Russian Far East and the Arctic of the Russian Federation (Letter No. BH-03-18 /10883 dated September 17, 2020).

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
3.9.	Decree of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. 204 dated May 7, 2018 No. ДМ-П13-4513 dated July 21, 2018 (Clause 3.6)	On updating the long-term development program and submitting reports on the audit of long-term development programs	The new Long-Term Development Program of the ROSSETI Group until 2030 approved by the Board of Directors of ROSSETI (Minutes No. 444 dated December 30, 2020) considers, among other relevant strategic planning documents, provisions of Decree of the President of the Russian Federation No. 204 dated May 7, 2018 and the Action Plan to Accelerate the Growth Rate of Investments in Fixed Assets and Increase Their Share in Gross Domestic Product to 25%. The report on the audit of the Long-Term Development Program is posted on the Interdepartmental Portal of the Federal Agency for State Property Management until June 1 (on an annual basis). In 2020, the report on the audit of the Long-Term Development Program was sent to the Ministry of Economic Development of the Russian Federation, Federal Agency for State Property Management and the Ministry of Energy of the Russian Federation by Letter No. ПЕ-2230 dated June 1, 2020.
3.10.	Decree of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. 204 dated May 7, 2018 No. ДМ-П13-4513 dated July 21, 2018 (Clause 3.5) No. CA-П13-10176 dated November 21, 2019	On assessing the implementation of long-term development programs and the achievement of key performance indicators	The revised standard for assessing the implementation of the Long-Term Development Program and the achievement of key performance indicators was approved by the Board of Directors of ROSSETI (Minutes No. 437 dated November 2, 2020) pursuant to Directives of the Government of the Russian Federation No. 6739n-П13 dated July 30, 2020.
4. Personnel Management				
4.1.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. Пр-2821 dated December 5, 2014 (Sub-Clause 5, Clause 1) No. ДМ-П13-9024 dated December 8, 2014	On introduction of bonus plans for managers based on key performance indicators of their activities due to the need to reduce operating expenses (costs) by at least 2–3% (on an annual basis)	The "Reduction of specific operating expenses (costs)" KPI developed in accordance with the instructions, has been included in the bonus plan since 2015 as part of the Methodology for Calculating and Assessing the Implementation of Key Performance Indicators of the Director General of ROSSETI approved by Decisions of the Board of Directors dated December 25, 2015 (Minutes No. 217 dated December 28, 2015); December 5, 2016 (Minutes No. 246 dated December 8, 2016); March 1, 2017 (Minutes No. 254 dated March 3, 2017); December 26, 2019 (Minutes No. 388 dated December 26, 2019).

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
4.2.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. ПР-1474 dated July 5, 2013 (Clause 5) No. ИШ-П13-2043 dated March 27, 2014	On ensuring the adoption of key performance indicators by a joint-stock company for assessing the performance of the management	The Methodology for Calculating and Assessing the Implementation of Key Performance Indicators of the Director General of ROSSETI was approved by Decision of the Board of Directors of ROSSETI dated November 20, 2014 (Minutes No. 170 dated November 21, 2014) and updated considering instructions of the President of the Russian Federation and the Government of the Russian Federation by Decisions of the Board of Directors dated December 25, 2015 (Minutes No. 217 dated December 28, 2015); December 5, 2016 (Minutes No. 246 dated December 8, 2016); March 1, 2017 (Minutes No. 254 dated March 3, 2017); December 26, 2019 (Minutes No. 388 dated December 26, 2019). The reports on achievement of KPIs of the Director General of ROSSETI were approved by Decisions of the Board of Directors of ROSSETI: - 2nd and 3rd quarters of 2014 – Minutes No. 173 dated December 18, 2014; - 4th quarter of 2014 – Minutes No. 193 dated June 26, 2015; - 1st and 2nd quarters of 2015 – Minutes No. 206 dated November 2, 2015; - 3rd quarter of 2015 – Minutes No. 217 dated December 28, 2015; - 4th quarter of 2015 – Minutes No. 231 dated June 1, 2016; - 2015 – Minutes No. 232 dated June 10, 2016; - 1st quarter of 2016 – Minutes No. 234 dated June 30, 2016; - 2nd quarter of 2016 – Minutes No. 242 dated October 4, 2016; - 3rd quarter of 2016 – Minutes No. 249 dated December 26, 2016; - 4th quarter of 2016 – Minutes No. 269 dated June 2, 2017; - 2016 – Minutes No. 273 dated June 30, 2017; in terms of the “Efficiency of Innovative Activities” KPI – Minutes No. 288 dated December 29, 2017; - 1st quarter of 2017 – Minutes No. 278 dated September 22, 2017; - 2nd quarter of 2017 – Minutes No. 280 dated October 9, 2017; - 3rd quarter of 2017 – Minutes No. 288 dated December 29, 2017; - 4th quarter of 2017 – Minutes No. 322 dated September 17, 2018; - 2017 – Minutes No. 320 dated August 20, 2018; in terms of the “Efficiency of Innovation Activities” KPI – Minutes No. 329 dated November 12, 2018; - 1st and 2nd quarters of 2018 – Minutes No. 330 dated November 19, 2018; - 3rd quarter of 2018 – Minutes No. 347 dated April 4, 2019; - 4th quarter of 2018 – Minutes No. 365 dated July 5, 2019; - 2018 – Minutes No. 381 dated November 13, 2019; in terms of the “Efficiency of Innovative Activity” KPI – Minutes No. 385 dated December 20, 2019; - 1st and 2nd quarters of 2019 – Minutes No. 390 dated December 27, 2019; - 3rd quarter of 2019 – Minutes No. 396 dated February 26, 2020; - 4th quarter of 2019, 2019 – Minutes No. 413 dated May 6, 2020; in terms of the “Efficiency of Innovative Activity” KPI – Minutes No. 436 dated October 21, 2020.

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
4.3.	Instruction of the Government of the Russian Federation Minutes of the Extended Meeting on Monitoring the Implementation of National Projects (Labor Productivity and Employment Support, Small and Medium-Sized Enterprises and Support for Individual Entrepreneurial Initiatives, International Cooperation and Export)	No. CA-П13-11470 dated December 25, 2019 No. CA-П13-25np dated March 5, 2019 (Clause 1, Section I)	On improving labor efficiency	The Methodology for Calculating and Assessing the Implementation of the "Increasing Labor Productivity" KPI (approved by Decision of the Board of Directors dated April 2, 2020 (Minutes No. 401 dated April 3, 2020) and the measures aimed at increasing labor productivity under the Long-Term Development Program (approved by Decision of the Board of Directors dated December 30, 2020 (Minutes No. 444 dated December 30, 2020).
4.4.	Instruction of the President of the Russian Federation	No. Пp-285 dated February 20, 2015 (Sub-Clause "a", Clause 1)	On implementation of professional standards	As part of its membership in the Council for Professional Qualifications in the Electric Power Industry, 10 professional standards were developed by ROSSETI for key activities of the power grid sector: 20.027 "Employee responsible for the diagnostics of equipment of electrical networks using the methods of chemical analysis", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 1161H dated December 28, 2015; 20.028 "Employee responsible for the maintenance and repair of communication equipment of electrical networks", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 1176H dated December 29, 2015; 20.029 "Employee responsible for the metrological support in electricity transmission and distribution", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 1160H dated December 28, 2015; 20.030 "Employee responsible for the maintenance and repair of cable power lines", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 1165H dated December 28, 2015; 20.031 "Employee responsible for the maintenance and repair of overhead power lines", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 361H dated June 4, 2018; 20.032 "Employee responsible for the maintenance of substation equipment of electrical networks", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 1177H dated December 29, 2015; 20.034 "Employee responsible for the maintenance and repair of equipment for relay protection and automation of electrical networks", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 524H dated June 29, 2017; 20.036 "Employee responsible for the maintenance and repair of equipment of automated control systems for technological processes in electrical networks", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 764H dated December 19, 2016; 20.041 "Employee responsible for the operational and technological management in electrical networks", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 327H dated May 14, 2019; 20.042 "Employee responsible for the diagnostics of equipment of electrical networks using test and measurement methods", Order of the Ministry of Labor and Social Protection of the Russian Federation No. 510H dated July 18, 2019. According to directive of the Government of the Russian Federation No. 5119n-П13 dated July 14, 2016 and Decision of the Board of Directors of ROSSETI "On Implementation of Professional Standards in the Company's Activities" (Clause 1.1 of Meeting Minutes of the Board of Directors of ROSSETI No. 242 dated October 4 2016), the Schedule for Implementation of Professional Standards in the ROSSETI Group's Activities was developed (Order of ROSSETI No. 588p dated December 30, 2016) with the establishment of a period for the implementation of relevant measures until January 1, 2020.

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
				Reports on implementation of professional standards in the Company's activities for the entire period of implementation of the Schedule for Implementation of Professional Standards in the ROSSETI Group's Activities (Order of ROSSETI No. 588p dated December 30, 2016) were submitted at least once every six months and received by considering the following decisions of the Board of Directors of ROSSETI: - Minutes No. 269 dated June 2, 2017 (Clause 1); - Minutes No. 285 dated December 15, 2017 (Clause 2); - Minutes No. 311 dated June 21, 2018 (Clause 3); - Minutes No. 341 dated February 11, 2019 (Clause 3); - Minutes No. 368 dated July 31, 2019 (Clause 6); - Minutes No. 386 dated December 25, 2019 (Clause 3); - Minutes No. 415 dated May 25, 2020 (Clause 13); - Minutes No. 443 dated December 29, 2020 (Clause 3).
4.5.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. ПР-1921 dated September 21, 2015 (Sub-Clause "d", Clause 1) No. ОГ-П8-6629 dated September 29, 2015	Participation in the preparation of regulatory documents for holding the WorldSkills Russia National Competition	The ROSSETI Group has been a member of the WorldSkills Russia movement and an associate member of the Young Professionals (WorldSkills Russia) Union (hereinafter referred to as the Union) since 2016. ROSSETI experts (together with the Union's methodological support) have developed three core competencies: – Operation of Cable Power Lines; – Maintenance and Repair of Relay Protection and Automation Equipment; – Intelligent Electric Power Metering System. Open corporate championships based on the WorldSkills methodology are held on a regular basis in compliance with such competencies. All competencies are included in programs of regional and national championships according to the standards of WorldSkills and gradually transferred from the presentation category to the main ones. Then a pool of certified experts in the competencies takes place. Documents required for holding the championships are prepared according to the standards of WorldSkills and being approved by the Union in accordance with the established procedure.
4.6.	Order of the Government of the Russian Federation	No. 1388-p dated June 27, 2019	On updating KPIs	The Methodology for Calculating and Assessing the Achievement of KPIs for the Director General of ROSSETI has been updated (approved by Decision of the Board of Directors dated December 26, 2019 (Minutes No. 388 dated December 26, 2019).
5. Corporate Governance				
5.1.	Instruction of the Government of the Russian Federation Meeting Minutes of the Government of the Russian Federation	No. ИШ-П13-5859 dated July 31, 2014 No. ДМ-П36-46np dated May 28, 2014 (Clause 2) No. 5 dated February 13, 2014 (Clause 4, Section I)	On implementation of provisions of the Corporate Governance Code	As a follow-up to the implemented action plan (roadmap) aimed to incorporate provisions of the Corporate Governance Code, another action plan was prepared by the Company and approved by the Board of Directors to incorporate provisions of the Corporate Governance Code in ROSSETI (Minutes No. 179 dated March 10, 2015). The plan has defined a number of key activities, including the analysis of the Company's existing system and standards of corporate governance and the Code's provisions and measures to update the Company's internal documents. ROSSETI carried out the activities outlined in the plan in full. Having monitored how companies with state participation incorporated the Corporate Governance Code, the Expert Council of the Government of the Russian Federation noted positive trends, and ROSSETI occupied the third place in the Council's ranking. At the moment, in accordance with the decision of ROSSETI's Board of Directors (Minutes No. 271 dated June 27, 2017), ROSSETI is guided by the recommendations of the Corporate Governance Code and, therefore, discloses information on compliance therewith in line with the procedure established by law.

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
5.2.	Instruction of the President of the Russian Federation Instruction of the Government of the Russian Federation	No. Пp-3013 dated December 27, 2014 (Clause 3) No. ВШ-П13-54 dated January 13, 2015	On changes in the annual report's structure of a joint-stock company*	According to Directive of the Government of the Russian Federation No. 2007n-П13 dated April 6, 2015, the annual report of a joint-stock company shall meet the following requirements: I. The annual report's structure must include the following information: 1. Information on the company's development strategy: date of approval by the board of directors, minutes No., strategic goals, main directions, planned period of implementation. 2. Information on the company's long-term development program: date of approval by the board of directors, minutes No., main goals and objectives, main activities aimed at implementation of the program in the reporting year, planned period of implementation. 3. Information on changes in the development strategy and the long-term development program compared to the previous year (if any): description of changes/adjustments to main goals and objectives, reasons for changes/adjustments, comparison of the main goals, objectives and directions of the development for the current period with data of the previous period for specific activities. 4. Information on the availability of the company's other programs (including investment, innovation and others) as part of implementation of the development strategy and the long-term development program: date of approval by the board of directors, minutes No., goals and main projects, main directions of the program, planned period of implementation. 5. Information on the approved non-core asset disposal program and the register of non-core assets of the company: -date of approval of the current non-core asset disposal program and the register of non-core assets by the board of directors of the company, minutes No.; -description of the non-core asset disposal program; -main directions of the non-core asset disposal program; -actual data on the disposal of non-core assets; -reasons for deviations of the actual value of disposed non-core assets from the book value of non-core assets (if any); -total values of indicators (book value, cost of disposal, number of disposed non-core assets for the reporting period). 6. Information on the auditor's opinion regarding the implementation of the long-term development program (if the company does not receive the auditor's opinion on the implementation of the long-term development program for 2014 before the annual general meeting of shareholders held in 2015, it is allowed not to provide this information in the company's annual report for 2014. Provision of information on the auditor's opinions and main conclusions on the implementation of the long-term development program for 2014–2015 shall be mandatory (since 2016): date and number of the auditor's opinion, main conclusions of the auditor. 7. Information on the approved system of key performance indicators (hereinafter referred to as KPIs) of the company: -date of approval by the board of directors, minutes No.; -KPI composition, including financial and economic indicators (including mandatory (TSR/dividend amount), industry KPIs, bonus reduction indicators (if any) and other KPIs that are mandatory for the inclusion in the KPI system in accordance with the separate Instructions of the President of the Russian Federation and the Government of the Russian Federation; -target values of indicators approved by the board of directors for the current and subsequent years; -degree of achievement of KPIs in the reporting year compared to the previous year in percentage terms; -reasons for deviation of actually achieved KPIs from target indicators (if any); -changes in the KPI system, including the description of changes/adjustments to target values, justification of reasons for such changes, date of approval by the board of directors of the company, minutes No. (if any); -correlation between the achievement of KPIs and the amount of remuneration for the company's management. 8. Brief description of the company's risks and risk management activities: -description of the most material risks inherent in the company's activities (including those that occur in the reporting year) and measures taken by the company to respond to such risks; -description of various risk management methods used by the company, as well as all key measures taken by the company in the field of risk management. 9. Description of principles and approaches to the organization of the risk management and internal control system, information on functions of the internal audit: -subdivisions, whose competence includes the development of the risk management and internal control system, as well as the specialized bodies of the risk management and internal control system (risk management and internal control department, department of internal audit, audit commission): accountability, main functions and tasks; -brief description of the internal audit function (general description of the company's internal audit policy, resources used, etc.), implementation of programs for the development of the internal audit function (quality improvement program, performance of external assessments, etc.); -the list of key measures aimed at improving the risk management and internal control system and implemented by the company in the reporting year (in particular, according to the relevant decisions of the board of directors of the company) during the implementation of policies and strategies approved by the board of directors of the company. II. Approval of the Company's Annual Report based on audited financial statements for the reporting and previous years. III. Inclusion of information on basic internal regulatory documents, which are the basis for the preparation of the current Annual Report, including key internal regulatory documents governing the functions of the internal audit and all issues related to activities of the Risk Management and Internal Control System, in the Annual Report.

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
				At the same time, the Federal Agency for State Property Management initiated amendments to the approximate structure of a joint-stock company's annual report approved by Decree of the Government of the Russian Federation No. 1214 dated December 31, 2010 "On Improving the Procedure for Management of Open Joint-Stock Companies Whose Shares are in Federal Ownership and Federal State Unitary Enterprises" (Decree of the Government of the Russian Federation No. 1211 dated November 10, 2015 "On Amendments to the Approximate Structure of the Annual Report of a Joint-Stock Company Whose Shares are in Federal Ownership"). The information requested by ROSSETI's divisions as part of the preparation of the Annual Report in accordance with annually issued orders for the preparation of annual reports corresponds to the above-mentioned structure: Order No. 616/425 dated December 25, 2020 "On Preparation of Annual Reports for 2020". The structure of ROSSETI's Annual Report fully meets the above-mentioned requirements.
6. Monitoring of the Company's Activities				
6.1.	Instruction of the President of the Russian Federation	No. Пп-1032 dated May 7, 2014 (Clause 1) No. Пп-2821 dated December 5, 2014 (Clause 1)	On establishment of unified treasuries of parent, subsidiary and affiliated organizations	According to Directives of the Government of the Russian Federation No. 5110n-П13 dated August 8, 2014 and No. 1796n-П13 dated March 26, 2015, ROSSETI's Board of Directors (Minutes No. 184 dated April 30, 2015) considered the issue "On the Annual Analysis of Results of the Establishment of a Unified Treasury of a Joint-Stock Company, Its Subsidiary and Affiliated Organizations" on April 27, 2015. In 2020, the Report on Performance of the Unified Treasury of the ROSSETI Group for the period from September 14, 2019 to September 14, 2020 was timely sent to the Ministry of Finance of the Russian Federation and the Federal Financial Monitoring Service of the Russian Federation.
6.2.	Instruction of the Government of the Russian Federation	No. ИШ-П13-1925 dated April 5, 2018	On inventory of rights to results of intellectual activity with the aim of the subsequent organization of measures to ensure the identified results with the rights belonging to a joint-stock company, legal protection, entering the rights to them on the balance sheet as intangible assets for the subsequent introduction into economic circulation, as well as assessing the value of the rights to them	According to Directives of the Government of the Russian Federation No. 9177n-П13 dated December 12, 2017, in pursuance of the decision of ROSSETI's Board of Directors "On the Implementation of Recommendations on the Management of Rights to Results of Intellectual Activity in Organizations" (Minutes No. 295 dated March 2, 2018, Clause 3.1), analysis of the management of rights to results of intellectual activity in ROSSETI and its subsidiaries performing electricity transmission and distribution was conducted in 2018 in accordance with the provisions of the Recommendations on Management of Rights to Results of Intellectual Activity in Organizations (hereinafter referred to as the Recommendations) approved by Order of the Government of the Russian Federation No. ИШ-П8-5594 dated August 25, 2017. The results of analysis of the management of rights to results of intellectual activity of ROSSETI were considered by the Management Board of ROSSETI (Minutes No. 749np dated August 7, 2018).
6.3.	Protocol of the Government of the Russian Federation Instruction of the Government of the Russian Federation	No. АД-П36-153np dated October 1, 2014 (Clauses 1 and 4) No. ДМ-П36-7563 dated November 7, 2015 No. ИШ-П8-5594 dated August 25, 2017	On implementation of recommendations for the management of rights to results of intellectual activity	According to Directive of the Government of the Russian Federation No. 9177n-П13 dated December 12, 2017, in pursuance of decision of ROSSETI's Board of Directors "On the Implementation of Recommendations on the Management of Rights to Results of Intellectual Activity in Organizations" (Minutes No. 295 dated March 2, 2018, Clause 3.2), a Program for the management of rights to results of intellectual activity (hereinafter referred to as the Program) was developed in ROSSETI in 2018. The development of the Program was performed by the Department of Technological Development and Innovation. However, various comments that could not be considered due to the lack of a specialized department and specialized competence were received as part of the preparation for the consideration of the Program at a meeting of the Board of Directors of ROSSETI during the meetings of the Ministry of Energy of the Russian Federation. Considering the organizational changes in ROSSETI as part of the execution of directives of the Government of the Russian Federation, as well as Decisions of the Board of Directors (Minutes No. 295 dated March 2, 2018, Clause 3.2), ROSSETI re-initiated the development of the Concept for the Management of Rights to Results of Intellectual Activity in ROSSETI and Its Subsidiaries in 2020 (hereinafter referred to as the Concept). According to Section II of the Recommendations approved by order of the Government of the Russian Federation No. ИШ-П8-5594 dated August 25, 2017, implementation of this event requires the involvement of any specialized organizations, including those with the relevant competencies and experience in the field of patenting. Thus, JSC STC FGC UES was attracted to the development of the Concept thanks to its sufficient qualification. The Concept and a roadmap for the implementation of the Concept have been developed; the issue "On Approval of the Concept for the Management of Rights to Results of Intellectual Activity in ROSSETI and Its Subsidiaries" is included in the work plan of ROSSETI's Management Board for Q1 2021; draft decisions and explanatory notes for the consideration at meetings of the Management Board of ROSSETI (materials agreed upon by the relevant divisions are under the final approval in the corporate block) were prepared, Committee on Investment, Technical Policy, Reliability, Energy Efficiency and Innovation under the Board of Directors of ROSSETI and the Board of Directors of ROSSETI.

No.	Instruction	Registration data	Summary of incoming document	Information on execution of relevant orders and instructions by ROSSETI
1	2	3	4	5
6.4.	Meeting Minutes of the National Council for Financial Stability	No. 7 dated April 10, 2015 (Sub-Clause 1, Clause 1, Section I)	On settlements in rubles under new export contracts	ROSSETI concluded no export contracts.
6.5.	Instruction of the Government of the Russian Federation	No. ДМ-П13-8np dated February 13, 2019 (Clause 4)	On the possibility of transition to tax control in the form of tax monitoring	As part of the procedure for transition to tax control in the form of tax monitoring, the application for tax monitoring was sent to the Federal Tax Service of Russia for the Largest Taxpayers No. 6 (Letter No. PC-3091 dated June 26, 2019). Decision on tax monitoring of ROSSETI for 2020 (No. 19-06/04) was received from the Interdistrict Inspectorate of the Federal Tax Service of Russia for the Largest Taxpayers No. 6 on October 16, 2019. Decision on tax monitoring of ROSSETI for 2021 (No. 20-06/25) was received from the Interdistrict Inspectorate of the Federal Tax Service of Russia for the Largest Taxpayers No. 6 on December 1, 2020. The information is posted on the Interdepartmental Portal for State Property Management (Federal Agency for State Property Management).
6.6.	Instruction of the Government of the Russian Federation	No. MM-П13-2166 dated March 21, 2020	On non-application of penalties, as well as the possibility of extending the period for the performance of contracts and adjusting prices in 2020, in case of breaches of obligations due to consequences of the spread of a new coronavirus infection	By Decision of the Board of Directors of ROSSETI dated May 28, 2020 (Minutes No. 417), as part of performance of the requirements of Directives of the Government of the Russian Federation No. 2850п-П13кв dated April 3, 2020, amendments were made to the Unified Procurement Standard of ROSSETI providing the non-application of penalties in 2020 due to the violation of the obligations stipulated by the contract by the supplier (contractor, executor) caused by the spread of a new coronavirus infection, as well as the possibility of changing the period for the performance of the contract and (or) the price of the contract and (or) the price per unit of goods, work or services if the circumstances beyond the control of the parties that make it impossible to perform the contract exist during its performance and in relation to the spread of a new coronavirus infection.
6.7.	Instruction of the Government of the Russian Federation	No. MX-П16-3596кв dated April 17, 2020	Provision of information on the performance of requirements of Decree of the Government of the Russian Federation No. 439 dated April 3, 2020 "On the Establishment of Requirements for the Terms and Conditions of Deferred Rent Payment Under Lease Agreements"	According to Request of the Federal Agency for State Property Management No. ИП-11/13407 dated April 27, 2020, relevant information was sent by Letter No. TM-2049 dated May 19, 2020 and posted on the Interdepartmental Portal for State Property Management on May 19, 2020.
6.8.	Directive of the Government of the Russian Federation	No. 5945п-П13 dated August 25, 2017	On ownership of assets available on the territory of the Russian Federation through foreign legal entities	The information is provided by Letter to the Ministry of Economic Development of the Russian Federation No. EA-339 dated February 1, 2021.

Appendix 4. Information on all Forms of ROSSETI's Participation in Commercial and non-commercial Organizations for 2020

Information on all forms of ROSSETI's participation in commercial organizations for 2020

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
Information on economic entities with the Company's stake in the share capital of 2 to 20%										
1.	JSC Zarubezhenergostroy	3.17	Profit generation	Share holding	213.94	33.12 Repair of machinery and equipment	55,894	16,676	965.27	
2.	IT Energy Service LLC	19.99	Profit generation	Stake in share capital	44,701.40	62.02 Activities and Advisory work in the field of computer technologies	775,889	25,464	5,169.28	
Information on associated companies with the Company's stake in the share capital of 20 to 50%										
3.	Nurenergo	23.00	Profit generation	Share holding	589,285.41	35.12 Electricity transmission and technological connection to distribution power grids	-	-	0	Legal entity declared as insolvent (bankrupt) and insolvency proceedings commenced with respect thereto
4.	Volga Region Energy Engineering Center	25.00	Profit generation	Share holding	898.44	71.11.1 Activities in the field of architecture related to buildings and structures	-	-	0	In the phase of liquidation
5.	Urals Energy Engineering Center	25.00	Profit generation	Share holding	2,048.77	35.11 Electricity generation	-	-	0	Legal entity declared as insolvent (bankrupt) and insolvency proceedings commenced with respect thereto
6.	JSC ENIN	31.34	Profit generation	Share holding	838.89	72.19 Other research and experimental development on natural sciences and engineering	79,871	(29,209)	0	
7.	JSC Sevkavkazenergog	49.00	Profit generation	Share holding	24,689.56	35.14 Electricity trade	1,468,176	(832,120)	0	
8.	JSC Ingushenergo	49.00	Profit generation	Share holding	5.84	35.13 Distribution of electricity	-	-	0	Legal entity declared as insolvent (bankrupt) and insolvency proceedings commenced with respect thereto
9.	JSC SZEUK	49.00	Profit generation	Share holding	74,750.31	68.31.12 Providing intermediary services for the purchase and sale of non-residential real estate for remuneration or on a contractual basis	12,878	(17,279)	0	

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
JSC SZEUK SDCs:										
9.1	CJSC LEIVO	50.00	Profit generation	Share holding	5,830.00	61.10. Activities in the field of communication based on wired technologies.	26,939	53	0	Legal entity declared as insolvent (bankrupt) and insolvency proceedings commenced with respect thereto Case A56-42735/2017 dated September 8, 2017
Information on economic entities with the stake in the share capital of 50% +1 share to 100%										
10.	IDGC of Centre	50.23	Profit generation; Power grid complex management	Share holding	2,120,647.35	35.12 Electricity transmission and technological connection to distribution power grids	94,984,877	2,829,650	425,505.77	
IDGC of Centre SDCs:										
10.1	JSC Energetik Sanatorium	100.00	Profit generation	Share holding	15,354.998	86.90.4. Activities of sanatorium organizations	35,946	7,123	0	
JSC Energetik Sanatorium SDCs:										
10.1.1.	JSC Yaroslavl Electric Grid Company	51.00	Profit generation	Share holding	51.0	35.12 Electricity transmission and technological connection to distribution power grids	533,443	118,518	0	
10.1.2.	JSC Tula City Electric Networks	69.99	Profit generation	Share holding	341,002.93	35.12 Electricity transmission and technological connection to distribution power grids	1,380,563	271,071	12,179.965	
10.1.3.	JSC Voronezh Gorelektroset	99.99	Profit generation	Share holding	3,148,371.055	35.12 Electricity transmission and technological connection to distribution power grids	1,741,659	183,539	67,860.00	
10.1.4.	Limited Liability Company Bryanskelectro	99.99	Profit generation	Stake in share capital	9.9999	35.12 Electricity transmission and technological connection to distribution power grids	4,053,899	95,927	0	
11.	IDGC of Center and Volga Region	50.40	Profit generation; Power grid complex management	Share holding	5,679,933.81	35.12 Electricity transmission and technological connection to distribution power grids	96,588,244	7,045,888	927,186.72	
IDGC of Center and Volga Region SDCs:										
11.1.	JSC Autotransport Economy	100.00	Profit generation	Share holding	205,063.407	49.4 Automobile freight transport and transportation services	1,327,490	7,028	0	
11.2.	JSC Energetik Preventorium Sanatorium	100.00	Profit generation	Share holding	46,953.097	86.90.4 Activities of sanatorium organizations	48,950	63	0	

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
11.3.	JSC SVET	100.00	Profit generation	Share holding	2,402.883	35.12 Electricity transmission and technological connection to distribution power grids	49,199	(370)	1,628.00	
11.4.	JSC IEC Energy Efficient Technologies	51.00	Profit generation	Share holding	10,200.000	72.19 Other research and experimental development on natural sciences and engineering	53,482	(5,468)	382.755	
12.	ROSSETI Moscow Region	50.90	Profit generation; Power grid complex management	Share holding	12,397,093.78	35.12 Electricity transmission and technological connection to distribution power grids	162,799,403	4,798,561	1,681,789.74	
ROSSETI Moscow Region SDCs:										
12.1.	JSC Energocentre	100.00	Profit generation	Share holding	2,000,000.00	64.9 Other financial service activities, except insurance and pension funding	699,954.00	55,055.00	10,550.00	
12.2.	JSC MOESK-Engineering	100.00	Profit generation	Share holding	2,129,351.20	33.14 Repair of electrical equipment	2,439,849.00	51,569.00	0	
12.3.	JSC Plant for Repair of Electrical Equipment	100.00	Profit generation	Share holding	611,607.73	33.14 Repair of electrical equipment	776,655.00	53,399.00	0	
13.	PJSC Dagestan Energy Supply Company	51.00	Profit generation	Share holding	8,061.74	35.14 Electricity trade	6,627,722	(4,453,833)	0	
14.	IDGC of the Urals	51.52	Profit generation; Power grid complex management	Share holding	4,504,155.80	35.12 Electricity transmission and technological connection to distribution power grids	76,063,858	19,328	472,936.36	
IDGC of the Urals SDCs:										
14.1.	JSC Yekaterinburg-energosbyt	91.04	Profit generation	Share holding	2,731.4	35.14 Electricity trade	20,331,107	678,356	102,752.6	
14.2.	JSC Electric Network Company of Ekaterinburg	91.04	Profit generation	Share holding	933,088.2	35.12 Electricity transmission and technological connection to distribution power grids	5,257,921	704,341	220,844.3	
15.	ROSSETI South	84.12	Profit generation; Power grid complex management	Share holding	12,755,731.91	35.12 Electricity transmission and technological connection to distribution power grids	39,121,598	(209,442)	0	
ROSSETI South SDCs:										
15.1.	JSC PSH Sokolovskoe	100.00	Profit generation	Share holding	90,560	01.11.1 Growing of cereals	54,200	332	0	

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
15.2.	JSC Energetik Recreation Center	100.00	Profit generation	Share holding	30,045	55.90 Activities for providing other places for temporary residence	19,799	(3,667)	0	Legal entity is undergoing the process of share capital reduction
15.2.	JSC VMES	100.00	Profit generation	Share holding	2,725,650	35.13 Distribution of electricity	3,933,040	(307,496)	0	
15.4.	JSC Energoservis Yuga	100.00	Profit generation	Share holding	2,500	71.2. Technical tests, research, analysis and certification	114,428	11,921	0	
JSC Energoservis Yuga SDCs:										
15.4.1.	LLC Yugstroyontazh	99.00	Profit generation	Stake in share capital	111,879.90	43.21 Electrical installation works	240,771	1,006	0	
16.	IDGC of the North-West	55.38	Profit generation; Power grid complex management	Share holding	5,304,659.29	35.12 Electricity transmission and technological connection to distribution power grids	43,935,981	(1,371,155)	173,590.2	
IDGC of the North-West SDCs:										
16.1.	OJSC Lesnaya Skazka	97.96	Profit generation	Share holding	13,558.08	55.1 Activities of hotels and other places for temporary residence	0	0	0	In the phase of liquidation
16.2.	JSC Pskoven-ergoagent	100.00	Profit generation	Share holding	8,705.00	46.18.99 Activities of agents specializing in wholesale trade of other goods not included in other groupings	362,011	7,124	355.0	
16.3.	JSC Energoservis of North-West	100.00	Profit generation	Share holding	2,000.00	71.1 Activities in the field of architecture, engineering surveys and providing technical advice in these areas	343,375	11,451	0	
16.4.	JSC Pskovenergosbyt	100.00	Profit generation	Share holding	100.00	35.14 Electricity trade	8,920,319	264,755	74,457.5	
17.	JSC Tyvaenergo	59.34	Profit generation; Power grid complex management	Share holding	714,431.83	35.12 Electricity transmission and technological connection to distribution power grids	1,815,640	21,531	10,010.83	
18.	ROSSETI Siberia	57.84	Profit generation; Power grid complex management	Share holding	5,777,900.74	35.12 Electricity transmission and technological connection to distribution power grids	56,923,263	2,757	168,541.36	
ROSSETI Siberia SDCs:										

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
18.1.	JSC Energoservice Company of Siberia	100.00	Profit generation	Share holding	1,000.00	71.12 Activities in the field of engineering surveys, engineering design, construction project management, construction control and supervision, providing technical advice in these areas	814,575	(15,215)	4,924	
18.2.	JSC Sotssphere	100.00	Profit generation	Share holding	67,883.040	86.90.4 Activities of sanatorium organizations	27,519	(7,919)	0	
19.	JSC Kabbalkenergo	65.27	Profit generation	Share holding	380,511.30	35.14 Electricity trade	5,038,615	(886,021)	0	
20.	ROSSETI Lenenergo	67.48	Profit generation; Power grid complex management	Share holding	5,815,044.28	35.12 Electricity transmission and technological connection to distribution power grids	82,645,709	14,147,013	550,684.69	
ROSSETI Lenenergo SDCs:										
20.1.	JSC Lenenergo-spetsremont	100.00	Profit generation	Share holding	7,500	71.12 Activities in the field of engineering surveys, engineering design, construction project management, construction control and supervision, providing technical advice in these areas	1,434,853	(38,017)	0	
20.2.	JSC Energoservice Company Lenenergo	100.00	Profit generation	Share holding	1000	42.22 Construction of utility projects for electricity and telecommunications	629,660	30,234	0	
20.3.	LLC Energotrans	100.00	Profit generation	Share holding	116	52.29 Other auxiliary activities related to transportation	295	33	0	
21.	ROSSETI Volga	67.97	Profit generation; Power grid complex management	Share holding	12,799,108.57	35.12 Electricity transmission and technological connection to distribution power grids	60,335,338	(945,860)	827,106.55	

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
ROSSETI Volga SDCs:										
21.1.	JSC Energoservice of Volga	100.00	Profit generation	Share holding	1,000	71.20.4 Testing, research and analysis of complete mechanical and electrical systems, energy survey	169,675	97.9	75	
21.2.	JSC Social Sphere — M	100.00	Profit generation	Share holding	10,808	55.90 Activities for providing other places for temporary residence	0	(3019.59)	34.59	
21.3.	JSC Solnechny Preventorium Sanatorium	99.99	Profit generation	Share holding	42,540	86.90.4 Activities of sanatorium organizations	37,902	(7,932)	0	
21.4.	JSC Chuvash Motor Transport Company	99.99	Profit generation	Share holding	90,860	49.4 Automobile freight transport and transportation services	150,566.6	196.2	721.0	
22.	JSC Chechenenegro	73.65 ⁵	Profit generation; Power grid complex management	Share holding	9,327,569.85 ⁶	35.12 Electricity transmission and technological connection to distribution power grids	5,828,914	(2,890,877)	0	
23.	PJSC FGC UES	80.13	Profit generation; Power grid complex management	Share holding	510,679,522.70	35.12 Electricity transmission and technological connection to distribution power grids	230,591,805	39,965,377	18,694,900.67	
PJSC FGC UES SDCs:										
23.1.	JSC Moscow Telecommunications Center of Energy Systems	100.00	Profit generation	Share holding	503.00	61.10 Activities in the field of communication based on wired technologies	1,436,055	10,390	0	
23.2.	JSC ElektroSetServis of the UNES	100.00	Profit generation	Share holding	953,804.00	33.14 Repair of electrical equipment	2,874,043	969	0	

⁵ The participation interest is indicated without taking into account the additional issue of shares.

⁶ The nominal value is indicated taking into account the additional issue of shares.

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
23.3.	JSC CEMC UES	100.00	Profit generation	Share holding	833,000.00	42.22 Construction of utility projects for electricity and telecommunications	7,974,858	112,363	0	
23.4.	JSC Energostroysnab-komplekt of Unified Energy System	100.00	Profit generation	Share holding	14,500.00	70.22 Business and management consulting	198,442	12,867	28,521.39	
23.5.	JSC Energy Forecasting Agency	100.00	Profit generation	Share holding	3,500.00	35.11 Electricity generation	10,808	9,409	0	
23.6.	JSC Chitatchenergy	100.00	Profit generation	Share holding	4,514.84	61.10.4 Activities in the field of documentary telecommunications	535,494	24,622	17,722.13	
23.7.	JSC Mobile Gas Turbine Power Plants	100.00	Profit generation	Share holding	9,397,920.00	35.11.1 Production of electricity by thermal power plants, including activities to ensure the operation of power plants	2,395,753	27,522	0	
23.8.	LLC Index Energetiki FGC UES	100.00	Profit generation	Stake in share capital	10,000.00	66.12.2 Activity on management of securities	0	256	0	
23.9.	JSC Kuban Trunk Grids	100.00	Profit generation	Share holding	893,472.00	35.12 Electricity transmission and technological connection to distribution power grids	1,006,719	19,511	0	
23.10.	OJSC Tomsk Trunk Networks	90.48	Profit generation	Share holding	1,088,968.03	35.12 Electricity transmission and technological connection to distribution power grids	252,557	47,908	59,652.9	
23.11.	LLC FGC – Asset Management	100.00	Profit generation	Stake in share capital	802,063.21	66.12.2 Activity on management of securities	113,387	426,832	81,758.38	
23.12.	JSC R&D FGC UES	100.00	Profit generation	Share holding	18,811.81	72.19 Other research and experimental development on natural sciences and engineering	4,404,533	132,089	30,887.75	
23.13.	IT Energy Service LLC	80.01	Profit generation	Stake in share capital	178,805.60	62.02 Activities and advisory work in the field of computer technologies	775,889	25,464	23,766.8	
23.14.	JSC NURENERGO	77.00	Profit generation	Stake in share capital	1,972,780.92	35.12 Electricity transmission and technological connection to distribution power grids	-	-	0	Legal entity declared as insolvent (bankrupt) and insolvency proceedings commenced

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
24.	PSC TDC	85.77	Profit generation; Power grid complex management	Share holding	1,853,658.86	35.12 Electricity transmission and technological connection to distribution power grids	6,619,046	(370,923)	35,420.55	
25.	ROSSETI North Caucasus	98.61 ⁷	Profit generation; Power grid complex management	Share holding	987,027.55 ⁸	35.12 Electricity transmission and technological connection to distribution power grids	26,863,434	(11,228,085)	0	
ROSSETI North Caucasus SDCs:										
25.1.	JSC Dagernergoset	100.00	Profit generation	Share holding	150	35.12 Electricity transmission and technological connection to distribution power grids	-	-	0	Legal entity declared as insolvent (bankrupt) and insolvency proceedings commenced with respect thereto in accordance with the decision of the Arbitration Court of the Republic of Dagestan in case No. A15-1517/2015 (resolution dated July 6, 2017)
25.2.	JSC Dagestan Grid Company	100.00	Profit generation	Share holding	1,573,179.76	35.12 Electricity transmission and technological connection to distribution power grids	2,068,989	(4,260,711)	0	
26.	ROSSETI Kuban	93.44	Profit generation; Power grid complex management	Share holding	31,271,160.40	35.12 Electricity transmission and technological connection to distribution power grids	49,369,580	(1,501,278)	595,146.47	
ROSSETI Kuban SDCs:										
26.1.	OJSC Energetik Vacation Hotel	100.00	Profit generation	Share holding	45,586,704.13	55.90 Activities for providing other places for temporary residence	41,013	(6,771)	0	
26.2.	OJSC Energoservis Kubani	100.00	Profit generation	Share holding	100,000	71.2. Technical tests, research, analysis and certification	993,507	102,237	667,500	
27.	JSC NIC UES	100.00	Profit generation	Share holding	6,221.77	68.20 Rent and management of own or leased real estate	936,586	586,144	54,440.52	

⁷ The participation interest is indicated without taking into account the additional issue of shares.

⁸ The nominal value is indicated taking into account the additional issue of shares.

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
JSC NIC UES SDCs:										
27.1.	JSC FTC	99.00	Profit generation	Share holding	350,000	71.20.4 Testing, research and analysis of complete mechanical and electrical systems, energy survey	528,743	113,049	0	
JSC FTC SDCs:										
27.1.1.	JSC Operator ASTU	100.00	Profit generation	Share holding	5,000	62.01 The development of computer software	351,801	58,365	0	
28.	JSC Management VOLS-VL	100.00	Profit generation	Share holding	1,000	61.1 Activities in the field of communication based on wired technologies	7,546,360	467,559	0	
29.	JSC CTZ	100.00	Profit generation	Share holding	100	71.12 Activities in the field of engineering surveys, engineering design, construction project management, construction control and supervision, providing technical advice in these areas	670,036	(17,434)	1,698	
JSC CTZ SDCs:										
29.1	LLC Digital Settlement Center	99.00	Profit generation	Stake in share capital	99.00	66.19.4 Activity on provision of consulting services in the field of financial intermediation	124,035	7,905	5,976	
30.	JSC Tyvaenergobyty	100.00	Profit generation	Share holding	15,000	35.13 Distribution of electricity	2,093,873	(117,347)	0	
31.	JSC Kalmenergobyty	100.00	Profit generation	Share holding	5,000	35.14 Electricity trade	1,610,044	(3,781)	0	
32.	JSC Karachaevo-Cherkesskenergo	100.00	Profit generation	Share holding	24,591.41	35.14 Electricity trade	2,351,174	(148,175)	0	
33.	JSC Yantarenergo	100.00	Profit generation; Power grid complex management	Share holding	3,999,363.45 ⁹	35.12 Electricity transmission and technological connection to distribution power grids	6,798,763	141,300	202,673.95	
JSC Yantarenergo SDCs:										
33.1.	JSC Yantarenergobyty	99.99	Profit generation	Share holding	16,298	35.13 Distribution of electricity	4,560,892	158,168	13,009	
33.2.	JSC Kaliningrad Generating Company	99.99	Profit generation	Share holding	284,035	35.30.11 Steam and hot water (heat) generation by thermal power stations	890,207	21,438	0	

⁹ The nominal value is indicated taking into account the additional issue of shares.

No.	Company's name	The stake in share capital as at December 31, 2020, %	Participation purpose	Participation form	Participation financial parameters (stake nominal value) as at December 31, 2020, thsd RUB	Main activity under the Russian Classification of Economic Activities (OKVED) 2	Revenue as at December 31, 2020, thsd RUB	Profit (loss) as at December 31, 2020, thsd RUB	The amount of dividends received in 2020 for shares owned by ROSSETI (SDCs), thsd RUB	Note
33.3.	JSC Yantarenergoservis	99.99	Profit generation	Share holding	100	42.22 Construction of utility projects for electricity and telecommunications	72,838	(2,492)	0	
34	ROSSETI Tyumen	100.00	Profit generation; Power grid complex management	Share holding	27,373,895.10	35.12 Electricity transmission and technological connection to distribution power grids	62,804,862	(3,427,468)	0	
ROSSETI Tyumen SDCs:										
34.1.	JSC Tyumenenergo Engineering		Profit generation	Share holding	20,000.00	71.12 Activities in the field of engineering surveys, engineering design, construction project management, construction control and supervision, providing technical advice in these areas	778,325	(131,640)	0	
35.	LLC Infrastructure Investments-3	100.00	Profit generation	Stake in share capital	230,630	64.91 Finance lease (leasing/subleasing)	114,768	(170,146)	0	

Information on all forms of ROSSETI's participation in non-commercial organizations for 2020

No.	Non-profit organization name	Financial parameters of ROSSETI's participation, thsd RUB*	Participation effect
1.	Corporate Educational and Scientific Center of Unified Energy System (Nonprofit Partnership)	950	As a member of the Partnership, ROSSETI participates in the development and implementation of a unified policy, monitoring compliance with uniform standards of training of production personnel. The Company participates in the General Meeting of Partnership Members and the Partnership's Supervisory Board.
2.	Council of Electric Power Industry Veterans (Nonprofit Partnership)	10,500	As a member of the Partnership, ROSSETI assists in the implementation of the main goal of the Partnership aimed at providing comprehensive assistance to electric power industry veterans. The Company participates in the General Meeting of Partnership Members and the Partnership's Supervisory Board.
3.	All-Russian industrial association of employers in energy sector «Employers Russian Association of Energy»	2,450	As a member of the Association, ROSSETI forms a unified position of employers in the industry on social and labor relations, carries out central planning and control of methodological works in cooperation with the Association for the benefit of the entire power grid complex, participates in the creation of an industry system for the assessment of professional qualifications in the electric power industry. The Company participates in the General Meeting of the Association Members and its Supervisory Board, as well as in the Council for Professional Qualifications in the Electric Power Industry of the Association.
4.	Union "Agency of Development of Professional Communities and Skilled Workers "Young Professionals (Worldskills Russia)"	350	As an associate partner (member) of the Union, ROSSETI assists in achieving the main goal of the organization aimed at the development of vocational education in accordance with the standards of WorldSkills International organization to provide the economy of the Russian Federation with highly qualified personnel, increase the role of professional training in socio-economic and cultural development of the Russian Federation. The Company participates in the activities of the Industrial Council of the Union.
5.	All-Russian Association of Employers Russian Union of Industrialists and Entrepreneurs (RSPP)	600	The main objective of the RSPP activity is to defend business interests and create a sound business environment in the Russian Federation. Representatives of ROSSETI are members of the Commission on Electricity, Corporate Governance Committee, Committee on Digital Economy of RSPP, take part in development of the Union's position on key legislative initiatives and areas of development of relevant areas of activity.
6.	Association of Fuel and Energy Complex "Russian National Committee of the World Energy Council"	30,000 USD	As a corporate member of the RNC WEC Association, ROSSETI participates in its activities, organizes joint events and also takes part in various events of WEC and RNC WEC Association.
7.	Russian International Affairs Council (Nonprofit Partnership)	1,000	As a member of the Partnership, ROSSETI assists in the implementation of the main goal of the partnership aimed at conducting international research in the Russian Federation, the number of integration processes, improvement of training of specialists in the field of foreign energy policy, as well as the organization of Russian scientific organizations' interaction with foreign expert and analytical centers on international relations.
8.	Global Energy Interconnection Development and Cooperation Organization (GEIDCO)	30,000 USD	As a member of the GEIDCO Board (Executive Body of the Organization), ROSSETI carries out the following functions: joint activities; participation in global energy integration processes; maintenance of development and transfer of new technologies with the development of unified interstate technical standards, the right to vote, the ability to influence the processes of a global nature; lowering barriers to energy cooperation in the Asia-Pacific and other regions.
9.	Scientific and Technical Council of Unified Energy System (Nonprofit Partnership)	0	ROSSETI is a member of the Partnership. The main goal of the STC UES NP is to assist its members in the formation of scientifically-sound technical policy in the Unified Energy System of Russia (hereinafter referred to as the UES of Russia), consideration of the most significant problems of functioning and development of the UES of Russia, as well as expertise of various projects and works in new fields of engineering and technology, R&D programs, technical regulation and standardization.
10.	ANO Innovative Engineering Center	30,000	- Identifying innovative technologies and new modern types of electrical equipment necessary for the implementation of ROSSETI's strategy and technical policy; - creating conditions for providing the power grid complex with modern domestic equipment; - ensuring the required level of localization of production and reducing dependence on imported equipment and components in the power grid sector.

* Membership and other fees paid by ROSSETI in 2020.

Information on concluded contracts for the purchase and sale of shares, stocks, units of economic partnerships and companies, including information on parties, subject, price and other conditions of these contracts

Contracts on acquisition of additional shares of ROSSETI's SDCs concluded by ROSSETI in 2020

Party	Contract conclusion date	Contract subject	Price for one issued share, RUB	Other conditions
ROSSETI North Caucasus	December 18, 2020	Purchase of additional ordinary shares in ROSSETI North Caucasus for a total amount of no more than 1,575,500,000 RUB	32.44	Directing funds received in payment of shares to the implementation of the ROSSETI North Caucasus Group Development Plan
	December 18, 2020	Purchase of additional ordinary shares in ROSSETI North Caucasus for a total amount of no more than 1,931,000,000 RUB	32.44	Directing funds received in payment of shares to the implementation of the ROSSETI North Caucasus Group Development Plan
Chechenenegro	September 9, 2020	Purchase of additional ordinary shares in Chechenenegro for a total amount of no more than 250,000,000 RUB	1.00	Directing funds received in payment of shares to the implementation of the ROSSETI North Caucasus Group Development Plan
	September 9, 2020	Purchase of additional ordinary shares in Chechenenegro for a total amount of no more than 205,000,000 RUB	1.00	Directing funds received in payment of shares to the implementation of the ROSSETI North Caucasus Group Development Plan
	September 9, 2020	Purchase of additional ordinary shares in Chechenenegro for a total amount of no more than 408,210,000 RUB	1.00	Directing funds received in payment of shares to the implementation of the ROSSETI North Caucasus Group Development Plan
	September 9, 2020	Purchase of additional ordinary shares in Chechenenegro for a total amount of no more than 339,997,000 RUB	1.00	Directing funds received in payment of shares to the implementation of the ROSSETI North Caucasus Group Development Plan
	December 18, 2020	Purchase of additional ordinary shares in Chechenenegro for a total amount of no more than 376,039,000 RUB	1.00	Directing funds received in payment of shares to the implementation of the ROSSETI North Caucasus Group Development Plan

Information on the number of voting shares held by ROSSETI

As at December 31, 2020, ROSSETI had no treasury shares.

Information on the number of shares of ROSSETI owned by controlled legal entities

Name	Number of shares, pcs		Stake in Share Capital, %
	Ordinary Shares	Preference Shares	
JSC Karachaevo-Cherkessskenergo	118,272	0	0.0001
ROSSETI Tyumen	0	4,993,960	0.0025
ROSSETI Siberia	526,735	0	0.0003
IDGC of Center and Volga Region	2,080,389	0	0.001
ROSSETI Volga	9,400	0	0
JSC Management VOLS-VL	669,200	0	0.0003
PJSC FGC UES	0	303,259,010	0.1509
TOTAL:			0.1551

Appendix 5. Information on the Non-Core Asset Disposal Program

In order to implement the Decree of the President of the Russian Federation of May 7, 2012 No. 596, as well as the Methodological Recommendations for the Identification and Sale of Non-Core Assets approved by Order of the Government of the Russian Federation of May 10, 2017 No. 894-r, the updated Non-Core Asset Disposal Program of ROSSETI and its subsidiaries and affiliates (hereinafter referred to as the Program) was approved by Decision of the Board of Directors of ROSSETI of September 17, 2018 (Minutes No. 323 dated September 20, 2018).

The approved Program defines the main approaches, principles and procedures for identifying and disposing non-core assets, establishes the criteria for classifying the assets of ROSSETI and its subsidiaries and affiliates as non-core assets, procedure for maintaining the Register, approaches for determining the value of non-core assets, basic provisions for the disposal of non-core assets, as well as the procedure for reporting on the maintenance of the Register of ROSSETI and its subsidiaries and affiliates.

The updated Non-Core Assets Register of ROSSETI was approved by Decision of the Board of Directors of ROSSETI of October 15, 2020 (Minutes No. 435 dated October 16, 2020).

In accordance with the legislation of the Russian Federation, the Program is posted on the official website of ROSSETI.

In 2020, there was no sale of any non-core assets of ROSSETI.

No cases of the actual value deviations of disposed non-core assets from the book value of non-core assets was recorded.

Appendix 6. The volume of energy resources used by PJSC ROSSETI for economic activities in 2020

Indicator	Consumption of Energy Resources ¹⁰					
	Volume of consumption in phys. term			Volume of consumption, mln rubles		
	2018	2019	2020	2018	2019	2020
Thermal energy, Gcal	474,212.26	446,387.92	420,194.0580	751.24	731.39	714.7136
Electric power, mln kWt•h	966.94	933.46	907.53	3,344.67	3,474.4	3,519.60
Motor fuel, kiloliters	94,850.91	86,212.70	77,832.05	3,208.43	3,145.74	2,821.8626
Diesel fuel, kiloliters	66,286.86	68,118.42	59,160.3014	2,372.38	2,697.07	2,357.2025
Natural gas, ksm	11,047.49	10,261.97	9,828.04	57.59	56.20	54.03

¹⁰ Other types of energy resources (other than those specified in the table) were not consumed or used in the reporting year.

Appendix 7. Information on Meetings of the Committees of the Board of Directors held in the reporting year

Issues considered by Investment, Technical Policy, Reliability, Energy Efficiency, and Innovation Committee of the Board of Directors of PJSC ROSSETI in 2020

Minutes No.	Date	Issues Considered
104	March 10, 2020	On recomration of the Report on the implementation of the "Digital Transformation 2030" Concept for the 3rd Quarter of 2019". On recomration of the Report on the implementation of the "Digital Transformation 2030" Concept for the 4th Quarter of 2019". On recomration of the Report of the Sole Executive Body on the Results of Monitoring the Procurement of metal products by the subsidiaries and affiliates of PJSC ROSSETI for 2019". On recommendations to the Board of Directors of PJSC ROSSETI "On measures to implement the Concept for the development of the System of Operational and Technological Management and the System of Situational Management in the power grid complex of PJSC ROSSETI and the period of their implementation by the subsidiaries and affiliates of PJSC ROSSETI".
105	April 9, 2020	The Informational Report on the provision of metering devices (included in Intelligent Metering Systems) in compliance with the Requirements of Federal Law No. 522-FZ dated December 27, 2018 "On Amendments to Certain Legislative Acts of the Russian Federation Related to the Development of Electric Power Metering Systems in the Russian Federation". On recommendations to the Board of Directors of PJSC ROSSETI "On the implementation of joint projects of PJSC ROSSETI and JSC SO UPS for the remote control of substation equipment using automated task-switching software". On recomration of the Digital Transformation of the ROSSETI Group for the period up to 2030" Program". On recomration of the Report on the implementation of the Investment Projects of the ROSSETI Group (included in the List of Priorities implemented by the subsidiaries and affiliates of PJSC ROSSETI approved by order of the Company No. 322r dated July 26, 2019) for 2019".
106	May 27, 2020	On recomration of the Report on the results of the activities to improve the quality of the services provided by the ROSSETI Group in 2019". On recomration of the Report on the activities of the Investment, Technical Policy, Reliability, Energy Efficiency, and Innovation Committee of the Board of Directors of PJSC ROSSETI for the 2019-2020 corporate year".
107	August 5, 2020	On recomration of the Report on the implementation of the consolidated investment program of PJSC ROSSETI for 2019". On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Scenario Conditions for the optimization of projects under the investment programs of the ROSSETI Group for 2020". On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Program for organizing the functioning of the Modern Centers for Situational Analysis considering the establishment of Grid Control Centers". On recomration of the Report on the development of the Production Assets Management System of PJSC ROSSETI and its subsidiaries and affiliates". On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Report on the implementation of the Innovative Development Program of PJSC ROSSETI for 2019".
108	August 25, 2020	On approval of the Work Plan of the Investment, Technical Policy, Reliability, Energy Efficiency, and Innovation Committee of the Board of Directors of PJSC ROSSETI for the 2020-2021 corporate year.
109	September 16, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Methodological Recommendations for calculating the efficiency of digital projects under the "Digital Transformation of the ROSSETI Group for the period up to 2030" Program". On recomration of the Report on the implementation of the "Digital Transformation 2030" Concept".
110	September 29, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Methodological Recommendations for calculating the efficiency of digital projects under the "Digital Transformation of the ROSSETI Group for the period up to 2030" Program".
111	October 29, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Innovative Development Program of PJSC ROSSETI for 2020-2024 with an outlook until 2030". On recomration of pilot projects under the second stage of the implementation of the "Digital Transformation 2030" Concept".
112	November 20, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On the implementation of joint projects of PJSC ROSSETI and JSC SO UPS for the remote control of substation equipment using automated task-switching software".
113	December 9, 2020	On appointment of the Secretary of the Investment, Technical Policy, Reliability, Energy Efficiency, and Innovation Committee of the Board of Directors of PJSC ROSSETI. On recomration of the Consolidated Investment Program of the ROSSETI Group". On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Program for increasing the investment efficiency of the ROSSETI Group for the period up to 2030". On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the updated Program for the modernization (renovation) of the power grid facilities of the subsidiaries and affiliates of PJSC ROSSETI".

Issues considered by the Audit Committee of the Board of Directors of PJSC ROSSETI in 2020

Minutes No	Date	Issues Considered
113	January 16, 2020	On recomration of the Internal Auditor's Report on the efficiency of the corporate governance of PJSC ROSSETI and its subsidiaries and affiliates at the end of 2018". On recomration of the results of the External Independent Assessment of the Internal Audit Activities of PJSC ROSSETI and its subsidiaries and affiliates in 2019".
114	April 14, 2020	On the provision of the external auditor's comments on significant issues identified during the audit of the financial statements of PJSC ROSSETI for 2019 to the Audit Committee under the Board of Directors of PJSC ROSSETI. On recommendations to the Board of Directors of the Company "On recommendations to the Annual General Meeting of Shareholders of the Company "On approval of the Annual Accounting (Financial) Statements of the Company for 2019". On the Consolidated Financial Statements of the ROSSETI Group for 2019 prepared in accordance with IFRS. On recommendations to the Board of Directors of the Company "On recommendations to the Annual General Meeting of Shareholders of the Company "On approval of the Auditor of the Company" and the determination of the amount of payment for the auditor's services". On consideration of the Report of the Internal Audit Department on the implementation of the Work Plan for 2019. On recommendations to the Board of Directors of the Company "On consideration of the Internal Audit Information on the results of assessing the progress in the identification and disposal of non-core assets of PJSC ROSSETI and its subsidiaries and affiliates in 2019". On recomration of the plan for the development and improvement of the Internal Audit Activities of the ROSSETI Group". On consideration and approval of the information on the risk management and internal control systems for inclusion in the Annual Report of the Company. On assessment of the External Auditor's Opinion on the Accounting (Financial) Statements of the Company for 2019 prepared in accordance with RAS by the Audit Committee under the Board of Directors of PJSC ROSSETI.
115	April 27, 2020	On recomration of the Report on the Organization, Functioning and Efficiency of the Internal Control System of the Company for 2019".
116	May 19, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On coordinating the appointment and dismissal of the Head of the Internal Audit Department of PJSC ROSSETI and the determination of the terms and conditions of the employment contract including the amount of remuneration".
117	May 27, 2020	On recomration of the Report on the activities of the Audit Committee under the Board of Directors of PJSC ROSSETI for the 2019-2020 corporate year".
118	July 7, 2020	On election of the Secretary of the Audit Committee under the Board of Directors of PJSC ROSSETI. On recomration of the results of the Anti-Corruption Monitoring of the ROSSETI Group for 2019". On recomration of the Report on the Organization, Functioning and Efficiency of the Risk Management System of PJSC ROSSETI for 2019". On recomration of the Internal Auditor's Report on the efficiency of the internal control and Risk Management Systems of PJSC ROSSETI and its subsidiaries and affiliates at the end of 2019".
119	August 20, 2020	On consideration of the reports based on the results of the internal assessment (self-assessment) of the quality of the internal audit activities of PJSC ROSSETI and the ROSSETI Group for 2019.
120	September 8, 2020	On approval of the Work Plan of the Audit Committee under the Board of Directors of PJSC ROSSETI for the 2020-2021 corporate year.

121	September 17, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Risk Management Program of PJSC ROSSETI".
122	October 8, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Work Plan of the Internal Audit Department of PJSC ROSSETI for 2020" (as amended).
123	October 21, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Risk Management Policy of PJSC ROSSETI" (as amended).
124	November 20, 2020	On recommendation of the Report of the Internal Auditor of PJSC ROSSETI on assessing the efficiency of the corporate governance of PJSC ROSSETI based on the results of the 2019-2020 corporate year".
125	December 23, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the plan for maintaining efficiency and developing the Internal Control System and the Risk Management System of the ROSSETI Group". On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Work Plan and Budget of the Internal Audit Department of PJSC ROSSETI for 2021".
126	December 23, 2020	On recommendation of the Report of the Internal Auditor of PJSC ROSSETI on the assessment of the corporate governance of the ROSSETI Group for the 2019-2020 corporate year". On consideration of the Report of the Internal Audit Department of PJSC ROSSETI on the implementation of the Work Plan and Performance Results for 9 Months of 2020.
127	December 30, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Work Plan of the Internal Audit Department of PJSC ROSSETI for 2020" (as amended).

Issues considered by the Nomination and Remuneration Committee of the Board of Directors of PJSC ROSSETI in 2020

Minutes No	Date	Issues Considered
89	February 7, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On execution of Directives of the Government of the Russian Federation No. 12153p-P13 dated December 25, 2019".
90	March 10, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Succession Plan for the Executive Management of the Company".
91	April 21, 2020	On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Report on the achievement of the key performance indicators (KPI) of the Director General of PJSC ROSSETI for the 4th Quarter of 2019". On recommendations to the Board of Directors of PJSC ROSSETI "On approval of the Report on the achievement of the key performance indicators (KPI) of the Director General of PJSC ROSSETI for 2019".
92	April 30, 2020	On preliminary assessment of candidates to the members of the Board of Directors of PJSC ROSSETI.
93	May 18, 2020	On Recommendation of the Report on the Implementation of Professional Standards in the Activities of the Company for the Second Half of 2019".

94	May 26, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI “On the Management Board of PJSC ROSSETI”. On Recommendation of the Report on the Activities of the Nomination and Remuneration Committee of the Board of Directors of PJSC ROSSETI for 2019–2020 Corporate Year”.
95	August 12, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI “On Approval of the Methodology for Assessing the Activities of the Board of Directors, Committees of the Board of Directors and Members of the Board of Directors of PJSC ROSSETI” (as amended).
96	August 26, 2020	On approval of the Work Plan of the Nomination and Remuneration Committee of the Board of Directors of PJSC ROSSETI for 2020–2021 Corporate Year.
97	September 24, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI “On Approval of the Regulations on Material Incentives for the Top Managers of PJSC ROSSETI” (trade secret).
98	September 30, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI “On Approval of the Report on the Achievement of the “Efficiency of Innovative Activities” Key Performance Indicator by the Director General of PJSC ROSSETI for 2019”.
99	November 13, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI “On Training and Development of Human Resources for the ROSSETI Group”.
100	November 17, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI “On Amendments to the Methodology for Calculating and Assessing the Achievement of the Key Performance Indicators of the Director General of PJSC ROSSETI”. On Recommendations to the Board of Directors of PJSC ROSSETI “On Implementation of Professional Standards in the Activities of the Company”.

Issues considered by the Strategy Committee of the Board of Directors of PJSC ROSSETI in 2020

Minutes No	Date	Issues Considered
200	March 6, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI “On Supplements to the Updated Plans for the Development of the Subsidiaries and Affiliates of PJSC ROSSETI to Implement the Measures for Improving the Reliability of the Operation of the Power Grid Complex of JSC Chechenenergo in the Autumn and Winter Period of 2019/2020”. On Recommendations to the Board of Directors of PJSC ROSSETI “On the Results of the Audit of the Implementation of the Long-Term Development Program of PJSC ROSSETI for 2018”.
201	March 12, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI “On Implementation of the “Construction of Intelligent Grids” Investment Project”. On Recommendation of the Progress Report of the Subsidiaries and Affiliates of PJSC ROSSETI for Reducing Accounts Receivable for Electricity Transmission Services for 2019”.
202	March 25, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI “On Approval of the Draft Terms of Reference for the Audit of the Implementation of the Long-Term Development Program of PJSC ROSSETI”.
203	April 15, 2020	Recommendation of the Consolidated Business Plan of the ROSSETI Group for 2020 and the Forecast for 2021–2024 Based on the Principles of RAS and IFRS” (trade secret).
204	April 17, 2020	On consideration of the format of the Consolidated Business Plan of the ROSSETI Group based on the principles of RAS and IFRS.
205	April 22, 2020	On Recommendation of the Report on the Results of the Analysis of the Best Practices of Russian Companies Implementing the Long-Term Incentive Programs for the Company's Management and Establishing the Priority for Implementing the Long-Term Incentive Program for PJSC ROSSETI” (trade secret). On Recommendations to the Board of Directors of PJSC ROSSETI “On Approval of the New Version of the Regulations on the Credit Policy of PJSC ROSSETI”.

206	May 8, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI "On Approval of the Report on the Implementation of the Long-Term Development Program for Nine Months of 2019" (trade secret). On Recommendation of the Report on the Implementation of the Environmental Policy for 2019 with Proposals for Its Updating".
207	May 21, 2020	On Recommendation of the List of Priority Anti-Crisis Measures in the Current Economic Situation Considering Factors Negatively Affecting the Financial and Economic Position of the Subsidiaries and Affiliates of PJSC ROSSETI". On Recommendations to the Board of Directors of PJSC ROSSETI "On Amendments to the Updated Development Plan of the ROSSETI Northern Caucasus Group". On Recommendation of the Plan (Program) for Reducing Electricity Losses in the Grids of JSC Tyvaenergo for the Period up to 2024". On Recommendations to the Board of Directors of PJSC ROSSETI "On Determining the Position of PJSC ROSSETI (Representatives of PJSC ROSSETI) on the Agenda of the Meeting of the Board of Directors of the Subsidiaries and Affiliates of PJSC ROSSETI".
208	May 27, 2020	On Recommendation of the Report on the Activities of the Strategy Committee of the Board of Directors of PJSC ROSSETI for 2019-2020 Corporate Year".
209	June 15, 2020	On approval of the Long-Term Development Program of PJSC ROSSETI and Its Subsidiaries and Affiliates (ROSSETI Group) up to 2030 (trade secret). On Recommendations to the Board of Directors of PJSC ROSSETI "On Determining the Position of PJSC ROSSETI (Representatives of PJSC ROSSETI) on the Agenda of the Meeting of the Board of Directors of the Subsidiaries and Affiliates of PJSC ROSSETI". On Recommendation of the Reports on the Implementation of the Plans for the Development of the Subsidiaries of PJSC ROSSETI for 2019". On Recommendations to the Board of Directors of PJSC ROSSETI "On Amendments and Supplements to the Updated Plans for the Development of the ROSSETI Northern Caucasus Group and JSC Yantarenergo".
210	June 22, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI "On Approval of the Program for the Implementation of Intelligent Electric Power Metering Systems of PJSC ROSSETI". On Recommendation of the Plan (Program) for Reducing Electricity Losses in the Grids of JSC Tyvaenergo for the Period up to 2024".
211	July 20, 2020	On Recommendation of the Report on the Implementation of the Consolidated Business Plan of the ROSSETI Group for 2019 and the Report on the Performance of the Budget of PJSC ROSSETI for 2019 Based on the Principles of RAS and and IFRS". On Recommendations to the Board of Directors of PJSC ROSSETI "On Approval of the Concept of Transformation of the Financial and Economic Functions of the ROSSETI Group of Companies for 2020-2024" (trade secret). On approval of the Long-Term Development Program of PJSC ROSSETI and Its Subsidiaries and Affiliates (ROSSETI Group) up to 2030 (trade secret).
212	August 19, 2020	On Recommendation of the Report on the Implementation of the Long-Term Development Program of PJSC ROSSETI for 2019 and the Results of the Audit of the Implementation of the Long-Term Development Program of PJSC ROSSETI for 2019".
213	August 31, 2020	On approval of the Work Plan of the Strategy Committee of the Board of Directors of PJSC ROSSETI for 2020-2021 Corporate Year.
214	September 3, 2020	On consideration of the main financial and economic indicators for the subsidiaries and affiliates of PJSC ROSSETI considering various development scenarios in order to make a decision on the feasibility of amending the Consolidated Business Plan of the ROSSETI Group based on the principles of RAS and IFRS. On Recommendations to the Board of Directors of PJSC ROSSETI "On Amendments and Supplements to the Updated Development Plan of PJSC Kubanenergo".
215	October 12, 2020	On Recommendation of the Progress Report of the Subsidiaries and Affiliates of PJSC ROSSETI for Reducing Accounts Receivable for Electricity Transmission Services for the First Half of 2020". On Recommendation of the Scenario Conditions for the Preparation of the Business Plan of the ROSSETI Group for 2021 and the Forecast for 2022-2025".

216	October 13, 2020	On Recommendation of the Standard for Assessing the Implementation of the Long-Term Development Program and the Achievement of the Key Performance Indicators of PJSC ROSSETI".
217	October 30, 2020	On amendments to the Work Plan of the Strategy Committee of the Board of Directors of PJSC ROSSETI for 2020–2021 Corporate Year.
218	December 8, 2020	On election of the Deputy Chairman of the Strategy Committee of the Board of Directors of PJSC ROSSETI. On appointment of the Secretary of the Strategy Committee of the Board of Directors of PJSC ROSSETI.
219	December 11, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI "On Approval of the Budget of PJSC ROSSETI for 2021". On Recommendations to the Board of Directors of PJSC ROSSETI "On Updating the Plans for the Development of the Subsidiaries and Affiliates of PJSC ROSSETI".
220	December 15, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI "On Approval of the Innovative Development Program of PJSC ROSSETI for 2020–2024 with an Outlook up to 2030".
221	December 18, 2020	On Recommendation of the Main Indicators of the Business Plans for 2021–2025 for the Subsidiaries and Affiliates of PJSC ROSSETI for Electricity Transmission Activities" (trade secret). On Recommendations to the Board of Directors of PJSC ROSSETI "On the Priority Areas of the Activities of PJSC ROSSETI: On the Unified Treasury of the ROSSETI Group".
222	December 23, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI "On Approval of the Budget of PJSC ROSSETI for 2021". On Recommendations to the Board of Directors of PJSC ROSSETI "On Amendments and Supplements to the Updated Plan for the Development of the ROSSETI Northern Caucasus Group".
223	December 23, 2020	On Recommendations to the Board of Directors of PJSC ROSSETI "On the Execution of Instruction of the Board of Directors of PJSC ROSSETI". On Recommendations to the Board of Directors of PJSC ROSSETI "On Disposal of the Shares of Power Supply Companies by PJSC ROSSETI and Its Subsidiaries and Affiliates".

Appendix 8. Information on pending lawsuits to collect debts where ROSSETI participates as a defendant or plaintiff

As at December 31, 2020:

1. There were no lawsuits to collect debts where ROSSETI participates as a defendant.
2. ROSSETI participated in 10 lawsuits as a plaintiff. The amount of claims was 2,681,973.84 rubles.

Appendix 9. Opinion of the Internal Audit Commission of PJSC ROSSETI

Internal Audit Commission of Public Joint-Stock Company ROSSETI

Approved by the Internal Audit Commission
of PJSC ROSSETI (Minutes No. 5/2021
dated April 30, 2021)

OPINION OF THE INTERNAL AUDIT COMMISSION of Public Joint-Stock Company ROSSETI

April 30, 2021

Moscow

I. INTRODUCTION

Information about members of the Internal Audit Commission

Members of the Internal Audit Commission were elected by the resolution of the General Meeting of Shareholders	The resolution of the General Meeting of Shareholders of ROSSETI dated June 1, 2020 (Minutes dated June 1, 2020)
The Chairperson and the Secretary were elected by the resolution of the Internal Audit Commission	Meeting Minutes of the Internal Audit Commission of ROSSETI No. 1/2020 dated June 19, 2020
Chairman of the Internal Audit Commission	Tatiana Zobkova
Chairperson	Andrei Gabov
Members of the Internal Audit Commission	Sergei Balagurov
	Diana Agamagomedova
	Konstantin Pozdnyakov

Audit period: In accordance with the resolution of the Internal Audit Commission of ROSSETI dated February 16, 2021 (Minutes No. 4/2020 dated February 16, 2021) economic activities of ROSSETI for 2020 shall be audited from March 1, 2021 to June 6, 2021. The reliability of data contained in the Annual Report for 2020, Accounting (Financial) Statements for 2020, and the Report on Related Party Transactions in 2020 was assessed from March 1, 2021 to April 16, 2021.

Audit basis: Federal Law No. 208-FZ dated December 26, 1995 “On Joint-Stock Companies”, the Articles of Association of ROSSETI, Regulations on the Internal Audit Commission of ROSSETI, and the resolution of the Internal Audit Commission of ROSSETI dated February 16, 2021 (Minutes No. 4/2020 dated February 16, 2021).

Purpose of the assessment: To express an independent opinion on the reliability of data contained in the Annual Report for 2020, Accounting (Financial) Statements of ROSSETI for 2020, and the Report on Related Party Transactions in 2020 (hereinafter, the Reporting). In all material aspects, the reliability means a degree of the Reporting accuracy, which allows shareholders to draw the correct conclusion about the Company’s performance and financial and property status, and to make informed decisions based on these conclusions. In accordance with the Civil Code of the Russian Federation, Federal Law No. 208-FZ dated December 26, 1995 “On Joint-Stock Companies”, and ROSSETI’s Articles of Association, the Company’s sole executive body shall be responsible for the preparation and reliability of the Reporting.

Audited period: January 1, 2020 through December 31, 2020.

Audited items: ROSSETI’s Annual Report and Accounting (Financial) Statements for 2020, the Report on Related Party Transactions in 2020, resolutions of the governing bodies, management reports of ROSSETI, accounting ledgers, primary accounting documents and other documents of its financial and economic activities.

The audit inspection was governed by:

Federal Law No. 402-FZ dated December 6, 2011 “On Accounting”;

Federal Law No. 208-FZ dated December 26, 1995 “On Joint-Stock Companies”;

Civil Code of the Russian Federation;

Order of the Ministry of Finance of Russia No. 34n dated July 29, 1998 “On Approval of the Regulation for Accounting and Reporting in the Russian Federation”;

accounting regulations (standards);

Order of the Ministry of Finance of Russia No. 66n dated July 2, 2010 “On Accounting Forms”;

Regulation of the Bank of Russia No. 454-P dated December 30, 2014 “On Disclosing Information by Securities Issuers”;

Order of the Bank of Russia No. 4335-U dated March 31, 2017 “On Setting Maximum Amounts on Transactions of Joint Stock Companies and Limited Liability Companies upon Exceeding of Which Such Transactions May Be Recognized as Related Party Transactions”;

Accounting Policy of ROSSETI for 2020, approved by Order of ROSSETI No. 222 dated December 19, 2018 (as amended in orders of ROSSETI No. 105 dated May 24, 2019, No. 164 dated August 19, 2019, No. 394 dated December 30, 2019, and No. 619 dated December 25, 2020);

instructions and directives of the President or the Government of the Russian Federation;

other laws and internal organizational and administrative documents of ROSSETI.

Information about the Company:

Full corporate name	Public Joint-Stock Company ROSSETI (hereinafter, the Company)
Short corporate name	ROSSETI (hereinafter, the Company)
Location (registered address)	Moscow, Russian Federation
Postal address	4 Belovezhskaya Str., Moscow, 121353
State registration	1027700257540

OGRN	
INN	7722020834
Sole Executive Body	Andrey Ryumin: February 12, 2021 — present Director General of ROSSETI (Meeting Minutes of the Company's Board of Directors No. 448 dated February 12, 2021), from 15.01.2021 Acting Director General of ROSSETI (Meeting Minutes of the Company's Board of Directors No. 446 dated January 14, 2021) since January 15, 2021; Pavel Livinsky, Director General of ROSSETI from September 12, 2017 to January 14, from 14.01.2021 (Meeting Minutes of the Company's Board of Directors No. 277 dated September 11, 2017, Order No. 340k dated September 12, 2017, and Meeting Minutes of the Company's Board of Directors No. 466 dated January 14, 2021 on early termination of powers)
Chief Accountant	Dmitry Nagovitsyn, Director of Accounting and Reporting, Chief Accountant pursuant to Order No. 345k dated October 15, 2016

Pursuant to Art. 9 of ROSSETI's Articles of Association¹¹, ROSSETI's governing bodies are as follows:

- > General Meeting of Shareholders;
- > Board of Directors;
- > Management Board;
- > Director General.

The General Meeting of Shareholders is the Company's highest governing body. The most important decisions related to the Company's activities shall be made by the General Meeting of Shareholders within its competence as prescribed by Russian law and the Company's Articles of Association.

In accordance with the Company's Articles of Association, the Board of Directors, which is elected at the General Meeting of Shareholders, shall make decisions regarding the Company's development strategy and oversee activities of its executive bodies.

In accordance with the Company's Articles of Association, Director General of ROSSETI is in charge of the Company's day-to-day activities and is elected by the Board of Directors of ROSSETI in accordance with the directives of the Government of the Russian Federation. The Director General also heads the Management Board of the Company.

From September 12, 2017 to January 14, 2021, the functions of ROSSETI's sole executive body, Director General, were performed by Pavel Livinsky (Meeting Minutes of the Company's Board of Directors No. 277 dated September 11, 2017, Order No. 340k dated September 12, 2017, and Meeting Minutes of the Company's Board of Directors No. 446 dated January 14, 2021 on early termination of powers).

Andrey Ryumin was appointed as the Acting Director General of ROSSETI from January 15, 2021 to February 11, 2021, and as the Director General of ROSSETI since February 12, 2021 (resolutions of the Company's Board of Directors No. 446 dated January 14, 2021 and No. 448 dated February 12, 2021, respectively).

Control over the Company's financial and economic activities shall be exercised by its Internal Audit Commission.

Current Board of Directors of ROSSETI, elected on June 1, 2020 by the Annual General Meeting of Shareholders (Minutes dated June 1, 2020), includes (positions indicated at the time election):

No. p/p	Full name	Position held (at the time of nomination)
1.	Alexander Valentinovich Novak	Minister of Energy of the Russian Federation
2.	Stanislav Olegovich Ashirov	Director General of JSC Gazprom Energosbyt, Independent Director
3.	Boris Ilyich Ayuyev	Chairman of the Management Board at System Operator of the JSC Unified Energy System
4.	Maxim Sergeevich Bystrov	Chairman of the Board of the Association NP Market Council, Independent Director
5.	Kirill Aleksandrovich Dmitriev	Head of the Russian Direct Investment Fund
6.	Oleg Markovich Dubnov	Vice President, Executive Director of the Skolkovo Foundation's Energy-Efficient Technology Cluster
7.	Alexander Sergeyevich Kalinin	President of All-Russian Non-Governmental Organization of Small and Medium Business OPORA RUSSIA, Independent Director

¹¹ Approved by the General Meeting of Shareholders on June 1, 2020 (Minutes dated June 1, 2020).

8.	Pavel Anatolievich Livinsky	Director General of ROSSETI
9.	Yuri Vladislavovich Manevich	Deputy Minister of Energy of the Russian Federation
10.	Andrey Yevgenyevich Murov	Chairman of the Management Board of PJSC FGC UES
11.	Mikhail Alekseyevich Rasstrigin	Deputy Minister of Economic Development of the Russian Federation
12.	Nikolay Dmitryevich Rogalev	Rector of Federal State Budgetary Educational Institution of Higher Education "NRU MPEI" (National Research University Moscow Power Engineering Institute)
13.	Vladimir Vladimirovich Furgalsky	Deputy Director General of ROSSETI
14.	Andrey Vladimirovich Sharonov	President of Moscow School of Management SKOLKOVO, Independent Director
15.	Sergey Ivanovich Shmatko	Special Representative of the President of the Russian Federation on International Cooperation in the Field of Electric Power

The Management Board is a collegial executive body of the Company under the charter. The composition of the Management Board of the Company as at December 31, 2020:

1.	Pavel Anatolievich Livinsky	Director General, Chairman of the Management Board of ROSSETI
2.	Andrey Yevgenyevich Murov	Member of the Management Board, First Deputy Director General — Executive Director of ROSSETI
3.	Alexander Arkadevich Zaragatsky	Member of the Management Board, First Deputy Director General of ROSSETI
4.	Pavel Vladimirovich Grebtsov	Member of the Management Board, Deputy Director General for Economic Affairs and Finance of ROSSETI
5.	Andrey Vladimirovich Mayorov	Member of the Management Board, First Deputy Director General — Chief Engineer of ROSSETI
6.	Aleksey Valeryevich Molsky	Member of the Management Board, Deputy Director General for Investment, Capital Construction and Sales Of Services of ROSSETI
7.	Larisa Anatolievna Romanovskaya	Member of the Management Board, First Deputy Director General of ROSSETI

Information about the Company's Auditor:

Full name of the organization	Limited Liability Company RSM RUS
Abbreviated name of organization	RSM RUS
Location	4 Pudovkin st., rm 15, fl 3, Moscow 119285, the Russian Federation
INN/KPP	7722020834/772901001
OGRN	1027700257540
Contacts	Phone: +7 495 363 28 48 Fax: +7 495 981 41 21 www.rsmrus.ru
Additional Information	A member of the Self-Regulatory Organization of Auditors Association "Sodruzhestvo", certificate of membership No. 6938, ORNZ 11306030308
The resolution of the Annual General Meeting of Shareholders on approval of the Auditor	The resolution of the General Meeting of Shareholders of ROSSETI dated June 1, 2020 (Minutes dated June 1, 2020)
Agreement on the provision of audit services	Agreement on the provision of audit services for the reporting of ROSSETI for 2020 No. 201a017 dated July 14, 2020
Auditor's Report	Independent Auditor's Report on the accounting (financial) statements of ROSSETI for 2020 No. RSM-727 dated March 3, 2021

We have planned and conducted the audit in such a way as to obtain reasonable assurance that the Company's 2020 Statements contain no significant distortions.

The audit was planned and carried out on a selective basis and included the examination, through testing of evidence confirming the significance and disclosure in the Reporting of information on related party transactions in the reporting year, financial-economic activity of the Company, assessment of principles and methods of accounting, rules of preparation of accounting (financial) statements, determination of significant accounting estimates.

During the audit, we determined the level of materiality (the level of the aggregate tolerated error in the statements indicators). By materiality we mean the property of information disclosed in the reporting to influence the decision making by users of that reporting. The tolerated error level is a criterion in terms of confirmation of the reliability of the Company's Reporting for us.

During the audit, we selectively conducted a reconciliation of the data of accounting registers, primary accounting records, accounting (financial) statements, Annual Report, Report on Related Party Transactions in the reporting year. We checked the results of the Company's asset and liability inventories. We conducted an analysis of the Company's financial condition on the basis of the Company's accounting (financial) statements.

During the audit, we considered the Company's compliance with the legislation of the Russian Federation and local regulations of the Company, the Reporting compliance with the content of operations and events in such a way as to ensure their reliable representation. We have checked the compliance of a number of financial operations performed by the Company with the legislation solely to obtain reasonable and sufficient assurance that the Reporting contain no significant distortions.

We also spot checked the completeness of the disclosure:

- in the Company's Annual Report for compliance with the requirements of the Regulation "On Disclosing Information by Securities Issuers", approved by the Bank of Russia No. 454-P dated December 30, 2014;
- in the accounting (financial) statements for compliance with the Federal Law No. 402-FZ dated December 6, 2011 "On Accounting" and Russian accounting standards;
- in the Report on Related Party Transactions in the reporting year for compliance with the requirements of the Federal Law No. 208-FZ dated December 26, 1995 "On Joint-Stock Companies", the Bank of Russia's Instruction "On Setting Maximum Amounts on Transactions of Joint Stock Companies and Limited Liability Companies upon Exceeding of Which Such Transactions May Be Recognized as Related Party Transaction" No. 4335-U dated March 31, 2017.

At the time of issuance of this report, the Company's Annual Report for 2020 submitted for approval of the Annual General Meeting of Shareholders, Report on Related Party Transactions in 2020, Report on the Company's CPI Achievement for 2020 is not approved by the Board of Directors of the Company.

In the course of assessing the reliability of the Reporting, Internal Audit Commission relied, among other things, on the results of the first stage of audit of the financial and economic activity of ROSSETI for 2020, the Report of the Company's Auditor LLC RSM RUS No. RSM-727 dated March 3, 2021 on the reliability in all material aspects of financial position and financial performance in accounting (financial) statements for 2020.

II. ANALYTICAL REPORTING

The set of methods of accounting in the Company, which make up the Accounting Policy for 2020, corresponded to the legislation of the Russian Federation on accounting and federal standards in the reporting year.

Accounting (financial) statements for 2020 are compiled in accordance with the rules of formation of accounting statements established in the Russian Federation, in all significant respects.

Accounting Policy for accounting purposes of ROSSETI (hereinafter referred to as the Company) was approved by Order No. 222¹² dated December 19, 2018. The Accounting Policy of the Company discloses the necessary general provisions, organizational and methodological aspects.

In the course of the Accounting Policy analysis, no inconsistencies were found between the provisions of the Accounting Policy and the legislative and regulatory acts of the Russian Federation and Unified Corporate Accounting Principles under RAS. Accounting Policy is applied consistently from one reporting period to another.

The inventory auditing of the property and liabilities of the Company was carried out in accordance with the requirements of the legislation, the results of the inventory auditing were reflected in the accounting (financial) statements of the Company.

As of December 31, 2020, the balance sheet total of the Company was RUB 523,141.266 million and, compared to the state of December 31, 2019, increased by 7%.

The structure of the Company's assets as of December 31, 2020 is characterized by the ratio: 88% of non-current assets and 12% of current assets. The largest share in non-current assets and current assets as of December 31, 2020 is occupied by the financial investments indicator - long-term financial investments (87.9% of all assets) and short-term financial investments (6% of all assets) respectively, mainly due to financial investments in shares of subsidiaries.

In the structure of capital and liabilities, as of December 31, 2020, equity capital accounts for 95% or RUB 496,834.692 million and, in comparison with the indicator as of December 31, 2019, increased by 2.6%.

¹² As amended in orders of ROSSETI No. 105 dated May 24, 2019, No. 164 dated August 19, 2019, No. 394 dated December 30, 2019, No. 619 dated December 25, 2020.

Long-term liabilities account for 3% in the structure of capital and liabilities. The amount of long-term liabilities for the reporting period increased by 3 times and, as of December 31, 2020, amounted to RUB 15,015.056 million. In the structure of long-term liabilities as of December 31, 2020, the largest share is occupied by borrowed funds (RUB 15,000.000 million or 99.9%). The growth of long-term liabilities was due to a 3 times increase in borrowed funds in connection with the placement of bonded loans in the reporting year.

The share of short-term liabilities accounts for 2% in the structure of capital and liabilities. The amount of short-term liabilities for the reporting period increased 11 times and, as of December 31, 2020, amounted to RUB 11,291.518 million. In the structure of short-term liabilities as of December 31, 2020, the largest share is borrowed funds 92% or RUB 10,392.000 million. The amount of short-term borrowed funds for the reporting year increased 54 times, which is also due to the placement of bonded loans.

As of December 31, 2020, the Company's bonds totaling RUB 25,000.000 million are in circulation, of which RUB 20,000.000 million posted in the reporting year.

Compared to the same period last year, in the reporting year, revenue decreased by 60%, and amounted to RUB 15,752.565 million. A significant decrease in the revenue of the reporting year, compared to 2019, is mainly due to the fact that the income of 2019 reflects interim dividends for 9 months of 2019.

The cost of sales, compared to the same period last year, decreased by 5% and amounted to RUB 4,404.598 million.

According to the Financial Performance Statement as of December 31, 2020, the Company received profit from sales in the amount of RUB 11,347.967 million, compared to the same period last year, sales profit decreased by 67%.

The balance of other income and costs as of December 31, 2020 is positive and amounts to RUB 18,723.264 million.

The net profit based on the results of the Company's activities in 2020 amounted to RUB 29,545.887 million (the same figure for the last reporting year was RUB 135,244.692 million).

During this revision, the Internal Audit Commission did not identify errors and misstatements that had a significant impact on the accuracy of the accounting (financial) statements generated as of December 31, 2020.

According to the results of the reporting period, net assets amounted to RUB 496,834.692 million, which is more than the value of the share capital by RUB 295,931.677 million.

No facts of violation of the legal acts of the Russian Federation in the course of financial and economic activities, which could significantly affect the Company's reporting, have been identified.

No facts of misstatement of the information contained in the Report on Related Party Transactions in 2020 have been identified.

The Company's annual report submitted for approval by the Annual General Meeting of Shareholders contains information provided by the Regulation No. 454-P on disclosure of information by issuers of securities approved by the Central Bank of the Russian Federation, dated December 30, 2014.

III. FINAL PART

In the opinion of the Internal Audit Commission, the accounting (financial) statements of the Company accurately reflect, in all material respects, the financial position as of December 31, 2020, the results of its financial and economic activities for 2020, in accordance with the Russian accounting reporting rules.

As part of the works carried out, the Internal Audit Commission also did not find any material misstatements of the financial information contained in the Annual Report of the Company for 2020, in the Report on Related Party Transactions in 2020.

The composition of the Company's statements confirmed by the Internal Audit Commission:

No. p/p	Name of the statement form	Date of signing by Management/ consideration by the Management Board	Number of pages in a document
1.	Balance Sheet as of December 31, 2020	March 3, 2021	1
2.	Statement of Financial Results for 2020	March 3, 2021	1
3.	Statement of Changes in Equity for 2020	March 3, 2021	2
4.	Cash Flow Statement for 2020	March 3, 2021	2
5.	Notes to the Balance Sheet and the Statement of Financial Result for 2020 with appendixes	March 3, 2021	37
6.	Annual Report of ROSSETI excluding Appendixes	-	259
7.	Related Party Transactions of ROSSETI in 2020		35

This Conclusion of the Internal Audit Commission should be considered together with all confirmed forms of the Accounting (Financial) Statements and explanations to the balance sheet and the financial performance statement for 2020 in text and tabular form, which are integral parts of the Annual Report of the Company for 2020, as well as the Report on Related Party Transactions in 2020.

Chairman of the Internal
Audit Commission

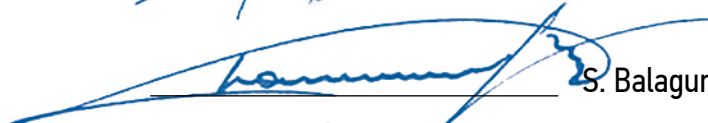


T. Zobkova

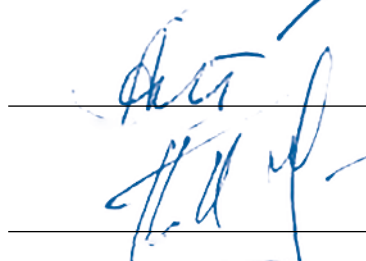
Members of the Internal
Audit Commission



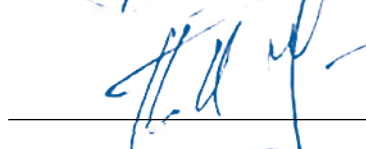
A. Gabov



S. Balagurov



D. Agamagomedova



K. Pozdnyakov

