

CORPORATE GOVERNANCE REPORT

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Corporate governance at Rosseti FGC UES provides high efficiency of decision-making, optimisation of business processes and control of their performance, corporate risk management, and information openness. Corporate governance is compliant with the principles of responsibility, accountability, fairness and transparency. The Company meets the requirements of laws and advanced corporate governance standards to the letter.



Statement by the Chairman of the Board of Directors of PJSC FGC UES

In the reporting year, Rosseti FGC UES continued work to improve its corporate governance system.

The Board of Directors adopted a new version of the Corporate Governance Code, which was prepared in accordance with the requirements of the listing rules of the Moscow Exchange along with the recommendations of the Bank of Russia's Corporate Governance Code. According to the results of self-assessment, Rosseti FGC UES fully or partially observes 97% of the principles and recommendations of the Russian Corporate Governance Code.

The Board of Directors is a key figure in the system of corporate governance. Its composition complies with the Company goals and objectives, and it is balanced in terms of the number of Board members with the necessary professional knowledge, competencies, business skills and experience: 3 out of the 11 members of the Board of Directors are independent directors, which facilitates the achievement of a high level of quality in terms of management decisions, taking into account the interests of stakeholders.

The Board of Directors committees take part in making decisions related to key issues of strategic development, investment activity, incentives and KPIs, internal audits and monitoring. In accordance with the recommendations of the Russian Corporate Governance Code, the HR and Remuneration Committee and the Audit Committee are made up of independent directors. The members of the Strategy Committee and the Investment Committee serve as representatives both of management and of parent company PJSC Rosseti. This makes it possible to receive the necessary expertise on key issues related to planning Rosseti FGC UES activities.

In line with its commitment to the principles of sustainable development, the Company carries out the ongoing work to reduce its environmental footprint, and ensure a balance between the economic and social aspects of its activities.

The Company strives to make the maximum possible contribution to achieving its Sustainable Development Goals, which were approved by the UN General Assembly in 2015, with the aim to solve the most acute problems facing the international community.

In 2019, the Sustainable Development Policy was developed, which defines the goals, objectives and principles of Company activity in this sphere, including the approaches to interacting with stakeholders and preparation of reports. It is in our interest to develop a corporate governance system to raise the Company's efficiency and competitive position. This enables us to ensure growth in shareholder value, achieve our long-term goals, and ensure the sustainable development of Rosseti FGC UES.

More information on the Company's achievements in the area of sustainable development can be found in the corresponding section.

Chairman of PJSC FGC UES
Board of Directors
P. Livinsky

Memorandum of the major shareholder of PJSC Rosseti regarding affiliated electric grid companies

PJSC Rosseti is a public holding company with a state share in the authorised capital of 88.04%, established in accordance with Decree of the President of the Russian Federation No. 1567 of 22 November 2012; the Company aimed at increasing the efficiency and development of the electric grid complex of the Russian Federation, as well as coordinating work on management of this complex through subsidiaries and affiliates.

PJSC Rosseti owns a controlling stake in 14 distribution grid companies⁵⁸ (PJSC Kubanenergo, PJSC Lenenergo, PJSC Moscow United Electric Grid Company, PJSC IDGC of Volga, PJSC IDGC of North-West, PJSC IDGC of North Caucasus, PJSC IDGC of Siberia, PJSC IDGC of Urals, PJSC IDGC of Centre, PJSC IDGC of Centre and Privolzhye, PJSC IDGC of South, PJSC TDC, JSC Rosseti Tyumen, JSC Yantarenergo) and 1 backbone power grid company (PJSC FGC UES). The disposal of these assets is not considered.

PJSC Rosseti identified the strategic development priorities of the Group companies:

- providing reliable, high-quality and affordable power supply in the new digital environment;
- ensuring further efficiency increase of the main electric power transmission business;
- promotion of legislative initiatives aimed at developing the industry;
- maintaining a balance of interests for all parties: the state / consumers / shareholders / investors;
- development of new areas of activity, such as non-tariff and consumer services, through digital transformation to ensure the Company's resilience to changes in the industry.

PJSC Rosseti manages the companies of the Group in accordance with unified corporate standards aimed at ensuring the efficiency of business processes, controlling their quality, minimising all types of corporate risks, and maintaining informational and operational transparency.

⁵⁸ PJSC Kubanenergo provides services under the brand name Rosseti Kuban.
PJSC Lenenergo provides services under the brand name Rosseti Lenenergo.
PJSC MOESK provides services under the brand name Rosseti Moscow Region.
PJSC IDGC of Volga provides services under the brand name Rosseti Volga.
PJSC IDGC of North-West provides services under the brand name Rosseti of North-West.
PJSC IDGC of North Caucasus provides services under the brand name Rosseti North Caucasus.
PJSC IDGC of Siberia provides services under the brand name Rosseti Siberia.
JSC IDGC of Urals provides services under the brand name Rosseti Ural.
PJSC IDGC of Centre provides services under the brand name Rosseti Centre.
PJSC IDGC of Centre and Privolzhye provides services under the brand name Rosseti of Centre and Privolzhye.
PJSC IDGC of South provides services under the brand name Rosseti South.
PJSC TDC provides services under the brand name Rosseti Tomsk.
JSC Yantarenergo provides services under the brand name Rosseti Yantar.
PJSC FGC UES provides services under the brand name Rosseti FGC UES.

General information on the Company's corporate governance

GRI 102-16

Corporate governance in the Company is based on the corporate governance principles set forth in the Corporate Governance Code recommended by the Bank of Russia, as well as on the provisions of Corporate Governance Code of PJSC FGC UES.⁵⁹

Transparency	The Company provides timely disclosure of complete and reliable information about all significant facts relating to its activities, including its financial situation, performance results (social and environmental), the ownership and management structure of the Company, as well as free access to such information by shareholders and stakeholders.
Accountability	According to the legislation of the Russian Federation, the Corporate Governance Code and International Corporate Governance Standards, the Board of Directors of the Company reports to the shareholders of the Company.
Fairness	The Company is obliged to ensure equal and fair treatment of all shareholders and to protect their rights; it provides all shareholders with the opportunity to receive effective protection if their rights are violated.
Responsibility	The Company recognizes and ensures the rights of shareholders and stakeholders stipulated by the legislation of the Russian Federation.

The Company conducts a systematic assessment of corporate governance with presentation of its results for the Board of Directors (or relevant committee). The Company meets the requirements of laws and a number of advanced corporate governance standards.



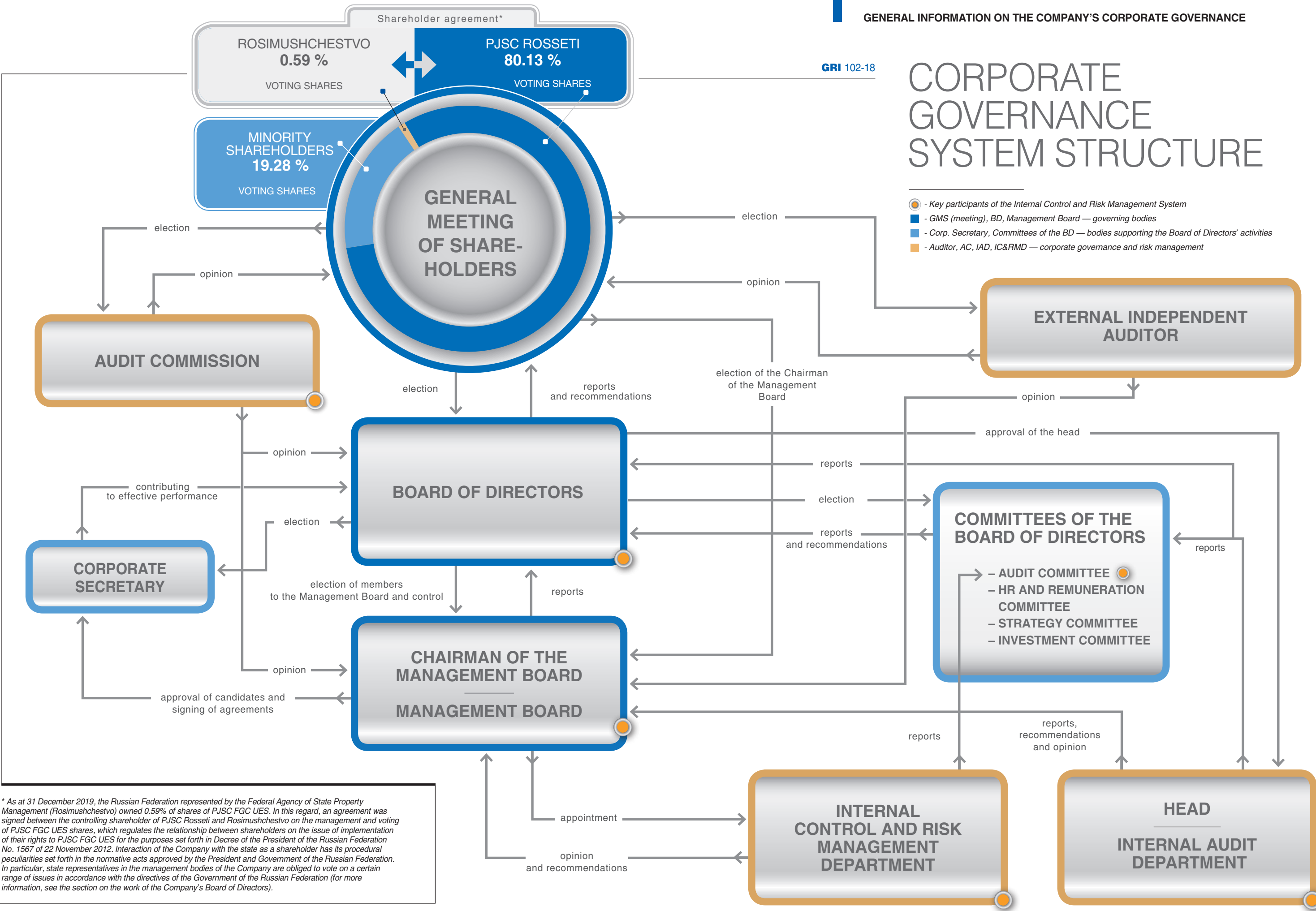
For more information on key elements of the corporate governance system of Rosseti FGC UES, please see the Articles of Association and internal documents of PJSC FGC UES at www.fsk-ees.ru/eng, section Investors/ Corporate Governance/ Corporate Documents.

⁵⁹ The new version was approved by the resolution of the Board of Directors of PJSC FGC UES, Minutes No. 444 of 23 April 2019.

GRI 102-18

CORPORATE GOVERNANCE SYSTEM STRUCTURE

- - Key participants of the Internal Control and Risk Management System
- - GMS (meeting), BD, Management Board — governing bodies
- - Corp. Secretary, Committees of the BD — bodies supporting the Board of Directors' activities
- - Auditor, AC, IAD, IC&RMD — corporate governance and risk management



* As at 31 December 2019, the Russian Federation represented by the Federal Agency of State Property Management (Rosimushchestvo) owned 0.59% of shares of PJSC FGC UES. In this regard, an agreement was signed between the controlling shareholder of PJSC Rosseti and Rosimushchestvo on the management and voting of PJSC FGC UES shares, which regulates the relationship between shareholders on the issue of implementation of their rights to PJSC FGC UES for the purposes set forth in Decree of the President of the Russian Federation No. 1567 of 22 November 2012. Interaction of the Company with the state as a shareholder has its procedural peculiarities set forth in the normative acts approved by the President and Government of the Russian Federation. In particular, state representatives in the management bodies of the Company are obliged to vote on a certain range of issues in accordance with the directives of the Government of the Russian Federation (for more information, see the section on the work of the Company's Board of Directors).

Development of the corporate governance system

In order to improve the corporate governance system, the Company continues to implement and adapt the best corporate governance principles, taking into account the specifics and structure of PJSC FGC UES Group.

Area of improvement	Measures and actions in 2019
Protection of shareholder rights	<ul style="list-style-type: none">As last year, the shareholders were given the opportunity to vote on agenda issues at the Annual and Extraordinary General Meetings of Shareholders via electronic bulletin forms at the website of JSC STATUS Registrar Company, which holds the register of the Company security owners.Additionally, the shareholders of PJSC FGC UES were given the opportunity to send questions related to General Meetings of Shareholders to a dedicated email address; PJSC FGC UES Shareholders Forum was also organised.
Management efficiency improvement	<p>The new version of the Corporate Governance Code of PJSC FGC UES was approved.⁶⁰ The amendments and supplements were added to the document including, but not limited to:</p> <ul style="list-style-type: none">a systematic assessment of corporate governance by the Company with presentation of its results to the Board of Directors of the Company (relevant Committee of the Board of Directors of the Company);annual assessment of activities, conducting by the Board of Directors of the Company through self-assessment or an assessment involving an independent consultant (an assessment involving an independent consultant is carried out at least once every three years);bringing the criteria for independence of the members of the Board of Directors in balance with the criteria provided in the Listing Rules of PJSC Moscow Exchange;consideration of the most important issues, stipulated by clause 168 of the Russian Corporate Governance Code, is a priority at in-person meetings of the Board of Directors of the Company, unless otherwise decided by the Chairman of the Company’s Board of Directors;the possibility of electing a Senior Independent Director from among other independent members of the Board of Directors of the Company, indicating his role and main functions. <p>These amendments are aimed at ensuring continuity and development of positive management practice in the Company.</p>
Information disclosure	<p>The new version of the Regulation on the Information Policy of PJSC FGC UES was approved.⁶¹ In the new version there is an extended list of information that the Company is obliged to disclose additionally on the official website of the Company in accordance with the principles of the Russian Corporate Governance Code. The right of the Sole Executive Body and the Board of Directors of the Company to establish an additional list of information to be disclosed at the initiative of the Company has been secured. In accordance with the recommendations of the Russian Corporate Governance Code, section Measures to Ensure Monitoring of Information Policy Observance is also included.</p> <p>The new version of the Provision on the Protection of Insider Information of PJSC FGC UES was approved⁶² with account for the changes made to the Federal Law “On Combating Unfair Use of the Insider Information and Market Scheming...”.⁶³ Amendments were made to the reporting on compliance with the requirements of the Insider Law; responsibilities for the approval of additional documents of the Company regarding the rules for protecting the confidentiality of insider information and monitoring procedure of adherence to the requirements of the Insider Law were recorded; and the terms of transactions using financial instruments were specified.</p>
Sustainable development	<p>The Company has developed a Sustainable Development Policy that defines the goals, objectives and principles of the Company’s activities in the field of sustainable development, as well as approaches to interaction with stakeholders and reporting principles.</p> <p>For the first time, equity shares of PJSC FGC UES are included in the Moscow Exchange Index Calculation Base — RSPP: Responsibility and Openness, and Vector of Sustainable Development.</p>

⁶⁰ Meeting Minutes of the Board of Directors of PJSC FGC UES No. 444 of 25 April 2019.

⁶¹ Meeting Minutes of the Board of Directors of PJSC FGC UES No. 445 of 26 April 2019.

⁶² Meeting Minutes of the Board of Directors of PJSC FGC UES No. 463 of 12 August 2019.

⁶³ Federal Law No. 224-FZ of 27 July 2010.



“ The Company is not confined by the results achieved in improving the corporate governance system. In 2020, the Company is going to approve the self-assessment methodology of the Board of Directors and make amendments to the Corporate Governance Code in order to further introduce certain recommendations of the Russian Corporate Governance Code into the Company’s work. It is also planned to implement the Sustainable Development Policy and Corporate Social Responsibility Policy, as well as measures to improve the quality of disclosure of non-financial information, including ESG principles in the Annual Report and on the Company’s official website. ”

Maria Tikhonova
Deputy Chairman of the Management Board of PJSC FGC UES,
Member of the Management Board of PJSC FGC UES

Assessment of corporate governance quality

We pay great attention to the quality of corporate governance and its efficiency analysis, both attracting external consultants in order to obtain an objective external assessment and the dynamics of its development, and using tools and methods of internal self-assessment.

Independent corporate governance assessment

The Company constantly engages an external consultant on corporate governance issues as an independent expert; this allows to monitor ongoing changes and consistently introduce tools of management system improvement, as well as elements of best practices. For several years, we have been attracting the Russian Institute of Directors as an external appraiser that monitors the development of the corporate governance system.

National Corporate Governance Rating 7++ Well-Developed Corporate Governance Practice	Only 4 out of 19 companies have a higher rating of the corporate governance quality among the rating participants who disclose information on the National Corporate Governance Rating.
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In October 2019, following assessment of the corporate governance quality of PJSC FGC UES, the Russian Institute of Directors confirmed the rating assigned in 2017 at the level of 7++, which implies the following characteristic of the corporate governance system:

“The Company observes the requirements of Russian legislation in the sphere of corporate governance and follows a considerable number of the recommendations of the Russian Corporate Governance Code. The Company is characterised by rather low risks of ownership loss, associated with the quality of corporate governance.”

The Russian Institute of Directors Assessment Methodology has 160 criteria for 4 components:

- shareholders' rights;
- activities of supervision and control authorities;
- information disclosure;
- corporate social responsibility and sustainable development.

For more information on Assessment Methodology, please see [Russian Institute of Directors](#) website.

During the assessment by the Russian Institute of Directors, positive practices were maintained:

- the Company possesses good dividend history;
- authorities of the Company's Board of Directors regarding decision-making on material transactions were extended;
- the list of materials to prepare for the General Meeting of Shareholders was extended in compliance with the recommendations of the Russian Corporate Governance Code;
- the Company conducts AGM online broadcasting.

In addition, positive changes in the corporate governance were noted:

- approval of the new version of the Corporate Governance Code of PJSC FGC UES, which takes into account a number of additional recommendations in the field of corporate governance;
- approval of the new version of the Regulation on the Information Policy of PJSC FGC UES.



For more information on the Research, see [link](#).

The Russian Institute of Directors identified corporate governance areas of improvement:

- increase in the number of in-person meetings of the Company's Board of Directors and its committees. At the same time, there is a positive dynamic in the growth in number of meetings of the Board of Directors compared to 2018;
- implementation of mechanisms to monitor voting with quasi-treasury shares by the Board of Directors;
- amendments to the Articles of Association in terms of referring the issue of sole executive body election to the competence of the Board of Directors.

In addition to the assessment conducted by the Russian Institute of Directors, the high quality of corporate governance in the Company was also noted by a number of other consultants. Thus, according to 2019 National Corporate Governance Index Research, PJSC FGC UES is among the Top 20 leaders by the quality of information disclosed on the principles of corporate governance.

Self-assessment of corporate governance quality

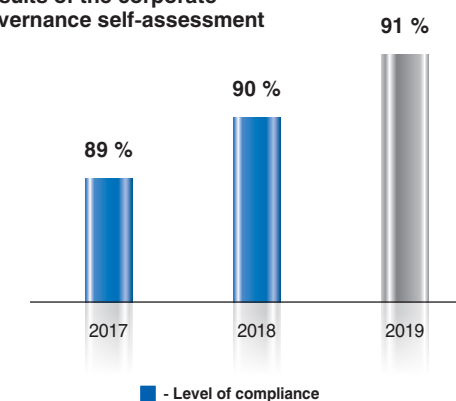
In addition to the external assessment, the Company also carries out a self-assessment of the corporate governance. It is conducted in accordance with the Corporate Governance Self-Assessment Methodology of PJSC FGC UES, based on the recommendations of the Bank of Russia on assessing compliance with the Russian Corporate Governance Code.

The results of the assessments indicate the effectiveness of measures taken by the Company to develop the corporate governance system.

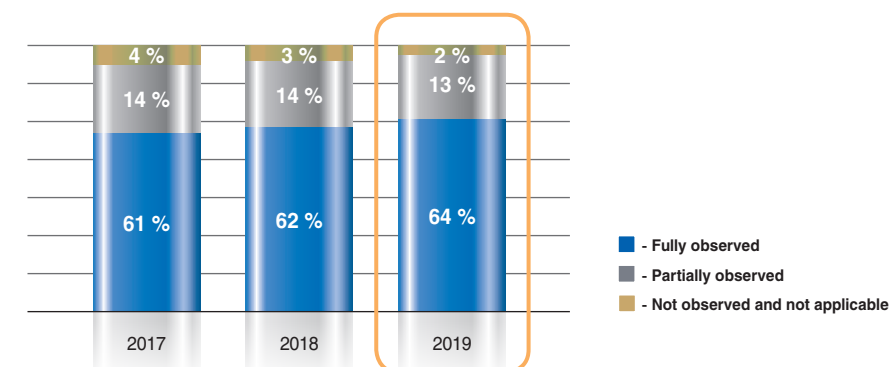


The Report on Compliance with the Principles and Recommendations of the Russian Corporate Governance Code is presented in Appendix 2.

Results of the corporate governance self-assessment



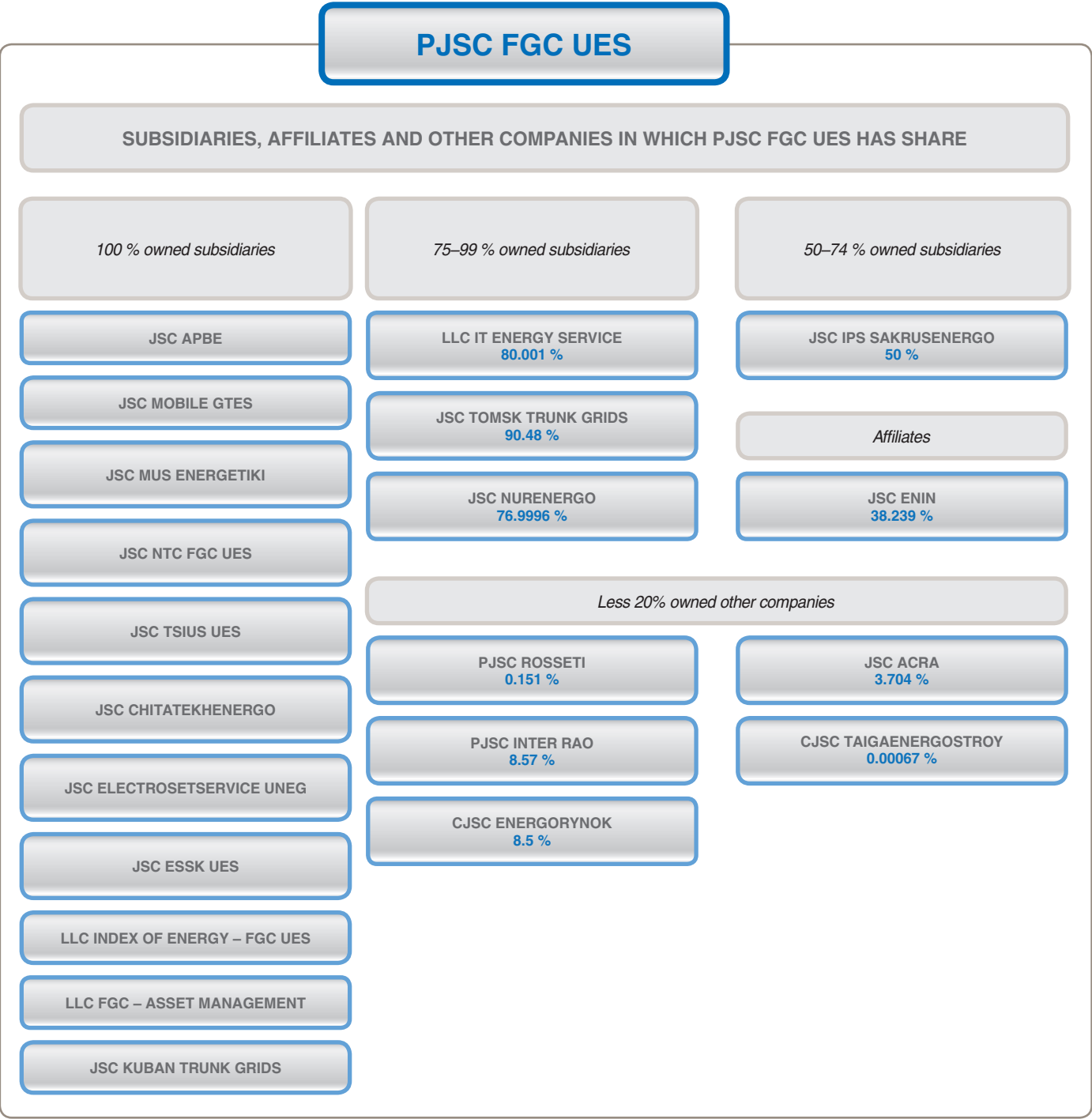
Observance of principles and recommendations of the Corporate Governance Code



RESULT
OF THE 2019
CORPORATE GOVERNANCE
SELF-ASSESSMENT
91 %

Management of affiliates

Structure of Rosseti FGC UES Group



PJSC FGC UES includes 45 regional branches, with 8 branches of the main power systems (MPS) and 36 branches of the enterprises of the main power systems (EMPS), as well as Bely Rast Special Production Plant.

PJSC FGC UES participates in 21 business entities that operate in different industries, including those that support electrical grid facilities.

Key management mechanisms with affiliates

The main forms of interaction between PJSC FGC UES and its subsidiaries and affiliates are as follows:

- PJSC FGC UES Board of Directors reviews issues pertaining to the Company representatives’ position on draft decisions on issues included in the agendas of General Meeting of Shareholders and meetings of the boards of directors (Supervisory Boards) of subsidiaries and affiliates;
- PJSC FGC UES contributes to the drafting of proposals and decision-making by the management bodies of its subsidiaries and affiliates through the Company’s representatives at General Meetings of Shareholders/Participants and at the meetings of the boards of directors (Supervisory Boards) of subsidiaries and affiliates;
- the Management Board of PJSC FGC UES considers the issues of interaction between PJSC FGC UES and its subsidiaries and affiliates in accordance with its competence determined by the Articles of Association of PJSC FGC UES.

In 2019, the Board of Directors of PJSC FGC UES considered 12 issues on determining the position of the agenda items at General Meetings of Shareholders and those of Boards of Directors of its subsidiaries.

Policies of PJSC FGC UES on management of subsidiaries and affiliates

Managing subsidiaries and business entities in which PJSC FGC UES participates is regulated by the Company’s internal documents:

- Regulation on Managing PJSC FGC UES Subsidiaries, Affiliates and Other Business Entities in which PJSC FGC UES Participates;
- Standard for Drawing Up Summary Instructions for representatives of PJSC FGC UES on Issues Included in Agendas of General Meetings of Shareholders/Participants and Meetings of the Boards of Directors (Supervisory Boards) of Entities in which PJSC FGC UES Participates;
- Procedure for Calculating and Assessment of KPI Achievement by Subsidiaries and Other Entities in which PJSC FGC UES Participates;
- Business Planning Procedure for PJSC FGC UES Subsidiaries and Affiliates;
- Regulation on Ensuring Financial Sustainability of PJSC FGC UES Subsidiaries, Affiliates and Other Entities in which PJSC FGC UES Participates;
- Procedure for Interaction of Departments of PJSC FGC UES Executive Office with PJSC FGC UES Subsidiaries and Affiliates when Collecting Information and Verifying the Data Received for Calculation and Evaluation of KPI Achievement;
- Order of PJSC FGC UES on Approval of Standards and Template Regulations on Managing Subsidiaries and Affiliates;
- Order of PJSC FGC UES on Organisation of Work of PJSC FGC UES Representatives on the Boards of Directors and Committees of Organisations that are not PJSC FGC UES Subsidiaries;
- other organisational and administrative documents of PJSC FGC UES.

General Meeting of Shareholders

The General Meeting of Shareholders (hereinafter referred to as the Meeting) is the supreme management body of PJSC FGC UES, ensuring that shareholders exercise their rights to manage the Company.

PJSC FGC UES defined a list of additional materials to be provided to shareholders when preparing for the General Meeting to enable them to take well-founded decisions. These materials include the position of the Board of Directors regarding the Meeting's agenda, expanded information about candidates for governing and control bodies, tables of comparisons with the current revisions of amendments to the internal documents of the Company. All materials are disclosed on the Company's website, in English and Russian, not later than 30 days prior to the date of the General Meeting of Shareholders.

The PJSC FGC UES Regulations on the General Meeting of Shareholders⁶⁴ provide clear procedures for its holding, including an opportunity for shareholders to ask questions on the agenda items. Shareholders are able to put questions directly to the members of governing and control bodies, the Chief Accountant and the Company's auditors, who shall be mandatory invited to attend the Meeting.

Additionally, the shareholders of PJSC FGC UES were given the opportunity to send questions related to AGM to a dedicated email address; PJSC FGC UES Shareholders Forum was also organised. On the Internet site of PJSC FGC UES, AGM video broadcasting was organised.

Organisation of General Meetings of Shareholders

General Meetings of Shareholders are one of the key events in the activities of the Company. The Company responsibly conducts the organisation of Meetings, striving to ensure maximum comfort and awareness of shareholders. In addition to the features noted above during the organisation of these Meetings, we ensure the implementation of additional measures in the interests of shareholders and investors, such as

- ensuring participation in the Meeting of representatives of key stakeholder groups, including mass media representatives in order to give them the opportunity to provide information on all interesting issues;
- completeness and information value of materials, including recommendations of committees of the Board of Directors and the Board of Directors of the Company, full information about candidates for governing bodies, detailed reports and demonstration materials;
- placement and storage of information in the public domain on the official website of the Company for several years;
- holding Meetings in convenient locations in Moscow with the opportunity of unhindered access for all shareholders;
- implementation and active development of remote services.

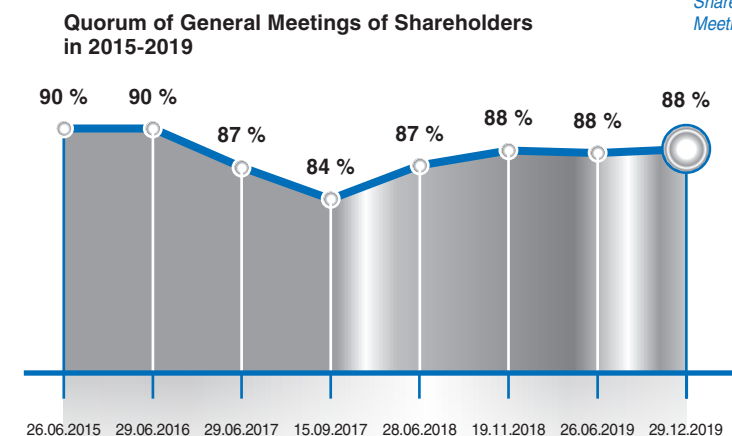
General Meetings of Shareholders in 2019

Annual General Meeting of Shareholders Date: 26 June 2019 Meeting (joint presence) in Moscow Quorum: 87.9320%	Resolutions taken: <ul style="list-style-type: none"> ● the Annual Report of PJSC FGC UES for 2018 was approved; ● the annual accounting (financial) reporting of PJSC FGC UES for 2018 was approved; ● the distribution of the Company's profit and loss according to the results of the 2018 reporting year was approved; ● the amount of dividends, the term and form of their payment based on the results of work for 2018 are determined and the date is set on which persons who are entitled to receive dividends are determined; ● the payment of remuneration for work on the Board of Directors to members of the Board of Directors who are not civil servants was approved in the amount established by the internal documents of PJSC FGC UES; ● the payment of remuneration for work in the Audit Commission to members of the Audit Commission who are not civil servants in the amount established by the internal documents of PJSC FGC UES was approved; ● the Board of Directors of PJSC FGC UES was elected; ● the Audit Commission of PJSC FGC UES was elected; ● the auditor of PJSC FGC UES was approved.
Extraordinary General Meeting of Shareholders Date: 30 December 2019 Absentee voting Quorum: 88.2681%	The decision was made to determine the amount of dividends, the timing and form of payment according to the results of work for 9M 2019.

Quorum of General Meetings of Shareholders

The quorum of General Meetings of Shareholders for several years has traditionally been ~ 88% (PJSC Rosseti and the Russian Federation own ~ 80.7% of the voting shares), thus, it means that about 40% of the total number of minority shareholders is fairly high indicator, taking into account the federal scale and geography of the Company's minority shareholders.

The Company conducts a deliberate and consistent policy of abstaining from voting on quasi-treasury shares (1.07% of voting shares) owned by a 100% subsidiary — FGC-Asset Management LLC. This is thoroughly aligns with the interests of minority shareholders and best management practices.



Minutes of the General Meetings of Shareholders are available on the website www.fsk-ees.ru/eng in section Investors/Corporate Governance/Shareholders Meetings.

⁶⁴ Approved by the resolution of the General Meeting of Shareholders of PJSC FGC UES, minutes No. 16 of 30 June 2015

The Company's Board of Directors

GRI 102-26

The PJSC FGC UES Board of Directors plays a key role in the Company's management system ensuring its consistent and effective development in the interests of the Company. The powers of the Board of Directors are determined by the requirements of federal legislation and additionally substantially expanded by the Company's Articles of Association. In particular, the Board of Directors is responsible for the Company's strategic development, approves the budget and the investment programme, reviews reports on their implementation, monitors the execution of tasks set by the Company's management, and analyses and ensures the necessary resources are available.

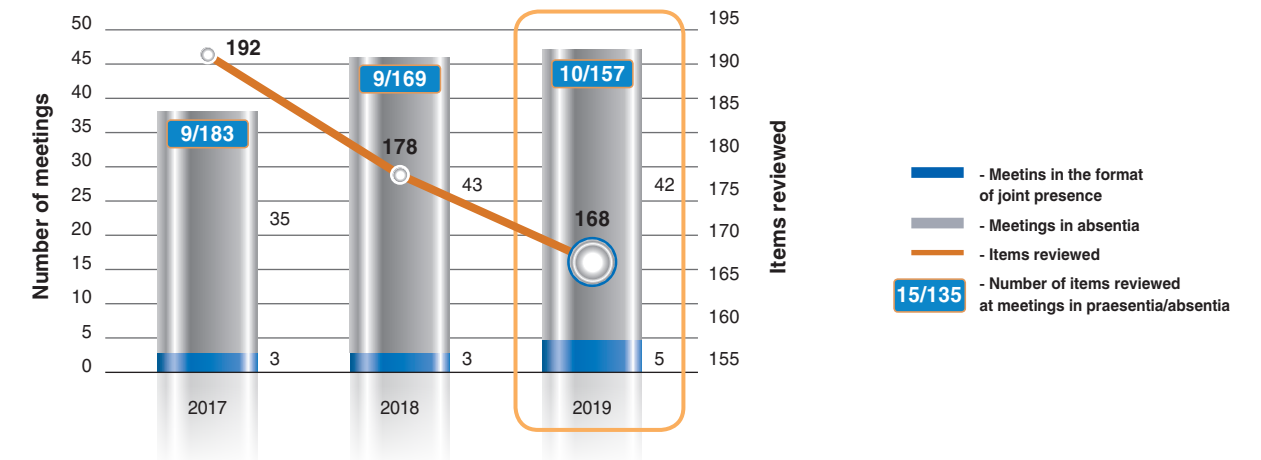
	Board of Directors / Collegiate governing body
Functions	General strategic management in the Company, ensuring equal guarantees of the interests of shareholders and investors.
Accountability	Accountable to the Company's General Meeting of Shareholders.
Appointment/election procedure	The membership of the Board of Directors is elected by the General Meeting of Shareholders of the Company from candidates proposed by shareholders holding at least 2% of voting shares in the Company. The Chairman of the Board of Directors is elected by majority vote from the formed Board of Directors.
Term of office	One year (until the next Annual General Meeting of Shareholders). All the members of the Board of Directors may be re-elected at the Extraordinary General Meeting of Shareholders.
Membership	The elected members of the Board of Directors have the following status: <ul style="list-style-type: none"> ● executive director (who is also a member of the Company's executive bodies); ● independent director (meets the independence criteria); ● non-executive director (other directors).

In accordance with the Company's Articles of Association, three categories of issues are referred to the competence of the Board of Directors.

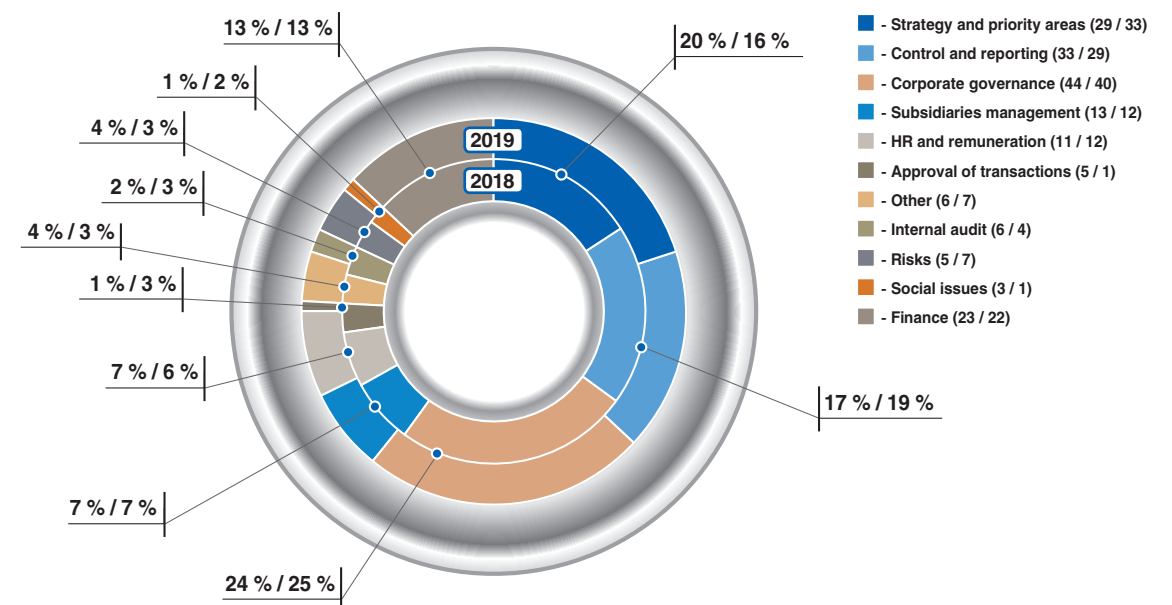
Mandatory issues	Issues referred to the exclusive competence of the Company's Board of Directors, Article 65 of the Federal Law "On joint-stock companies".
Additional issues	Issues referred to the competence of the General Meeting of Shareholders and transferred, in accordance with the Company's Articles of Association and Article 48 of the Federal Law "On joint-stock companies", to the Board of Directors: <ul style="list-style-type: none"> ● increase in the Company's authorised capital due to an issue of additional shares; ● establishment of the Company's collegiate executive body, early termination of powers of the collegiate executive body members.
Extended competence	Issues referred to the competence of the executive management bodies and transferred to the competence of the Company's Board of Directors by the Articles of Association, internal documents and decisions of the PJSC FGC UES Board of Directors: <ul style="list-style-type: none"> ● finance and investments; ● management of key business processes; ● subsidiaries management on key business issues; ● internal control, audit and risk management; ● internal documents and policies; ● other issues.

In total, 47 meetings were held in 2019, 5 of them in a joint presence format. 168 issues were considered, of which a quarter were issues of corporate governance.

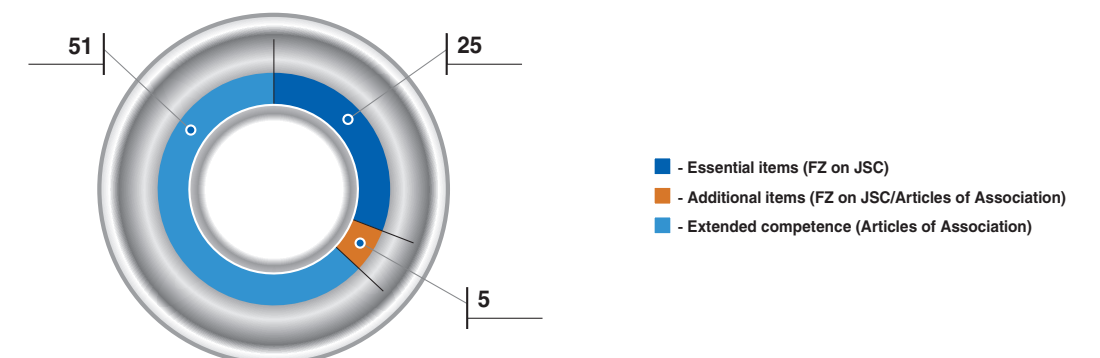
Performance statistics of the Board of Directors



Item categories (2019/2018)



Distribution of competences of the Board members when reviewing the items







Participation of members in meetings of the Board of Directors and its Committees

Board member	Board of Directors		Audit Committee	HR and Remuneration Committee	Strategy Committee	Investment Committee
Pavel Livinsky	47/47	100 %				
Pavel Grachev	47/47	100 %	100 %	100 %		
Pavel Grebtsov (since 26 June 2019)	27/27	100 %			100 %	
Igor Kamenskoy	47/47	100 %	100 %	100 %		100 %
Andrey Murov	47/47	100 %				
Nikolay Roshchenko	46/47	98 %				
Olga Sergeeva (since 26 June 2019)	27/27	100 %				
Sergey Sergeev	47/47	100 %				
Pavel Snikkars	43/47	91 %			100 %	100 %
Ernesto Ferlenghi	45/47	96 %	100 %	100 %	100 %	
Vladimir Furgalsky (since 26 June 2019)	27/27	100 %			100 %	
Andrey Demin (until 26 June 2019)	20/20	100 %				
Oksana Shatkhina (until 26 June 2019)	20/20	100 %				
Egor Prokhorov (until 26 June 2019)	18/20	90 %				

Report of the Board of Directors on results of the Company's development in priority business areas

GRI 102-34

In 2019, the Company's Board of Directors continued to develop the Company in the priority areas defined in the Company's Long-term Development Programme.

Strategic objective	Resolutions taken
Reliability and quality of energy supply 	<p>The upgraded Resource Plan on ensuring the implementation of the Development Plan of the Industrial Assets Management System of PJSC FGC UES for 2017–2020 was approved. ⁶⁵ Cost estimation of implementation of the Resource Plan objectives was increased by RUB 210.4 million due to the functional scope of projects being specified.</p> <p>To reduce risks of cyber threats, a decision on the transition to the use of mainly domestic software was taken.</p>
Customer satisfaction 	<p>As part of control over the Company's operations, the Board of Directors took into consideration:</p> <ul style="list-style-type: none"> the reports on the consideration of applications for technological connection and the execution of agreements on technological connection to electric grid facilities of Rosseti FGC UES for 2018.⁶⁶ Actual value of KPI defining the quality of the technological connection services provided is higher than the target value; information on indicators of the level of reliability and quality of the services provided by the Company which are subject to tariff regulation.⁶⁷ Actual value of these indicators is better than the value specified by the regulators for 2018. <p>The PJSC FGC UES Quality Policy was approved which sets principles and objectives of the Company's activities in terms of service quality achieved.</p>
Financial sustainability 	<p>The Board of Directors considered planned items related to business planning and financing:</p> <ul style="list-style-type: none"> the PJSC FGC UES business plans for 2019–2020 and forecast indicators for 2021–2024 were approved; the Action Plan of PJSC FGC UES for reduction of overdue accounts receivable for the electricity transmission services and dispute settlement was approved; the consolidated business plan (RAS) and the consolidated business plan (IFRS) for FGC UES Group for 2019 and the forecasts for 2020–2023 were taken into account; the reports on the implementation of the consolidated business plan (RAS) and the consolidated business plan (IFRS) for FGC UES Group were taken into account; the reports on the execution of the business plan of PJSC FGC UES were taken into account; a general limit of the Company's debt to third parties on borrowed funds was established; the report of PJSC FGC UES on results of work in capital markets and interaction with rating agencies for 2018 was taken into account.
Effective governance 	<p>As part of control and assessment of progress in achieving strategic priorities and the Company's management activities in this area, the Board of Directors considered the reports on the implementation of activities and achievement of KPI set by the Long-Term Development Programme of PJSC FGC UES. In order to monitor the effectiveness of innovation activities, the Board of Directors considered and approved⁶⁸ the Annual Report for 2018 on the Innovative Development Programme of PJSC FGC UES implementation in 2016–2020 with an outlook until 2025.</p> <p>As part of operations with non-core assets, the Board of Directors made resolutions on a number of items:</p> <ul style="list-style-type: none"> a new version of the Register of Non-Core Assets of PJSC FGC UES and the Action Plan on the disposal of non-core assets of PJSC FGC UES were approved; the reports on the implementation and results of activities under the Programme for Disposal of Non-Core Assets of PJSC FGC UES and Its Subsidiaries for Q4 2018 and 2018, as well as for Q1, Q2 and Q3 of 2019, were approved. <p>A new version of the Corporate Governance Code of PJSC FGC UES was approved,⁶⁹ implying major synchronisation with the provisions of the Moscow Exchange Listing Rules and the Corporate Governance Code by the Bank of Russia.</p>

⁶⁵ Minutes No. 476 of 13 December 2019.


⁶⁶ Minutes No. 445 of 26 April 2019.

⁶⁷ Minutes No. 445 of 26 April 2019.

⁶⁸ Minutes No. 464 of 27 August 2019.

⁶⁹ Minutes No. 444 of 25 April 2019.

(continued)

Development of the UNEG infrastructure and consolidation of UNEG facilities 	Adjustments of the PJSC FGC UES investment programme for 2016–2020 and the PJSC FGC UES investment programme for 2020–2024 were approved. The adjustments optimise the investment programme parameters compared to the previously approved ⁷⁰ programme, namely: in 2020, financing will increase by RUB 35.1 billion, and the commissioning plan financing will increase by RUB 44.5 billion. In order to ensure control over the implementation of the investment programme, the Board of Directors took a number of resolutions: <ul style="list-style-type: none">the list of investment projects of PJSC FGC UES being subject to public technological and price audits in 2019 was approved;the annual report on the technological and price audits of investment projects of PJSC FGC UES in 2018 was approved;the reports on the implementation of the PJSC FGC UES investment programme, including projects of federal significance, were taken into consideration. The special control of the Board of Directors is subject to compliance with the schedules agreed with PJSC Transneft for the construction of separate electric grid facilities.
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The Board of Directors Plan of Activities for 2020

In 2020, the Company's Board of Directors plans to consider the following issues:

- the implementation of the PJSC FGC UES investment projects including the projects of the Comprehensive Plan for Modernisation and Expansion of the Main Infrastructure for the Period until 2024;
- the implementation of the Development Plan of PJSC FGC UES productive asset management;
- the Action Plan for the reduction of overdue accounts receivable for the electricity transmission services and dispute settlement was approved;
- the reports on the progress and results of implementation of measures under the Programme for Disposal of Non-Core Assets of PJSC FGC UES and its Subsidiaries were considered;
- maintaining an efficient internal control system of PJSC FGC UES and its development;
- approval of the Sustainable Development Policy of the Federal Grid Company.

Role of independent directors

All members of the Company's Board of Directors shall, while performing their duties, consider the importance of taking professional, reasonable and informed decisions which contribute to development and effectiveness of the Company's activities. Furthermore, in order to provide an objective analysis of the issues reviewed and consider different factors in the Company's interests, at least three independent directors are involved in the Board of Director's activities, who meet the substantive independence criteria specified by the recommendations of the Corporate Governance Code of Russia and the Listing Rules of PJSC Moscow Exchange.

In the reporting year, members of the Board of Directors P. Grachev, I. Kamenskoy and E. Ferlenghi were the Company's independent directors.

During 2018, the Board of Directors of PJSC FGC UES took decisions on recognising as independent the members of the Board of Directors of PJSC FGC UES E. Ferlenghi by the criterion of relatedness with the issuer⁷¹ and P. Grachev by the criterion of a connection with a significant counterparty.⁷²

In accordance with the decisions taken, the Board of Directors of PJSC FGC UES determined that this connection is of a formal nature and does not affect the independence in the formation of E. Ferlenghi's and P. Grachev's position on the agenda of the Board of Directors, on the ability to make objective, fair and independent judgements.

The role of independent directors is of special importance in a number of critical processes and procedures which directly affect the efficiency of the Company's management system, in particular such as:

- equal expression and the protection of the rights and lawful interests of all the groups of the Company's shareholders;
- the organisation of the operations of the committees responsible for reliable control of financial reporting, the risk, internal control and audit management system, selection of auditors, anti-corruption, as well as motivation and control of the Company's management (Audit Committee and HR and Remuneration Committee);
- the organisation of the development and implementation of the motivation and remuneration policies of the Company's management;
- ensuring the transparency of the Company's information;
- the objective consideration of all aspects when performing material corporate actions (reorganisation, M&A projects).

Currently, there is no Senior Independent Director position in the Company. Independent directors express their opinions on their own and equally and are able to cooperate directly both with the Chairman of the Board of Directors and the Company's management, when necessary.

Chairman of the Board of Directors

The Chairman of the Board of Directors plays a key role in the organisation of the Board of Directors activities, therefore, additional rights and responsibilities formalised in the Provision on the Board of Directors have been given to them. In particular, a Chairman of the Board of Directors has the following functions:

- creation and approval of the agenda and the form of the meetings (joint presence or absentee vote);
- determination of a list of persons invited to participate in the discussion of specific agenda items of the Company's meetings of the Board of Directors;
- organisation of the most effective decisions on the items on the agenda and also, when conducting the meetings of the Company's Board of Directors in the joint presence format, provision of the free discussion of agenda items and a constructive atmosphere at the meetings;
- representation of the Company's Board of Directors in relation to the Company's executive bodies.

Assessment of performance of the Board of Directors

GRI 102-28

In accordance with the recommendations of the Corporate Governance Code of Russia, monitoring of the corporate governance quality is carried out in the Company annually, including assessment of the activities of the Company's Board of Directors and its committees. The assessment results are submitted to the Board of Directors, as a rule, before the Annual General Meeting of Shareholders, in order to consider the aspects detected in planning of further activities of the Board of Directors and its committees.



The minutes of meetings of the Board of Directors are available on the website www.fsk-ees.ru in the section [Shareholders and Investors/Corporate Governance/Decisions of the Board of Directors](#).

⁷⁰ Approved by order of the Ministry of Energy of Russia No. 1432 of 28 December 2016 and adjusted by order of the Ministry of Energy of Russia No. 31@ of 27 December 2017.

⁷¹ Clause 3.3 of Meeting Minutes of PJSC FGC UES Board of Directors No. 455 of 27 June 2019.

⁷² Clause 3.1 of Meeting Minutes of the Board of Directors of PJSC FGC UES No. 455 of 27 June 2019, clause 1 of Meeting Minutes of PJSC FGC UES Board of Directors No. 469 of 30 September 2019.

Since 2016, the Company has annually involved an external consultant for the Board of Directors assessment, which helped to ensure the independence of the analysis of the activities of the Board of Directors and its committees. Due to the adoption of a new version of the Corporate Governance Code of PJSC FGC UES in 2019, the practice of annual assessment of the Board of Directors remains, and, at the same time, such assessment is being conducted in the form of self-assessment or the assessment with an external consultant (at least every three years).

The information on the assessments conducted by the Board of Directors and its committees

Assessment period	2016	2017	2018	2019
Assessment format	With involvement of an external consultant: JSC VTB Registrar	With involvement of an external consultant: TopCompetence LLC	With involvement of an external consultant: JSC VTB Registrar	Self-assessment

Results of self-assessment of the Board of Directors

In 2019, an assessment of the efficiency of the activities of the Board of Directors and its committees was conducted in the form of self-assessment. The methodology and main provisions of the assessment order are determined by the Provision on Conducting Assessment of the Activities of the Board of Directors of PJSC FGC UES approved by the decision of the Company's Board of Directors.⁷³

The self-assessment procedure includes the analysis of the following components:

- assessment of performance of the Board of Directors;
- assessment of the activities of the Chairman of the Company's Board of Directors;
- assessment of the membership and structure of the Board of Directors;
- organisation of the performance of the Board of Directors;
- assessment of the performance of the Board of Directors.

In 2019, the main part of the self-assessment was conducted by means of questioning members of the Board of Directors and committees based on 66 criteria using a five-point grading scale (where five is the maximum). In total, 62% of respondents took part in the self-assessment.

Results of self-assessment of activities of the Company's Board of Directors and its committees

Entry	Results of assessment		Score
1.1 Assessment of the Board of Directors' performance as a governing body	48	2	4.8
Formation and control of the Company's development strategy implementation	48	2	4.8
Development of effective internal audit, internal control and management systems	48	2	4.8
Assessment of the Company's management performance, development of an efficient system of its motivation	46	4	4.6
Safeguarding of assets	50		5.0
1.2 Composition and structure of the Board	50		5.0
1.3. Management of the Board's performance	48	2	4.8
Ensuring performance of the Board	50		5.0
Infrastructure availability	43	7	4.3
Interaction of the Board with the Company's management	48	2	4.8
Interaction of the Board with its Committees	50		5.0
1.4 Chairman of the Board of Directors	50		5.0
2.1. Audit Committee	48	2	4.8
2.2. HR and Remuneration Committee	49	1	4.9
2.3. Strategy Committee	48	2	4.8
2.4. Investment Committee	47	3	4.7

⁷³ Minutes of the Board of Directors of PJSC FGC UES No. 355 of 20 February 2017 and No. 459 of 18 July 2019.

Information on the consideration implementation of the previous recommendations based on the results of independent assessment of the activities of the Board of Directors

Recommendations	Consideration of the recommendations in 2019
Increasing the number of in-person meetings of the Board of Directors, the Audit Committee and the HR and Remuneration Committee	In 2019, the number of in-person meetings of the Board of Directors was increased to 5, as well as the share of the issues considered during these meetings. The number of in-person meetings of the HR and Remuneration Committee increased to five (compared to one meeting in 2018). The share of in-person meetings of other committees amounted to 50% of the total number of meetings.
Consideration of the possibility of bringing the issues of risk management and internal audit for internal consideration by the Board of Directors	In 2019, the issues of risk management and internal audit were considered at meetings held in absentia. Furthermore, in 2019, amendments ⁷⁴ were made to the Corporate Governance Code of PJSC FGC UES which provide that the most significant issues (including considering the risk management policy) shall be resolved at meetings held in praesentia, unless another decision is made by the Chairman of the Company's Board of Directors.
Developing a programme for the induction of newly elected members of the Board of Directors	The main procedures were implemented by the Company, aimed at the "induction" of newly elected members of the Board of Directors (including informing, meetings with the management, and attending production units and facilities). A specific document will be developed or the corresponding amendments will be made to the Company's internal documents regulating the operation of its bodies, aimed at formalising the procedures specified.
Considering the possibility of introducing the practice of working with members of the Board of Directors informing the Board of Directors on issues of interaction with shareholders and investors, environmental and social responsibility, as well as concerning changes in legislation, the local regulatory framework and best corporate governance practices	The issues on interaction with stakeholders, social responsibility and changes in regulatory environment are always controlled by the Audit Committee of the Board of Directors (when considering the internal audit reports and the risk reports). In the reporting year, the Company paid special attention to risks — more than 25% of the issues considered by the Committee were related to aspects of risk and regulatory specifics. The members of the Board of Directors are informed on the decisions and recommendations of the Committees which enables the Company to receive the necessary information in a timely manner. As per the results of the self-assessment of the activities of the Company's Board of Directors and its committees, the level of interaction of the Board of Directors with the Company's management, availability of information between the meetings of the Board of Directors, as well as the degree of interaction of the Board of Directors with its Committees, scored highest.

⁷⁴ Meeting Minutes of the Board of Directors of PJSC FGC UES No. 444 of 25 April 2019

Members of the Board of Directors⁷⁵

As of 31 December 2019, the composition of the Board of Directors of PJSC FGC UES was elected by the Annual General Meeting of Shareholders on 26 June 2019.⁷⁶

In the reporting year, the members of the Board of Directors were re-elected by the resolution of the Annual General Meeting of Shareholders on 26 June 2019. Based on its results, the composition was renewed by 27%: Andrey Demin, Egor Prokhorov and Olga Shatokhina left the Board of Directors, and Pavel Grebtsov, Olga Sergeeva and Vladimir Furgalsky were elected as new members of Board of Directors.

In the reporting year, the Board members of the Company hold no shares and bonds of the Company and its controlled companies and made no transactions with the mentioned securities.

In the reporting year, the Board members received no loans or credits from the Company, nor had any other contractual relations with the Company and/or its controlled organisations, except for employment agreements/ contracts (Andrey Murov) and agreements related to the status of members of the Company's Board of Directors.

Competence and ensurance of the principle of diversification of the Board of Directors' members

GRI 102-22

In accordance with the Company's Articles of Association, the Board of Directors is elected to no fewer than 11 members. Such a number of members makes it possible to form a balanced composition in terms of professional qualifications, experience and business skills of the members of the Board of Directors, to ensure high level performance, and fully meets the needs of the Company and the interests of shareholders.

In accordance with the structure of share capital (80.13% of the total number of ordinary shares owned by PJSC Rosseti), the overwhelming majority of members of the Board of Directors of PJSC FGC UES are elected on the proposal of the controlling shareholder, PJSC Rosseti.

The composition of the Board of Directors is balanced in terms of its members having the core competencies necessary for the effectiveness and duration of their work on the Board. Members of the Board of Directors have skills in the field of strategic management, corporate governance, corporate finance, risk management, accounting, as well as knowledge and working experience in the field of the electric power industry.

The Board of Directors of PJSC FGC UES includes three independent directors, and the Audit Committee and the HR and Remuneration Committee are formed exclusively of independent directors, which is consistent with the recommendations of the Bank of Russia Corporate Governance Code and the requirements of the Listing Rules of PJSC Moscow Exchange.

GRI 102-24

Candidates to the Board of Directors are elected based on their personal and professional skills and in accordance with the independence criteria specified by the rules of listing of PJSC Moscow Exchange.

When forming the Company's Board of Directors, the following criteria are taken into account:

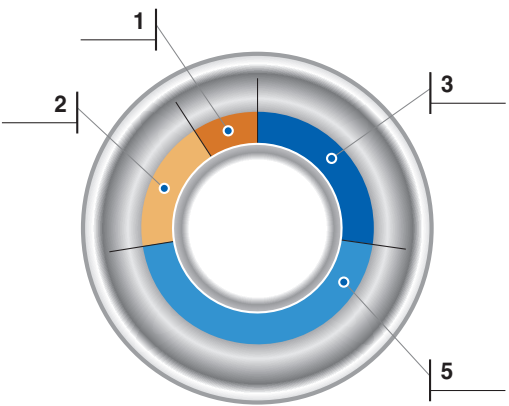
- members of the Company's Board of Directors shall meet the requirements with respect to their skills, experience, knowledge and reputation in business;
- election to the Company's Board of Directors of at least three independent directors and one representative from the Association NP Market Council;
- executive directors may not comprise more than 25% of the composition of the Company's Board of Directors.

GRI 102-27

Competences and industry-specific experience of members of PJSC FGC UES Board of Directors

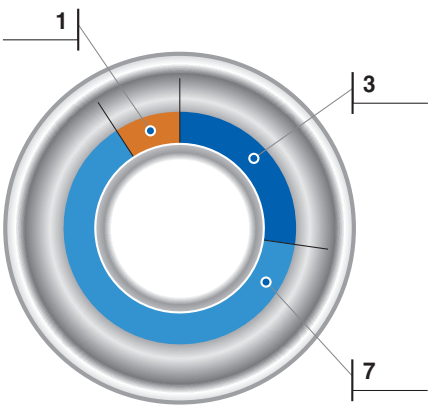
Board member	Status	Length of service, years	Length of service on the Board, years	Education and skills						
				Strategy	Finances, risks and audit	Industry	IT/ innovations	HR/ SR/ HSE	GR	Corporate management and law
Pavel Livinsky	Non-Executive Director	16	1.5	++	++	++	+	++	++	++
Pavel Grachev	Independent Director	6	5.5	++	+	+	++	++	++	++
Pavel Grebtsov	Non-Executive Director	19	0.6	++	++	++			++	
Igor Kamenskoy	Independent Director	4	3.5	++	++		+	++	++	+
Andrey Murov	Executive Director	8	6.5	++	++	++	+	++	++	++
Nikolay Roshchenko	Non-Executive Director	11	3.5	+		++				++
Olga Sergeeva	Non-Executive Director	9	0.5	+	++	+			++	
Sergey Sergeev	Non-Executive Director	11	3.5	++	++	++		+		+
Pavel Snikkars	Non-Executive Director	15	3.5	++		++	+		++	+
Ernesto Ferlenghi	Independent Director	11	9	++	++	++		++		+
Vladimir Furgalsky	Non-Executive Director	9	0.5	+	++	++			++	++

Structure of the Board of Directors by term of membership



■ - Up to 1 year
■ - From 1 to 4 years
■ - From 4 to 7 years
■ - More than 7 years

Structure of the Board of Directors



■ - Independent directors
■ - Non-executive directors
■ - Executive directors

⁷⁵ Here and elsewhere, personal information about members of PJSC FGC UES governing and control bodies is disclosed with their consent.

⁷⁶ The information regarding the participation in management bodies of other organisations is listed as of 31 December 2019, and the experience of the members of the Board of Directors is indicated for the last five years and at present.

Biographies of members of the Board of Directors



Pavel Livinsky

Chairman of PJSC FGC UES Board of Directors

Board member since 28 June 2018.

GRI 102-23

Born in 1980.

Graduated from Lomonosov Moscow State University, majoring in Economics. In 2003, he was awarded a master's degree in Management.

EXPERIENCE:

Mr Livinsky has vast experience in the industry: from 2003 to 2013 he held managerial positions in private and state energy companies. Since 2013, he has held senior positions in the executive authorities of Moscow. In 2017, he was appointed General Director, Chairman of the Management Board of PJSC Rosseti, a parent company of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Chairman of the Board of Directors of PJSC MOESK, Chairman of the Board of Directors of PJSC Lenenergo, member of the Board of Directors of PJSC RusHydro, JSC SO UES, PJSC Rosseti, member of the Supreme Supervisory Board of Public Organisation Russian Swimming Federation, member of RSPP, member of the Board of Trustees of FSBEI HE NIU MEI, the Foundation of the Cathedral of Christ the Saviour, the all-Russian public organisation Russian Athletics, All-Russian Public Sports Organisation Modern Pentathlon Federation of Russia, member of the Presidium of the Association RNC WEC, Association RNC CIGRE; Member of the Supervisory Board of NP NTS UES; Association of organisation of digital development Digital Energy, President and member of the Presidium of the RPO Sports Federation of Fire-fighters and Rescuers.

MAIN JOB AS OF 31 DECEMBER 2019:

General Director, Chairman of the Management Board of PJSC Rosseti.

Holds no shares of PJSC FGC UES.



Pavel Grachev

Independent Director

Member of the Audit Committee⁷⁷

Member of the HR and Remuneration Committee⁷⁸

Board member from 27 June 2013 to 27 June 2014, re-elected in 2015.

Born in 1973.

Graduated from the Saint Petersburg State University and the University of Trieste (Italy), majoring in Law. J.D.

EXPERIENCE:

Since 1997, Mr Grachev has held senior positions in a number of international investment and law firms. Since 2013, he has headed PJSC Polyus. Over the years, he has gained extensive practical experience in finance and corporate management.

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of PJSC Polyus, PJSC RusHydro; Chairman of the Board of Directors of SL Zoloto LLC; General Director of PJSC Polyus and MC Polyus LLC.

MAIN JOB AS OF 31 DECEMBER 2019:

General Director of PJSC Polyus and MC Polyus LLC.

Holds no shares of PJSC FGC UES.



Pavel Grebtsov

Non-Executive Director

Board member since 2019.

Born in 1976.

In 1994, he graduated from the Chelyabinsk Law School of the Russian Ministry of Health, majoring in Law and Accounting in the Social Security System. In 1998, he graduated from Moscow State University named after M. Lomonosov, majoring in Management. In 2000, he graduated from Plekhanov Russian University of Economics, majoring in Management.

EXPERIENCE:

In the first half of 2010s, Mr Grebtsov held management positions in the Moscow Regional Energy Commission with the Moscow Government. In February 2018, he was appointed Director of the Tariff Policy Department, since October 2018 — Deputy General Director for Economics of PJSC Rosseti, since August 2019 — Acting Deputy of the General Director for Economics and Finance of PJSC Rosseti.

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of PJSC IDGC of Volga, JSC IGDS of North Caucasus, PJSC MOESK, PJSC Rosseti South.

MAIN JOB AS OF 31 DECEMBER 2019: Acting Deputy of the General Director for Economics and Finance of PJSC Rosseti.

Holds no shares of PJSC FGC UES.

⁷⁷ Resolution of the Board of Directors, Minutes No. 414 of 29 June 2018.

⁷⁸ Resolution of the Board of Directors, Minutes No. 414 of 29 June 2018.



Igor Kamenskoy
Independent Director
Chairman of the Audit Committee
Chairman of the Investment Committee
Member of the HR and Remuneration Committee
Board member since 2016.

Born in 1968.

Graduated from Lenin Moscow State Pedagogical Institute, majoring in Russian Language and Literature.

EXPERIENCE:

Mr Kamenskoy has significant experience in corporate governance and strategic management. He acted as a representative of regional executive bodies in the Council of Federation of the Russian Federation. Between 2002 to 2009, he held senior positions in the supreme government bodies. Then Mr Kamenskoy expanded his expertise in finance and audit during his tenure as Chairman of the Board of Directors and Managing Director of Renaissance Capital Group companies.

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of SC Soglasie LLC, PJSC Aeroflot, PJSC Corporation VSMPO-AVISMA.

MAIN JOB AS OF 31 DECEMBER 2019:

Managing Director of Renaissance Broker LLC.

Holds no shares of PJSC FGC UES.



Andrey Murov
Executive Director
Chairman of the Management Board
Board member since 2013.

Born in 1970.

Graduated from the Saint Petersburg State University, majoring in Jurisprudence; underwent the Financial Management retraining programme at the Interdisciplinary Institute of Executive Staff Refresher Training and Retraining. Doctor of Economic Science.

EXPERIENCE:

Mr Murov has wide experience in managing infrastructural organisations: from 2005 to 2012, he headed Pulkovo airport, from 2012 to 2013 he was General Director, member of the Management Board of JSC IDGC Holding (since 4 April 2013 — PJSC Rosseti). Since 2013, he has held the position of Chairman of the Management Board of PJSC FGC UES. In 2015, he was elected as Chairman of the Russian National Committee of the International Council on Large Electric Systems (CIGRE).

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of PJSC Rosseti, PJSC Inter RAO, JSC SO UES; member of the Board of Trustees of FSBEI HE NIU MEI, FSBEI HE SPbSU, FSBEI HE SPbGEU; 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.

MAIN JOB AS OF 31 DECEMBER 2019:

Chairman of the Management Board of PJSC FGC UES.

Holds no shares of PJSC FGC UES.



Nikolay Roshchenko
Non-Executive Director
Board member since 2016.

Born in 1981.

Graduated from Tax Academy of the Russian Federation, majoring in Jurisprudence.

EXPERIENCE:

Mr Roshchenko has considerable competence in jurisprudence and law: in 2003, he was appointed head of the Jurisprudence Department in the Russian department of tax, in 2008, he was appointed as Head of the Legal Department of the Association NP Market Council. Since 2014, he has been the member of the Management Board of Association NP Market Council; since 2017 — Deputy Chairman of the Management Board, member of the Management Board of JSC TSA.

EXTERNAL APPOINTMENT:

Member of the Board of Directors of JSC TSA, Chairman of the Board of Directors of JSC FSC.

MAIN JOB AS OF 31 DECEMBER 2019:

Head of the Legal Department of the Association NP Market Council, member of the Management Board of the Association NP Market Council; Deputy Chairman of the Management Board, Member of the Management Board of JSC TSA.

Holds no shares of PJSC FGC UES.



Olga Sergeeva
Non-Executive Director
Board member since 2019.

Born in 1984.

In 2006, she graduated from the Plekhanov Russian University of Economics, majoring in Economics and Business Management. Construction services. Qualification: Engineer Economist.

EXPERIENCE:

Ms Sergeeva has broad experience in finance and legal regulation: from 2010 to 2017, she worked in the divisions of the Department of Business Administration, she held the position of Head of the Organisational and Legal Department, was Deputy Head of the Department of Fuel and Energy of Moscow and Deputy Head of the Department of Housing and Communal Services of Moscow. From 2018 to 2019, she held the position of Deputy General Director — Chief of Staff of PJSC Rosseti. In 2018, she became the member of the Management Board of PJSC Rosseti. Since 2019 to the present day — Chief Advisor of PJSC Rosseti.

EXTERNAL APPOINTMENTS:

Member of Supervisory Board, Chairman of All-Russian industrial association of employers in energy sector "Employers Russian Association of Energy"; member of the Board of Directors of PJSC Lenenergo, JSC IGDS of North Caucasus, JSC Non-State Pension Fund Otkritie, PJSC MOESK; Chairman of the Board of Directors of PJSC Posseti South, PJSC IDGC of North-West; Deputy Chairman of the Board of Directors of PJSC Kubanenergo.

MAIN JOB AS OF 31 DECEMBER 2019:

Member of the Management Board, Chief Advisor of PJSC Rosseti.

Holds no shares of PJSC FGC UES.



Sergey Sergeev
Non-Executive Director
Member of the Investment Committee
Board member since 2016.

Born in 1976.

Graduated from Novocherkassk State Technical University, majoring Industrial and Civil Construction (1998); the Russian Presidential Academy of National Economy, majoring Economics, Management, Finance and Law of Joint Stock Companies (2003).

EXPERIENCE:

Mr Sergeev has a wide range of competencies in project management, capital construction and strategic development, which he gained at companies such as: JSC Joint-Stock Company Transneft, Eastern Siberia-Pacific Ocean Project Management Centre LLC, PJSC FGC UES, PJSC Rosseti, PJSC Kubanenergo.

EXTERNAL APPOINTMENTS:

Board member of PJSC Lenenergo, PJSC MOESK.

MAIN JOB AS OF 31 DECEMBER 2019:

General Director of PJSC Kubanenergo.

Holds no shares of PJSC FGC UES.



Pavel Snikkars
Non-Executive Director
Chairman of the Strategy Committee
Member of the Investment Committee
Board member since 2016.

Born in 1978.

Graduated from the Siberian Academy of Public Service, majoring in Public and Municipal Administration (2000); the Siberian University of Consumer Cooperation, majoring in Jurisprudence (2005). Ph.D. in Economics.

EXPERIENCE:

Mr Snikkars has worked in electric power industry since 2005. He has a vast working experience and skills in the wholesale and retail electricity and capacity market. From 2010 to 2012, he was Deputy Director General for Development and Deputy Director General for Market Operations in JSC United Energy Retailing Company. In 2012–2013, he was a member of the Management Board of NP Market Council for Organisation of Efficient Wholesale and Retail Power and Capacity System. Since 2013, he has worked as a civil servant — Director of the Department of Electric Power Development of the Ministry of Energy of Russia.

MAIN JOB AS OF 31 DECEMBER 2019:

Director of the Electric Power Industry Development Department of the Ministry of Energy of Russia.

Holds no shares of PJSC FGC UES.



Ernesto Ferlenghi
Independent Director
Chairman of the HR and Remuneration Committee
Member of the Audit Committee
Member of the Strategy Committee
Board member from 2008 to 2014.
Elected to the Board again in 2016.

Born in 1968.

Graduated from the University of Tor Vergata (Rome), Faculty of Mathematics, Physics and Natural Sciences.

EXPERIENCE:

Mr Ferlenghi has extensive experience in big business: since 1998 he has worked in different positions and in different regional offices of Eni. He is well acquainted with the country specifics of work in Russia: he was a member of the Boards of Directors of the Russian companies Arktikgas, SeverEnergiya, Eni Energy, Cyrus. President of the Association of Italian Industrialists in Russia. In addition, Mr. Ferlenghi is actively involved in the development of Russian-Italian dialogue not only in business, but also in social and cultural areas: in 2019 he was appointed Co-chairman of the Russia-Italy Dialogue Forum.

MAIN JOB AS OF 31 DECEMBER 2019:

Executive Vice President of Eni for Market Development in Russia and Central Asia, General Director of Eni Energhia LLC, Chairman of the Energy Committee of the Association of European Businesses (AEB), President of the Association of Italian Industrialists «Confederation of Italian Industry».

Holds no shares of PJSC FGC UES.



Vladimir Furgalsky
Non-Executive Director
Board member since 2019.

Born in 1977.

In 2000, he graduated from the St. Petersburg State University of Economics and Finance, majoring in Economics, majoring in Finance and Credit, qualification is Economist.

EXPERIENCE:

Mr. Furgalsky has extensive experience in corporate governance issues: in 2010–2014 he held the positions of Director for Corporate Governance and Strategic Communications, Deputy Chairman of the Management Board of PJSC FGC UES. Since 2018, he has worked at PJSC Rosseti, held the position of Chief Advisor and is currently Deputy General Director for Corporate Governance. He has vast working experience in state institutions — in the Ministry of the Russian Federation for North Caucasus Affairs and in the Russian Energy Agency of the Ministry of Energy of Russia.

EXTERNAL APPOINTMENTS:

Board member of PJSC IDGC of Siberia.

MAIN JOB AS OF 31 DECEMBER 2019:

Deputy General Director for Corporate Governance of PJSC Rosseti.

Holds no shares of PJSC FGC UES.

Composition of the Board
of Directors valid from 28 June 2018 to 26 June 2019*

Pavel LIVINSKY <i>Chairman of PJSC FGC UES Board of Directors</i>	<i>General Director, Chairman of the Management of PJSC Rosseti</i> ● Born in 1980 ● Education: University degree
Pavel GRACHEV <i>independent director</i>	<i>President of PJSC Polyus</i> ● Born in 1973 ● Education: University degree, J.D
Andrey DEMIN <i>non-executive director</i>	<i>Member of the Management Board of PJSC Rosseti</i> ● Born in 1974 ● Education: University degree
Igor KAMENSKOY <i>independent director</i>	<i>Managing Director of Renaissance Broker LLC</i> ● Born in 1968 ● Education: University degree
Egor PROKHOROV <i>non-executive director</i>	<i>Deputy General Director for Finance of PJSC Rosseti</i> ● Born in 1982 ● Education: University degree, PhD in Economics
Nikolay ROSHCENKO <i>non-executive director</i>	<i>Member of the Management Board, Head of the Legal Department of the Association NP Market Council</i> ● Born in 1981 ● Education: University degree
Andrey MUROV <i>executive director</i>	<i>Chairman of the Management Board of PJSC FGC UES</i> ● Born in 1970 ● Education: University degree, Doctor of Economics
Sergey SERGEEV <i>non-executive director</i>	<i>General Director of PJSC Kubanenergo</i> ● Born in 1976 ● Education: University degree
Pavel SNIKKARS <i>non-executive director</i>	<i>Director of the Department of Electric Power Industry Development of the Ministry of Energy of Russia</i> ● Born in 1978 ● Education: University degree, PhD in Economic
Oksana SHATOKHINA <i>non-executive director</i>	<i>Deputy General Director of PJSC Rosseti</i> ● Born in 1975 ● Education: University degree
Ernesto FERLENGHI <i>independent director</i>	<i>Executive Vice President of Eni on Market Development in Russia and Central Asia of Eni S.p.A</i> ● Born in 1968 ● Education: University degree

*The positions are as at the date of election

Introduction to the post
of new members of the Board of Directors

Following the results of the Annual General Meeting of Shareholders in 2019, three new members of the Board of Directors were elected to the Company's Board of Directors (Pavel Grebtsov, Olga Sergeeva, Vladimir Furgalsky). The current policies of the Company provide for a number of activities for new members of the Board of Directors in order to involve them in the work of the Board of Directors and its committees as soon as possible, to become acquainted with production and financial-economic activities, which ultimately ensures more efficient performance of the Board's functions.

As part of these procedures, the following events were organised for new Board members:

- providing information on key management and activity issues of the Company — development strategy, long-term development programme, Company's business model, budget and investment programme, risk management and internal control system, controlled organisations, management and motivation system, organisational structure, main operational and financial results of the last three years;
- referral of internal documents and key policies of the Company regulating relations, control and supervision over their implementation, which is the responsibility of the Board of Directors;
- introductory meetings with the Company's management and its material affiliated companies;
- ability to visit the Company's headquarters, as well as its production divisions and facilities;
- information on obligations and authorities of the Board of Directors members, their status, anticipated time expenditure, and necessary resources to performing their duties on the Board;
- information on key events involving the Company's Board members planned for 2019–2020.

Liability insurance
of directors and officials

With the scale of the Company's activities, changes in the regulatory environment, number of contractors and a comprehensive nature of contractual relations taken into account, a practice for liability insurance of directors and officials both of the Company and its subsidiaries (D&O insurance policy) was introduced.

The liability insurance is aimed at:

- protecting directors and officials in case of claims submitted by third parties;
- guaranteed protection of Company shareholders' proprietary interests and ensuring a source of reimbursement for possible Company losses and/or insured parties in insurance cases.

Main insurance parameters and the extent of insurance correspond to the size of business and possible risks, as well as the liability insurance practice of other companies working in the industry.

Main parameters of insurance conditions under the D&O policy

Period	June 2017– June 2018	June 2018–December 2019	2020
Insurer	JSC SOGAZ	JSC SOGAZ	JSC SOGAZ
Contract price, RUB	4,700,000	5,760,000	4,950,000
Insured parties	Members of the Board of Directors and executive bodies, management of the Company and its subsidiaries.		
Liability limit, incl. General limit Additional limit	RUB 3 bln		
	For independent directors — RUB 50 million, but no more than RUB 250 million for all independent directors		
Insurance geography	Global		

Corporate Secretary

The position of Corporate Secretary was introduced in the Company in 2015.

Appointment and termination of the Company's Corporate Secretary falls within the exclusive competence of the Board of Directors with preliminary consideration by its HR and Remuneration Committee.

At the same time, the Corporate Secretary is appointed separately during the election of new members to the Board. This is another means of control of the Corporate Secretary's activities and assessment of performance to the Company's benefit, with the importance of duties taken into account.

The Corporate Secretary functionally reports to the Board of Directors, and administratively — due to specifics of the Russian Labour Code — to the Chairman of the Management Board. In addition, the Board of Directors is responsible for motivation, remuneration and encouragement of the Corporate Secretary, as well as approval of the Regulation on the Corporate Secretary, which ensures independence of the Company's management and efficiency of the Corporate Secretary's work.

The [Regulation on the Corporate Secretary](#) of PJSC FGC UES was approved by the resolution of the Board of Directors of 21 July 2015 (with further revisions).

Aleksey Ozherelyev performs functions of the Company's Corporate Secretary.

Aleksey Ozherelyev

Born in 1986 in Moscow.

Graduated from the Moscow State University of Economics, Statistics, and Informatics in 2006, majoring in Finance and Credit.

Work experience

● 2016–today

Corporate Secretary of PJSC FGC UES.

● 2017–today

Head of the Directorate for Operation of the Management Board, the Board of Directors, and Shareholder and Investor Relations under the Department of Corporate Governance and Shareholder and Investor Relations with PJSC Rosseti.

● 2013–2016

Head of the Directorate for Operation of Management Bodies of PJSC Rosseti.

● 2011–2013

Deputy Head of the Corporate Governance Department with PJSC FGC UES.

● 2009–2011

Advisor, Deputy Head of the Department, Head of the Department of Economic Regulation and Property Relations with FEC under the Ministry of Energy of Russia.

Holds no shares of PJSC FGC UES, or any other shares or participation interest with any of its affiliates. No transactions with the Company's securities throughout the year or loans granted by the Company were registered.

Committees of the Board of Directors

Committees are established under the Board of Directors of PJSC FGC UES. They perform as specialised units whose goal is to provide for a more detailed approach to certain activities of the Board and prepare recommendations for its directors. The committees report to the Company's Board of Directors.

Over the recent years and in the reporting period, four committees carried out activities under the Board of Directors (hereinafter, the "Committees"):

- Audit Committee;
- HR and Remuneration Committee;
- Strategy Committee;
- Investment Committee.

When selecting members of the Committees, the Company ensures compliance with the requirements applied to issuers, whose shares are included in the quotation list of the first level of the Moscow Exchange, recommendations of the Russian Corporate Governance Code, as well as addresses the need to involve representatives of the key participants' interests of the Company's management system (shareholders, external experts, managers) in activities of certain committees.

Approach to committee membership

With a view to ensuring the efficient work of and preparation of well-considered and objective resolutions / recommendations by the Committees, the Company consistently uses the following main approaches:

- the Audit Committee and the HR and Remuneration Committee are composed solely of independent directors, who have the necessary competencies and experience, no conflicts of interest regarding items under consideration, and do not hold the position of Chairman of the Board of Directors;
- workload of the Board members as the Company's directors, as well as their external appointments and objective ability to make educated decisions on agenda items are taken into account;
- existence of specialised committees dealing with material issues, essential to the Company's sustainability and development (investment, key projects);
- the Committees are remunerated and provided with necessary resources at the Company's expense;
- external experts are involved in the Committees' activities (both on a paid and free-of-charge basis);
- possibility to review items not only in the framework of the Board's recommendations, but in certain areas the Committees are responsible for;
- the Committees are managed exclusively by the Board members and report to them on a regular basis.

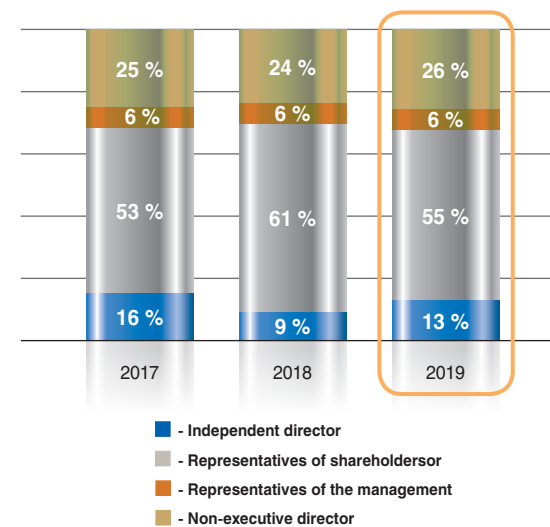
Management of the Committees' activities

When assessing the Committees' efficiency, the following elements are used as our core metrics:

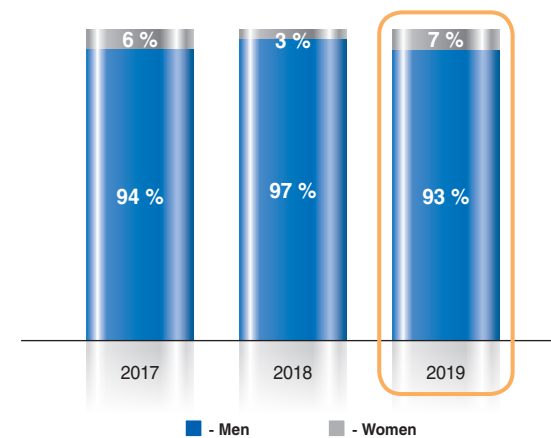
- balance in the composition;
- number and categories of meetings and items under consideration;
- quality of planning and arrangement of the Committees' activities;
- compliance with recommendations and generally approved management practices.

The Committees' structure

Categories of Committee members



Gender composition



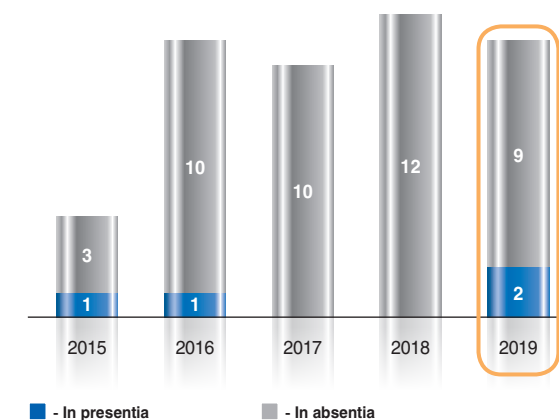
Information on voting at the Committees' meetings

In the reporting year, the Committees considered 128 items at 65 meetings. With this, the share of meetings in praesentia made up 32%, and the share of items considered at such meetings reached 48%.

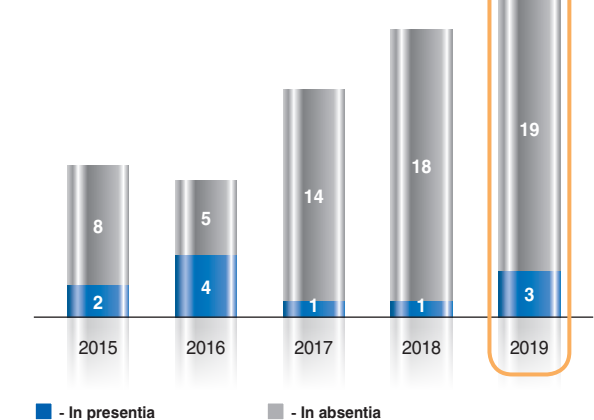
Committee	Audit Committee	HR and Remuneration Committee	Strategy Committee	Investment Committee
Affirmative votes	100 %	100 %	97.5 %	96.55 %
Dissenting votes	–	–	0.5 %	1.42 %
Abstained	–	–	2 %	2.03 %

* Information is provided according to the voting results recorded in the Committees' meeting minutes

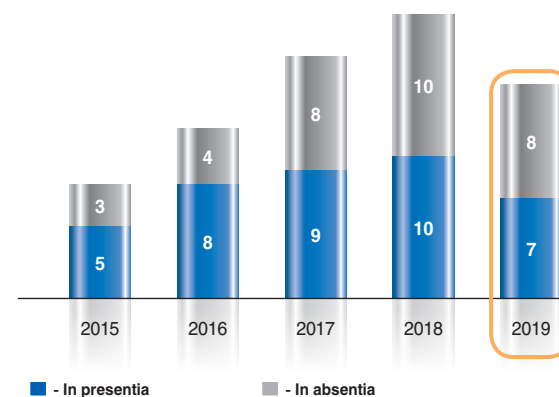
Meetings of HR and Remuneration committee



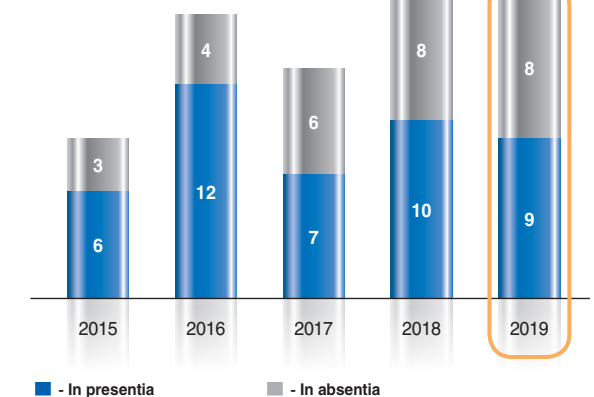
Meetings of Audit committee



Meetings of Strategy committee



Meetings of Investment committee



Report on the Audit Committee’s performance

The role of the Audit Committee is to assist the Board of Directors in providing efficient control of the Company’s financial and business operations.

The committee performs important functions in the Company’s corporate governance system in terms of monitoring the completeness, accuracy and reliability of financial statements, the efficiency and reliability of the risk management, internal control and corporate governance system, as well as ensuring the objectivity and independence of the internal and external audit functions.

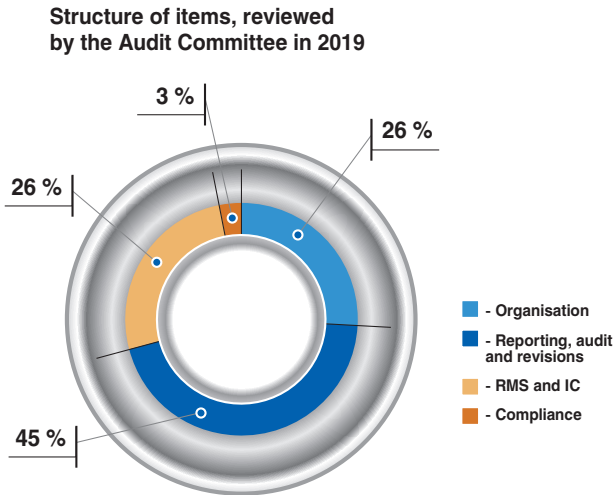


“With each year, the role of the Audit Committee in the management system of any company becomes more prominent, while it holds a very special place in a public company. Legal changes, due to which Russian public companies will be obliged to establish audit committees from July 2020, further underline the importance of this key element of the check-and-balance system, along with control of core business processes and risk management, the responsibility of the Board of Directors. Facing new challenges of the time, in 2019, we paid extra attention to issues related to internal control and risk management, as well as internal audit. On top of this, we carefully monitor changes in the industry that affect internal control, compliance development, and social responsibility in order to choose the right path for the Company and adjust our processes in due time. In the reporting year, the Committee’s meetings in praesentia were conducted with Committee experts, representatives of the Internal Audit Department, the management, and external auditors invited by the Company. We believe that we take the necessary measures to allow for efficient coordination of risk management, internal control, compliance and ensure development and operation of the Company with the continuously changing environment taken into account.”

I. Kamenskoy
Chairman of the Audit Committee, independent director

Audit Committee	Independent Director	Chairman of the Board of Directors	Experience/ background in the field of finance
I. Kamenskoy (Chairman)	+	-	+
P. Grachev	+	-	+
E. Ferlenghi	+	-	+

In 2019, the Audit Committee held 22 meetings (3 of which were held in the form of joint attendance), and 32 items were considered.



In the reporting year, PJSC FGC UES Management Board considered the following most important items

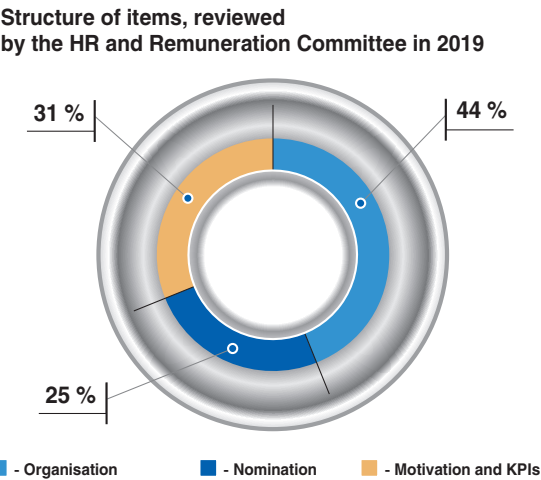
Key areas of the Audit Committee’s activities	Items considered in 2019
<ul style="list-style-type: none">Control of the accounting (financial) statements drafting;risk management, internal control and corporate governance;internal and external audit;anti-fraud, compliance;	<ul style="list-style-type: none">Consideration of financial statements as per IFRS and RAS;consideration of audit reports on annual and interim financial statements provided by the Company’s external auditors;consideration of external auditors of financial statements as per RAS and IFRS;consideration of regular reports on activities of the Internal Audit Department;consideration of regular reports on risk management;consideration of propositions related to optimisation of the procedure for drafting and disclosing the Company’s financial statements;preliminary consideration of all the Company’s internal documents;development of reports on compliance with internal documentation requirements.

Report on the HR and Remuneration Committee’s performance

The HR and Remuneration Committee is responsible for ensuring the necessary expertise in such areas as motivation and nomination, as well as development and implementation of the personnel continuity policy.

HR and Remuneration Committee	Independent Director	Chairman of the Board of Directors
E. Ferlenghi (Chairman)	+	-
P. Grachev	+	-
I. Kamenskoy	+	-

In 2019, the HR and Remuneration Committee conducted 11 meetings (2 of which were held in the form of joint attendance), and considered 13 items.



Key areas of the HR and Remuneration Committee’s activities	Items considered in 2019
<ul style="list-style-type: none">Development of policies on remuneration of the Board members and senior officials, and supervision of their implementation and compliance;preliminary assessment of the Company’s key employees at the end of the year;preparation of provisions of labour contracts concluded with members of the Management Board and the Company’s key employees;development of recommendations for the Board of Directors in terms of determination of the remuneration amount and bonus system for the Company’s Corporate Secretary;assessment of performance of the Board of Directors and its members, selection of priority areas to strengthen the Board’s work;preparation of recommendations for shareholders regarding election to the Board of Directors;development of the continuity policy for top management;planning on staff appointment (employee pool) of senior officials, drafting recommendations for the Board of Directors regarding candidates for the positions of senior officials and Corporate Secretary.	<ul style="list-style-type: none">Preliminary consideration of internal documents, providing for conditions of labour and bonus payments for senior managers;consideration of reports on achievement of quarterly and annual KPIs by the Company’s top management;approval of candidates to the Company’s Management Board;consideration of approaches to the personnel continuity planning;recommendations to the introduction of professional standards into the Company’s operations.

Report of the Strategy Committee

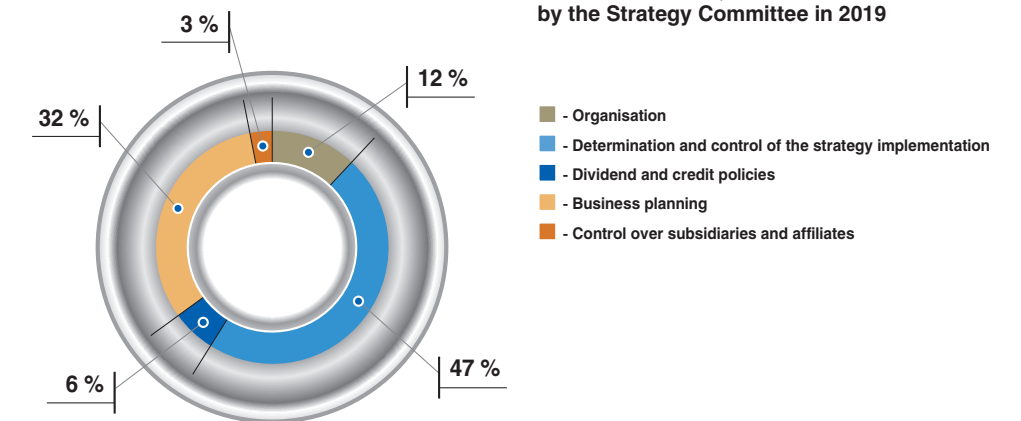
GRI 102-26

The role of the Strategy Committee is to assist the PJSC FGC UES Board of Directors in improving the Company's performance efficiency in the long term.

GRI 102-22 Composition of the Strategy Committee

	Elected by the resolution of the Board of Directors dated 26 September 2018	Elected by the resolution of the Board of Directors dated 30 July 2019	Elected by the resolution of the Board of Directors dated 12 November 2019
P. Snikkars, Chairman of the Strategy Committee, Member of the Board of Directors of PJSC FGC UES, Director of the Department for Development of Electric Power Industry of the Ministry of Energy of Russia	+	+	+
A. Kaplun, Director of the Department of Natural Monopolies Relations of MC Polyus LLC	+	+	+
A. Germanovich, General Director of AG Ventures LLC	+	+	+
B. Livshits, Deputy Head of the Competitive Pricing Development Department of the Association NP Market Council	+	+	+
E. Prokhorov, Acting Deputy of the General Director of Strategy of PJSC Rosseti			+
L. Romanovskaya, Deputy General Director for Engagement with Public Authorities of PJSC Rosseti	+	+	+
V. Furgalsky, Deputy General Director for Corporate Governance of PJSC Rosseti	+	+	+
M. Tikhonova, Deputy Chairman of the Management Board of PJSC FGC UES	+	+	+
P. Grebtsov, Acting Deputy of the General Director of Economics and Finance of PJSC Rosseti	+	+	+
A. Erdyniev, Deputy Director of the Electric Power Industry Development Department of the Ministry of Energy of Russia	+	+	+
E. Ferlenghi, Member of the Board of Directors of PJSC FGC UES, President of the Association of the Italian Industrialists "Confederation of Italian Industry"	+	+	+
V. Yavorsky, General Director of Tori-Audit LLC	+	+	+
E. Olkhovich, Deputy General Director for Strategic Development of PJSC Rosseti	+	+	
A. Gabov, Acting Deputy Director of the Department for State Regulation of Tariffs, Infrastructure Reforms and Energy Efficiency of the Ministry of Economic Development of the Russian Federation	+		
S. Lebedev, Director of the Strategic Development Department of PJSC Rosseti	+		
K. Mikhailenko, Chief Advisor of PJSC Rosseti	+		

In 2019, the Strategy Committee conducted 15 meetings (7 of which were held in the form of joint attendance), and 29 items were considered.



Key areas of the Strategy Committee's activities	Items considered in 2019
<ul style="list-style-type: none"> Consideration of strategic areas and the Long-Term Development Programme of the Company, long-term financial model and reports on achieved results; consideration of items on business planning and reports on implementation of the Business Plan; assessment of M&A projects; consideration of issues related to the dividend policy; consideration of key issues related to activities of the Company's affiliates; consideration of issues related to the Company's performance improvement; consideration of issues regarding the PJSC FGC UES Group corporate structure, including participation (cessation of participation in other organisations); consideration of material transactions. 	<ul style="list-style-type: none"> Consideration of propositions on updating the Long-Term Development Programme; consideration of issues on improving the Procurement Policy; consideration of transactions to be approved by the Board of Directors; non-core assets management; participation in other organisations.

Report of the Investment Committee

The role of the Investment Committee is to assist the Board of Directors in improving and developing the Company's investment policy.

GRI 102-22 Composition of the Investment Committee

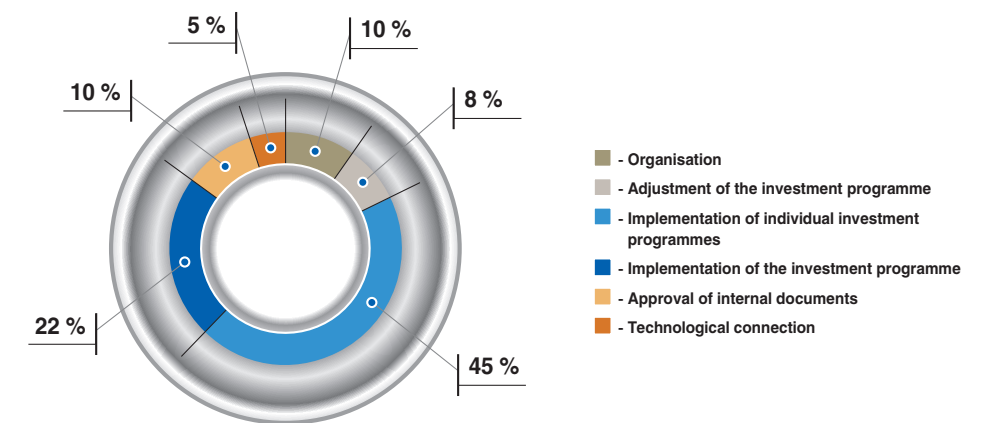
	Elected by the resolution of the Board of Directors dated 26 September 2018	Elected by the resolution of the Board of Directors dated 11 March 2019	Elected by the resolution of the Board of Directors dated 30 July 2019	Elected by the resolution of the Board of Directors dated 11 September 2019
I. Kamenskoy, Chairman of the Investment Committee, Member of the Board of Directors of PJSC FGC UES, Managing Director of Renaissance Broker LLC	+	+	+	+
M. Bychko, Director of the Capital Construction Department of PJSC Rosseti	+	+	+	+
V. Gritsenko, Member of the Presidium of NP OPORA ROSSII	+	+	+	+
A. Ilienکو, Member of the Management Board, Director for UES Development of JSC SO UES	+	+	+	+

GRI 102-22

	Elected by the resolution of the Board of Directors dated 26 September 2018	Elected by the resolution of the Board of Directors dated 11 March 2019	Elected by the resolution of the Board of Directors dated 30 July 2019	Elected by the resolution of the Board of Directors dated 11 September 2019
A. Kaplun, Director of the Department of Natural Monopolies Relations of MC Polyus LLC	+	+	+	+
V. Kiselev, Chairman of the Consumer Council of the Government Commission for the Electric Power Industry	+	+	+	+
A. Mayorov, Deputy General Director — Chief Engineer of PJSC Rosseti		+	+	+
A. Molsky, First Deputy Chairman of the Management Board of PJSC FGC UES		+	+	+
L. Neganov, Acting Deputy of the General Director of Investment Activities and Capital Construction of PJSC Rosseti				+
A. Pyatigor, Deputy General Director of Service Sales of PJSC Rosseti			+	+
I. Selivakhin, Financial Director of JSC TSA, Advisor of the Chairman of the Management Board of the Association NP Market Council	+		+	+
S. Sergeev, Member of the Board of Directors of PJSC FGC UES, Deputy General Director of Capital Construction of PJSC Rosseti	+		+	+
P. Snikkars, Member of the Board of Directors of PJSC FGC UES, Director of the Department for Development of the Electric Power Industry of the Ministry of Energy of Russia	+		+	+
D. Akopyan, Deputy General Director of the PJSC IDGC of South branch — Rostovenergo	+			
D. Gvozdev, Chief Engineer of PJSC MOESK	+			
O. Tokarev, Deputy Director of the Machine Tool Building and Investment Machine-Building Department of the Ministry of Industry and Trade of Russia	+			
R. Filimonov, Member of the Management Board, First Deputy Chairman of the Management Board of PJSC FGC UES (since 11 March 2019, he is not a member of PJSC FGC UES's Management Board and Investment Committee)	+			
S. Podlutsky, Director of the Investment Department of PJSC Rosseti		+	+	

In 2019, the Investment Committee conducted 17 meetings (9 of which were held in the form of joint attendance), and 36 items were considered.

Structure of items, reviewed by the Investment Committee in 2019



Key areas of the Investment Committee's activities	Items considered in 2019
<ul style="list-style-type: none"> Consideration of the investment programme and reports on its implementation; consideration of the innovative development, R&D, and technological development programmes; development of the UES of Russia and programmes of the distribution grids development; consideration of the maintenance programme and reports on its implementation; consideration of certain key operational projects. 	<ul style="list-style-type: none"> Adjustment of the Company's investment programme; consideration of the infrastructure upgrade plan, as well as reports on the programme implementation for development of grid facilities; consideration of items related to ensuring technological connection; consideration of reports on implementation of key projects

Executive Governing Bodies

The governance of the Company's current activities is carried out by collegial and sole executive bodies, namely the Management Board and the Chairman of the Management Board of PJSC FGC UES.

	MANAGEMENT BOARD Collegial executive body	CHAIRMAN OF THE MANAGEMENT BOARD Sole executive body
Functions	Ensuring the effective achievement of the Company's goals and implementation of development strategies.	
Accountability	Reporting to the General Meeting of Shareholders and the Board of Directors.	
Appointment / election procedure	Candidates to the Management Board are suggested by the Chairman of the Company's Management Board and elected (appointed) by the Board of Directors.	Elected by the General Meeting of Shareholders.
Term of office	3 years	5 years

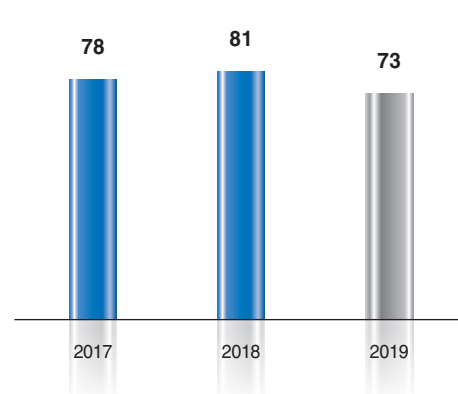
For subordination and efficient monitoring of the executive bodies' activities, in accordance with the Company's Articles of Association, the following matters concerning members and the Chairman of the Management Board are reserved for the Board of Directors:

- election of members to the Company's Management Board (except the Chairman) and early termination of their powers;
- application of disciplinary measures against the Chairman of the Company's Management Board and incentives in accordance with the applicable law;
- determination of remuneration amounts and compensations payable to the Chairman and members of the Company's Management Board;
- coordination of positions in management bodies of other companies, as well as other paid positions in other companies.

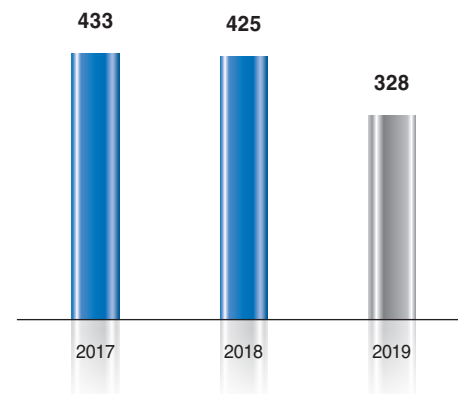
Report on the Management Board's performance

In 2019, the Management Board of PJSC FGC UES held 73 meetings (1 in person and 72 in absentia), and 328 items were considered.

Number of meetings held
by PJSC FGC UES' Management Board



Number of items reviewed
by PJSC FGC UES' Management Board



In the reporting year, PJSC FGC UES Management Board considered the following most important items

Subject	Item
Production activity	<ul style="list-style-type: none">● The annual report on technological and price audits of investment projects of PJSC FGC UES in 2018 was considered.● Reports on the status and progress of a number of investment projects were considered.● The consolidated five-year work plan and the budget for the maintenance and repair of PJSC FGC UES for the period 2020–2024 were considered.● The Rules for Drafting and Implementing Pilot Projects of the Digital Transformation 2030 Concept in PJSC FGC UES were considered.● The programme of energy saving and energy efficiency improvement of PJSC FGC UES for the period 2020–2024 was considered.
Social and HR Policy	<ul style="list-style-type: none">● The Programme of Establishing a Pool of Corporate Housing of PJSC FGC UES was considered.● Amendments were made to the Regulation on Charity Support of Individuals from PJSC FGC UES and the Regulation on Charity Support of Legal Entities from PJSC FGC UES.● Amendments were made to the Regulation on PJSC FGC UES's Sponsorship.● The Programme of Insurance Protection of PJSC FGC UES for 2020 was considered.● The item related to choosing the Best Branch of the Federal Grid Company — MPS and the Best Facility of the Federal Grid Company — EMPS was considered.
Financial and economic activities	<ul style="list-style-type: none">● PJSC FGC UES's report on performance on capital markets and interaction with rating agencies in 2018 was considered.● Results of the fixed annual account of actual debt limits, as well as debt limits expected in 2019 were reviewed.● Reports on the implementation of PJSC FGC UES's Business Plan were considered.
Internal control and risk management	<ul style="list-style-type: none">● The Action Plan for Managing Key Operational Risks in 2019 was approved.● The report of PJSC FGC UES's internal auditor on the assessment of efficiency of the Company's internal control and risk management system based on 2018 results was considered.● The Action Plan for Developing and Improving the Risk Management System of PJSC FGC UES was considered.● The report of the Chairman and members of PJSC FGC UES's Management Board on the organisation, functioning and efficiency of the risk management system in 2018 was considered.● The report of the Chairman and members of PJSC FGC UES's Management Board on the organisation and functioning of the internal control system in 2018 was reviewed.● The report on PJSC FGC UES's key operational risks in 2018 was considered.● Quarterly reports on operational risks with a "Critical" rating were considered.

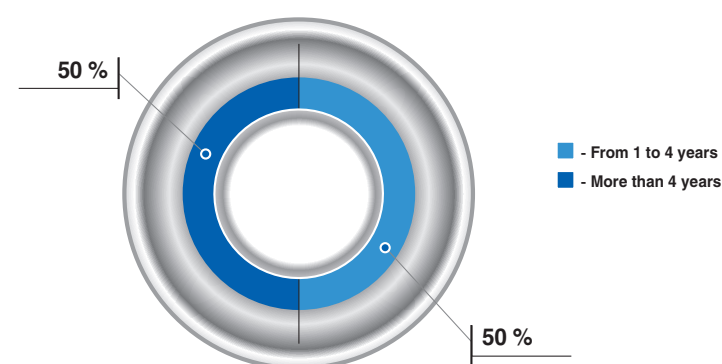


Composition of the Management Board

In accordance with the Regulation on the Management Board of PJSC FGC UES, the quantitative composition is determined by resolution of the Board of Directors of PJSC FGC UES. As of 31 December 2019, the Management Board of PJSC FGC UES included 6 members.

All persons forming PJSC FGC UES's Management Board have the required experience and competences to perform their functions.

Term of service on the Management Board of PJSC FGC UES



Biographies of members of PJSC FGC UES's Management Board



Andrey Murov

Chairman of the Management Board, Member of the Board of Directors.

Areas of responsibility:

- management of the Company's day-to-day operations;
- organisation of work of the Management Board.

Management Board member since 2012.

Born in 1970.

Graduated from the Saint Petersburg State University, majoring in Jurisprudence; underwent the Financial Management retraining programme at the Interdisciplinary Institute of Executive Staff Refresher Training and Retraining. Doctor of Economic Science.

EXPERIENCE:

Mr Murov has a vast experience in managing infrastructure organisations: in 2005–2012, he headed the Pulkovo Airport; in 2012–2013, performed functions of the General Director, member of the Management Board of JSC IDGC Holding (since 4 April 2013 — JSC Rosseti); since 2013 — Chairman of the Management Board of PJSC FGC UES. In 2015, he was elected as Chairman of the Russian National Committee of the International Council on Large Electric Systems (CIGRE).

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of PJSC Rosseti, PJSC Inter RAO, JSC SO UES; member of the Board of Trustees of FSBEI HE NIU MEI, FSBEI HE SPbSU, FSBEI HE SPbGEU; 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.

Holds no shares of PJSC FGC UES.



Dmitry Vodennikov

Deputy Chairman of the Management Board — Chief Engineer.

Areas of responsibility:

- arrangement of operations and maintenance production supervision.

Management Board member since 2017.

Born in 1974.

Graduated from Kurgan State University, majoring in Automation of Technological Processes and Production.

EXPERIENCE:

Mr Vodennikov started working at electric grid companies in 1996, where he was an engineer of the relay protection and automation service at the Western Electric Grids «Kurganenergo». Six year later, he was transferred as the head of the substation service. In 2006, he moved to the MPS West Siberia as the Deputy General Director for Development and Customer Engagement. In January 2011, he was appointed as the First Deputy General Director — Chief Engineer of MPS West Siberia. In 2015, he was appointed General Director of JSC FGC UES of MPS West Siberia, and in 2017, — the Chairman of the Management Board, and Chief Engineer, of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Chairman of the Board of Directors of JSC Tomsk Trunk Grids.

Holds no shares of PJSC FGC UES.



Aleksandr Zagaratsky
First Deputy Chairman of the Management Board

Areas of responsibility:

- staff management and development;
- corporate and strategic management;
- legal support;
- document management;
- administrative and economic support;
- property management;
- management of communications, public relations and public authorities' interactions.

Management Board member since 2014.

Born in 1976.

Graduated from St. Petersburg Law Institute of the General Prosecutor Office, majoring in Law. Graduated from St. Petersburg Institute for Management and Economics, majoring in State and Municipal Management. Ph.D. in Economics.

EXPERIENCE:

Mr Zagaratsky has significant experience in legal regulation: in 1999–2013, he worked in St. Petersburg Legislative Assembly, where he started as deputy assistant and then was promoted to Chief of Staff of the Chairman. In 2013, he was appointed the Deputy Chairman of the Management Board of PJSC FGC UES, and in 2016 — First Deputy Chairman of the Management Board of PJSC FGC UES.

Holds no shares of PJSC FGC UES.



Aleksey Molsky
First Deputy Chairman of the Management Board

Areas of responsibility:

- development and customer relations;
- innovative development, digitalisation and IT;
- investments, design and land relations;
- procurement management.

Management Board member since 2016.

Born in 1980.

EDUCATION:

Graduated from Moscow Power Engineering Institute, majoring in Electric Energy Systems and Grids, and Economics and Electric Energy Company Management.

EXPERIENCE:

Mr Molsky started his career in 2003. In 2006, he joined JSC FGC UES as Deputy Chief Engineer, and then became the First Deputy Chairman of the Management Board. In 2016, he was elected a member of the Management Board of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Chairman of the Supervisory Board of JSC IPS SakRusenergo, member of the Supervisory Board of the Association NP Market Council, member of the Board of Directors of CJSC TaigaEnergoStroy, member of the Board of Directors of JSC Institute ENERGOSETPROEKT, Chairman of the Board of Directors of JSC Centre for Engineering and Construction Management of UES.

Holds no shares of PJSC FGC UES.



Sergey Terebulin
Deputy Chairman of the Management Board

Areas of responsibility:

- economics, finance and subsidiary management

Management Board member since 2016.

Born in 1978.

EDUCATION:

Graduated from the Financial Academy under the Government of the Russian Federation, majoring in Finance and Credit. Ph.D. in Economics.

EXPERIENCE:

Mr Terebulin has a prominent working experience in the field of finance and audit. In 2001–2006, he held top positions at financial and economic departments of JSC RAO UES of Russia. In 2006–2016, he was the Director of the Corporate Finance Department at PJSC RusHydro. In 2016, Mr Terebulin became a member of the Management Board of PJSC FGC UES and was appointed Deputy Chairman of the Management Board of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Member of the Supervisory Board of JSC IPS SakRusenergo.

Holds no shares of PJSC FGC UES.



Maria Tikhonova
Deputy Chairman of the Management Board

Areas of responsibility:

- corporate and strategic management

Management Board member since 2013.

Born in 1980.

EDUCATION:

Volga-Vyatka Academy of Public Service, majoring in Public and Municipal Administration, the Higher School of Economics with MBA Finance. Ph.D. in Economics.

EXPERIENCE:

Ms Tikhonova has significant experience in the energy field. In 2005–2008, she worked in the Federal Energy Agency where she moved up from senior specialist to deputy head of the property relations department at FEC. In 2008–2012, she held top positions in the Ministry of Energy of Russia, including the Director of the Department for Corporate Governance, Pricing Conditions and Auditing in Fuel and Energy Industries. In 2013, she was appointed the Chairman of the Management Board of PJSC FGC UES and elected as a member of the Management Board of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Since 2019, Board Member of JSC Elektromagistral.

Holds no shares of PJSC FGC UES.

Since the beginning of the reporting year and until 11 March 2019, Roman Filimonov also was a member of the Management Board. His authorities were terminated by the resolution of the Board of Directors of 11 March 2019.

In the reporting year, members of the Company's Management Board held no shares and bonds of the Company or its affiliates, and made no transactions with the mentioned securities. In the reporting year, members of the Company's Management Board were in no way indebted to the Company.

Remuneration system for governing bodies

GRI 102-35

The remuneration policy was developed on the basis of the principles and recommendations of the Bank of Russia Corporate Governance Code, taking into account the Company's remuneration and compensation practice.

The procedure for determining remuneration and compensation to members of the Board of Directors, as well as the payment procedure, is set forth in the Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of PJSC FGC UES.⁷⁹

The practices applied in the Company for determining remuneration and compensation payable to members of the Board of Directors comply with the transparency and reporting principles and consider the role of the above-stated persons in performance of the Company.

The procedure for remuneration of persons included in committees of the Board of Directors, but not members of the Board of Directors, is determined by the Regulations on Payment of Remuneration and Compensation to Members of the Committees of the Board of Directors of PJSC FGC UES.⁸⁰

The Regulations on the Conditions of Labour Contracts and Determination of the Amount of Remuneration and Compensation Payable to Senior Management of JSC FGC UES⁸¹ regulate the system of remuneration of the Chairman of the Management Board and members of the Company's Management Board.

Operation of the HR and Remuneration Committee in monitoring and improving the remuneration system provides for increased efficiency and transparency of the existing policy.

The Company does not engage consultants to determine the amount of remuneration and compensation payable to members of the Board of Directors and members of the Management Board.

In 2019, no amendments were made to the Company's remuneration policies.

Remuneration of Members of the Board of Directors

Key aspects of the remuneration system for members of the Board of Directors:

- remuneration is paid as a lump-sum payment following the results of work of the Company's Board members for the corporate year since their election until termination of their powers;
- the decision to pay remuneration is made at the Company's Annual General Meeting of Shareholders.

The Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of PJSC FGC UES also provide for a number of conditions under which remuneration is not paid in the following cases:

- a member of the Company's Board of Directors skips more than half of meetings of the Board of Directors held during their membership on the Board of Directors;
- lack of net profit for the financial year preceding the year of payment of remuneration;
- a member of the Board of Directors of the Company is simultaneously a member of the Management Board of the Company and/or the Chairman of the Management Board of the Company;
- a member of the Company's Board of Directors is a person in respect of whom the laws of the Russian Federation provide for restrictions and prohibitions on receiving any payments from commercial organisations.

⁷⁹ Approved by the resolution of the Annual General Meeting of Shareholders of PJSC FGC UES of 26 June 2015, Minutes No. 16 of 30 June 2015.

⁸⁰ Approved by the Board of Directors, Minutes No. 280 of 24 August 2015.

⁸¹ Approved by the Board of Directors, Minutes No. 105 of 17 June 2010.

Internal documents and the policy of PJSC FGC UES on remuneration of members of the Board of Directors do not provide for the provision of shares of the Company to members of the Board of Directors.

In the event of early termination of powers of a member of the Board of Directors, as well as in the event of election of a member of the Board of Directors at the Company's Extraordinary General Meeting of Shareholders, the remuneration of such person is calculated taking into account the actual time they fulfil their duties as a member of the Board of Directors.

The Company does not have any additional remuneration or compensation in case of early termination of powers of Board members in connection with a takeover of the Company or in other circumstances.

Calculation of remuneration

GRI 102-36

To increase involvement of the Board members into the Company's operation and motivation to achieve high financial indicators by the Company, the amount of remuneration payable to members of the Board of Directors depends on the Company's financial results. Remuneration is calculated taking into account the fixed part of remuneration determined depending on the Company's revenue⁸² for the financial year previous to the year of remuneration payment.

Revenue for the financial year	Amount of the fixed part of remuneration
Over RUB 200 bln	RUB 1,000,000
Over RUB 30 bln	RUB 900,000
Over RUB 10 bln	RUB 800,000
Over RUB 1 bln	RUB 700,000
Over RUB 600 mln	RUB 600,000
Below RUB 600 mln	Remuneration is not paid

The fixed amount of remuneration of members of the Board of Directors in the 2017–2019 corporate year was RUB 900,000.

Board member's remuneration is formed on the following principles:

- the total amount of remuneration of a member of the Company's Board of Directors **cannot exceed the fixed amount of remuneration** (RUB 900,000 for 2019) in the corporate year;
- remuneration for participation in the meetings of the Board of Directors** is formed based on the amount of **the fixed amount** of remuneration and the actual attendance of the meetings of the Board of Directors;
- the increases are determined in the amount:**
 - +30% of **remuneration for participating in the meetings of the Board of Directors** for the Chairman of the Board of Directors;
 - +20% of **remuneration for participation in the meetings of the Board of Directors** for the Chairman of the Committee under the Board of Directors;
 - +10% of **remuneration for participating in the meetings of the Board of Directors** for a member of the Committee under the Board of Directors.



More information on the formula for calculating remuneration for participation in meetings of the Board of Directors can be found in the Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of PJSC FGC UES.

⁸² Calculated as per RAS.

Compensations

The Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of PJSC FGC UES provide for reimbursement of actual expenses to Board members, including the cost of the transportation to the location of the meeting of the Board of Directors and Committees and back, accommodation costs, as well as other expenses related to the Company's operations.

Remuneration paid in the reporting year

In connection with the receipt of net profit as of the results of 2018 in the amount of RUB 56,186,935 thousand following the results of the Company's activities, at the General Meeting of Shareholders of PJSC FGC UES, held following the 2018–2019 corporate year, it was decided to pay remuneration to members of the Board of Directors.

Fixed annual remuneration was the only monetary form of remuneration of Board members for serving on the Board of Directors during the reporting period.

Remuneration for Board membership	Additional remuneration										
$R_{\text{actual}} = R_{\text{bas}} \times 100 / 130 \times (a/b)$	Remuneration to the Chairman of the Board of Directors*										
	Remuneration to the Chairman of the Committee*										
	Remuneration for Committee membership*										
$R_{\text{bas}} = 900,000 \text{ RUB}$											
a — number of meetings of the Board of Directors in which the member participated											
b — total number of meetings of the Board of Directors conducted in the reporting period											
	<table> <tr> <th colspan="2">Information on the number of the meetings of the Committees under the Board of Directors</th></tr> <tr> <td>Audit Committee</td><td>20</td></tr> <tr> <td>HR and Remuneration Committee</td><td>10</td></tr> <tr> <td>Investment Committee</td><td>17</td></tr> <tr> <td>Strategy Committee</td><td>18</td></tr> </table>	Information on the number of the meetings of the Committees under the Board of Directors		Audit Committee	20	HR and Remuneration Committee	10	Investment Committee	17	Strategy Committee	18
Information on the number of the meetings of the Committees under the Board of Directors											
Audit Committee	20										
HR and Remuneration Committee	10										
Investment Committee	17										
Strategy Committee	18										

*Bonus payments for chairmanship and membership in the Committee under the Board of Directors are not paid if there were less than 3 meetings arranged by the Committee

No.	Name of the Board member	a	b	Remuneration (R _{actual}), RUB	Information on the membership in the Committees under the Board of Directors	Additional remuneration, RUB.			Total, RUB	Max payment, RUB	Limitations on the payments	Total payable, RUB
						Chairman of the Board of Directors	Chairman of the Committee under the Board of Directors	Member of the Committee under the Board of Directors				
1	P. Grachev	41	41	692,307.69	Audit Committee	0	0	69,230.77	830,769.23	900,000.00	No	830,769.23
					HR and Remuneration Committee	0	0	69,230.77				
2	A. Demin	41	41	692,307.69	Strategy Committee	0	0	0	692,307.69	900,000.00	No	692,307.69
3	I. Kamenskoy	41	41	692,307.69	Audit Committee	0	138,461.54	0	1,038,461.54	900,000.00	No	900,000.00
					HR and Remuneration Committee	0	0	69,230.77				
					Investment Committee	0	138,461.54	0				
4	A. Murov*	41	41	—	—	—	—	—	—	—	Yes	—
5	P. Livinsky	41	41	692,307.69	—	207,692.31	0	0	900,000.00	900,000.00	No	900,000.00
6	E. Prokhorov	37	41	624,765.48	—	0	0	0	624,765.48	900,000.00	No	624,765.48
7	N. Roshchenko	39	41	658,536.59	—	0	0	0	658,536.59	900,000.00	No	658,536.59

No.	Name of the Board member	a	b	Remuneration (R _{actual}), RUB	Information on the membership in the Committees under the Board of Directors	Additional remuneration, RUB.			Total, RUB	Max payment, RUB	Limitations on the payments	Total payable, RUB
						Chairman of the Board of Directors	Chairman of the Committee under the Board of Directors	Member of the Committee under the Board of Directors				
8	S. Sergeev	41	41	692,307.69	Investment Committee	0	0	69,230.77	761,538.46	900,000.00	No	761,538.46
9	P. Snikkars**	36	41	—	Investment Committee	—	—	—	—	—	Yes	—
					Investment Committee	—	—	—				
10	Ernesto Ferlenghi	41	41	692,307.69	Audit Committee	0	0	69,230.77	969,230.77	900,000.00	No	900,000.00
					HR and Remuneration Committee	0	138,461.54	0				
					Investment Committee	0	0	69,230.77				
11	O. Shatokhina	41	41	692,307.69	Strategy Committee	0	0	0	692,307.69	900,000.00	No	692,307.69
Total:												6,960,225.1

* Remuneration is not paid due to the fact that the Board member is the Chairman of the Company's Management Board at the same time.

** Remuneration is not paid due to the fact that the Board member is a public servant.

Members of the Board of Directors P. Grebtsov, O. Sergeeva, V. Furgalsky elected by the Annual General Meeting of Shareholders on 26 June 2019 did not receive any remuneration in the reporting year. The issue of paying the remuneration on the results of 2019 is to be considered at the Annual General Meeting of Shareholders of the Company planned for 2020.

Members of the Board of Directors were not provided with any loans (credits) in 2019.

Total (aggregated) remuneration paid to members of the Board of Directors, RUB thousand

Type (element) of remuneration	2017	2018	2019
Fixed			
Remuneration for participation in work of the governing body	5,764.2	5,942.3	5,921.8
Additional remuneration to the Chairman of the Board of Directors	189.6	207.7	207.7
Additional remuneration for participation in the Committees of the Board of Directors	832.3	801.9	830.7
Other fixed remuneration	0	0	0
Total amount of fixed part of remuneration	6,786.1	6,951.9	6,960.2
Variable			
Bonuses accrued	Such remuneration types are not provided for in the Company's Remuneration Policy for the Members of the Board of Directors		
Accrual of remuneration paid on the basis of shares			
Other variable remuneration (non-monetary remuneration and compensation), including:	Not paid		
Cost of travel to location of meetings of the Board of Directors and the Committees and back			
Living cost			
Other expenses related to the Company's activities			
Total accrued size of the variable part of remuneration			
Severance allowances, compensations and other payments in connection with early termination of powers			

System of remuneration of the Chairman and members of the Management Board

Calculation of remuneration



Detailed information on the KPI system, KPI achievement in the reporting year and goals for 2020 can be found in section Strategic Report/Industry Review, Strategy, Risks and KPI/Key Performance Indicators.

GRI 102-36

In accordance with the best practice, the system of remuneration of the members of the Company's executive bodies is comprised of fixed and variable parts related to achievement of top managers' key performance indicators (KPIs). Such an approach allows motivating members of the Management Board to achieve strategic goals and thus contribute to growth of the Company's value.

The remuneration is comprised of fixed (salary) and variable (bonuses) parts. The variable part is comprised of quarterly and yearly bonuses (according to the results of achieved quarterly and yearly KPI, correspondingly). Amount of bonus predominantly depends on achieving top managers' KPIs. If any KPI is not achieved, bonuses of all members of the Management Board, including the Chairman of the Management Board, get reduced by a certain percent depending on the KPI's weight.

The Board of Directors approves the Company's KPI targets (adjusted values) and reports on their fulfilment, on the basis of which bonuses are paid to the Chairman and members of the Management Board.

Main components of the system of remuneration of members of PJSC FGC Management Board

	Fixed part	Variable part and other remuneration
Form of implementation	Salary	The system of short-term motivation includes quarterly and annual bonuses based on achieving KPIs, as well as other forms of additional incentives.
The average weight of the component in the annual remuneration structure*	32 %	68 %
Component purpose	Establishment of a fair competitive level of remuneration corresponding to market conditions. Attraction and retention of highly professional managers due to this.	Stimulation of the implementation of planned operating and financial performance to achieve the planned results on strategic priorities.
General provisions	Due to the competitive level of the fixed part of remuneration, the Company achieves the stability of composition of its management.	The size of quarterly and annual bonuses payable to members of the Management Board is calculated primarily on the basis of actually achieved KPI values. The Company's KPI system is interconnected with the business plan, including the Company's investment programme, with the Company's strategy and executive discipline. Collective responsibility is established for the variable part of remuneration: In the event of non-fulfilment of any KPI, the size of the bonus of all members of the Management Board, including the Chairman, decreases.

* Calculation based on remuneration paid in 2014–2019.

Conditions of the employment contract with the Chairman of the Management Board are established by the person authorised by the Board of Directors. Conditions of employment contracts with members of the Management Board are determined by the Chairman of the Management Board instructed by the Board of Directors.

Information on remuneration of members and the Chairman of the Management Board are disclosed on the PJSC FGC UES website in the annual report and quarterly report of the issuer.

Remuneration paid in the reporting year

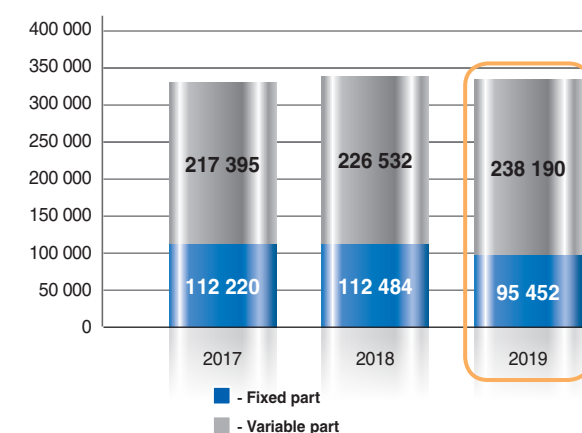
Total (aggregated) remuneration paid to the Chairman and members of the Management Board, RUB thousand

Type (element) of remuneration	2017	2018	2019
Fixed part			
Salary (wage)	112,220	112,484	95,452
Total fixed part of remuneration	112,220	112,484	95,452
Variable part			
Bonuses accrued in accordance with employment contract	195,979	184,683	186,443
Other types of remuneration	21,352	41,590	43,125
Severance allowances, compensations and other payments accrued in connection with early termination of powers	64	259	8,622
Total variable part of remuneration	217,395	226,532	238,190
Total remuneration	329,615	339,016	333,642

Amount of remuneration of the Chairman of the Management Board, RUB thousand

Type (element) of remuneration	2017	2018	2019
Fixed part			
Salary (wage)	25,324	25,277	28,330
Total fixed part of remuneration	25,324	25,277	28,330
Variable part			
Bonuses accrued in accordance with employment contract	39,272	53,010	42,085
Other types of remuneration	12,023	43	12,052
Total variable part of remuneration	51,295	53,053	54,137
Total remuneration	76,619	78,330	82,467

Remuneration of PJSC FGC UES' Management Board, RUB ths.



Members and the Chairman of the Management Board were not paid other fixed remuneration, share remuneration (or accrual of remuneration paid on the basis of shares) or stock purchase options, other variable remuneration in 2017–2019.

Settlement of conflicts of interest



Information on the positions of members of the Board of Directors held in the governing bodies of other organisations and on the ownership of the Company's securities is disclosed on the website www.fsk-ees.ru/eng/ in section [Investors/Corporate Governance/Board of Directors](#), and in the issuer's quarterly reports and annual reports posted at www.fsk-ees.ru/eng/ in section [Investors/Annual Reports](#).

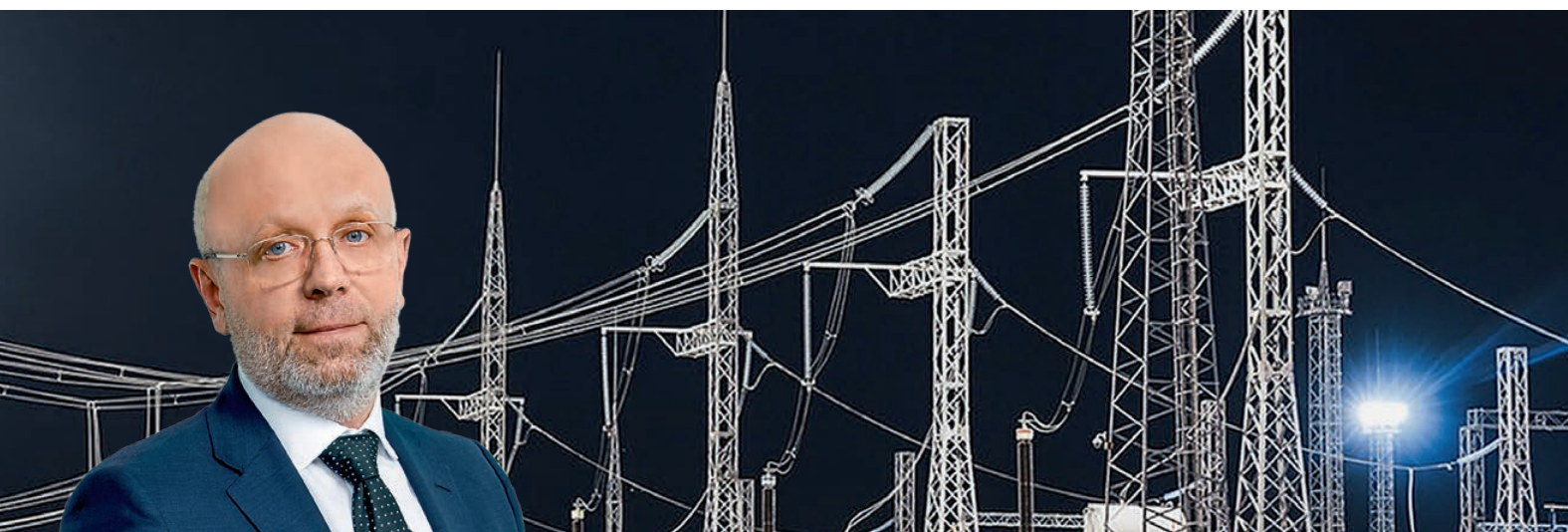
GRI 102-25

The Company strives to prevent and minimise any consequences of possible conflicts of interest among members of the Company's governing bodies. The Company has a comprehensive system of dealing with any conflict of interest between members of the governing bodies of the Company providing for reasonable assurance that any conflict will be settled at an early stage and the Company's interests will not be infringed. The settlement is carried out on the basis of the Company's Corporate Ethics Code, Corporate Governance Code, the Regulations on the Board of Directors, and the Regulations on the Management Board.

Members of the Company's governing bodies shall take reasonable and effective actions, and in particular make decisions considering all available information in the absence of any conflict of interest, treating shareholders of the Company equally, and assuming standard risk levels.

The Company verifies information on the participation of members of the Management Board and the Board of Directors of the Company in other companies on a quarterly basis. The Company performs regular analysis of information received from members of the Company's governing bodies for the presence of a potential conflict of interest.

All members of the Board of Directors and members of the Management Board met the requirements of Art. 82 of the Federal Law on Joint Stock Companies about sending notifications to the Company about the presence of a possible interest in the Company's transactions. In order to identify conflicts of interest in a timely manner, the Company has developed a questionnaire for members of the Board of Directors and the Management Board, which they fill in quarterly and indicate all necessary information.



“ Internal control and risk management are integral elements of Rosseti FGC UES management system. They are inextricably linked with all business processes, which makes it possible to identify cases that may lead to risks and deviations from target values of key performance indicators. Thus, the financial losses of the Company and possible negative reputation consequences are minimised. ”

I. Feoktistov

Security Director of PJSC FGC UES

Risk management system, internal control and internal audit

Internal control system

The Company's internal control system (hereinafter, the ICS) is an element of the Company's overall management system aimed at providing reasonable guarantees of achieving the goals in the following areas:

- efficiency and effectiveness of the Company, including the achievement of financial and operational indicators, as well as the safety of the Company's assets;
- compliance with applicable legal requirements and local regulations of the Company, including for business facts and accounting purposes;
- reliability and timely submission of accounting (financial) and other statements.

The ICS is risk-oriented. Control procedures are risk-based and set up in such a way as to provide a reasonable assurance that the response to an emerging risk occurs effectively and in a timely manner. The ICS covers all areas of the Company's activities; control procedures are performed continuously in all processes of the Company at all management levels.

In order to ensure the implementation and maintenance of an effective internal control system that complies with generally accepted practices and standards of internal control, as well as regulatory requirements, and contribute to the achievement of the Company's objectives, the Company applies the Regulations on Internal Control System of PJSC FGC UES.⁸³ It defines the objectives, principles of operation and elements of the Company's internal control system, the main functions and responsibility of participants in the internal control system, and the procedure for evaluating its effectiveness.

The Company has an Order for the fulfilment of requirements of the Regulations on the Internal Control System⁸⁴, which reveals the applied aspects of the application of the standards set out in the Regulations on the Internal Control System.

The control procedures for the processes and subprocesses of the core and supporting activities, as well as the Company's management processes are documented in the risk matrices and control procedures.

The Internal Control System is operated in accordance within the model of three defence lines: This model means the implementation of internal control in the Company at three levels:

- 1st defence line — The level of governing bodies and the Company's units and divisions implementing control procedures by virtue of their responsibilities and job duties;
- 2nd defence line — The level of control units of the Company;
- 3rd defence line — The level of the Internal Audit Department.

The functions of the ICS participants are enshrined in the Regulations on the Company's Internal Control System, the provisions on structural divisions and job descriptions.



For detailed information about the main functions of the ICS participants, see [Appendix 1](#).

⁸³ Approved by resolution of the Board of Directors, Minutes No. 369 of 2 June 2017.

⁸⁴ Order of PJSC FGC UES No. 310 of 1 August 2017.

In the reporting year, an external independent assessment of the ICS was carried out. According to its results, the ICS was recognised effective, and the ICS Control Environment component was recognised as the best practice for the PJSC Rosseti Group of Companies. The results of the external independent assessment of the ICS were reviewed by the Board of Directors⁸⁵ with a preliminary discussion of this issue by the Audit Committee of the Board of Directors⁸⁶.

Directions for the ICS further improvement

The Company approved an Action Plan to maintain the efficiency and development of risk management and internal control systems of PJSC FGC UES⁸⁷. The specified Plan involves the implementation of measures for the components:

- control environment,
- information and communications,
- control measures,
- monitoring.

Risk management system

GRI 102-15

PJSC FGC UES has a risk management system (hereinafter — RMS). The Board of Directors approved the Regulations on the Risk Management System⁸⁸. The Regulations on Risk Management System determines goals, operational principles and elements of the Company's risk management system, main functions and responsibility of RMS participants and RMS efficiency assessment procedure.

The purpose of the RMS applied in the Company is to ensure stable continuous functioning and development of the Company by means of timely identification, assessment and efficient management of risks threatening efficient business operation and reputation of the Company, employee health, environment, as well as property interests of shareholders and investors.

The Company uses three methods to respond to risks:

- risk avoidance;
- risk acceptance or increase in order to implement favourable opportunities;
- risk mitigation or assignment.

The choice of response depends on the risk significance, the influence on the likelihood and impact of risks, costs of implementation, and benefits obtained.

The Company's internal auditor conducted a comprehensive assessment of the effectiveness of the internal control and risk management system. The report of the internal auditor on the results of 2019 was preliminary reviewed by the Audit Committee of the Board of Directors⁸⁹. According to the results of the internal independent assessment, the level of maturity of the internal control and risk management system is optimal.

In the reporting year, an external independent assessment of the RMS was conducted. As a result, the RMS was recognised effective. The results of the external independent assessment of the RMS were reviewed by the Board of Directors⁹⁰ with a preliminary discussion of this issue by the Audit Committee of the Board of Directors⁹¹.

Directions for further improvement of the risk management system

In 2019, the Company approved⁹² an Action Plan to maintain the efficiency and development of risk management and internal control systems of PJSC FGC UES. The specified Plan involves the implementation of measures for the directions:

- Corporate governance and culture;
- Analysis and revision;
- Strategy and goal setting;
- Information, communication and reporting.
- Performance efficiency;

Internal audit

Internal audit is an activity for provision of independent and objective guarantees and consultations to the Board of Directors and the executive bodies of PJSC FGC UES aimed at improving the Company's management efficiency. Internal Audit was created with the aim of systematically independent assessment of the reliability and efficiency of the risk management and internal control system, and corporate governance practices.

The Internal Audit Department is a unit responsible for internal audit functions in the Company. The Internal Audit Department is administratively subordinate to the Chairman of the Management Board, and functionally to the Board of Directors of the Company⁹³.

According to the Articles of Association of PJSC FGC UES, the Company's Board of Directors has⁹⁴ the following competencies in terms of internal audit:

- approval of the internal audit policy (Internal Audit Regulations);
- approval of the activity plan and budget of the internal audit unit;
- approval of a candidate for the position of the head of the Company's Internal Audit Department and termination of their powers;
- determination of the remuneration conditions for the head of the Internal Audit Department, as well as consideration of significant limitations of powers of the Internal Audit Department or other restrictions that could adversely affect the implementation of internal audit;
- review results of quality assessment of the internal audit function.

In compliance with the results of the assessment carried out by LLC Ernst & Young — Assessment and Consulting Services, the activities of the Internal Audit Department received **the highest level of generally consistent assessment** with IIA standards and Ethics Code (the internal audit has certain provisions, policies and procedures, their implementation and results are assessed as appropriate IIA standards).



The Company's Regulations on the Risk Management System in force is available on the corporate site www.fsk-ees.ru/eng in section Investors/Corporate Governance/Corporate Documents.



For information about the principles and subjects of the RMS, RMS regulatory framework, as well as RMS participants and their functions, see [Appendix 1](#).



Information on the Company's main internal documents governing the internal audit activity is given in [Appendix 1](#).

⁸⁵ The Meeting of the Board of Directors on 30 July 2019, Minutes No. 461 of 31 July 2019.
⁸⁶ The Meeting of the Audit Committee of the Board of Directors on 25 June 2019, Minutes No. 99 of 25 June 2019.
⁸⁷ By the resolution of the Board of Directors of 27 January 2020, Minutes No. 482 of 28 January 2020, with a preliminary discussion of this issue by the Audit Committee of the Board of Directors on 27 December 2019, Minutes No. 109 of 27 December 2019.
⁸⁸ Approved by the resolution of the Board of Directors, Minutes No. 291 of 19 November 2015, changes introduced by the resolution of the Board of Directors, Minutes No. 347 of 13 December 2016.
⁸⁹ Minutes No. 115 of 9 April 2020.

⁹⁰ The Meeting of the Board of Directors on 30 July 2019, Minutes No. 461 of 31 July 2019.
⁹¹ The meeting of the Audit Committee on 16 July 2019, Minutes No. 100 of 16 July 2019.
⁹² Resolution of the Board of Directors of 27 January 2020, Minutes No. 482 of 28 January 2020 with a preliminary discussion of this issue by the Audit Committee of the Board of Directors of 27 December 2019, Minutes No. 109 of 27 December 2019.
⁹³ Regulations on the Internal Audit of the Company, approved by the resolution of the Board of Directors of the Company, Minutes No. 291 of 19 November 2015; order No. 505 of 29 December 2016 on the Distribution of Responsibilities Between Heads of the Executive Office of PJSC FGC UES.
⁹⁴ Resolution of the Annual General Meeting of Shareholders of 29 June 2017, Minutes No. 18 of 3 July 2017.

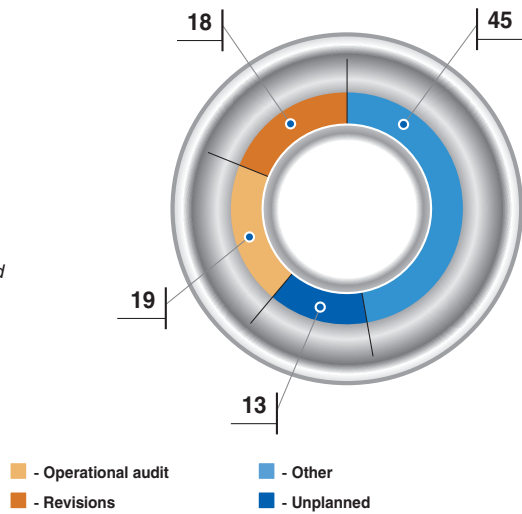
Satisfaction quotient of the Audit Committee of the Company's Board of Directors with the Internal Audit Department performance results (weighted average total of points in the questionnaires of the voting members of the Audit Committee versus the number of voting members of the Audit Committee) at the end of 2019 corresponds to a «**conforming**» rate⁹⁵.

95 monitoring activities were executed by the internal auditor in 2019. 1,393 correctives were prescribed for execution. 714 out of 729 correctives with deadlines in the reported year were executed.

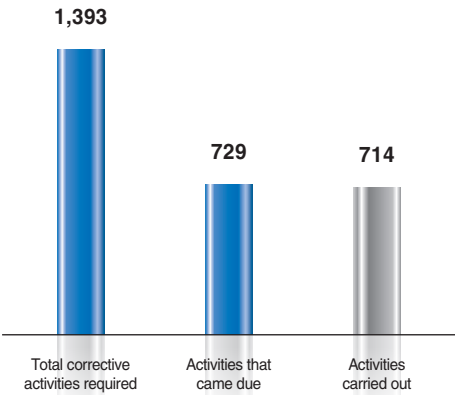
Monitoring activities carried out by the internal audit in 2019



For information on key decisions, measures aimed at improving the internal audit system, implemented in accordance with resolutions of the Company's Board of Directors, see Appendix 1.



Corrective activities



⁹⁵ In compliance with the Company's Internal Audits Quality Assurance and Improvement Programme, approved by the decision of the Board of Directors of the Company on 11 December 2017 (Minutes No. 383 of 14 December 2017).



“ Throughout 2019, we headed for the constant development of the internal audit function, as well as the application of new concepts and practices. The main goal of our activity is to provide independent and objective guarantees and advice to the Board of Directors and executive bodies aimed at improving and increasing the efficiency of the Company's management system. In 2019, the Internal Audit Department conducted 47 verifications, which revealed more than 1,200 violations and deficiencies. Timely management response to the recommendations of the internal audit enables us to mitigate the risks of financial losses and reputation risks. ”

Svetlana Kovaleva
Internal Audit Director,
Head of the Internal Audit Department of PJSC FGC UES

Audit Commission

The Audit Commission is a permanent body which is responsible for exercising control over PJSC FGC UES' financial and business operations, its governing bodies and structural units. The composition of the Audit Commission is elected annually at the General Meeting of Shareholders.

The activities of the Audit Commission are governed by the Articles of Association and the Regulations on the Audit Commission of PJSC FGC UES⁹⁶.

The main functions of the Audit Commission are as follows:

- confirming reliability of the data contained in the Annual Report, the annual accounting (financial) statements of the Company, the report on concluded related-party transactions;
- analysing the Company's financial position, discovering ways for improving thereof, and develop recommendations to the governing bodies;
- organising and performing audits (revisions) of the Company's financial and business operations.

Composition of PJSC FGC UES⁹⁷ Audit Commission in 2019

Full name	Year of birth	Education	Position	Composition formed by the AGM on 28 June 2018 ⁹⁸	CComposition formed by the AGM on 26 June 2019 ⁹⁹
Tatiana Zobkova Chairman of the Audit Commission	1976	Higher	Deputy Director of the Department for Corporate Governance, Pricing Environment and Auditing in Fuel and Energy Industries of the Russian Ministry of Energy	+	+
Andrey Gabov	1981	Higher	Head of Division of Department of the Ministry of Economic Development of the Russian Federation		+
Svetlana Kim Secretary of the Audit Commission	1981	Higher	Head of the Governance Department of PJSC Rosseti		+
Dmitry Ponomarev	1978	Higher	Head of the Governance Department of PJSC Rosseti		+
Ekaterina Snigireva	1991	Higher	Head Deputy of the Department of Property Relations and Privatisation of the Federal Agency for State Property Management (Rosimushchestvo)	+	+
Aleksandr Batalov	1973	Higher	Director of the Department for Economic Security and Anti-Corruption of PJSC Rosseti	+	
Marina Lelekova	1961	Higher	Head of the Department for Control and Audit Activities of PJSC Rosseti	+	
Vladimir Khvorov	1947	Higher	Leading Expert of the Department of State Regulation of Tariffs, Infrastructure Reforms and Energy Efficiency of the Ministry of Economic Development of the Russian Federation	+	

⁹⁶ Approved by the resolution of the Annual General Meeting of Shareholders of PJSC FGC UES on 26 June 2015, Minutes No. 16 of 30 June 2015.
⁹⁷ Positions of the Audit Commission members are stated at the time of election. None of the Audit Commission members holds shares of PJSC FGC UES or positions in its governing bodies.
⁹⁸ Minutes No. 20 of 2 July 2018
⁹⁹ Minutes No. 22 of 28 June 2019

Amount of remuneration paid to the Audit Commission members in 2019, RUB thousand

Full name	Amount
Marina Lelekova	206.1
Vladimir Khvorov	165.0
Aleksandr Batalov	178.65
Total	549.75

External Auditor

The Company annually engages an external auditor to perform an independent and unbiased assessment of quality of its RAS and IFRS accounting (financial) statements. The candidacy of the external auditor of the financial statements is approved by the Annual General Meeting of Shareholders of the Company. Candidacy is determined on the basis of competitive procedures that provide an objective choice. Selection of an audit organisation for the implementation of the mandatory audit of PJSC FGC UES' financial statements for 2018–2020 in the form of an open one-stage competition without preliminary qualification selection was conducted by PJSC Rosseti.

The Annual General Meeting of Shareholders dated 28 June 2018¹⁰⁰ approved ERNST AND YOUNG Limited Liability Company as the auditor of PJSC FGC UES. The Company's Board of Directors resolved to determine the amount of payment for the services of PJSC FGC UES' auditor for the audit of reporting for 2019 in the amount of RUB 22,175,308.08, including VAT. As a matter of fact, a total of RUB 16,742,357.59 was paid in 2019, and the rest amount of the audit reporting service payments is to be paid in the first half of 2020.

On 7 April 2020¹⁰¹, the Audit Committee of the Board of Directors approved the resolution on evaluating the quality of the audit, audit statements and the effectiveness of the conducting process for the external audit process of the accounting (financial) statements of PJSC FGC UES for 2019, and noted the compliance of the audit statement of the external auditor to the international audit standards and Russian legislation.

Reporting auditor of PJSC FGC UES

Full corporate name: ERNST AND YOUNG Limited Liability Company

Short corporate name: ERNST AND YOUNG LLC

Address: 77 Sadovnicheskaya Emb., Build. 1, Moscow, Russia, 115035

INN: 7709383532

OGRN: 1027739707203

Phone: +7 (495) 648 96 42; +7 (495) 641 29 07

E-mail: Tatyana.Okolotina@ru.ey.com; Elena.Kovalchuk@ru.ey.com

Data on the membership of the auditor in self-regulatory organisations of auditors: Self-regulatory organization of auditors Association «Sodruzhestvo»
Registered and business address: Building 4, 21 Michurinsky prospect, Moscow, Russian Federation 119192

In 2019, ERNST & YOUNG LLC within the framework of the Service Contract No. ECU-2018-00228 dated 10 December 2018 provided access to the EY Atlas online information resource, that combines EY standards, guidelines and interpretations in the field of accounting and audit. On 26 December 2019, the Service Contract No. ECU-2019-00323 was signed. Under the contract No. ECU-2018-00228 dated 10 December 2018, the actual amount of non-audit services amounted to RUB 63,353.82. Under the contract No. ECU-2019-00323 dated 26 December 2019, the amount of non-audit services amounted to RUB 59,550.24 and was paid in Q1 2020.

¹⁰⁰ Minutes No. 20 of 2 July 2018

¹⁰¹ Meeting Minutes of the Audit Committee of the Board of Directors No.114 of 7 April 2020.

Anti-Corruption Policy and Economic Security

GRI 103-2

Rosseti FGC UES declares zero tolerance towards corruption in any of its forms and aspects, meaning a total ban for all managers, employees and other persons acting on behalf of and / or for the benefit of the Company, directly or indirectly, personally or through any intermediary, to take part in any corrupt practices.

Anti-corruption activities in the Company are aimed at reducing the risks of material and reputation damage to the Company as a result of corruption.

Anti-corruption activities in the Company are an element of the internal control and risk management system.

Since 2012, the Company has been operating and constantly improving its Anti-Corruption Policy. In 2015, the Policy was updated¹⁰² due to changes in anti-corruption legislation¹⁰³. In 2017, a new edition of the Anti-Corruption Policy of PJSC FGC UES was approved, which corresponds to the Methodological Recommendations of the Federal Agency for State Property Management on risk management and internal control in the field of preventing and combating corruption¹⁰⁴.

GRI 103-3, 205-3

There were no confirmed cases of corruption in 2019. Criminal cases concerning corruption in relation to the organisation or employees were not initiated during the reporting period, and were not tried in courts.

The Company applies a risk-based approach to the management of its corruption prevention system.

GRI 102-12

The Company joined the Anti-Corruption Charter of Russian Business in 2015 (certificate of accession No. 2041) and confirmed its compliance with its requirements in 2017 and 2019. A self-assessment of the anti-corruption measures implemented in the Company was carried out, which resulted in the preparation of a Declaration of compliance with the Charter provisions.

Anti-corruption control of the procurement stages in the reporting year

- 2,482 issues submitted to the Central Tender Commission were considered. Various types of risks were identified in 417 issues submitted to the Central Tender Commission members. Financial damage in the amount of more than RUB 217.7 million has been prevented.
- Control was exercised over the formation of the initial (maximum) purchase price, the cost of purchases was reduced by a total RUB 30.6 million.
- Anti-corruption expertise was conducted on 413 materials prepared for contracting. According to the results of the expertise, 69 materials were sent for revision.

¹⁰² Meeting Minutes of the Board of Directors of PJSC FGC UES No. 357 of 13 March 2017.

¹⁰³ Meeting Minutes of the Board of Directors of PJSC FGC UES No. 280 of 24 August 2015.

¹⁰⁴ Order of the Federal Property Management Agency No. 80 dated 2 March 2016.

Anti-corruption control in relations with the partners and contracting parties

Procurement participants were checked for possible affiliation with the Company's employees.

Information on changes in the shareholders of the contracting parties, as well as the inclusion of an anti-corruption clause and other mandatory clauses into contracts was timely provided.

Work was carried out to check the financial stability of counterparties to Rosseti FGC UES, which included daily monitoring of all counterparties for signs of deterioration in financial stability.

Support was provided to the liquidation and bankruptcy proceedings of counterparties, with the total of cash received into the Company's budget from counterparties in bankruptcy proceedings amounting to RUB 454.5 million.

Identification and settlement of conflicts of interest

In 2019, declaration of the conflict of interest of the Company's employees for 2018 was arranged. According to the certification of the conflict, all manageable situations were settled.

Preventive surveys with a lie detector were held regarding job applicants, transfer of the employees starting with the head of the department and above, as well as during agency checks. 118 surveys of candidates were conducted during recruitment, as a result, 15 candidates were not recommended, and 10 surveys of employees during work audits were conducted, 3 cases of employees' involvement in the events under audit were identified.

Consideration and resolution of appeals about possible corruption in Rosseti FGC UES

The Company has anti-corruption hotlines.

In 2019, the Company's anti-corruption hotlines received a total of 16 appeals with information about possible facts of corruption. The information on two appeals was confirmed and appropriate actions were taken on them. One more appeal is still under revision.

The functioning of anti-corruption hotlines was monitored on a quarterly basis.

Informing and training employees on anti-corruption issues, shaping anti-corruption behaviour of employees

In order to inform the Company's employees, the unit responsible for corruption prevention has conducted four training events in the Knowledge Day format.

Employees whose job duties include preventing and combating corruption received advanced training at the Institute of Legislation and Comparative Law under the Government of the Russian Federation and the HSE University.

Corruption Risks and Compliance with Corporate Ethics

GRI 205-1

The Anti-Corruption Policy of PJSC FGC UES reflects the commitment to high ethical standards of conducting an open and honest business, the principle of zero tolerance towards corrupt practices, and therefore all corruption risks of the Company are assessed as critical. In 2019, corruption risks were assessed regarding 21 subdivisions of the Executive Office (58% of the total number of subdivisions).

The Department of Internal Control and Risk Management implements timely prevention of compliance risks, their minimisation, identification and elimination of causes and conditions; organises and carries out effective control over compliance of the Company's employees with the legislation of the Russian Federation in counteraction of corruption, applicable norms of international law, local normative legal acts and organisational and administrative documents of the Company, decisions of the collegial bodies of the Company's management; ensures implementation and control over compliance of Anti-Corruption policies in S&A of the Company. The Company has implemented procedures to identify non-compliances.

The Company monitors employees' compliance with the Corporate Ethics and Business Conduct Code and identifies any non-compliance.

The Company made a Central Commission for Compliance with Corporate Ethic Standards and Conflict of Interest Resolution.

Economic Security

As part of the implementation of measures to protect the economic interests of the Company by the Security Block:

- **The economic damage to the Company's interests amounting to RUB 3.5 billion was prevented.** The damage in the amount of RUB 601.64 million was compensated;
- 180 persons have been identified as having committed violations, 111 of whom have been brought to disciplinary and material responsibility, and 10 have been dismissed;
- 153 applicant materials were prepared and sent to law enforcement agencies, of which 97 were prosecuted. At the same time, more than 85% of the criminal cases are related to the theft by third parties of ferrous and non-ferrous metal products from power generation facilities;
- 2,518 issues of procurement procedures were considered, 137 negative resolutions were given;
- 216 procurement procedures were considered, the cost of procurement was reduced by the total amount of RUB 234.5 million;
- Based on the executive documents, measures were taken to collect accounts receivable, and the Company was reimbursed RUB 522 million.

Protecting against Terrorism and Crime

The anti-terrorist policy is carried out in accordance with Federal Law No. 256-FZ of 21 July 2011. On the safety of the fuel and energy complex and the requirements of regulations of the Government of the Russian Federation No. 993 of 19 September 2015 "On the approval of security requirements for FEC ground facilities" is to organise and carry out activities aimed at strengthening the engineering and technical reinforcement and anti-terrorist protection of the Company's facilities.

The organisational and planning activities carried out during the reporting period allowed the Company's facilities of various hazard categories to be protected at an adequate level.

The activities carried out by the security units contributed to minimising the risks of terrorist acts as a result of unauthorised intrusions into the Company's guarded facilities.

In the reporting period, there were no criminal incidents or blackouts as a result of unlawful actions.