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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 itemsPRELIMINARY REVIEW OF ISSUES,
FORMULATION OF RECOMMENDATIONS FOR THE BOARD OF DIRECTORSAUDIT
COMMITTEENOMINATION AND
REMUNERATION COMMITTEESTRATEGY
COMMITTEEINVESTMENT, TECHNICAL POLICY,
RELIABILITY, ENERGY EFFICIENCY, AND
INNOVATION COMMITTEEADVANCING 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 DIRECTORSCORPORATE 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
FEASubmission of reports on financial
and economic activities

Control of FEA

Conclusions on the
results of the audit of the
Company's FEARSM
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.Provision of the
Company's annual
accounting (financial)
statementsOpinion on the reliability
of the data contained in
the Company's financial
statementsInformation,
recommendationsBOARD 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.

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

HEAD
DIRECTORATE FOR INTERNAL AUDITAppointment of the
headINTERNAL CONTROL AND RISK
MANAGEMENTHEAD
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.

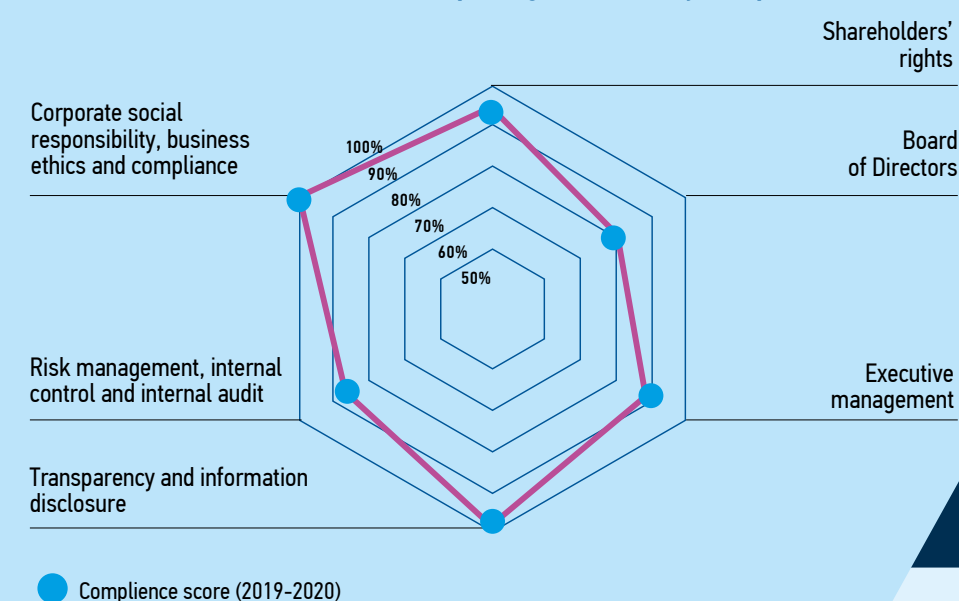
The assessment was carried out based on 6 components (containing 115 criteria in total):

- 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

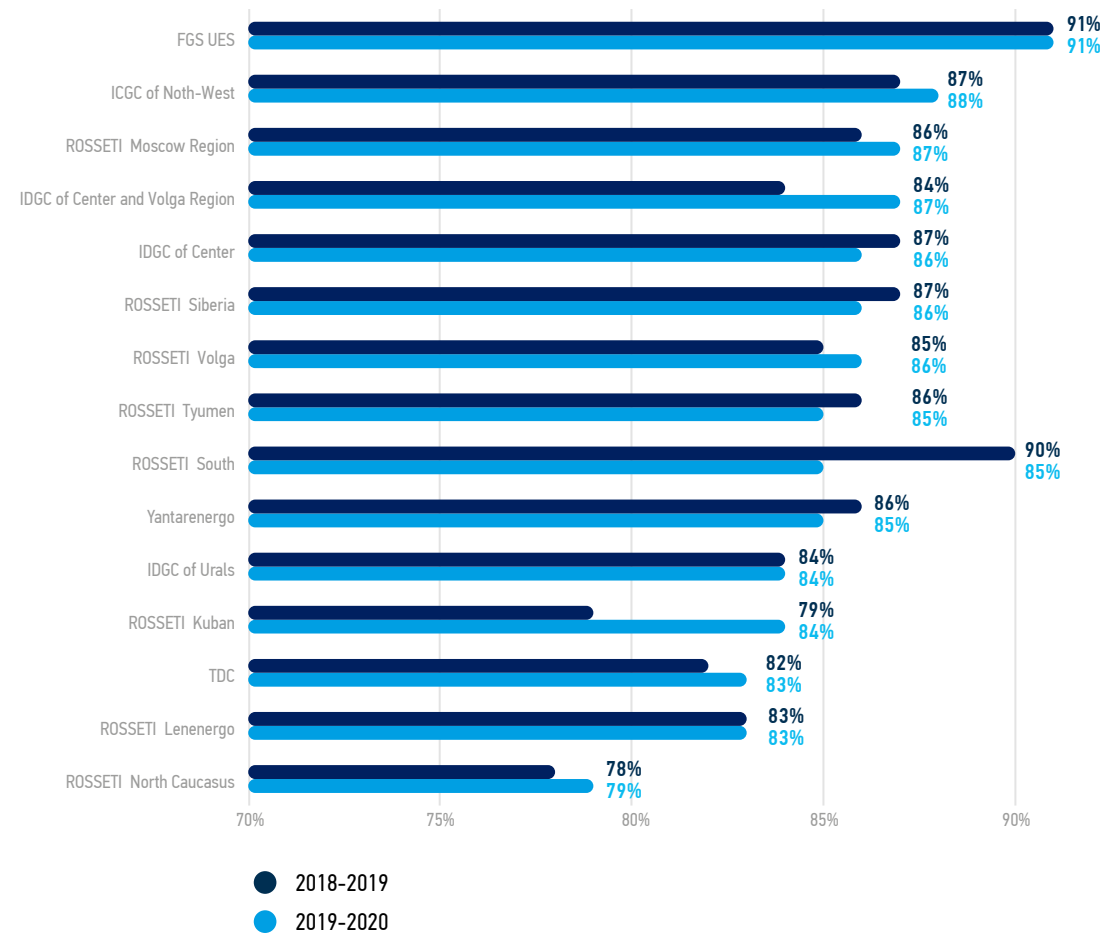
The score is formed by establishing compliance with criteria, which are disclosed through answers to the questions:

- 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.

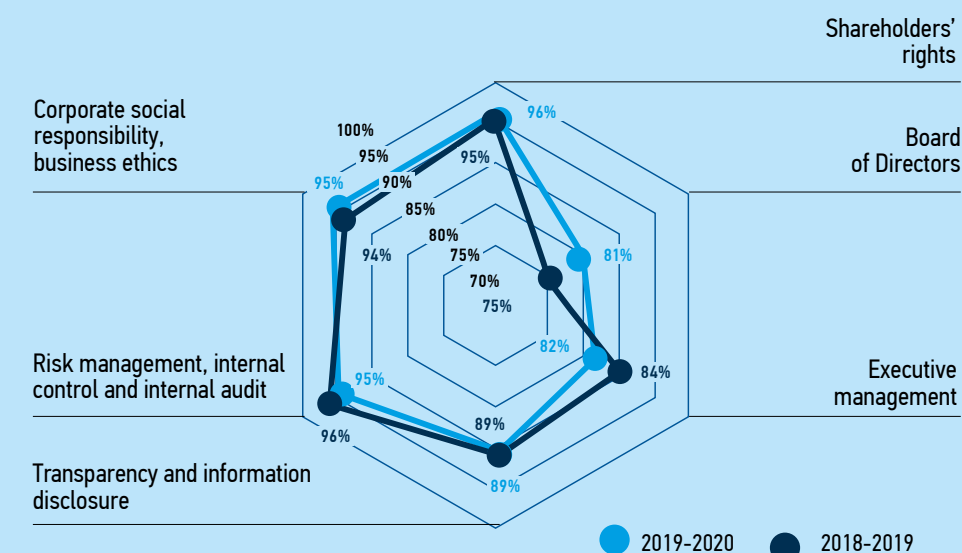
North Caucasus) to 91% (FGC UES). The overall score of the ROSSETI Group was 87%, an increase of 1 percentage point compared to the score for the 2018–2019 corporate year (86%) and corresponds to the "Developed Practice" corporate governance level.

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.

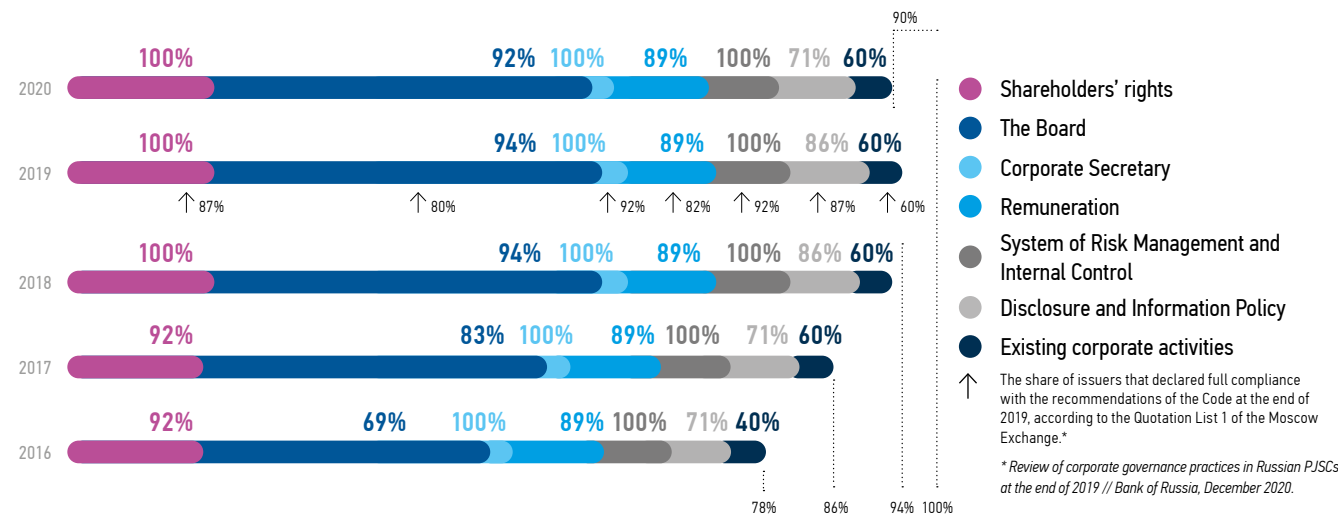
Statistics of compliance with the recommendations and principles of the Corporate Governance Code of the Bank of Russia

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



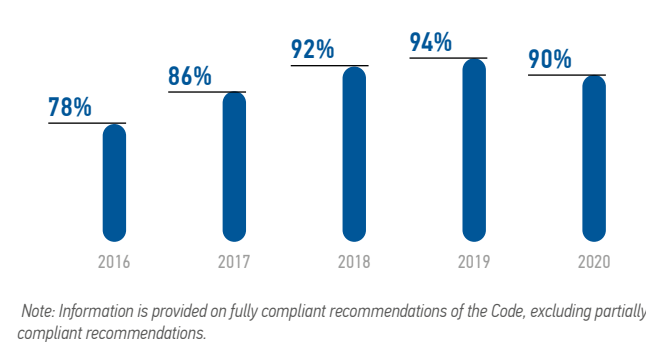
The percentage of the principles and recommendations of the Corporate Governance Code of the Bank of Russia fully complied with by the Company decreased from 94% in 2019 to 90% in 2020. At the same time, this decline is not associated with a deterioration in the quality of corporate governance in the 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



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.

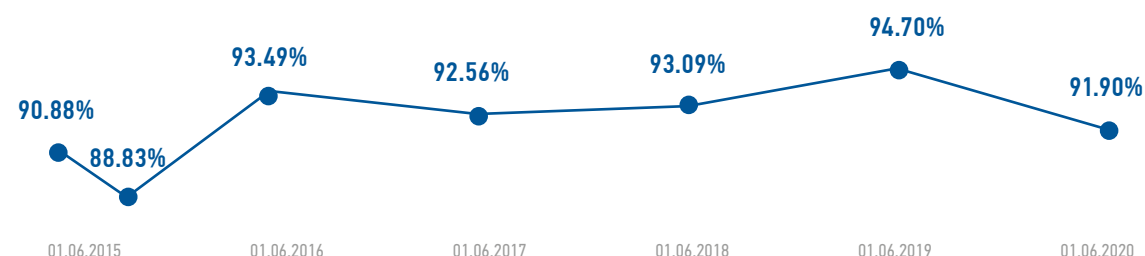


The Minutes of the Annual General Meeting of Shareholders of ROSSETI for 2019 are available on the official website of the Company: <http://www.rosseti.ru/investors/common/results/>.

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.



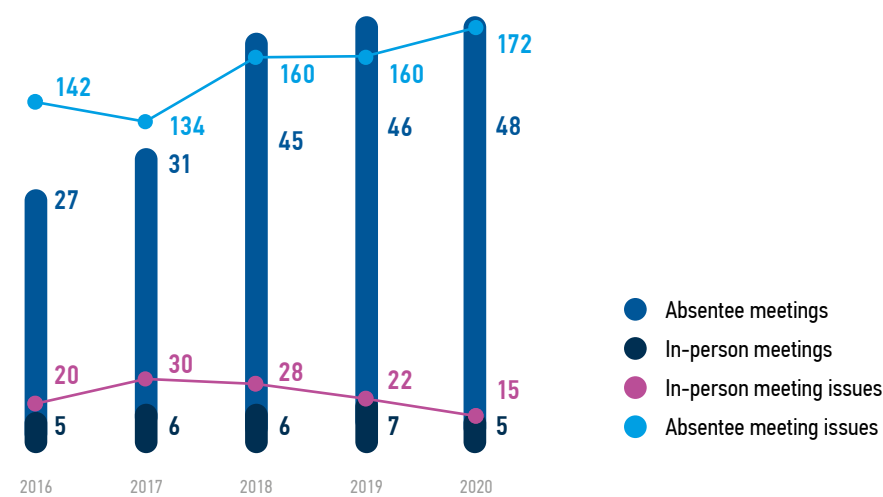
Minutes of Meetings of the Board of Directors are published on the Company's website at <https://www.rosseti.ru/eng/investors/decisions-of-board-of-directors/?year=2020>.

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.

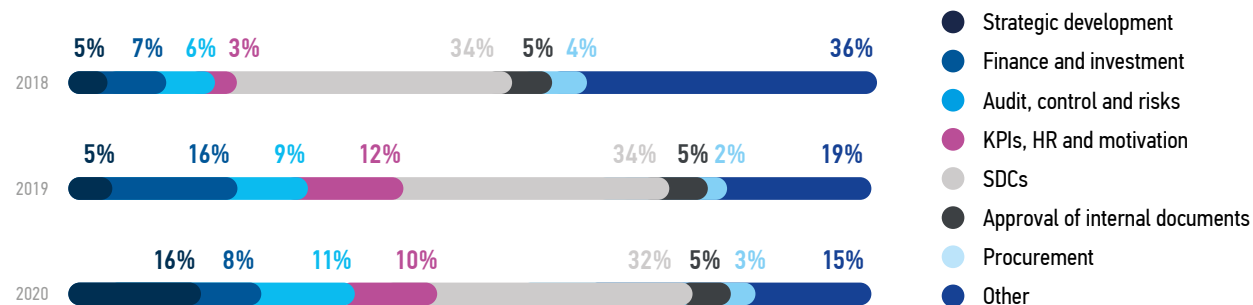
Report of the Board of Directors on the results of the development in the priority areas of the Company's activities for 2020

Strategic priorities	Decisions of the Board of Directors
Improvement of the efficiency of the core business	<ul style="list-style-type: none"> → 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	<ul style="list-style-type: none"> → 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	<ul style="list-style-type: none"> → 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	<ul style="list-style-type: none"> → 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						

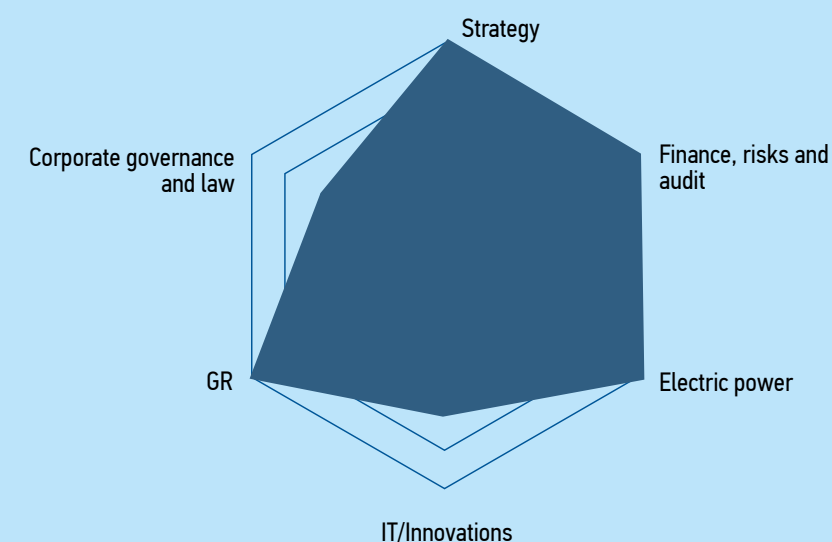
¹ <http://www.rosseti.ru/investors/common/materials/>.

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						

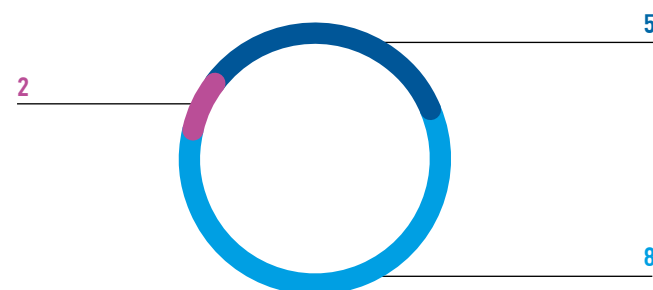
Explanations: All members of the Board of Directors of the Company have professional knowledge and competencies in key areas (strategic management, finance and industry specifics). The assessment of competencies in other areas is based on the information about the availability of specialized education, 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



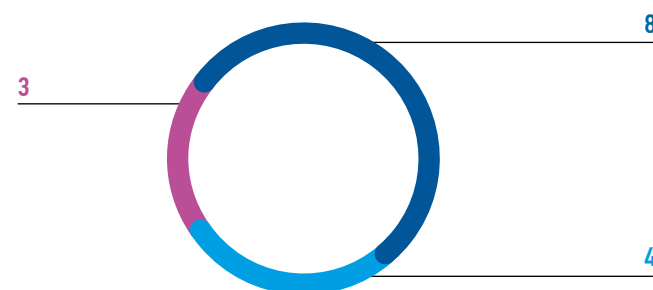
- Independent Director
- Non-Executive Director
- Executive Director

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

Length of service on the Board of Directors of ROSSETI



- 5+ years
- 2-5 years
- Less than 2 years

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:

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;

- 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.

- 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.

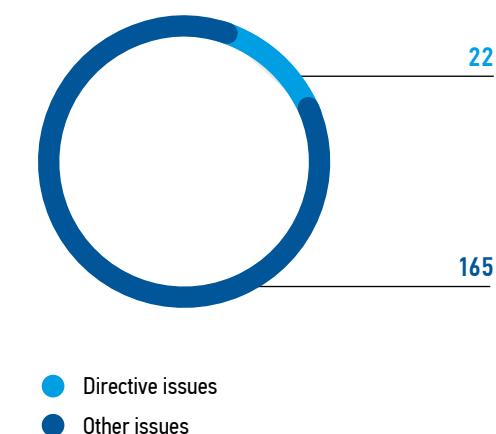
Specifics of the Performance of the Board of Directors in Relation to the State Participation in the Authorized Capital of the Company

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



- Directive issues
- Other issues

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.

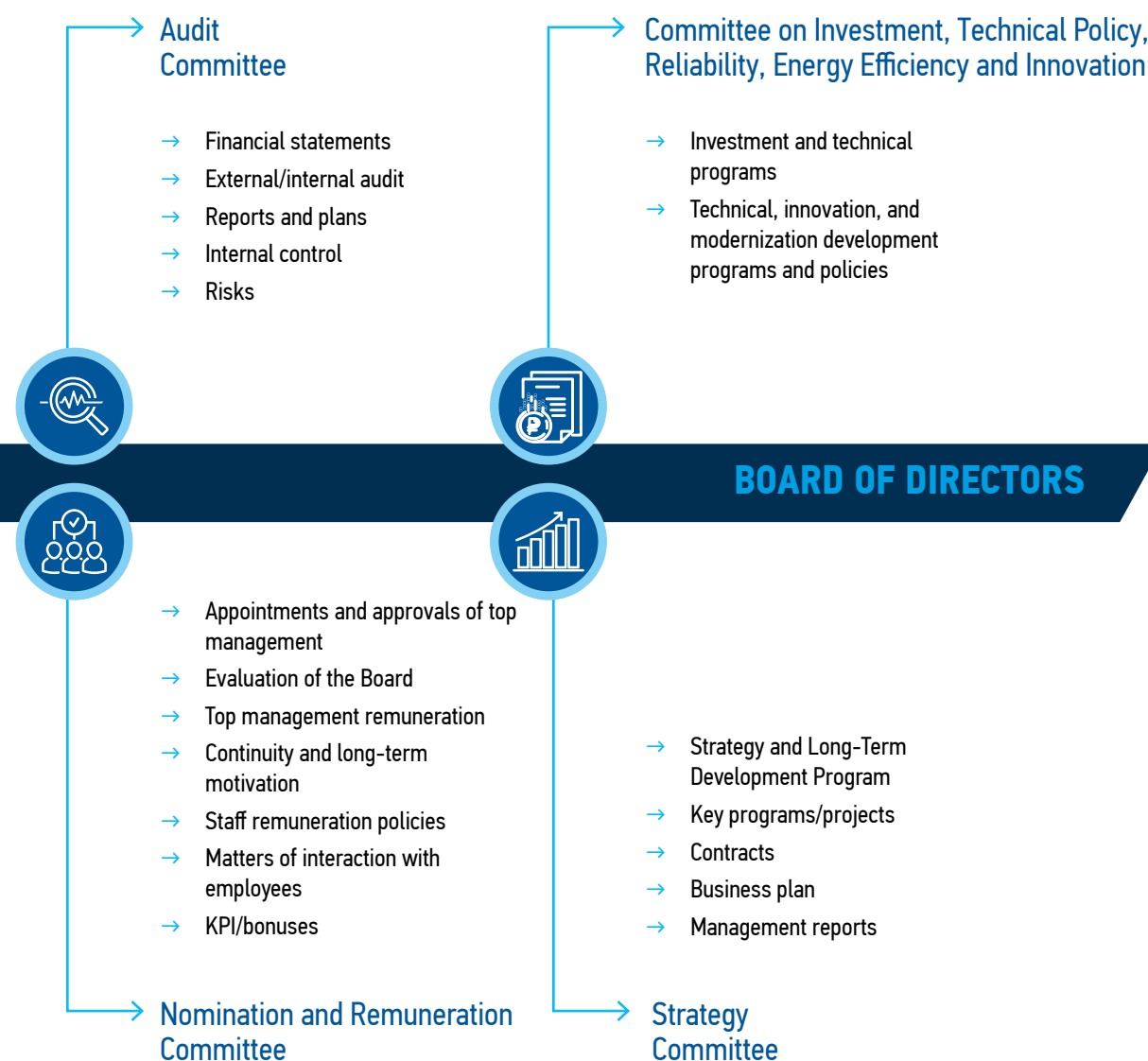


The organizational foundations of the Committees' activities (operating procedures, functions, and competence as well as composition requirements) follow the regulations on the Committees approved by the resolutions of the Board of Directors and posted on the Company's website: <https://www.rosseti.ru/eng/investors/reports/Internal-docs/>.

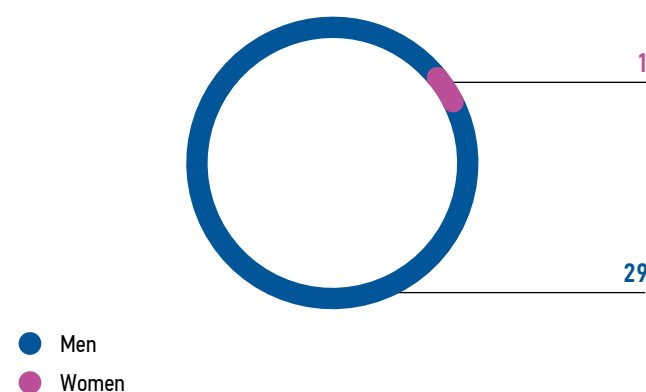
In order to ensure maximum information transparency and compliance with information disclosure standards, the Company's website additionally publishes information about the results of the work of the Committees and the main issues considered.

When organizing the effective work of the Committees, ROSSETI strives to adhere to the following principles:

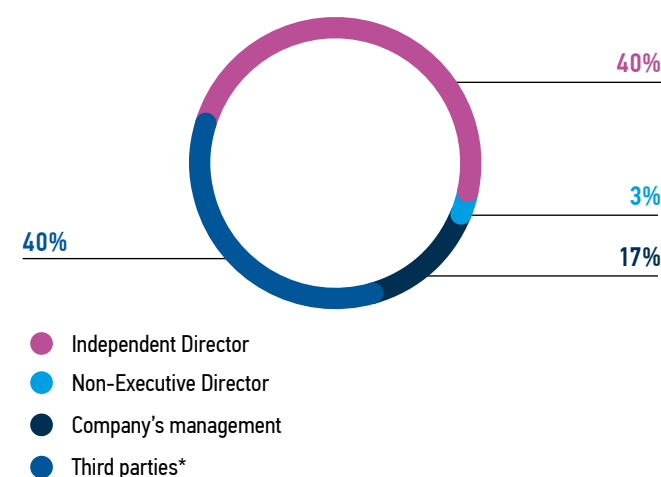
- accountability of the Committees to the Company's Board of Directors;
- management of the Committees only by the members of the Board of Directors;
- presence of only independent directors in the Audit Committee and the Nomination and Remuneration Committee;
- possibility of attracting persons who 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

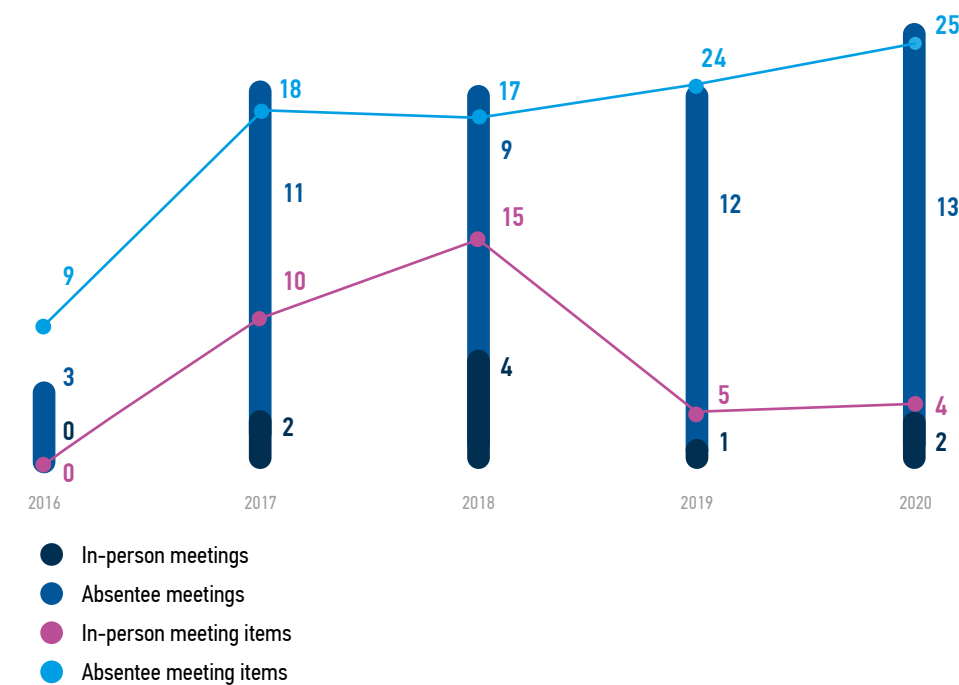
control, and compliance. The members of the Committee have extensive experience of working in companies in the electric power industry.

Committee's objectives and performance in the reporting period

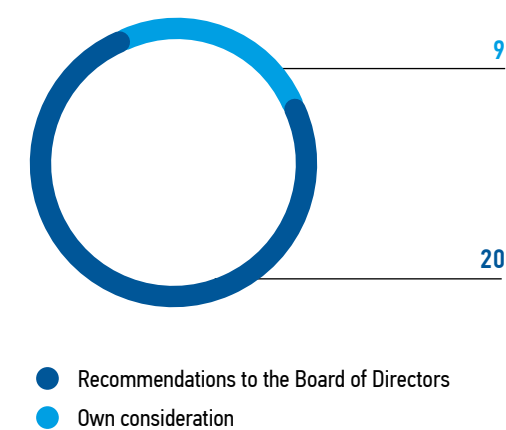
CONTROL OF THE COMPANY'S REPORTING	INTERNAL CONTROL, RISKS AND CORPORATE GOVERNANCE
In the reporting period, the following were considered: → financial statements of the Company in accordance with RAS and IFRS, as well as recommendations to the General Meeting of Shareholders of the Company on the approval 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.	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.
EXTERNAL AUDIT	ANTI-CORRUPTION POLICY AND COMPLIANCE
In the reporting period, the following were considered: → the candidate for the auditor and the amount of payment for the auditor's services.	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.

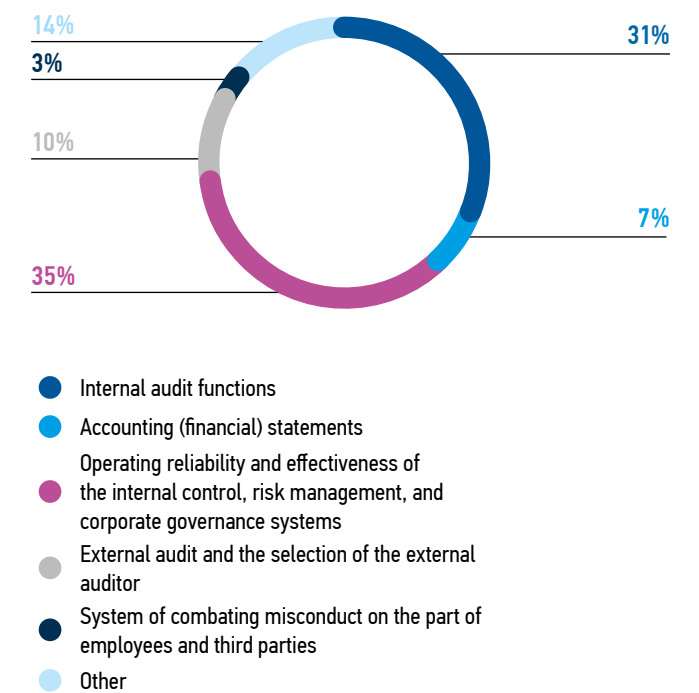
Performance statistics of the Strategy Committee



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.

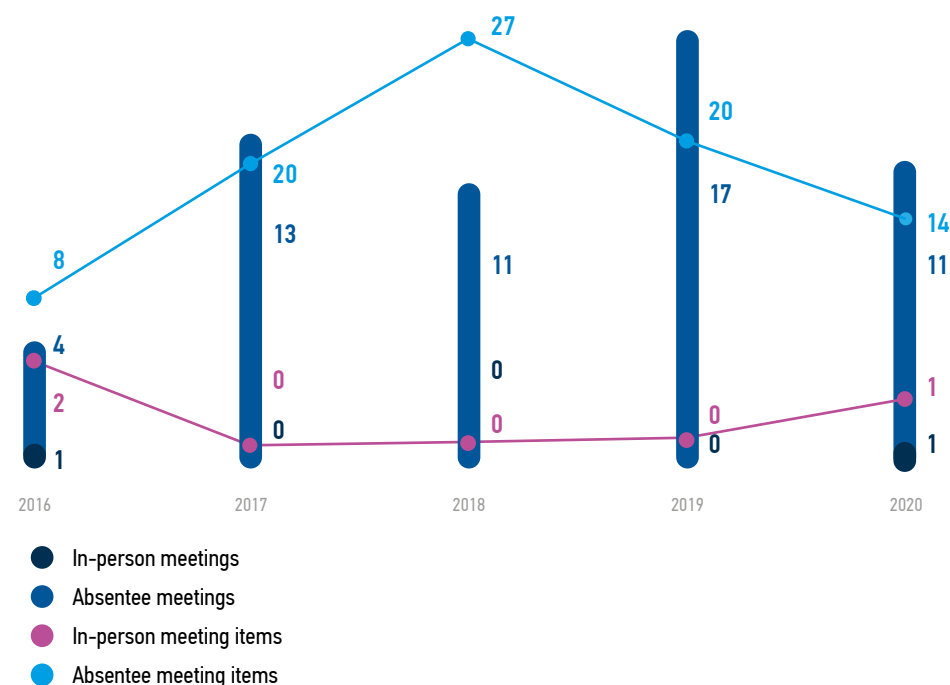
ORGANIZATION OF THE BOARD OF DIRECTORS AND COMMITTEES

In the reporting period, the following were considered:

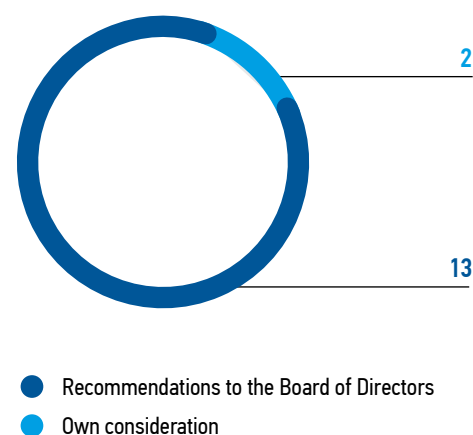
- candidatures for members of the Board of Directors for compliance with the independence criteria;
- issues of introducing professional standards into the Company's activities.

In 2020, the Committee held 12 meetings (including 1 in-person), and a total of 15 items were considered.

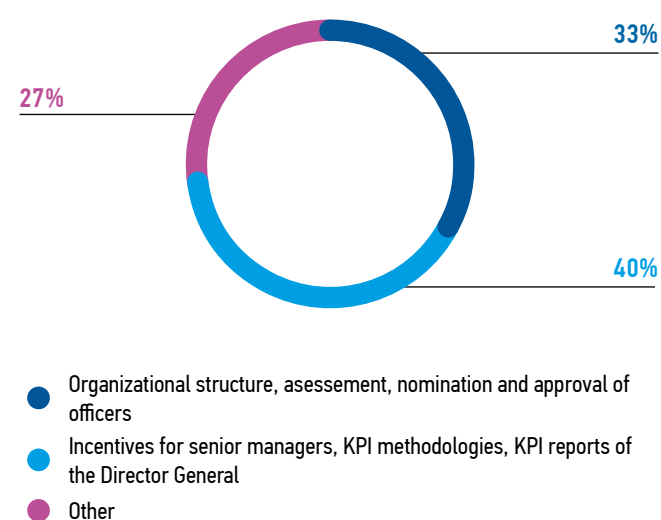
Performance statistics of the Nomination and Remuneration Committee



Categories of issues considered



Subjects of the issues considered by the Nomination and Remuneration Committee



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

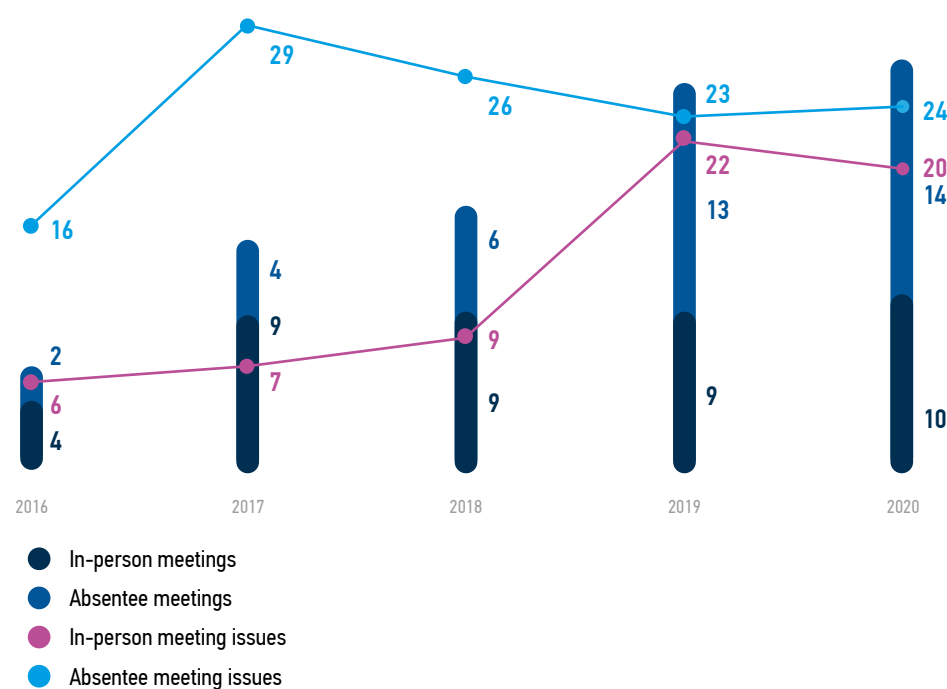
In the reporting period, the following were considered:

- 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.

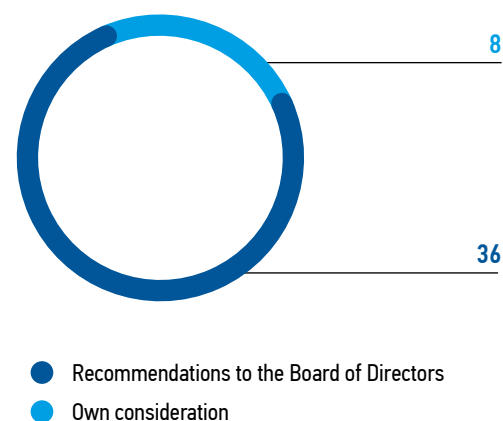
In 2020, the Committee held 24 meetings (including 10 in-person), and a total of 44 items were considered.

¹ One elected member of the Strategy Committee of the Board of Directors did not participate in the work of the Committee.

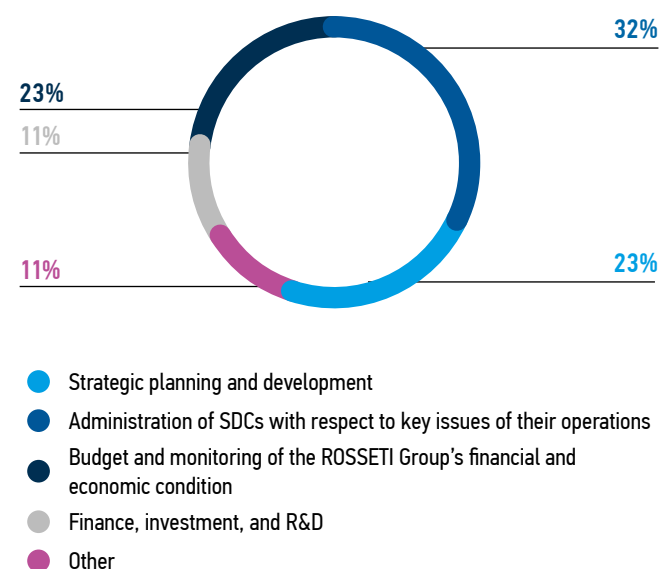
Performance statistics of the Strategy Committee



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.

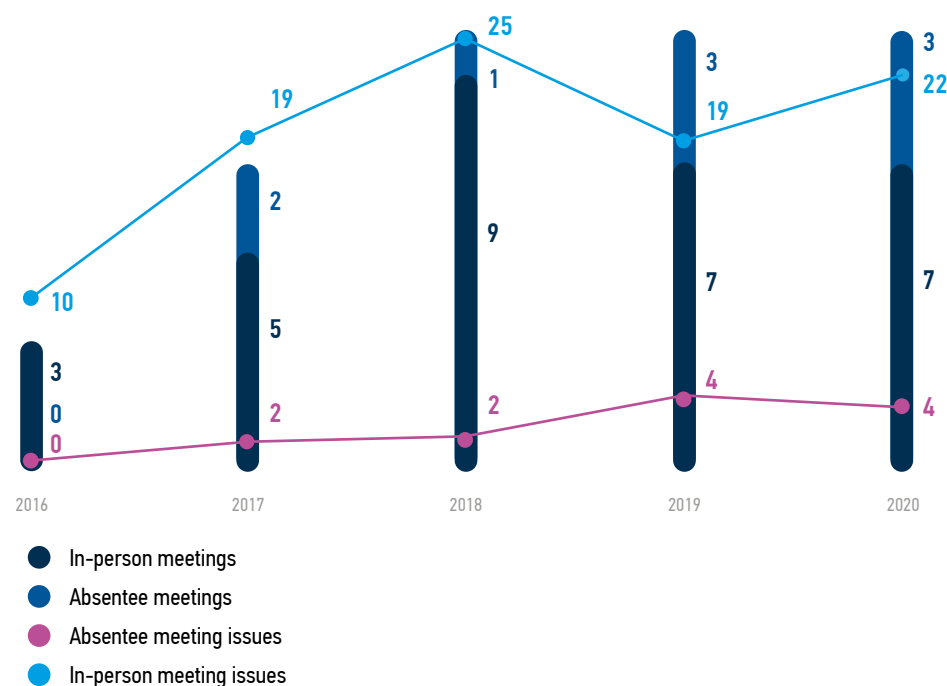
About the Company		Strategic Report		Corporate Governance Report		Financial Statements	Additional Information
3.	D. S. Bulgakov	3	100	6		100	100
4.	E. P. Grabchak	3	100	5	2	71	100
5.	D. G. Denisov	3	100	3	3	50	100
6.	A. V. Ilyenko	2	67	1	6	14	100
7.	A. V. Kazachenkov	3	100	2	5	29	100
8.	V. N. Kiselyov	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

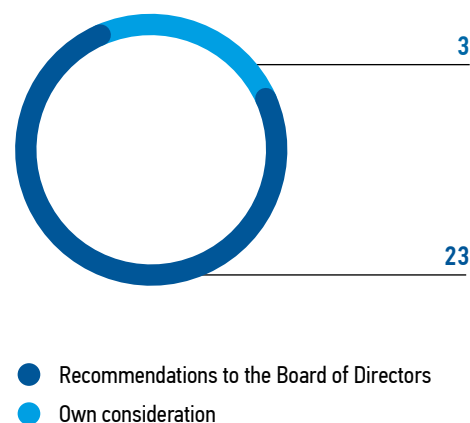
INVESTMENT, TECHNICAL AND OTHER KEY POLICIES OF THE COMPANY	MONITORING PROGRAMS IN THE FIELD OF INVESTMENT, INNOVATION, ENERGY EFFICIENCY, PROCUREMENT
In the reporting period, the following were considered: <ul style="list-style-type: none">→ consolidated investment program of the ROSSETI Group;→ scenario 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: <ul style="list-style-type: none">→ 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: <ul style="list-style-type: none">→ Innovative Development Program of ROSSETI for 2020–2024 with a perspective up to 2030.	In the reporting period, the following were considered: <ul style="list-style-type: none">→ 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.

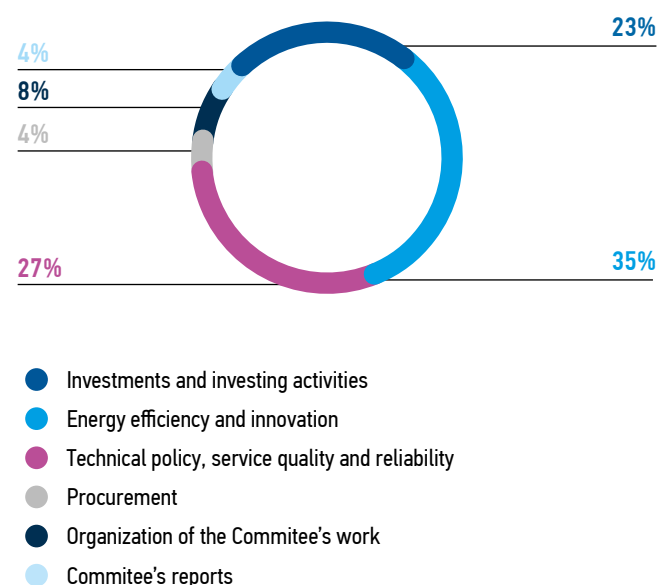
Performance statistics of the Investment, Technical Policy, Reliability, Energy Efficiency and Innovation Committee



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_pravlenii_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.

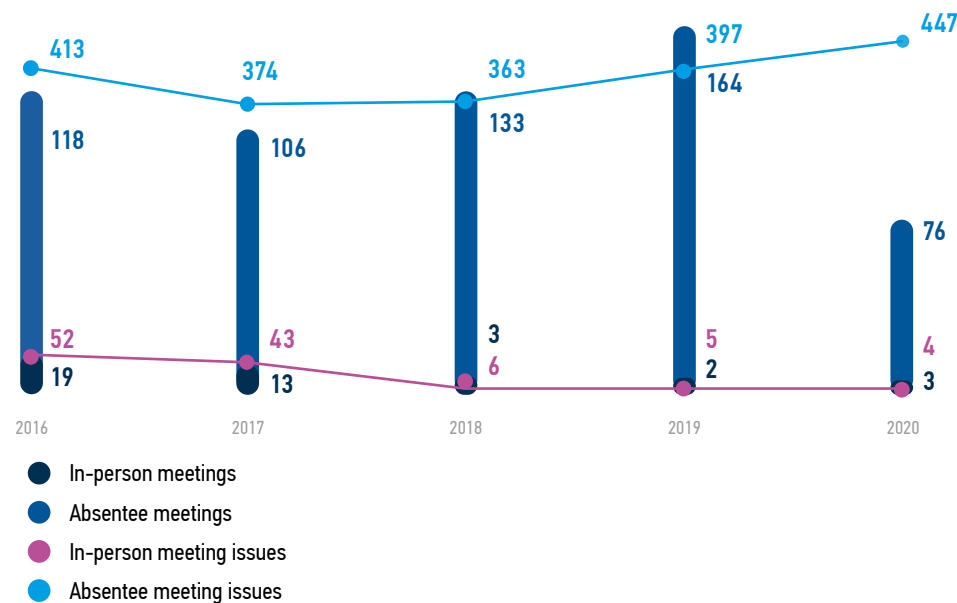
During the reporting period, none of the members of the Management Board of ROSSETI received loans from the Company, did not have any other contractual relations with the Company and (or) its controlled entities, except for labor agreements/contracts, and did not have any other grounds indicating a conflict 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

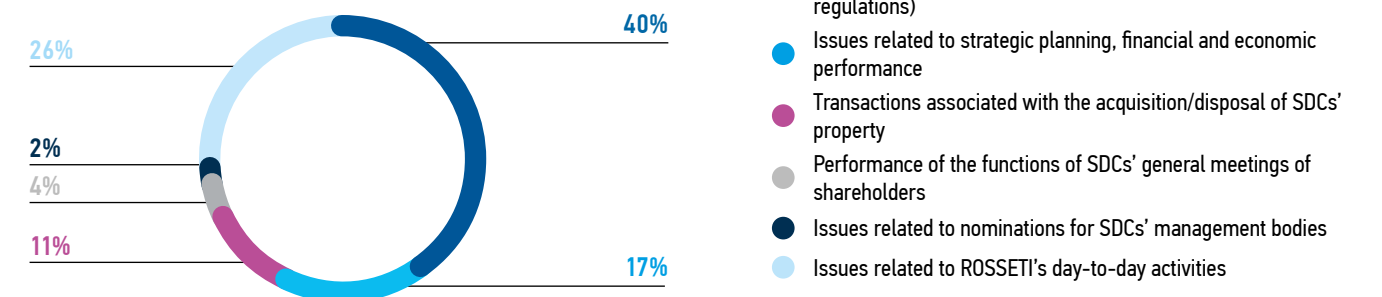
Participation of members of the Management Board of ROSSETI in meetings in 2020 (composition of the Management Board was in force from May 29, 2020 to December 2020)

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



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 (Actual), 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			
				HR&RC	0	0	269,230.77			
O. M. Dubnov	56/56	no	2,692,307.69	SC	0	0	269,230.77	4,038,461.54	3,500,000.00	3,500,000.00
				CITPREEI	0	538,461.54	0			
				AC	0	0.00	254,807.69	3,312,500.00	3,500,000.00	3,312,500.00
A. S. Kalinin	53/56	no	2,548,076.92	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

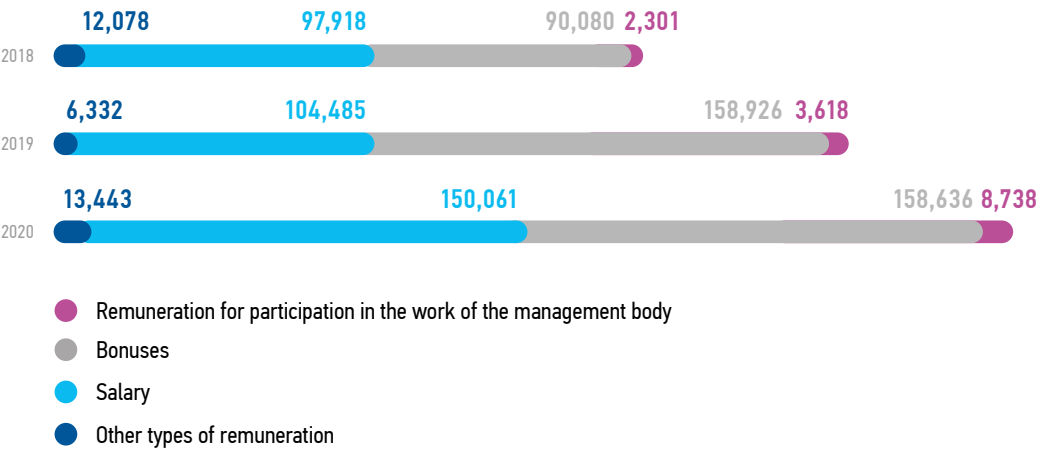
General of ROSSETI is determined by the terms of the employment contract. The remuneration of the members of the Management Board is determined by the Regulation for Financial Incentives for Senior Managers of ROSSETI.

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

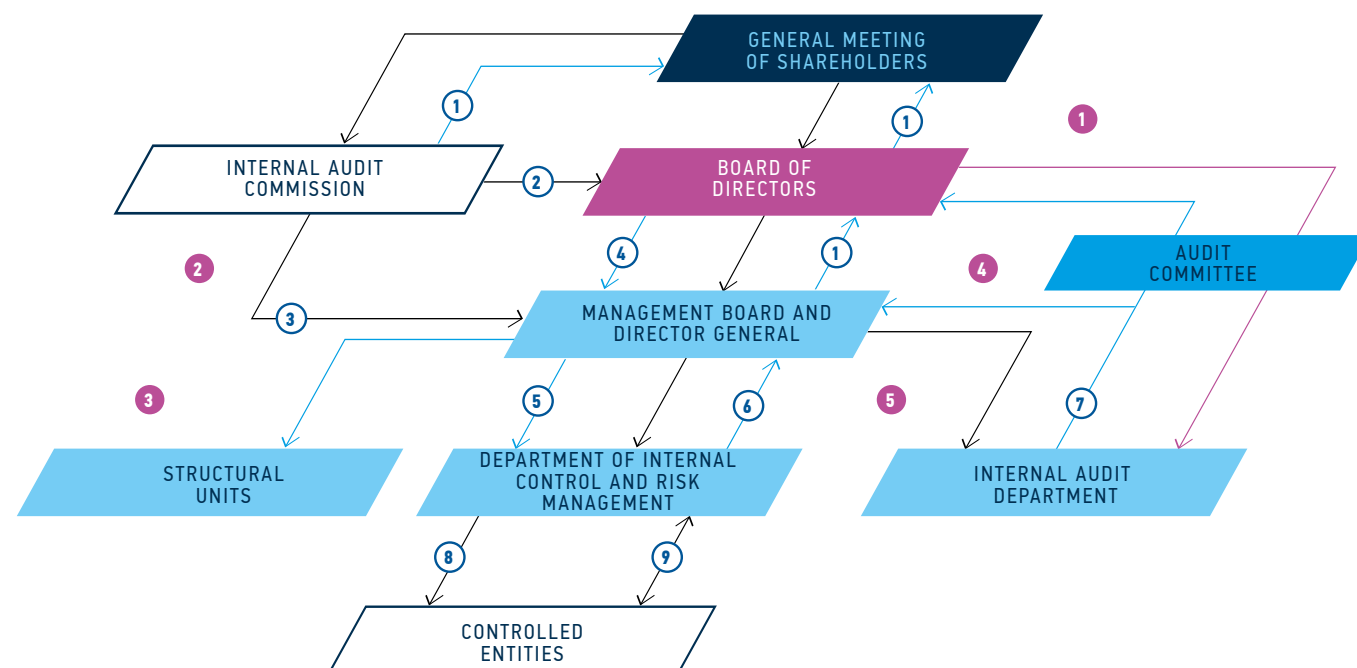
ROSSETI's internal audit unit conducts an annual internal independent evaluation of the effectiveness of the internal control system. The report of the internal auditor for the results of 2020 has been preliminarily reviewed by the Audit Committee of the Board of Directors 18.05.2021 (Minutes No. 132 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).

Participants of the Internal control system

The system in force in the Company delimits the roles of the participants depending on their participation in the internal control procedures and the level of management.

Interaction between the participants of the internal control system



Functions and purposes

① Accountability	⑥ → Accountability → ICS improvement proposals
② Providing information	⑦ → Providing information → Recommendations for ICS improvement
③ Recommendations for ICS improvement	⑧ → Methodology
④ → Policy and regulatory documents approval → Supervising the internal control system → Proposals for ICS improvement	⑨ Interaction with Subsidiaries and Associates
⑤ → Approving bylaws → Supervising the internal control system	

Tasks and directions

① → Principles and approaches to the organization ICS → Checks	④ → ICS efficiency assessment
② → Documenting of check procedures	⑤ → Methodical support → Coordination
③ → Execution of check procedures	

Key measures in the field of the internal control system implemented in 2020

In 2020, work on improving the efficiency of the internal control system continued, in particular, the following measures were taken:

- control and risk matrices, integrated into the process models, were updated;
- the self-assessment of the effectiveness of control procedures and the effectiveness of the internal control system of business processes was carried out;
- the training of employees of internal control units on professional topics was carried out in order to maintain the required level of competence.

Further plans to improve the internal control system

In order to improve the internal control system in 2020, 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. In terms of internal control, the Plan provides for a number of measures aimed at achieving the following goals:

- integration of the current anti-corruption compliance system into the overall internal control system and risk management system in the companies of the ROSSETI Group;

- implementation of a financial stability control mechanism, support for liquidation and bankruptcy proceeding of counterparties in the companies of the ROSSETI Group;
- development of competencies and qualifications of personnel. Maintaining a high level of corporate culture of understanding the importance of control;
- improvement of self-assessment of the effectiveness of control procedures and the system of internal control of processes, including updating the self-assessment methodology.

Risk management system

In their operational activities, the Company and the companies of the ROSSETI Group are exposed to external and internal risks that can have a significant impact on the results of the ROSSETI Group as a whole. Monitoring, forecasting, preventing and minimizing the negative consequences of risks are some of the most important tasks of the Company's management system.

The purpose of the risk management system of ROSSETI is to reduce uncertainty regarding the achievement of the goals set at all management levels of ROSSETI, including in the Development Strategy of the ROSSETI Group, in the documents of tactical and operational planning.

In order to determine the general principles of building the risk management system, its goals, objectives and approaches to organization and operation, to establish the distribution of responsibilities between the participants of the risk management system, the Board of Directors of the Company on November 23, 2020² approved the Risk Management Policy of ROSSETI in a new version, which takes into account the provisions of the international standard ISO 31000–2018 “Risk Management - Leadership”, the international COSO concept “Organization risk management: integration with strategy and operating efficiency”.

Basic principles of the Risk Management System:

- focuses on forming and preserving the value of ROSSETI;
- contributes to the achievement of the objectives set out in strategic and tactical planning documents;
- is an integral part of the decision-making system at all levels of management;
- contributes to achieving an optimal balance between risks and returns in general, taking into account the requirements of the legislation, the provisions of internal documents, and the Articles of Association of ROSSETI;
- is based solely on quality, up-to-date, tested and verified information;
- is a dynamic and change-responsive process;
- promotes the development of a corporate culture of adherence to principles and decision-making that takes the risks into account;
- is the subject of ongoing monitoring, resulting in the development of measures to improve and develop the risk management system;
- the risk management process involves all business processes participants responsible for risk management.

Risk Management System Objectives



Development of a risk-oriented corporate culture



Achieving the optimal balance between the preferred risk (risk appetite) and the Development Strategy



Improving the decision-making process for responding to emerging risks



Reducing the number of unforeseen events and losses in business activities



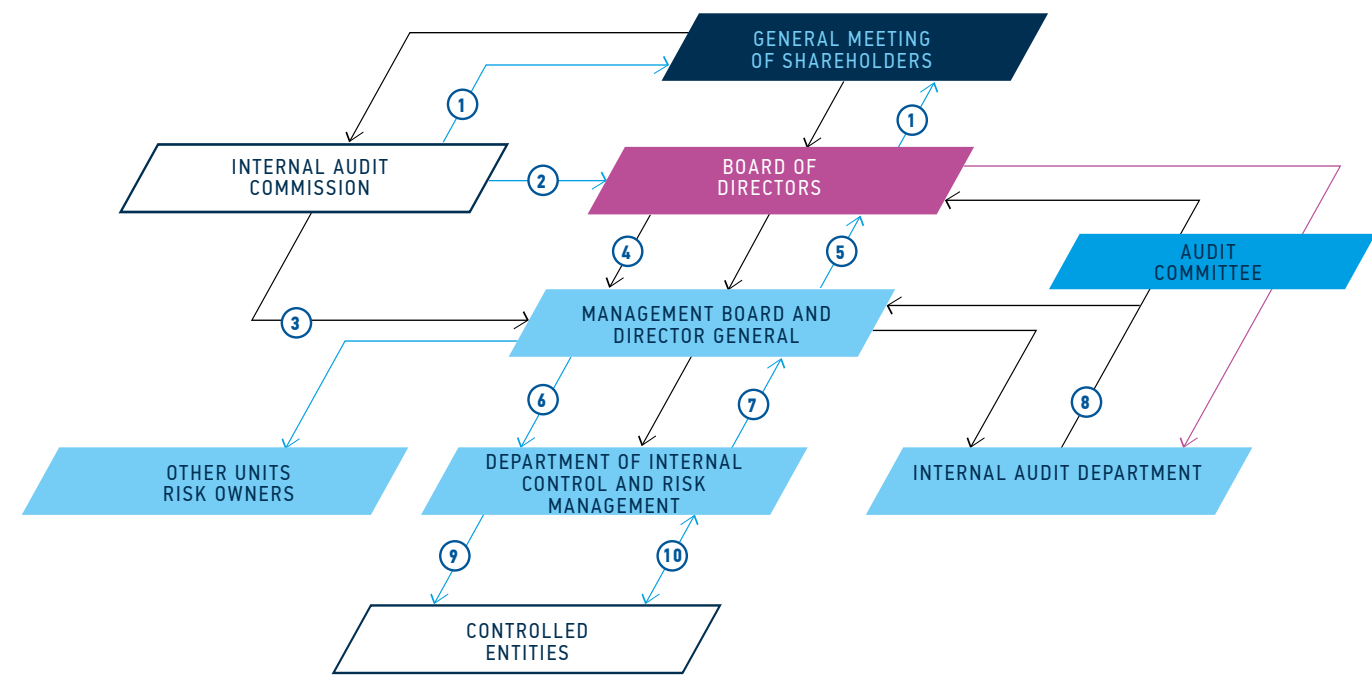
Determination and management of the entire set of risks in business activities

¹ Decision of the Board of Directors of ROSSETI dated December 28, 2020 (Minutes No. 443 dated December 29, 2020).

² Decision of the Board of Directors of ROSSETI dated November 23, 2020 (Minutes No. 440 dated November 24, 2020).

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.

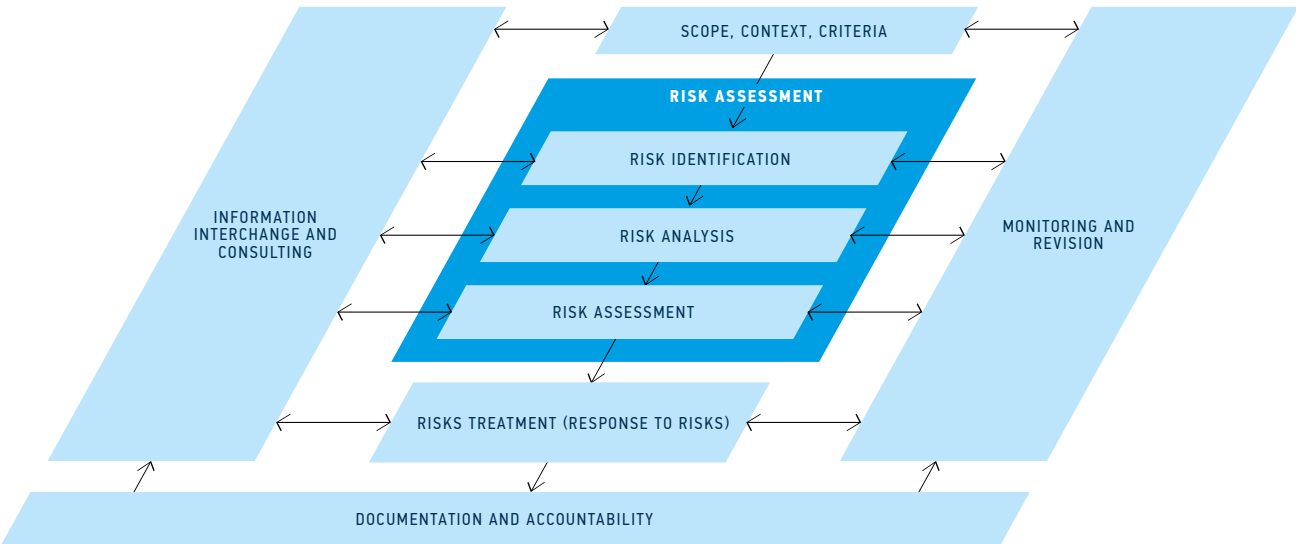
The choice of a risk response method depends on the level of materiality of the risk, on the impact on the risk, on the cost of response and the benefits obtained.

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
Agamagomedova Diana Agamagomedovna	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 Dimitry 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;

- 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.

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.

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:

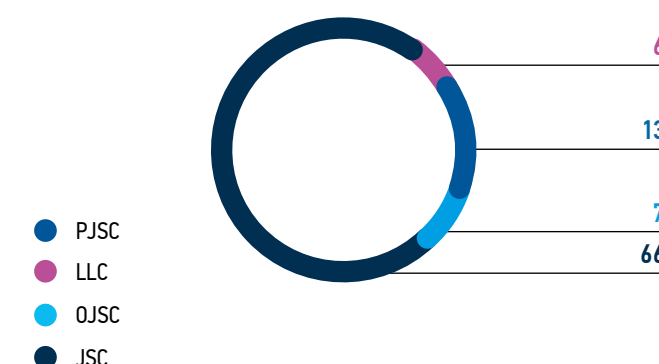
- ROSSETI does not directly carry out operational activities in the electric power industry market, while acting as a coordinator of the activities of controlled entities and a center for developing a unified management policy;
- ROSSETI is responsible for the implementation of orders of the President, 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:

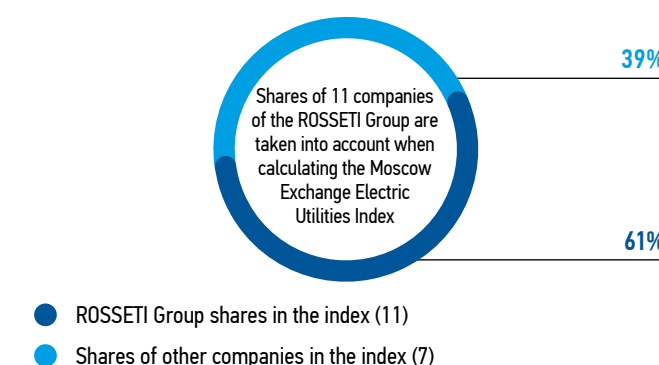
- FGC UES
- ROSSETI Kuban
- ROSSETI Lenenergo
- IDGC of Center
- IDGC of Center and Volga Region
- ROSSETI Moscow Region
- IDGC of Urals
- ROSSETI South
- IDGC of the North-West
- ROSSETI Siberia
- ROSSETI Volga
- ROSSETI North Caucasus
- TDC
- ROSSETI Tyumen
- Yantarenergo

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)

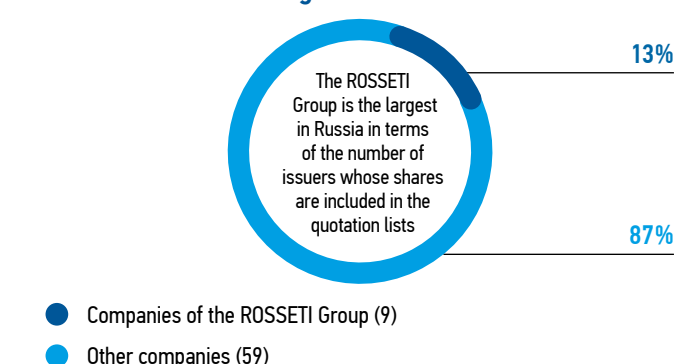
Categories of ROSSETI's controlled entities



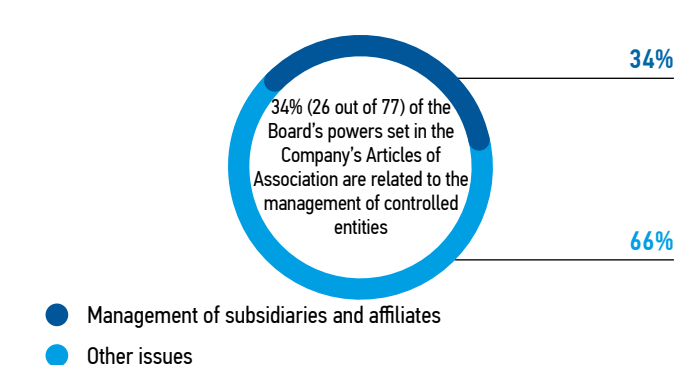
Share of ROSSETI Group companies in the Electric Utilities Index of the Moscow Exchange

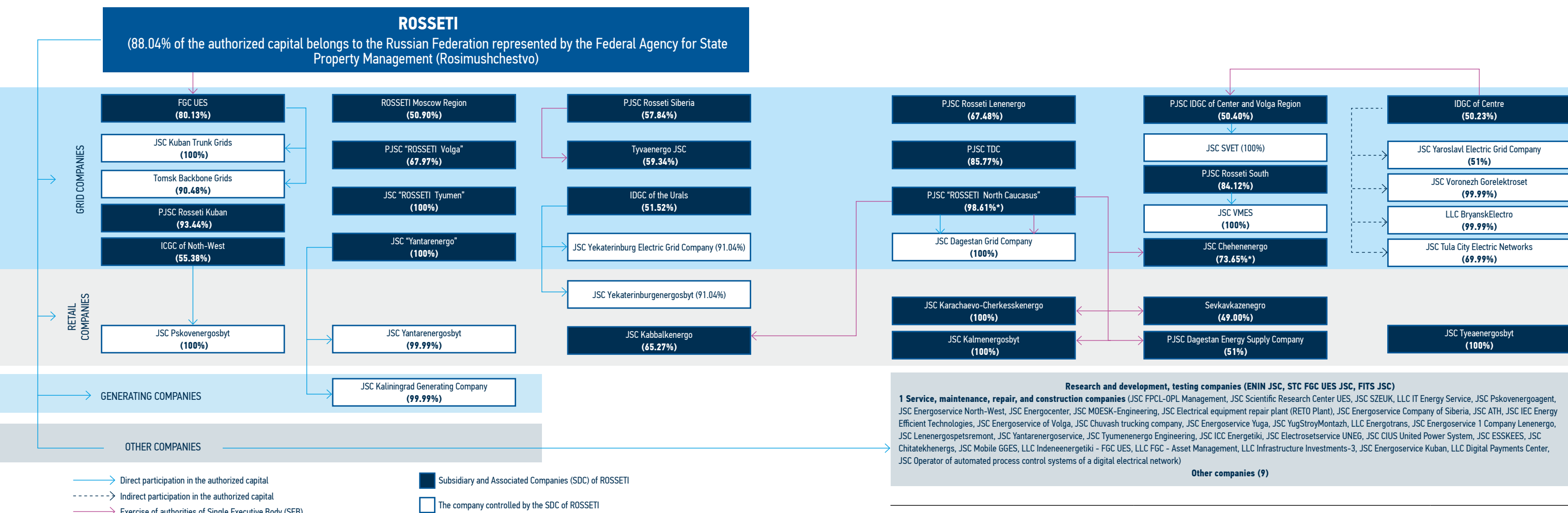


Share of ROSSETI Group companies in quotation lists of the Moscow Exchange



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

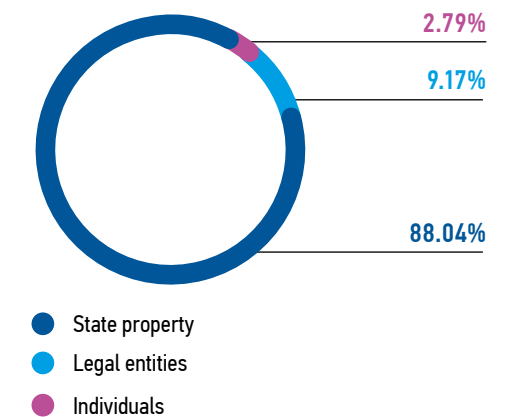
The share of ROSSETI shares in free float is 11.1% for ordinary shares, 53% for preferred shares¹.

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

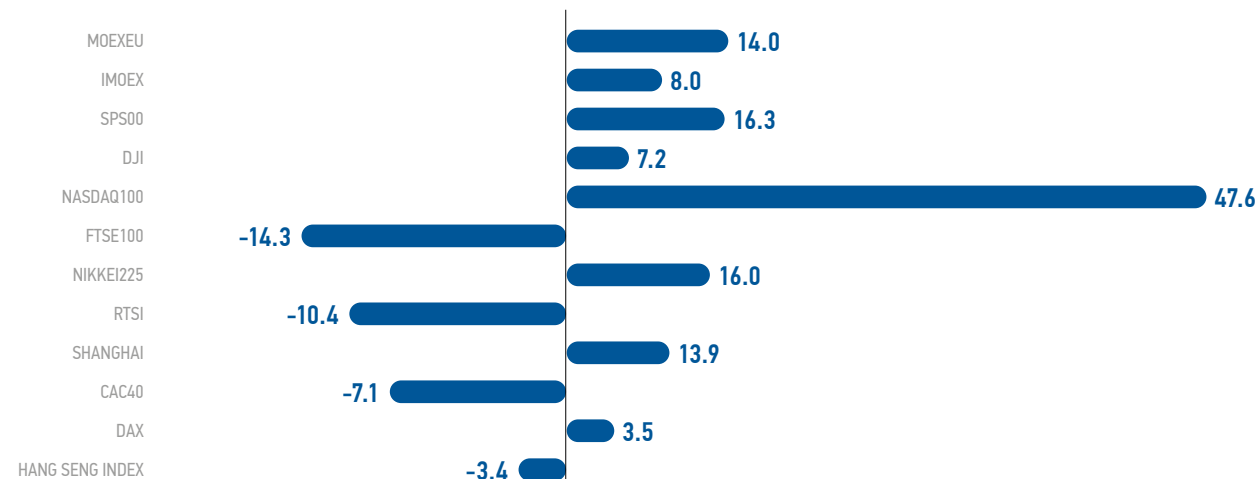
Index	Weight, % ³
ESG indices	
Responsibility and Transparency	0.39 OS
Sustainability Vector	5.23 OS
International indices	
FTSE All-World	<0.005 OS =
FTSE Emerging	0.08 OS =

¹ As at December 31, 2020.

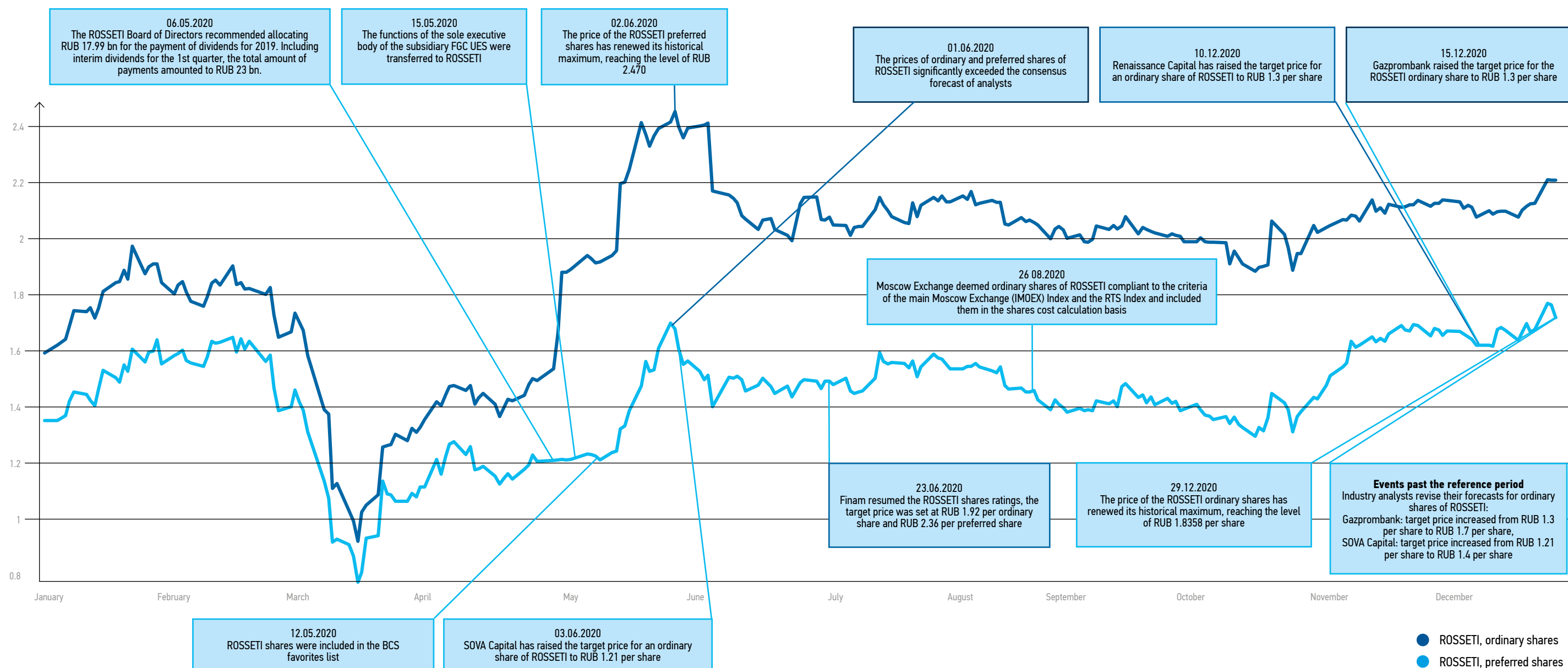
² From September 2020.

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

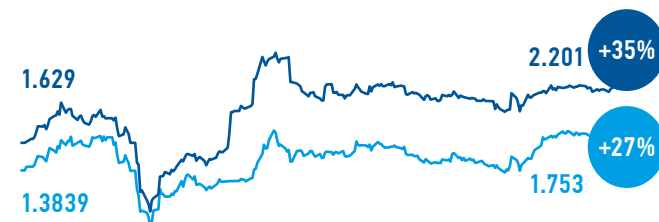


Information on trading in ROSSETI's shares

	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

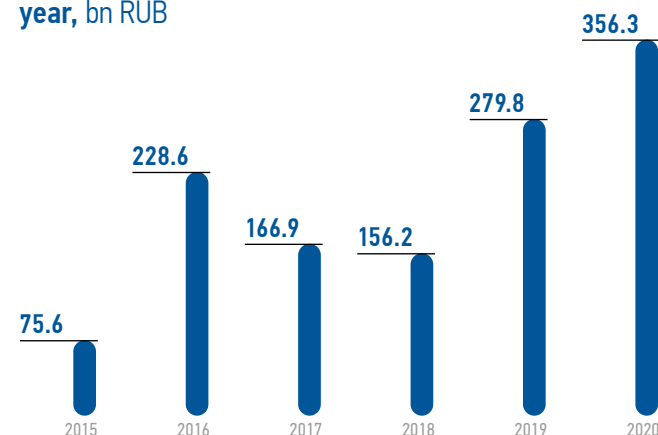
Performance of ROSSETI shares in 2020, RUB



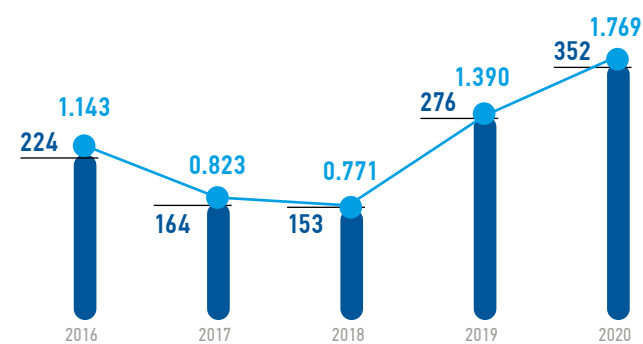
- Preferred shares
- Ordinary shares

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

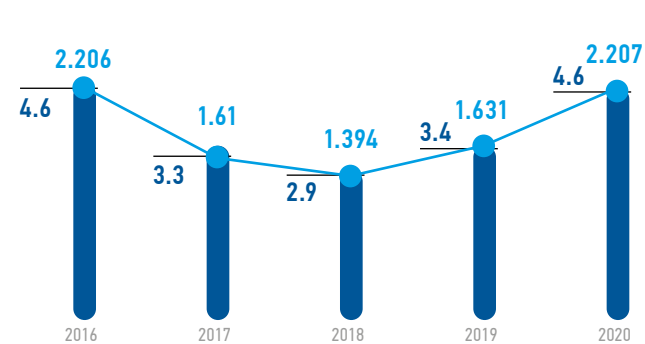


Volume weighted average price of ROSSETI ordinary shares, RUB



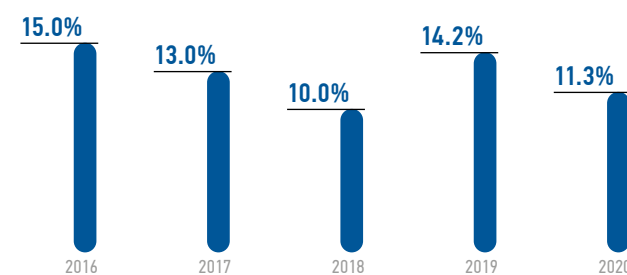
- Capitalization, bn RUB
- Volume weighted average price, RUB

Volume weighted average price of ROSSETI preference shares, RUB

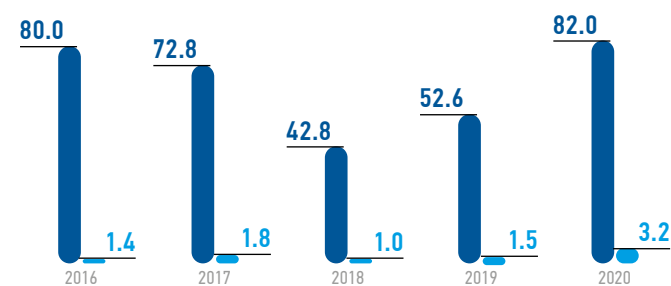


- Capitalization, bn RUB
- Volume weighted average price, RUB

ROSSETI's stock trading volumes vs. MOEXEU turnover, %



ROSSETI's stock trading volume, pcs.

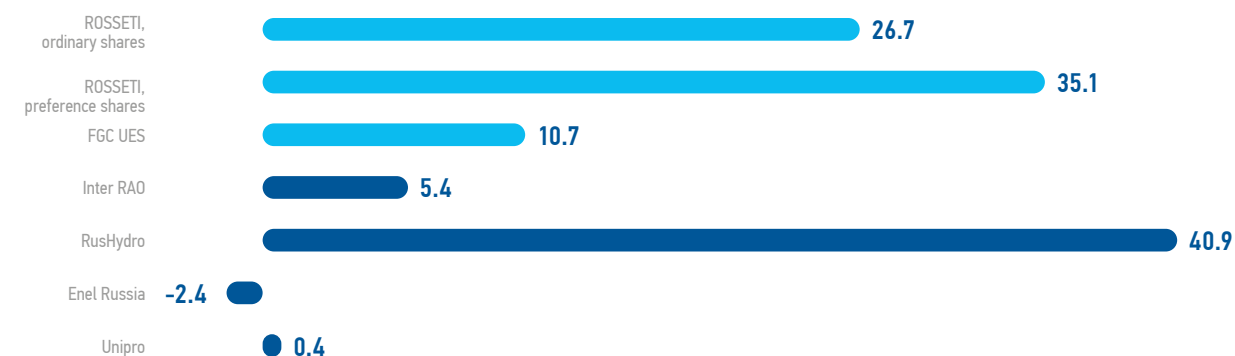


- Ordinary shares
- Preferred shares

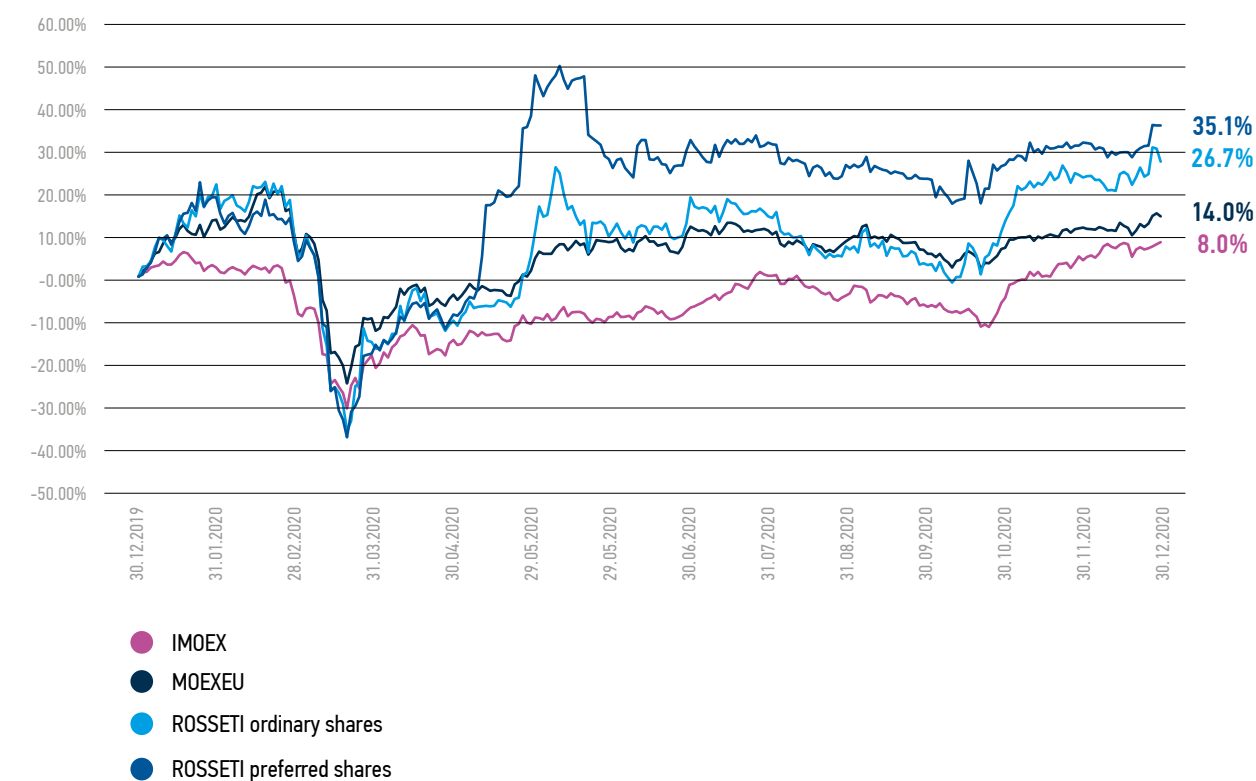
2020 was marked by high volatility in world markets due to the complex epidemiological situation worldwide and uncertainty in the commodity market. In March 2020, IMOEX has dropped to a new low since 2008, with a decrease of more than 30% from the beginning of the year. Due to improved internal efficiency 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%.

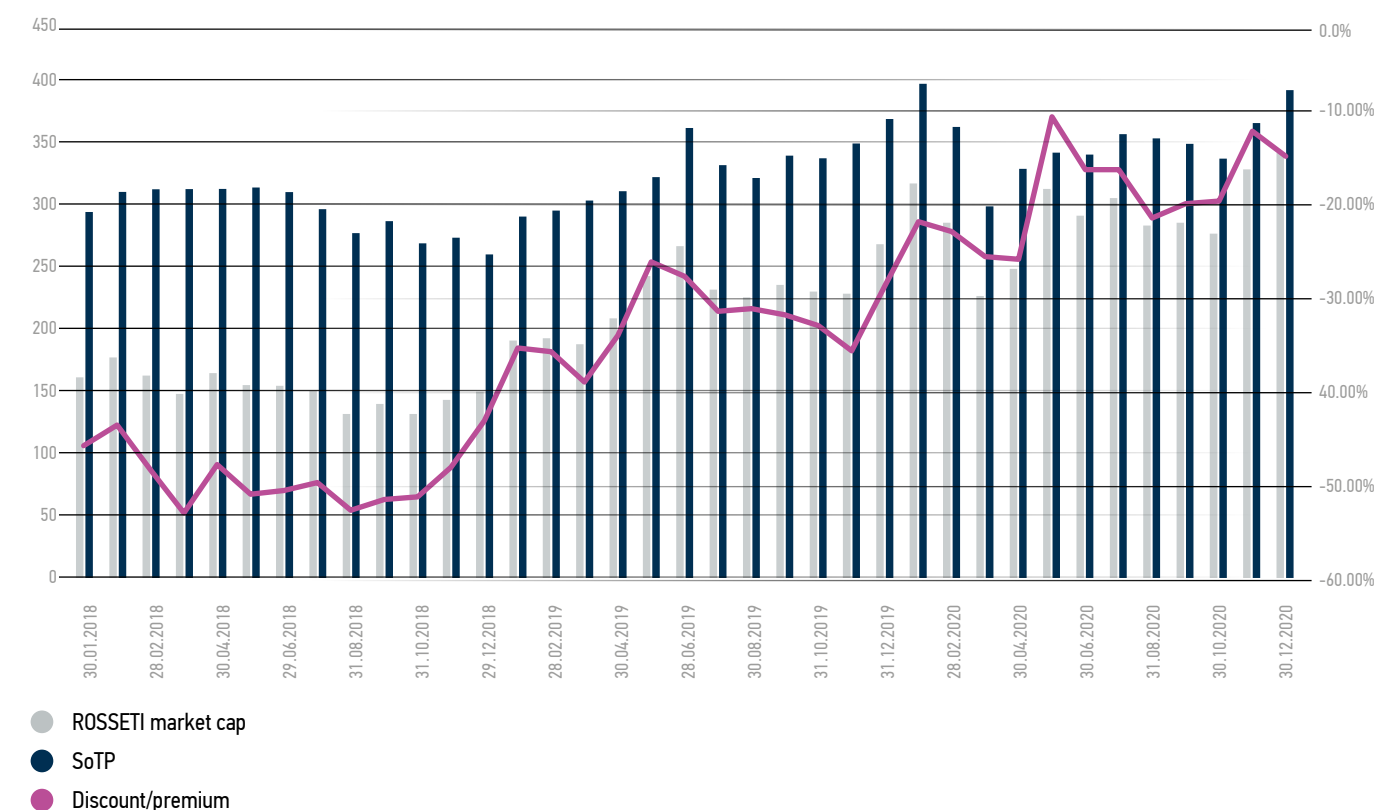
Fluctuation in the value of shares of major Russian energy companies through 2020, %



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/analitics/>



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.