



ROSSETI
CENTRE

ALWAYS ONLINE

Integrated Annual Report

2021

21
ANNUAL
REPORT

GRI 102-1 GRI 102-21 GRI 102-45 GRI 102-46

SUMMARY OF THE REPORT

This Annual Report has been prepared using the information available to Rosseti Centre, PJSC (hereinafter referred to as Rosseti Centre, the Company) as at the date thereof and presents the results of the Company's activities for the period from 1 January to 31 December 2021. The information contained herein, including financials based on financial statements prepared under the Russian Accounting Standards, comprises Rosseti Centre' company-wide results. The section of the Annual Report that contains the performance measures of the consolidated financial statements includes data on the performance of Rosseti Centre's Group of companies.

The Report has been prepared using the guidelines of the Global Reporting Initiative (GRI Standards) and outlines the Sustainable Development Goals formulated by the United Nations (UN SDG) the Company adheres to.

GRI 102-44 GRI 102-47

In the reporting year, the Company involved external and internal experts to identify material topics. The stakeholder survey (questionnaire) revealed the following material topics:

- Consolidation of power grid assets
- Digital transformation
- Development of additional (non-tariff) services and increase in the share of non-tariff revenues
- Response to COVID-19 and impact of the epidemic on the targets achieved
- Management incentives schemes
- Transparency of the dividend policy
- Supplier and contractor relationship management
- ESG factors

Disclosure of identified material topics is included in the scope of the Annual Report.

NEW DEVELOPMENTS IN THE REPORT

The Report contains detailed information on Rosseti Centre's sustainability activities, including data on the Company's contribution to the UN Sustainable Development Goals, sustainability-related KPIs, human resources and social policy targets, and details on the trade union movement. The disclosure of occupational health and safety information has been more elaborated as compared to the previous report. The Report now includes subsection on the Company's climate change activities, and gives more detailed disclosure on the remuneration of the management bodies of Rosseti Centre.


Approved by:
resolution of the Annual General Meeting
of Shareholders of Rosseti Centre, PJSC on 17.06.2022
(Minutes No. 01/22 dated 17.06.2022)

Pre-approved by:
resolution of the Board of Directors of Rosseti Centre, PJSC on 12.05.2022
(Minutes No. 25/22 dated 12.05.2022)

The reliability of the data contained in the Annual Report has been confirmed by:
resolution of the Audit Commission of Rosseti Centre, PJSC on 29.04.2022
(Minutes No.3 dated 29.04.2022)

SUBJECT OF THE REPORT

The Report as a whole touches at length on sustainability issues. Subject of the Report covers such a sustainability aspect as communications with customers as a stakeholder.

For more details, please see [pp. 2-3](#).

SCOPE OF THE REPORT

The information contained herein, including financials based on the RAS financial statements, comprises Rosseti Centre's performance results. The section of the Annual Report that contains the performance measures of the consolidated financial statements includes data on the performance of Rosseti Centre's Group of companies.

This Annual Report is based on the information available to Rosseti Centre as at the date of this Report. The document contains an overview of the Company's performance results in 2021 and their historical evolution for the period from 2019 to 2021.

Information about the members of the Company's management and supervisory bodies, committees under the Board of Directors, Corporate Secretary, and their remuneration is disclosed herein subject to the Russian laws on personal data.

SMART
ENERGY

INTEGRATED
ANNUAL REPORT
2021

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ADDITIONAL
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(disclosed as a separate file)

- Appendix 1.** 2021 RAS Accounting (Financial) Statements with Auditor's Report
- Appendix 2.** IFRS Consolidated Financial Statements 2021 with Auditor's Report
- Appendix 3.** Additional information on Annual Report sections
- Appendix 4.** Report on Compliance with the Bank of Russia Corporate Governance Code
- Appendix 5.** Opinion of the Audit Committee on the Annual Report 2021

Customer Experience

PJSC Rosseti Centre is a Russian power grid company that provides electricity transmission and grid connection to new consumers. In 2021, the Company focused on improving the customer experience: accessibility of services, development of additional services and implementation of modern technical solutions.

OUR SERVICES

ENERGY INDUSTRY FOR PEOPLE

The Company believes that the new energy industry must become customer-oriented, and is therefore constantly improving customer service and opening up new perspectives to customers.

For more details on the Company's interactions with customers, please see pp. 52-59.

+0.12 points

4.32

out of 5 points

integral estimate of customer satisfaction

“

Our Company's entire management logic is geared towards customer focus. The customer is, of course, at the heart of our business. We work to live up to the expectations that our customers have for themselves today. It is not only reliability and quality of electricity supply, but also the integration of our backbone Company into the life of the entity”.

Igor Makovskiy,
General Director,
Rosseti Centre, PJSC

TECHNOLOGIES

DIGITAL ERA

Digitalisation and innovation is one of the tools to improve the customer experience.

For more details on the Company's digitalisation, please see p. 66.

6.5 RUB bn

+5%

amount of funding for the digital transformation programme

About the Company

GRI 102-2

GRI 102-4

Rosseti Centre, PJSC was established on 17 December 2004 during the reforming period of the Russian electric power industry, which involved the interregional integration of newly established companies following the unbundling of energy companies by business type – generation, transmission, sales.

Until 2008, the Company controlled distribution grid companies in Central Russia and the North Caucasus. As a result of the reform process, which ended on 31 March 2008, 11 distribution grid companies were merged with the Company as branches with the transition to a single share: Belgorodenergo, Bryanskenergo, Voronezhenergo, Kostromaenergo, Kurskenergo, Lipetskenergo, Orelenergo, Smolenskenergo, Tambovenergo, Tverenergo and Yarenergo.

Since then, Rosseti Centre has been functioning as a single operation company.

The core activities of Rosseti Centre are the transportation and distribution of electricity from the main grids of PJSC FGC UES to territorial grid organisations (TGO), energy sales organisations and large consumers, as well as the grid connection of new consumers. With a view to the diversification, Rosseti Centre also offers its customers a list of additional (non-tariff) services in maintenance of electric grid facilities.

The Company's key consumers are large industrial companies, transport and agricultural enterprises, socially important facilities and guaranteeing electricity suppliers.

The Company's History

17 December 2004

Establishing IDGC of Centre and Northern Caucasus, JSC during the reform of the Russian electric power industry

26 January 2006

Approving the configuration of the Company by the order of the Government of the Russian Federation, according to which 24 regional network companies were affiliated to IDGC of Centre and Northern Caucasus, JSC

27 April 2007

Renaming the Company and approving the final configuration of the Company with the merger of 11 DGCs of Central Russia by the decision of the Board of Directors of JSC RAO UES of Russia

2007

Renaming the Company as IDGC of Centre, JCS

31 March 2008

Establishing a single operation company – IDGC of Centre, JCS by affiliating 11 DGCs of Central Russia

May 2008

Floating the Company's shares on the MICEX and RTS stock exchanges

2009

Listing the Company's shares on the MICEX stock exchange

2009

Acquiring control over JSC YarEGC – a territorial grid company in the Yaroslavl Region

2011

Approving the Innovative Development Programme

2013

Taking over the functions of a guaranteeing supplier in five regions of the Company's presence

2017

August 2017 – present time

Including the Company's ordinary shares in the Moscow Exchange First Level Quotation List

2017

11 September 2017 – present time

Rosseti Centre acting as the sole executive body of Rosseti Centre and Volga region, PJSC

2019 – 2021

Consolidating assets and establishing control over the largest regional TGOs:

- JSC Voronezh Municipal Power Grid
- JSC Tula Municipal Power Grids
- LLC Bryanskelectro
- JSC Ivanovo Municipal Power Grid

Rosseti Centre's Group of companies more than doubled, from three companies in 2019 to seven – in 2021

February 2020


Approving the Digital Transformation Programme until 2030


2020 – present time


Implementing integrated digitalisation projects


3 August 2021


Renaming the Company to Rosseti Centre, PJSC. Completing the transition to a single brand with Rosseti's Group of companies











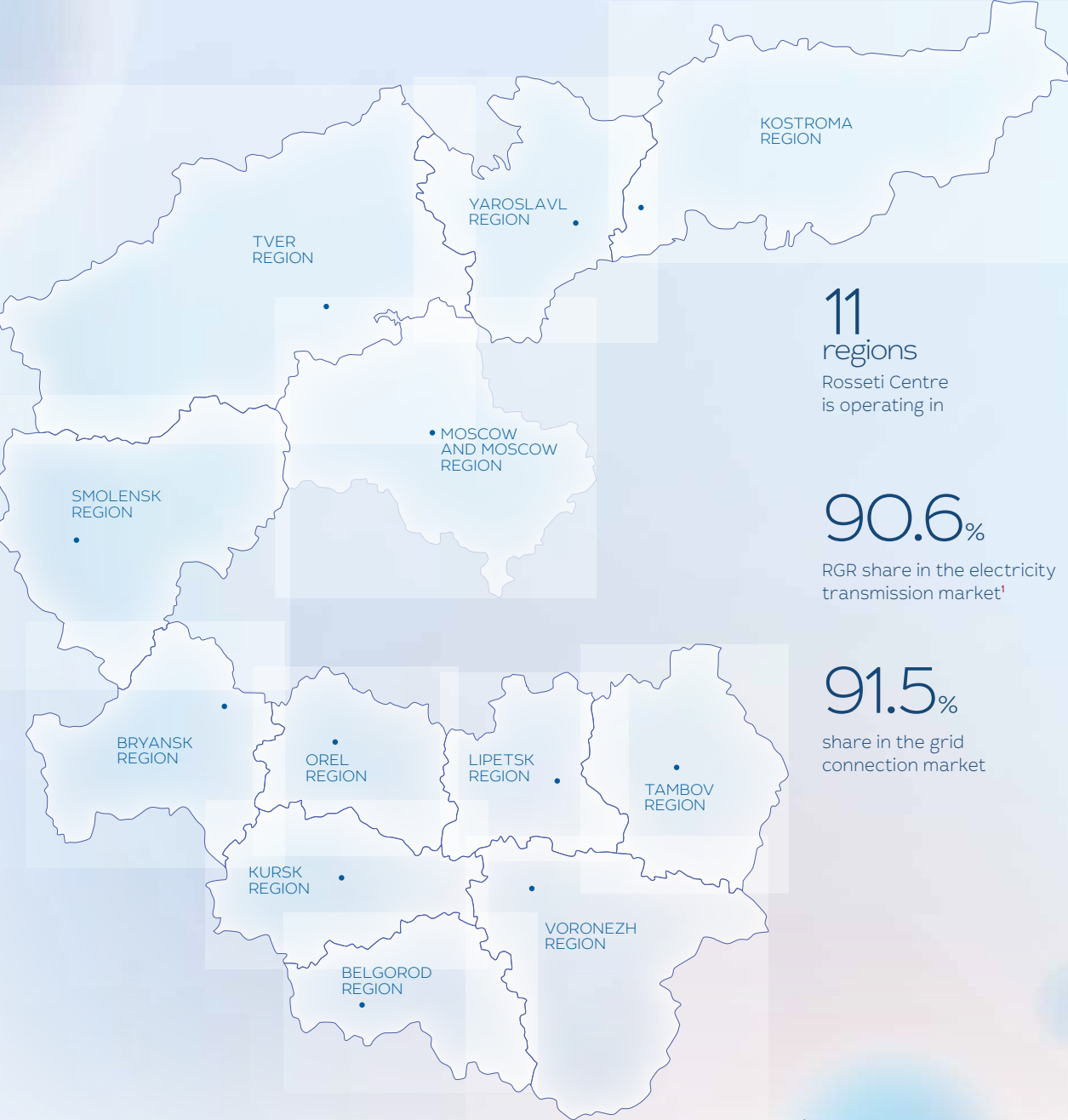
Integrated Annual Report 2021

www.mrsk-1.ru/en

Geography and Main Assets

GRI 102-4 GRI 102-7

Rosseti Centre's reach covers 11 regions of Central Russia, with its executive office sitting in Moscow.



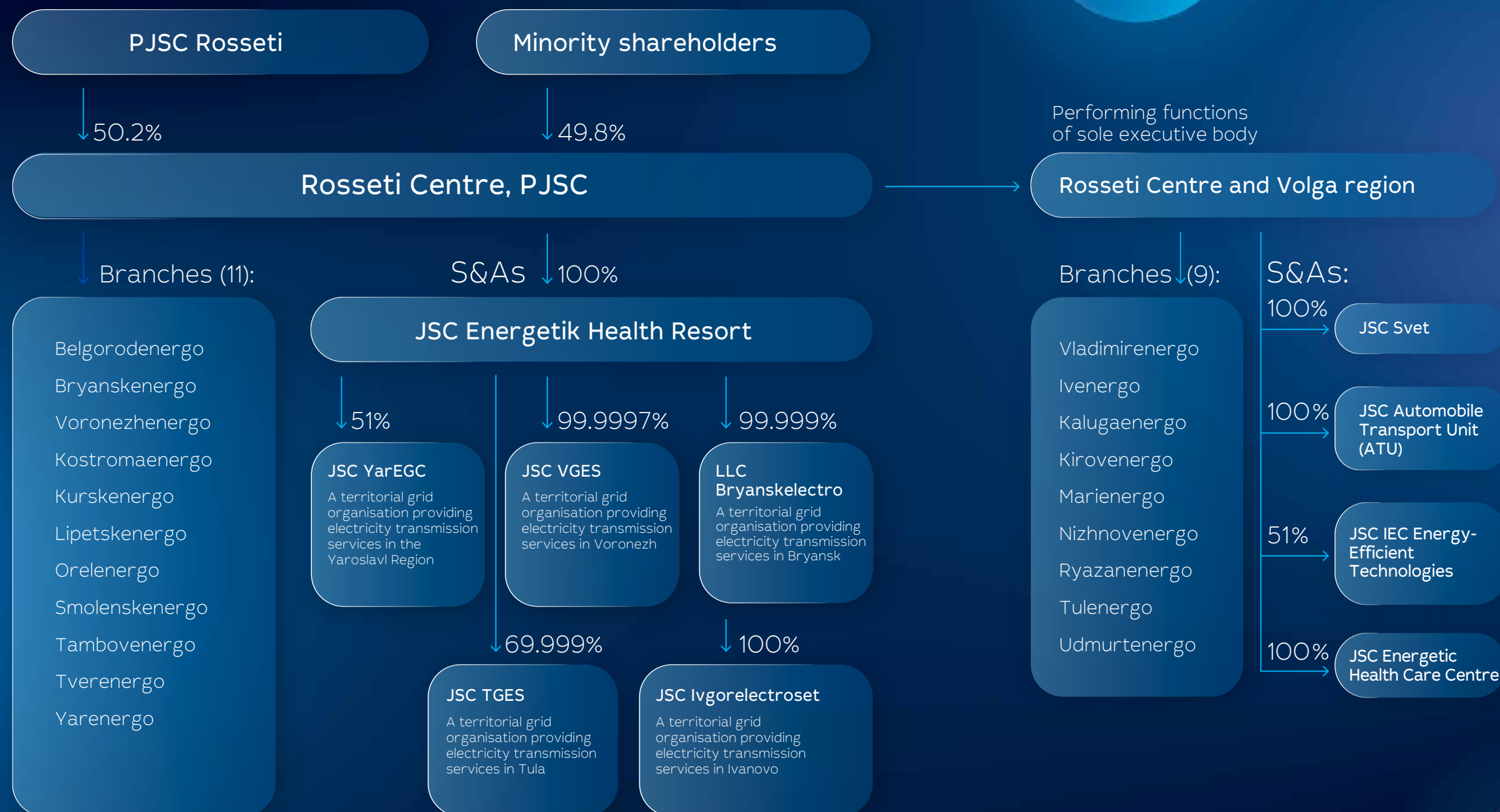
- SYMBOLS**
- Area, ths km²
 - Population, mn people
 - Number of 35–110 kV substations
 - Length of transmission lines, ths km
 - Capacity of 35–110 kV substations, MVA
 - RGR share in the electricity transmission market¹, %
 - Share in the grid connection market, %

¹ Including the services of PJSC FGC UES.

² Including controlled companies: JSC YarEGC in the Yaroslavl Region, JSC VGES in the Voronezh Region, LLC Bryanskelectro in the Bryansk Region, consolidated grids of JSC LGEK.

³ Including controlled companies: LLC Bryanskelectro and JSC VGES.

Structure of Rosseti Centre, PJSC



In 2021

Joint Stock Company Ivanovo Municipal Power Grid – a major TGO of the Ivanovo Region – joined Rosseti Centre's Group of companies, with 100% of its shares acquired by LLC Bryanskelectro, a company controlled by Rosseti Centre.

In 2021

the government stake in the Company's authorised capital decreased from 0.5% to 0.00000010%.

In accordance with Federal Agency for State Property Management's Order No. 449-r dated 27 September 2021, 192,182,773 federal ordinary shares of Rosseti Centre were privatised by way of a payment for additional shares of Far East Energy Management Company – UNPG as the Russian Federation's contribution to the authorised capital of the said company¹.

In September 2017

taking into account territorial peculiarities and comparable characteristics, and for better business performance, Rosseti Centre was delegated the powers of the sole executive body of Rosseti Centre and Volga region².

In October 2020

the sole executive body contract was extended for a new term **until 31 December 2023**, and the executive offices of both companies were merged with a view to improve the business efficiency.

¹ Based on the information available on the website of JSC DVEUK – UNPG at <http://dveuk-enes.ru/protocol>.

² Until 3 August 2021 – IDGC of Center and Volga Region, PJSC.

Business Model

GRI 102-2

EU1

EU4

COMPANY'S ASSETS

as at 31 December 2021

Production

2,363
↑0.2%
High-voltage
feeding centres

101,815
↑1.4%
transformer
substations

956
↑5.8%
distribution points

55.2
ths MVA ↑1.7%
installed capacity

390.9
ths km ↑0.4%
length of overhead lines

21.9
ths km ↑14.2%
length of cable lines

Human

27,833
persons
↓3.0%
average headcount

88.4%
↑0.3 p.p.
Share of employees
with vocational education

Intellectual

43
Patents and certificates

909.4
RUB mn ↑7.5%
innovation costs

Contribution to UN SDGs:



Reputational

NRCG 7+
RID Corporate
Governance Rating

BB+/B
outlook Stable
S&P long-term credit rating

Resg2
High Level of Sustainability
Disclosure in Reports

Environmental

36.2 RUB mn
environmental protection
costs

2.7 ths ha
land plots in use

190.5 ths m³
Volume of water
consumption

ACTIVITIES

Electricity transmission

EU3

Number of service users:

106.5 ths
legal entities

2,763.5 ths
individuals

47,846.7
mn kWh ↑5.2%
amount of electricity transmitted

90.6% ↑1 p.p.
share in the electricity
transmission market by RGR

Grid connection

821.0
MW
connected load

91.5% ↑3.3 p.p.
share in the grid connection
market

Sale of electricity

EU3

Functions of a guaranteeing
supplier in the Tver Region:

1.0 ths
consumers – legal entities,
individual entrepreneurs
and citizens engaged
in commercial activities

30.9 ths
consumers in the "Households"
category

Additional services

79.8 ths
applications for additional
services

52.0%
share in the outdoor
lighting market

FINANCIAL RESULTS

Proceeds from sales of services

103,168.3
RUB mn ↑18.6%

Electricity transmission

97,771.1
RUB mn ↑18.0%

Grid connection

1,486.8
RUB mn ↑13.8%

Sale of electricity

591.2
RUB mn ↑11.3%

Other areas

3,319.2
RUB mn ↑24.9%

VALUE CREATED

Customers

4.59/5.0
↑6.0%
Customer quality satisfaction
rating

Employees

50,240
RUB ↑8.3%
Average pay

16,956
RUB mn ↑4.8%
Payroll and social benefits
expenses

Government

17,778.6
RUB mn ↑6.7%
Tax deductions

Shareholders

1,414.3
RUB mn¹ ↑67.0%
Dividends

17.4
RUB bn ↑2.8%
Capitalisation as of 31.12.2021

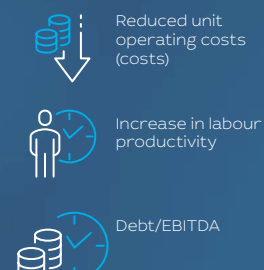
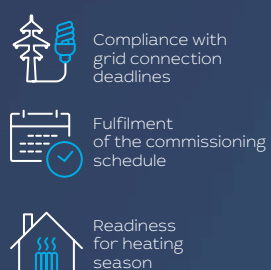
Community

40 RUB mn
Charity and sponsorship

Business partners

38,277.0
RUB mn ↑2.0%
Purchase volume, incl. VAT

KPIs achieved in 2021



¹ Indicates the amount of dividends allocated to shareholders in 2021.

2021 Highlights

BUSINESS ACTIVITIES

MARCH

As stipulated by the government programme to support agricultural producers, Smolenskenergo branch delivered additional power to LLC Tagris Logistic – an agricultural enterprise in the Vyazemsky District of the Smolensk Region. The maximum connected capacity of the facility was 1,004.5 kW. Grid connections covered the design and construction of a 0.1 km long 10 kV overhead line, construction of a 10 kV disconnector and renewal of Vyazma-1 substation line.

APRIL

An important social facility in Yaroslavl – a sports and recreation complex of more than 9,000 m², combining an ice arena, children's and adult pools, a gym, a game room and a multifunctional space for martial arts, aerobics and rhythmic gymnastics, – was connected to the grids.

MAY

A new City Dispatch Point (CDP) of Yarenergo branch was put into operation, covering 0.4–10 kV power grids of Yaroslavl and four districts of the Yaroslavl Region. Dispatchers monitor in real time the operation of over 12 thousand kilometres of transmission lines and over 3,500 transformer substations.

Several medical institutions of the Smolensk Region, including the Smolensk Regional Oncological Clinical Dispensary, the treatment building of the central district hospital in Gagarin and 19 obstetric stations in various districts of the Smolensk Region, were connected to the grids.

JULY

A new sports complex for men's gymnastics in the Levoberezhny district of Voronezh was connected to the power grids of Rosseti Centre, involving more than 200 metres of 0.4 kV cable line laid and providing more than 100 kW of power.

Yarenergo branch powered two medical institutions – medical building No.1 of the regional clinical oncological hospital and children's polyclinic of Autonomous Public Health Care Institution Clinical Hospital No.2 in Yaroslavl.

AUGUST

Belgorodenergo launched the modern Multifunctional Information and Technology Centre to transfer online operational and technological management of power grid facilities from the outdated Grid Control Centre.

DECEMBER

Sergey Kulikov, Chairman of the Management Board of LLC Rusnano Management Company, Kirill Komarov, First Deputy General Director and Director of the Development and International Business Unit of Rosatom, and Igor Makovskiy, General Director of Rosseti Centre, carried out remote commissioning of 31 energy storage systems at the site of the Main Analytical Centre of Rosseti Centre. Most of them will be used to supply power to socially important facilities and community facilities in 19 regions where Rosseti Centre and Rosseti Centre and Volga region are present.

REGIONAL DEVELOPMENT

JUNE

During the St. Petersburg International Economic Forum, Igor Makovskiy, General Director of Rosseti Centre, and Vyacheslav Gladkov, Acting Governor of the Belgorod Region, signed an agreement on strategic cooperation aimed at improving the quality and speed of decision-making for the benefit of the region's residents. To implement the project, energy companies will share the material and technical support, technologies and accumulated good practices, and will be actively involved in the launch of a unified regional information and analytical platform. The parties also agreed on the group of measures designed to create an efficient management model for the region and their time lines.

CONSOLIDATION

APRIL

Ivanovo Region's largest TGO, JSC Ivgoelectroset, with an electricity grid capacity of 16,900 c.u., joined Rosseti Centre's Group of companies.

OCTOBER

Lipetskenergo took over the management of Lipetsk power grids, which used to be part of JSC Lipetsk Minucipal Power Company. Lipetskenergo is now responsible for 2,830 km of 0.4–10 kV transmission lines, including over 700 km of cable lines, 882 transformer substations and distribution points. All facilities will be covered by unified technical standards of PJSC Rosseti. More than 340 employees of the consolidated company were taken into Lipetskenergo, which has an effective staff financial incentive system and acts up to high principles of social protection.

CORPORATE GOVERNANCE, ESG

MARCH

The Company was shortlisted as one of the companies with the most developed corporate ESG practices and received an "A" rating (Best Corporate ESG Practices in the Russian Federation). The survey was organised by Da-Strategy CRA, the Russian Regional Integrated Reporting Network (RIRN) and Perugia University.

APRIL

Rosseti Centre was included in the TOP 20 of the Social Performance Rating of Russia's Largest Companies 2020 developed by AK&M Rating Agency and screening revenue figures of 300 largest companies. Rosseti Centre ranked second in the Power Grids category.

MAY

As decided by the Annual General Meeting of Shareholders, the Company allocated RUB 1.4 bn for dividends.

AUGUST

The staff of Rosseti Centre received the Leader of the Year award for special contribution to the development of energy efficiency and socially important projects.

AK&M gave the Company an ESG reporting rating of Resg2 – High Level of Sustainability Disclosure in Reports. The Company was also ranked 4th in the social efficiency rating and 5th in the social responsibility rating in the Power Grids group.

NOVEMBER–DECEMBER

Rosseti Centre's 2020 Integrated Annual Report became the winner of two prestigious international annual report competitions: the MarCom Awards, winning Gold in the Electric Power Industry category, and the LACP Vision Awards, winning Silver in the Power Supply – Electric Power Sector Integrated Report category.

Events after the Reporting Date

FEBRUARY 2022

On 4 February 2022, the Company established control over Ivanovo Region's TSO – OJSC Kineshma HPP.

FEBRUARY 2022

On 28 February 2022, as decided by the Bank of Russia, the stock, futures and derivatives markets of the Moscow Exchange suspended trading.

MARCH 2022

Standard&Poor's revoked long-term credit rating of Rosseti Centre.

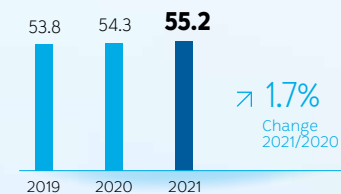
Highlights of the Reporting Year

PRODUCTION INDICATORS

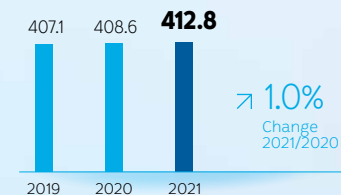
GRI 102-7 EU1



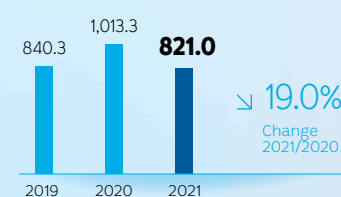
Installed capacity, MVA



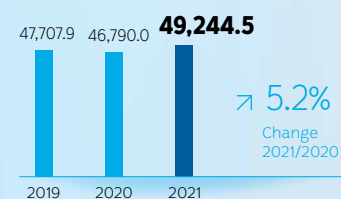
Length of power transmission line routes, ths km



Connected capacity, MW



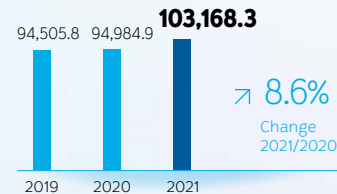
Net delivery, mn kWh



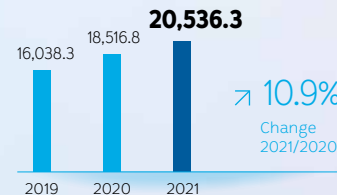
FINANCIAL INDICATORS (RAS)



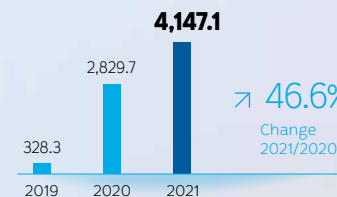
Revenue, RUB mn



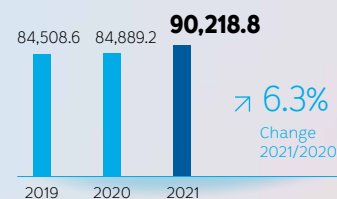
EBITDA², RUB mn



Net profit, RUB mn



Operating expenses, RUB mn



Dividends¹, RUB mn

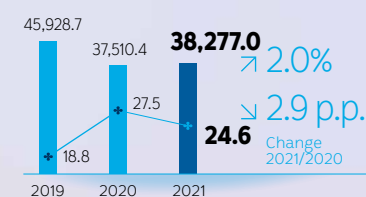


Tax³, RUB mn



PROCUREMENTS

Purchase volume, RUB mn incl. VAT



● Purchase volume, RUB mn incl. VAT
+ Share of purchases from local suppliers, %

¹ Dividends allocated for payment in the reporting year.
² EBITDA was calculated as Profit before tax + Interest payable + Depreciation & Amortisation = Line 2300 (RAS Form No. 2) – Line 2330 (RAS Form No. 2) + Line 6514 (RAS Form No. 2.1) + Line 6554 (RAS Form No. 2.1) + Line 6564 (RAS Form No. 2.1).
³ Tax payments to budgets.

SUSTAINABLE DEVELOPMENT INDICATORS

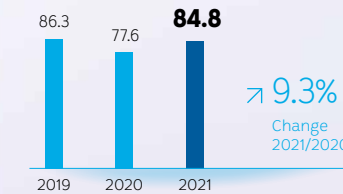


PERSONNEL

The number of employees who took part in off-the-job training, people



Company's staff training costs, RUB mn



Occupational health and safety costs, RUB mn



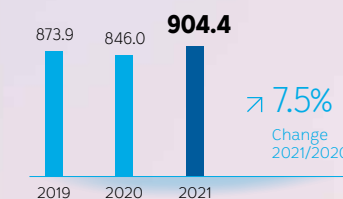
Average pay, RUB



INNOVATIONS



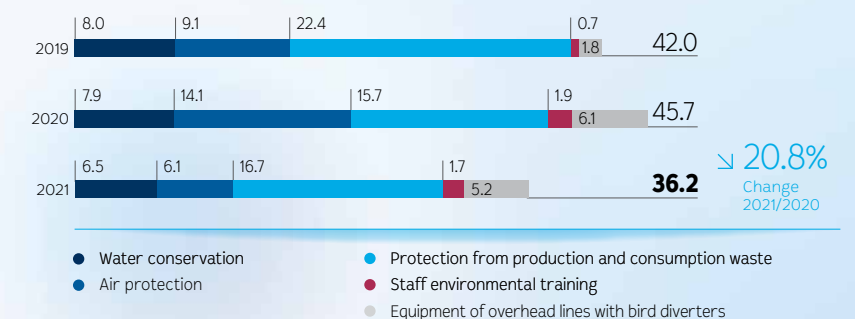
Innovation costs, RUB mn



ENVIRONMENTAL INDICATORS



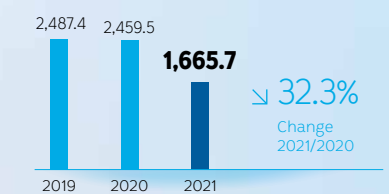
Environmental costs and cost structure, RUB mn



Gross air emissions, tonnes



Waste transferred for disposal and treatment, tonnes



CUSTOMER FOCUS

EU23 (ex) EU24 (ex)

The fullest satisfaction of customer expectations is one of the key success factors of Rosseti Centre. The Company launched a far-reaching programme to create and improve channels and mechanisms for feedback from residents and organisations, including through the advance development of interactive services.



Launching the Consumer Portal

An interactive channel to contact a grid organisation for all matters with guaranteed feedback and to sign up for additional services



Launching the Robot Operator

An automatic system for communicating power outages and receiving feedback from the customer



Developing a network of self-service terminals

With the terminal network, you can subscribe to the Company's services and get advice from Rosseti Centre by calling the Contact Centre



Selling additional services through the Contact Centre

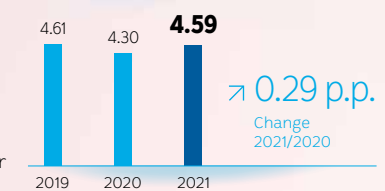
The Contact Centre assists the customer in signing up additional services and provides in-use support



Launching the Targeted Complaint Reduction Programme

The Programme includes measures to respond to customer complaints

Customer satisfaction with the quality of additional services provided by Rosseti Centre



STRATEGIC REPORT

90.6%

Rosseti Centre's share by RGR
on the electricity transmission
market

25%

Increase in revenue
from additional
services

Statement by the Chairman of the Board of Directors

GRI 102-14

GRI 102-26

GRI 102-31

EU23 (ex)

“Uninterrupted supply and high quality of power supply services are the main strategic goals of the Company”.



DEAR SHAREHOLDERS AND INVESTORS,

In 2021, Rosseti Centre continued to follow the Rosseti Group's Strategy 2030. The Company achieved most of the KPI targets set for the reporting year, ensuring reliable power supply in the central region, increasing total shareholder return and improving the Company's performance.

Reliable power delivery

Rosseti Centre's power supply covers 11 regions of Central Russia. Uninterrupted supply and high quality of power supply services are the main strategic goals of the Company. The Reliability Committee of Rosseti Centre's Board of Directors analyses the Company's plans for the modernisation, renovation, and new construction of electric grid facilities, monitors and evaluates the performance of technical services, and approves programmes for the prevention of process disturbances and injuries. In the reporting year, the Company achieved its reliability targets largely due to the completion of major investment projects based on the use of modern smart grid management systems. In 2022, the Company will continue this work by strengthening the comprehensive domestic software-based power supply security system and monitoring the power grid digitalisation projects.

Growth in profitability

The investment appeal of Rosseti Centre in the reporting year was bolstered by a continuing positive dividend history and a significant improvement in the market environment. This should come as no surprise since the Company operates in regions with a stable demand for services and reduces operating costs through the use of modern technologies. The staff made every effort to increase transparency and openness, and this work was highly appreciated by the investment community – the positive investor perception of the Company reached

96.1% in 2021. The dividend policy balancing the interests of the Company and its shareholders made a great contribution to the investment potential – the dividend yield on shares in 2021 rose by more than 1.5 times compared to the previous year.

Improving the performance

While keeping to the strategic objective of better performance in 2021, Rosseti Centre focused on a KPI system that includes operational and financial indicators. The Company successfully reduced the level of accounts receivable and specific operating costs, significantly overrunning the profit target, among other things, through the positive effect from modern technologies and larger volume of electricity transmission services. Reducing electricity losses to technical losses remains one of the most important strategic goals of the Company for 2022 and subsequent years.

Sustainable development

Rosseti Centre strives to balance the interests of shareholders, employees, consumers, and other stakeholders. The Company takes care of the lives and health of its employees, reduces its environmental footprint, develops the regions where it operates, and improves its corporate governance system. In 2021, the Company was ranked among the Top 20 in the Social Performance Rating of Russia's Largest Companies 2020¹, came second in the Power Grids category, and also received high marks for 2020 sustainability disclosures.

¹ The ranking was prepared by AK&M.

These rankings reflect the significant social development contribution made by Rosseti Centre with minimal environmental impact.

Care for consumers

The energy sector must be customer-oriented, which is why Rosseti Centre is tasked with making services more available and expanding their range. The year 2021 was declared the Year of the Customer. The Company introduced new online services, designed a customer loyalty programme, and launched customer feedback channels, yielding higher customer satisfaction within the Company's services – 4.59 out of 5.

Summing up the Company's 2021 results, I would like to thank the staff and partners for their professional competence, high responsibility and willingness to make every effort for the benefit of the Company and the country.

Andrey Mayorov,

Chairman of the Board of Directors
Rosseti Centre, PJSC

RESULTS

4.59 out of **5**
customer satisfaction
with quality of services

96.1%
positive perception
of the Company
by the investment
community

11.46%
dividend yield

2.8%
market capitalisation
growth

Statement by the General Director

GRI 102-14

GRI 102-31

“ We have new challenges and new opportunities ahead of us. I am positive that we are ready to work together in a rapidly changing world”.



DEAR SHAREHOLDERS, INVESTORS, CUSTOMERS, PARTNERS AND EMPLOYEES OF ROSSETI CENTRE,

Last year was a year of outstripping growth both for us and for the rest of the country. We were prepared for an increase in electricity demand and grid connections following the lifting of restrictive measures imposed due to the spread of a new coronavirus infection, and we fully met our power supply obligations.

Reliability and modernisation

We have been upgrading our assets for more stable electricity supplies and prompter grid connections of consumer facilities. We successfully completed three major investment projects in 2021 in the Voronezh, Belgorod and Yaroslavl Regions, involving a multifunctional grid control centre (GCC) and a city dispatch point equipped with the latest intelligent control systems. Last year saw the launch of ten highly augmented digital power grid regions and the commissioning of 19 innovative energy storage systems. In the coming years, we will continue creating new high-tech facilities and rolling out innovative projects based on artificial intelligence, neural networks and electric transport technologies.

Financial solvency

The recovery of the market in 2021, the increase in the tariff for electricity transmission services from 1 July 2021, as well as our desire to meet the growing demand for services and promote additional services had a positive effect on the Company's financial results. Revenues in all service segments went up, including a 25% increase in revenue from additional services. Net income grew by almost 47% and EBITDA – by 10.9%. We intend to maintain our financial strength and ensure the Company's further development.

Focus on consumers

Our priorities lay in providing reliable and accessible services, ensuring customer interaction and feedback, and being ready to accommodate the needs of every customer, whether an individual, or small, medium or large business. We are open to dialogue with our customers, and for better communication we launched a Contact Centre with a hotline and a robot operator. Chatbots in messengers and on the Company's website, as well as a Customer Portal, were started up to make communication more responsive. To make it easier for customers to pay and apply for services, we set up a network of self-service terminals and an online shop. Finally, we launched a Loyalty Programme as a demand booster, which gives customers the opportunity to accumulate bonuses and receive discounts. The Company will follow up in this regard, developing new digital services and improving the quality of service.

Sustainable future for the country and its people

Rosseti Centre realises the importance of its work for the population of the central regions of Russia and bears responsibility for the energy security and development of these regions. We are committed to meeting the UN's sustainable development goals, continuously engage with stakeholders, address

environmental issues in a responsible way, and ensure the occupational safety of the Company's employees. In the reporting year, staff training costs increased by 9.3% and housing costs – by 5.6%. With the efforts under the Company's Environmental Safety Programme, the air pollutant emissions were reduced by 4.4% in 2021. To reduce our carbon footprint, we are designing a transport electrification programme, installing energy storage systems instead of diesel units and improving energy efficiency – fuel and energy resource savings in the reporting year stood at RUB 30 mn. In 2022, we are set to focus on the health of our employees, preserving their standard of living and improving working conditions, which is why this year will be the Year of Occupational Health and Safety.

We have new challenges and new opportunities ahead of us. I am positive that we are ready to work together in a rapidly changing world. The Company's team will make every effort to move forward, improve our performance and achieve meaningful results.

Igor Makovskiy,
General Director
Rosseti Centre, PJSC

RESULTS

3 major digital investment projects

47% net profit growth

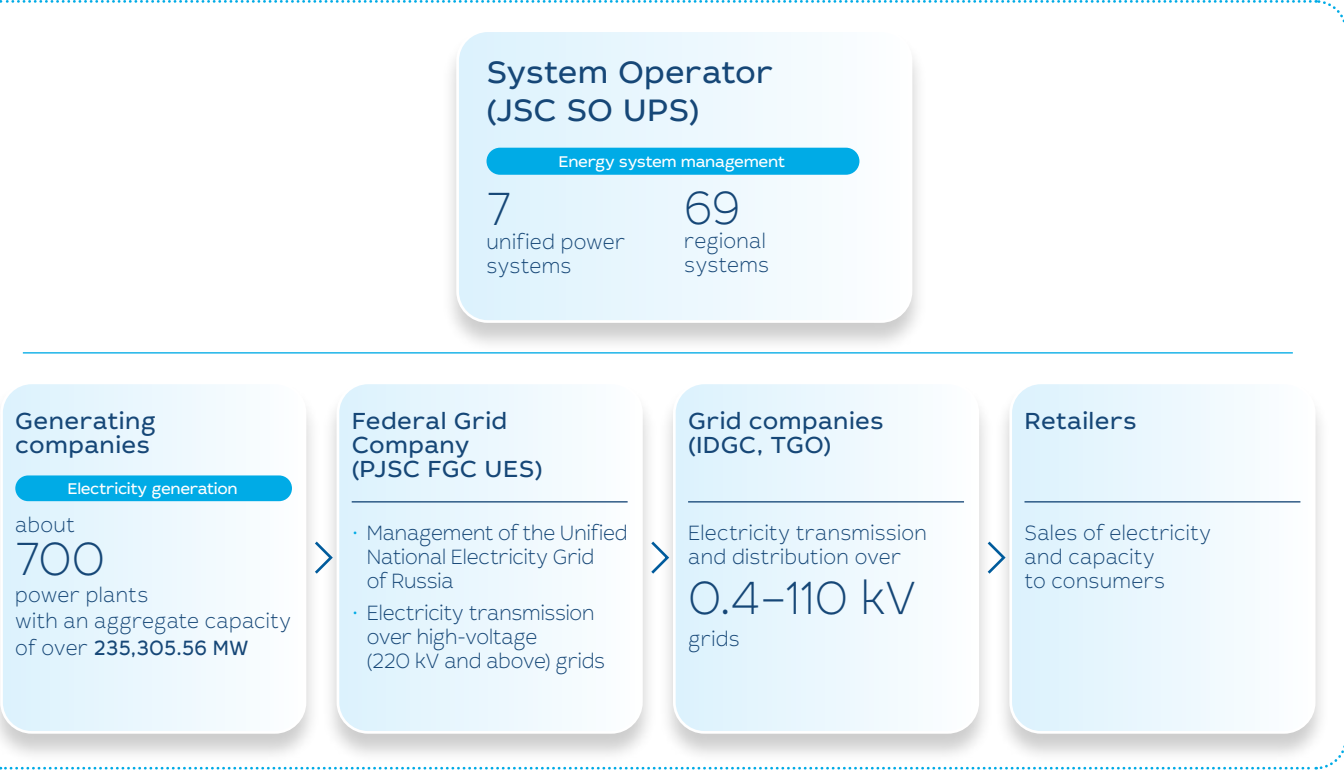
10.9% EBITDA growth

9.3% increase in staff training costs

Overview of the Sector

The Unified Energy System of Russia (UES of Russia) comprises seven united energy systems: Centre, Middle Volga, Urals, North-West, South, Siberia and East, and four territorial isolated energy systems: Kamchatka Territory, Sakhalin Region, Magadan Region, Chukotka Autonomous District.

Electric Power Industry in Russia



At the end of 2021, the total installed capacity of power plants in UES of Russia was 246,590.9 MW (+0.5% year-on-year). On 25 December, electricity power consumption in UES of Russia reached an annual high of 161,418 MW, up 7.3% vs. the same figure for 2020.

According to JSC SO UPS, electricity consumption in UES of Russia in 2021 amounted to 1,090.4 bn kWh, up 5.5% year-on-year (taking into account comparable temperature conditions of the last year and excluding the impact of a leap year, the increase is estimated at 4.7%).

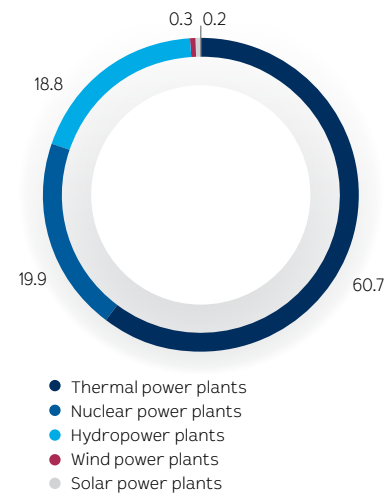
Key drivers of electricity consumption in 2021:

- temperature regime;
- partial lifting of restrictions in the oil sector due to the OPEC+ agreements;
- no noticeable impact of quarantine measures compared to 2020.

The regions where Rosseti Centre operates recorded a 5.0% year-on-year increase in electricity consumption (excluding the effect of the extra day on 29 February 2020, the increase is estimated at 5.7%). Due to their geographical location in central Russia with developed infrastructure and relatively high population density, the regions of the Company's presence have substantial potential for further economic growth and development.

For more details on electricity consumption in the Russian Federation in 2021, please see [Appendix 3](#) to the Annual Report.

Structure of electricity generation in UES of Russia by type of power plant in 2021, %



The electricity generation volume in 2021 by the power plants of UES of Russia amounted to 1,114,548.0 mn kWh, which is 67,516.5 mn kWh, or +6.4% higher than the 2020 actual figure.

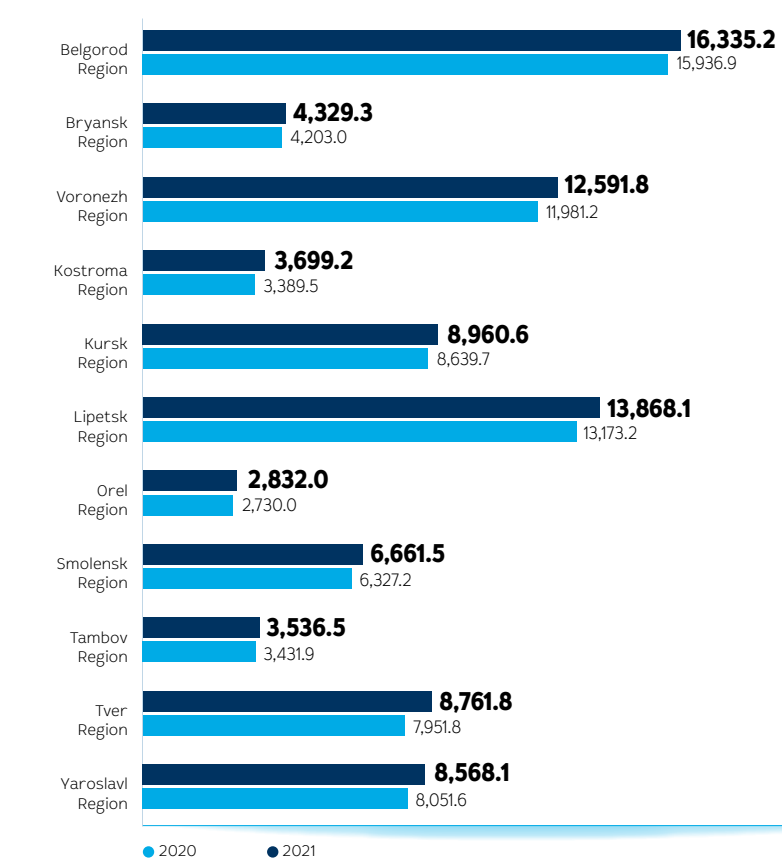
According to the approved Energy Strategy of the Russian Federation until 2035, growing demand from the housing & utilities and transport sectors, as well as state support mechanisms for renewable energy sources can provide a new impetus for further development of the electric power sector.

6.4%

increase in electricity production

by power plants of UES of Russia

Electricity consumption by regions of Rosseti Centre's operations, mn kWh



This sector is significantly influenced by the “energy transition”, which contributes to fundamental changes in the management and operation of electric power systems. The Energy Strategy of the Russian Federation envisages an increase in electricity consumption by a factor of 1.18–1.25 by 2035. More reliable and qualitative power supplies to consumers remain the main strategic objective.

5.5%

increase in electricity consumption

in UES of Russia

¹ Approved by Decree of the Government of the Russian Federation No. 1523-r dated 9 June 2020.

MACROECONOMIC TRENDS IN THE REPORTING YEAR

Throughout 2021 there was a strong increase in consumer and business activity. Unemployment in Russia fell to a record low, and corporate profits reached all-time high levels. A period of soft monetary policy and government mortgage lending support programmes pushed the inflation up by 8.4%, also fuelled by commodity markets and the worsening geopolitical situation.

Factors¹ determining the state of the Russian economy and affecting the electric power sector

Changes in GDP	The index of physical volume of GDP against 2020 was 104.7% (97.3% in 2020).
Industrial production index	The industrial production index as compared to 2020 stood at 105.3% (97.9% in 2020).
The production volume (index) of products and services by core business activities	The production index for the Production and Distribution of Electricity, Gas and Water; Air Conditioning activity in 2021 vs. 2020 was 106.8% (97.6% in 2020).
Inflation	The consumer price index was 108.4% from the beginning of 2021 (104.9% in 2020).
Interest rates	As of 31 December 2021, the key rate of the Bank of Russia was 8.5%.
Legislative initiatives	<ul style="list-style-type: none">On 7 February 2021, Head of the Ministry of Energy, Nikolai Shulginov, asked the Russian White House for the time being to suspend the law drafting process in the Government” on the Federal Grid Organisation tariff differentiation;On 29 June 2021, the Office of the Government of the Russian Federation approved the Concept of tariff setting mechanisms for organisations engaged in regulated activities for the long-term period, which implies consistent implementation of the target model of long-term tariff regulation;On 20 August 2021, the Russian Ministry of Energy drafted amendments to Decree No. 184 of the Russian Government restricting the operation of territorial grid organisations that operate on leased equipment;On 24 September 2021, the Ministry of Energy of Russia reported the development of a project proposing not to penalise grid organisations and suppliers for delayed installation and replacement of smart meters until the end of 2023;On 29 October 2021, Resolution No. 1852 of the Government of the Russian Federation was published, amending a number of regulatory legal acts on the application of smart electric metering systems;On 16 December 2021, a draft law passed through its first reading, which provides for adjustment of the grid connection mechanism with a gradual transition to full cost reimbursement to grid companies for grid connection of applicants with consumer terminals with up to 150 kW capacity.
New technologies and solutions	<p>One of the objectives of the approved Energy Strategy of the Russian Federation for the period until 2035 is to improve the efficiency of the power grid complex. The set of key measures to address this task includes, among others:</p> <ul style="list-style-type: none">improving the efficiency, including economic efficiency and efficiency of electricity transmission technologies;improving the operational and technological management system in territorial grid organisations;transition to digital risk-oriented management of production assets in the power grid sector;setting up smart electricity metering systems;creating a unified state power grid complex by progressive stages;designing market mechanisms to encourage consumers towards active development of the retail electricity market (demand management through participation in load schedule regulation), including electricity storage and accumulation and reproduction technology.
Climate change	Russia is actively engaged in tracking the achievement of the Sustainable Development Goals approved by the United Nations. Climate change has a significant impact on economic development and natural resources. Overcoming this problem has become an integral part of sustainable development in Russia.

THE COMPANY'S POSITION IN THE INDUSTRY

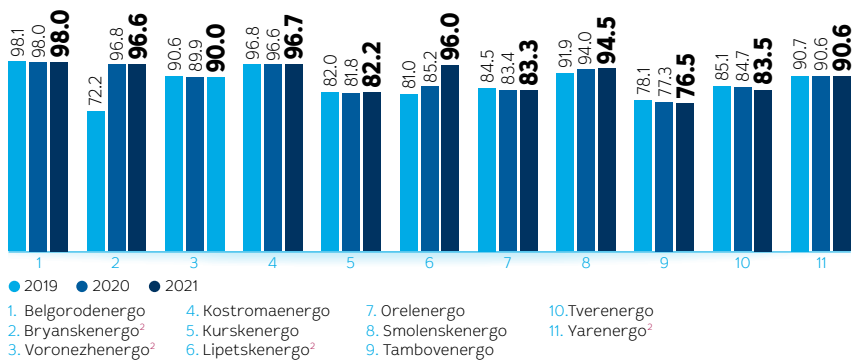
GRI 102-6

Since 2004, Rosseti Centre has been operating in 11 regions in Central Russia, powering major industrial, transport, agricultural enterprises and households of the said regions.

Electricity transmission market

Over the last three years, the Company's share has grown by 3.4 p.p., with the affiliation of LLC Bryanskelectro to Rosseti Centre's Group of companies being the main reason for the change in the share in 2020. The share growth in 2021 was driven by the consolidation of the grid assets of JSC Lipetsk City Energy Company (for more details, please see the **Consolidation of Grid Assets** section in the Annual Report).

Rosseti Centre's share in the electricity transmission market by RGR¹, %



Rosseti Centre is a natural monopoly that carries out state-regulated activities. The Company has no direct competitors; however, in major cities within the regions of presence there are other territorial grid organisations (TGOs) that offer similar services.

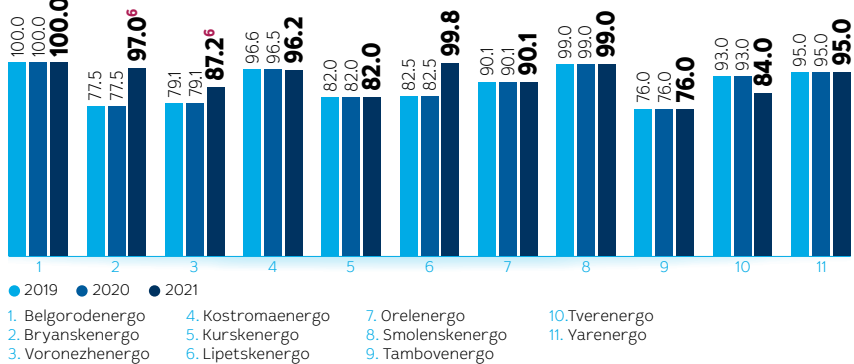
The largest companies with similar electricity transmission services within Rosseti Centre's footprint in 2021³, share of TGOs in the region

25.1% LLC Bryanskelectro ⁴ Bryansk Region	15.4% JSC Oreloblenergo Orel Region	15.0% JSC Tambov Power Grid Company Tambov Region	13.7% JSC Kursk Power Grids Kursk Region
11.7% JSC Lipetsk Minucipal Power Company ⁴ Lipetsk Region	8.0% MUE Tvergoenergo Tver Region	7.7% JSC Voronezh Municipal Power Grid ⁴ Voronezh Region	7.3% JSC Tambov United Regional Power Grids Tambov Region

Grid connection market

Rosseti Centre's share of the grid connection market in 2021 was 91.5%; an increase of 3.3 p.p. over 2020 is attributable to larger share in the Lipetsk Region resulted from the consolidation of grid assets of JSC Lipetsk Minucipal Power Company (for details, see the **Consolidation of Grid Assets** section in this Annual Report).

Rosseti Centre's share of the grid connection market, %



The largest companies with similar grid connection services within Rosseti Centre's footprint in 2021, share of TGOs in the region

19.5% LLC Bryanskelectro ⁴ Bryansk Region	17.5% JSC Tambov Power Grid Company Tambov Region	13.7% JSC Kursk Power Grids Kursk Region	11.2% JSC Tvergoenergo Tver Region	6.0% JSC Oreloblenergo Orel Region
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¹ As at 25 March 2022.

² Market share, including controlled companies: JSC VarEGC, JSC VGES, and from 2020 – LLC Bryanskelectro; JSC LGEK grids consolidated in 2021.

³ Including the services of PJSC FGC UES.

⁴ Rosseti Centre's controlled companies.

⁵ LGEK's power grid assets were consolidated in 2021.

⁶ Including Bryanskelectro and VGES controlled by the Company.

Investment highlights

- 1

Dividend policy aimed at regular payments and a positive dividend history

The Company's dividend policy is tailored to increase its investment attractiveness and is based on strict balance of interests of shareholders and other stakeholders.

For more details, please see the Share Capital section.
- 2

Digital Transformation of the power grid complex

Advanced digital technologies deliver a competitive edge, reduce operating costs, and improve the quality and reliability of power supply.

For more details, please see the Digitalisation section.
- 3

High information transparency

Transparency increases the confidence of all stakeholders and is good for the Company's reputation.

For more details, please see the Disclosure of Information section.
- 4

Operations in key regions of Central Russia with strong demand for services

The Company holds a dominant position in the economically favourable regions of European Russia and exercises a backbone function.

For more details, please see the About the Company section.
- 5

Stable credit rating

Strong financial position and high credit rating enables us to attract additional financing on more favourable conditions.

For more details, please see the Financial Results section.
- 6

Leadership in terms of power grid assets

Growth of production potential allows the Company to maintain a leading position in terms of the length of power transmission lines and substation capacity among distribution grid companies.

For more details, please see the Material and Technical Resources section.
- 7

Corporate Governance Rating at NCGR 7+

The efficient corporate governance of the Company is evidenced by the National Corporate Governance Rating (NCGR 7+) of the Russian Institute of Directors – Developed Corporate Governance Practice.

For more details, please see the Corporate Governance section.



Assessment of the current market and internal situation (SWOT analysis)

Strenghts

- Geography of operations
- Market share
- Financial strength
- Digital leadership

Weaknesses

- Government regulation
- Unresolved problems in legislation
- Large share of uncontrolled expenses

Opportunities

- Development of non-tariff revenue sources
- Potential for consolidation pf power grid assets
- Improvement of the regulatory framework
- Development of new technologies

Threats

- Payment discipline of electricity consumers
- Hazardous production activities
- Influence of climate factors
- Increased social responsibility of business



Environmental factors affecting the Company's operations (PEST analysis)

Political

- Changes in legislation
- Government regulation
- Interaction with regional authorities
- Controlling shareholder with public ownership

Economic

- Inflation
- Refinancing rate
- Electricity consumption
- Taxation

Social

- Demographics in the regions of our operations
- Living standards in regions of our operations
- Social projects in regions of our operations
- Trade union activity

Technological

- Digitalisation in the electric power sector
- Government support for R&D projects
- Availability of modern Russian technologies
- Accelerated development of green energy



ROSSETI CENTRE
DIGITAL LEADERSHIP
FINANCIAL STABILITY
HIGH COMPETITIVENESS

COMPETITIVE ENVIRONMENT



Financial figures

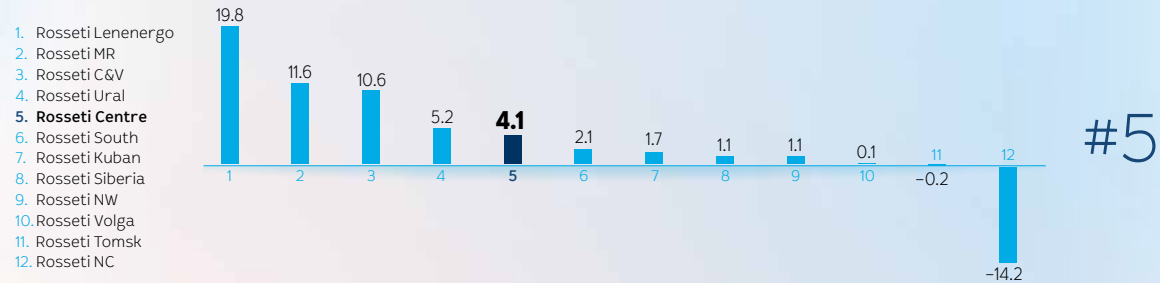
Revenue in 2021 (RAS), RUB bn



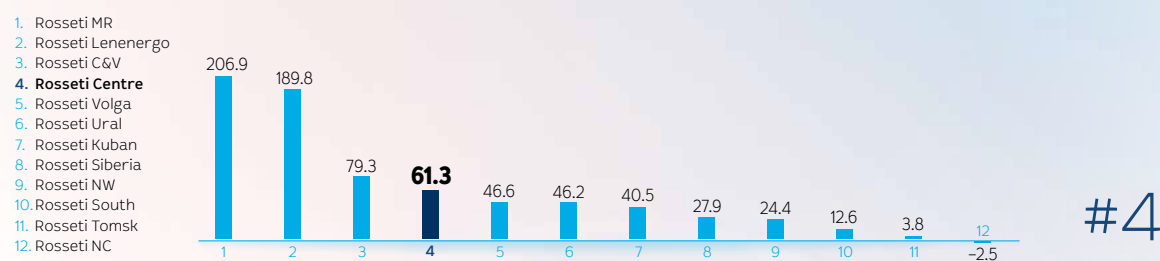
EBITDA¹ in 2021 (RAS), RUB bn



Net profit in 2021 (RAS), RUB bn



Net assets in 2021 (RAS), RUB bn



Rosseti MR – Rosseti Moscow Region

Rosseti C&V – Rosseti Centre and Volga region

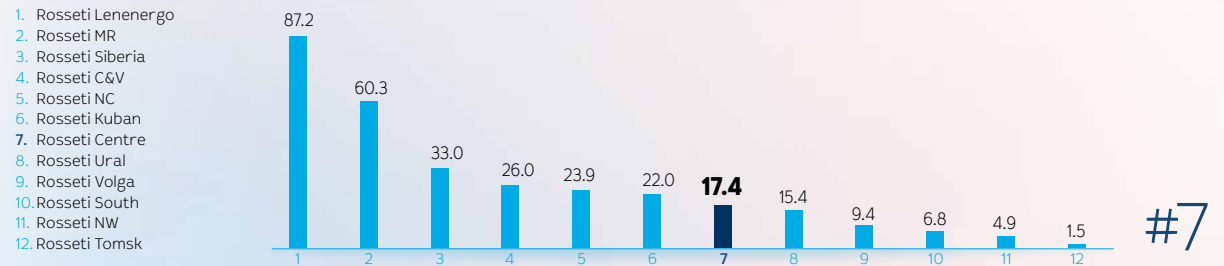
Rosseti NW – Rosseti North-West

Rosseti NC – Rosseti Northern Caucasus

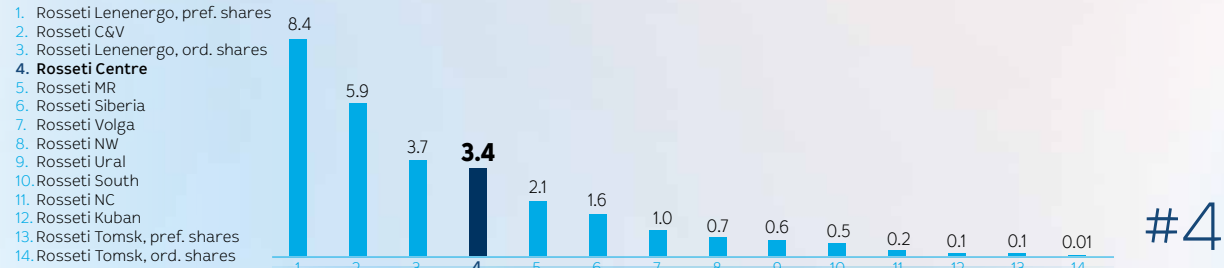


Stock market indicators

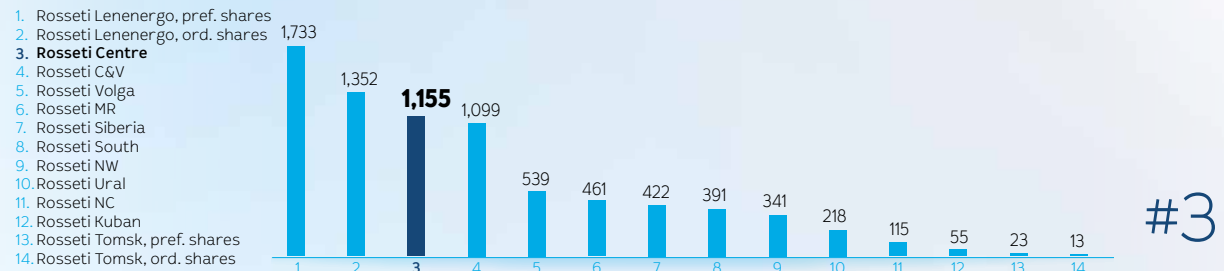
Capitalisation as of 30.12.2021, RUB bn



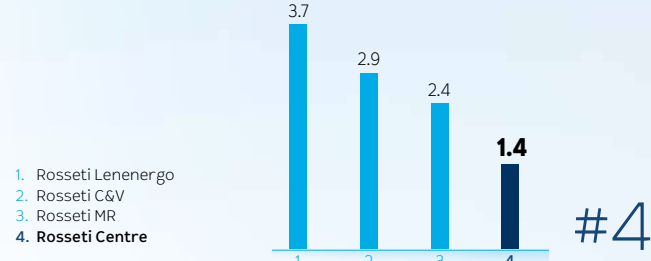
Trading volume on the Moscow Exchange in 2021, RUB bn



Daily average number of transactions on the Moscow Exchange in 2021



Dividend payout in 2020, RUB mn



Rosseti MR – Rosseti Moscow Region

Rosseti C&V – Rosseti Centre and Volga region

Rosseti NW – Rosseti North-West

Rosseti NC – Rosseti Northern Caucasus

¹ EBITDA is calculated as follows: Profit before Tax + Interest Payable + Depreciation = Line 2300 (Form No. 2) – Line 2330 (Form No. 2) + Line 6514 (Form No. 2.1) + Line 6554 (Form No. 2.1) + Line 6564 (Form No. 2.1).

Development Strategy

MISSION

Our mission is to ensure reliable and stable power supply to meet the evolving needs of the economy and society, with fair transparent pricing that makes our services affordable to consumers.

CARING FOR STAKEHOLDERS' EXPECTATIONS

For investment community – as a tool for making investments to ensure their payback, reliability, profitability, and liquidity.

For consumers – a company aimed at high-quality services, quality and reliable electricity supply, and timely and transparent grid connections.

For regions and local authorities – a company that accommodates the economic needs in transmission capacity; a reliable partner of executive authorities of the constituent entities of the Russian Federation in the planning and implementation of regional territorial development programmes, a bona fide taxpayer and employer.

For employees – a fair employer, an efficiently organised company, which has a transparent and clear corporate governance system that allows for the maximum self-fulfilment of employees.

DEVELOPMENT STRATEGY OF ROSSETI'S GROUP OF COMPANIES

The strategic development of Rosseti Centre is aligned with the goals and objectives of the Development Strategy of Rosseti and subsidiaries and affiliates (Rosseti's Group of companies) for the period until 2030¹.

The Development Strategy of Rosseti's Group of companies was approved by the Board of Directors of Rosseti in December 2019 and is focused on the implementation of industry-specific strategic planning documents, including the Energy Strategy of the Russian Federation² and the Strategy for Development of the Power Grid Complex of the Russian Federation³ (the ESC Strategy).

The Development Strategy of Rosseti's Group of companies involves a transition to the business model based on modern innovative infrastructure. The main strategic goals of Rosseti's Group of companies listed below:

- ensuring the specified level of power supply reliability and quality;
- increasing total shareholder return;
- ensuring resilience to changes in the global and local electricity markets.

These goals are to be achieved through the development of the core business areas: digital transformation, development of new types of business, further improvement of operating and investment performance, and the human resource development, and etc.

Based on the goals and objectives of Rosseti's Group of companies, the Company identified the following business priorities.

Targets for 2024

EU28

EU29

Indicator	2021		2024 forecast
	Plan	Actual	
SAIDI, hour	1.56	1.31	1.50
SAIFI	0.98	0.78	0.94
Electricity losses, %	9.43	9.76	8.55
R&D expenses, % of revenue	0.15	0.15	0.19
Labour productivity, %	at least 5% annually	11.79	at least 5% annually ⁴
Share of non-tariff revenue from other activities, %	5.95	5.97	10.61

Development Strategy of Rosseti's Group of companies until 2030

Ensuring the reliability and quality of the electricity supply at a given level

- Reducing the number of faults and failure rates
- Reducing electricity losses in transmission and distribution grids
- Improving the quality of customer service
- Pursuing the programmes to reduce (prevent growth in) occupational injuries and injuries to third parties at the facilities of IDGC of Centre
- Pursuing the Environmental Policy focused on its environmental performance, etc.

Increasing total shareholder returns

- Improving investment performance
- Improving procurement performance
- Reducing controllable costs (per unit operating costs)
- Improving investment attractiveness and shareholder value

Ensuring resilience to changes in global and local electricity markets

- Business diversification
- Increasing non-tariff revenue
- Increasing market share of grid services
- Developing human resources
- Implementing the innovative development programme
- Reducing resource consumption for business needs, etc.

STRATEGIC PRIORITIES AND THEIR ACHIEVEMENT. DEVELOPMENT PROSPECTS

Ensuring the specified level of power supply reliability and quality

Strategic priorities

- Reducing the number of disturbances and failure rates
- Reducing electricity losses in transmission and distribution grids
- Improving the quality of customer service
- Pursuing the programmes to reduce (prevent growth in) occupational injuries and injuries to third parties at the Company's facilities
- Implementing the environmental policy focused on environmental protection, etc.

Key Performance Indicators¹

- Level of electricity losses
- Compliance with grid connection time-frames
- Compliance with the commissioning schedule
- Readiness for heating season
- Achievement of the specified reliability level of the services provided
- Absence of occupational accidents

Risks related to the strategic priorities

GRI 102-15

- **FR06-01, FR09-01, FR09-02** (for a description of the risks, see the **Key Risks section** of the Annual Report)
- FR05-01, FR05-02, FR07-01, FR07-02, FR07-03, FR07-04, FR07-05, FR08-01, FR08-02, FR08-05 (for a description of the risks, see **Appendix 3** of the Annual Report)

¹ Approved by Resolution No. 388 of the Board of Directors of Rosseti dated 26 December 2019.
² Approved by Order of the Government of the Russian Federation No. 1523-r dated 9 June 2020.
³ Approved by Order of the Government of the Russian Federation No. 511-r dated 3 April 2013.
⁴ Starting from 2021.

¹ For more details on the Company's KPIs, please see the **Key Performance Indicators section** of the Annual Report.

Results for 2019–2021

Programme progress	2019	2020	2021	Plan-2022
Reliability improvement programmes, including:				
• Number of disturbances on the 110 kV and above grid	807	856	846	–
• accident rate intensity, accident/c.u.	9.79	7.65	6.89	–
• SAIDI, hour	1.62	1.14	1.31	1.53
• SAIFI	1.01	0.75	0.78	0.97
Repair and maintenance programmes, including:				
• repair of 0.4 kV–110 kV power transmission lines, km	14,549.7	10,752.2	8,141.7	5,236.0
• repair of transformer substations	4,774	4,448	5,258	3,377
• clearing of the overhead line (OHL) right-of-ways, ha	13,006.7	14,658.3	25,871.1	15,943.0
Injury risk reduction programmes				
reduction of occupational injury rates ¹	0	4	4	€ 2
Comprehensive Injury Risk Reduction Programme costs, RUB mn	1,079.8	697.2	877.5	763.5
Third party injury risk reduction programme at the Company's facilities				
reduction of injuries to third parties (total) ²	0	0	0	0
programme costs, RUB mn	151.5	121.2	139.0	133.4
Electricity loss reduction programme, including ^{3, 4} :				
• Effect from organisational arrangements	266.6 mn kWh RUB 751.1 mn	128.1 mn kWh RUB 348.4 mn	200.1 mn kWh RUB 583.1 mn	79.8 mn kWh RUB 248.6 mn
• Effect from technical arrangements	8.6 mn kWh RUB 24.6 mn	11.1 mn kWh RUB 31.8 mn	17.6 mn kWh RUB 53.1 mn	5.5 mn kWh RUB 16.9 mn
Environmental policy				
Environmental protection costs, RUB mn	42.0	45.7	36.2	43.8
Quality of customer service				
Customer quality satisfaction rating	4.61	4.30	4.59	–

The change in the annual overhead line overhaul scope in 2021 as compared to 2019 and 2020 is explained by the change in the Methodology of conversion of overhead line works into the length of the overhead line section to be repaired.

Prior to 2020, the calculation of the length of 0.4–110 kV overhead lines under repair used the length of overhead line spans under repair (including spans which were covered by right-of-way clearing).

In 2020, the algorithm for calculating the repair length for 35–110 kV overhead lines was aligned with the rules approved by Order of the Ministry of Energy of Russia No. 340 dated 23 July 2012 “On Approving the Information, as well as Forms and Procedure of its Disclosure by Electric Power Industry Entities” (as amended by Orders of the Ministry of Energy of Russia No. 534 dated 15 June 2016, No. 1404 dated 26 December 2016 and No. 1194 dated 20 December 2017), which resulted in reduction of repair kilometrage.

In 2021, those rules were also applied to the calculation of 0.4–10 kV overhead line length.

In 2020 and 2021, calculation of overhead line repair lengths covered the spans subjected to right-of-ways clearing, whereas 2022 plans descoped such spans from the calculation.

¹ Injuries caused by the Company's employees.
² Injuries caused by the Company's employees.
³ To provide a uniform comparison basis for all years, the effect in physical terms reflects a reduction in electricity losses and the effect in value terms reflects a reduction in the cost of purchased electricity losses.
⁴ According to the draft Loss Reduction Programme for 2022 and until 2026.

Increasing total shareholder return

Strategic priorities

- Improving investment performance
- Improving procurement performance
- Reducing controllable costs (per unit operating costs)
- Promoting investment attractiveness and shareholder value

Key Performance Indicators

- Total shareholder return
- Return on invested capital
- Profit from operations (EBITDA)
- Reduction of unit operating expenses (costs)
- Accounts receivable reduction ratio

Risks to successful delivery of strategic priorities

- FR01–06, FR01–14, FR03–01, FR03–02, FR03–03 (for a description of the risks, see the **Key Risks section** of the Annual Report)
- FR01–01, FR01–02, FR01–03, FR01–04, FR01–05, FR01–07, FR01–08, FR01–09, FR01–10, FR01–11, FR01–12, FR01–13, FR02–01, FR02–02, FR02–03, FR04–02, FR07–01, FR07–02, FR07–03, FR07–04, FR07–05 (for a description of the risks, see **Appendix 3** of the Annual Report).

Results for 2019–2021

Progress	2019	2020	2021	Plan-2022
TSR ¹ , %	18.3	32.9	11.1	6.1
Investment programme, including:				
• capital investments, RUB bn excl. VAT	11.8	13.8	14.1	12.5
• investment in retrofitting and reconstruction, RUB bn	7.8	9.5	8.9	8.8
Procurement plan, including:				
• share of competitive procurements (in value terms), %	95.6	94.7	90.6	≥90.0
• share of procurements from SMEs, %	76.4	81.6	83.0	≥25.0
EBITDA				
EBITDA, RUB mn	16,038.3	18,516.8	20,536.3	20,948.2
Dividends				
Amount of dividends declared in the reporting year, RUB mn	876.2	847.1	1,414.3	–
Positive perception rate				
The Company's positive perception by the investment community, %	92.5	94.9	96.1	≥ 75

¹ Calculated per the formula: (Market price of shares at the end of period – Market price of shares at the beginning of period + Dividend paid per share in the reporting period approved by the resolution of the General Meetings of Shareholders) / Market price of share at the beginning of period) * 100% (Company's methodology). The planned figures are calculated on the basis of the corresponding estimated figures.

Ensuring resilience to changes in the global and local electricity markets

Strategic priorities

- Business diversification
- Increasing the share of non-tariff revenue
- Increasing the market share of grid services;
- Developing human resources
- Implementing the Innovative Development Programme
- Reducing resource consumption for business needs

Key Performance Indicators

- Higher labour productivity
- Efficiency of innovations

Risks to successful delivery of strategic priorities

- FR01-06, FR01-14**
(for a description of the risks, see the **Key Risks** section of the Annual Report)
- FR01-01, FR01-02, FR01-03, FR01-04, FR01-05, FR01-07, FR01-08, FR01-09, FR01-10, FR01-11, FR01-12, FR01-13, FR10-01, FR10-02, FR10-03 (for a description of the risks, see **Appendix 3** of the Annual Report)


Results for 2019–2021

Progress	2019	2020	2021	Plan-2022
Development of additional (non-tariff) services				
Number of orders for additional (non-tariff) services	126.9	81.9	79.8	–
Revenue from sales of additional (non-tariff) services, RUB mn (%)	1,556.5 (3.25)	2,657.2 (5.35)	3,319 (5.97)	4,080.9 (7.21)
Consolidation of power grid assets				
Share in electricity transmission market by RGR, %	87.2	89.6	90.6	–
Scope of power grid asset consolidation, c.u.	57,837.09	72,647.17	55,821.82	55,402
Staff training				
Staff training costs, RUB mn	86.3	77.6	84.8	93.8
Employees trained, %	48.8	47.4	48.7	45.1
Innovative development programme, including:				
Innovation costs, RUB mn excl. VAT	873.9	846.0	909.4	601.5
Research and design (R&D) costs, RUB mn excl. VAT ¹	49.7	46.8	53.4	59.1
Energy saving and energy efficiency programme, including:				
• reduction of electricity losses, mn kWh	34.4	37.7	46.9	38.3
• savings from the targeted measures to reduce resource consumption for business needs, TFOE	630	837	745	715
Digital transformation programme				
Digital transformation index	0.274	0.335	0.342	0.37


¹ Actual R&D costs in accordance with the contract calendar, excluding travel expenses, state fees.

Business diversification. Higher share of non-tariff revenue
In addition to its core activities, Rosseti Centre promotes customer service activities and offers a list of additional (non-tariff) services in maintenance of electric grid facilities, this being one of the Company’s priorities as a potential growth driver for Rosseti Centre.


The goals related to additional (non-tariff) services include:




Improving the Company's efficiency in selling additional (non-tariff) services




Increasing non-tariff revenues from the sale of additional services



Increasing the additional (non-tariff) services market share by introducing the basic additional (non-tariff) services of Rosseti Centre in all regions where it operates and bringing in new promising services



Making the Company's additional services more available and affordable



Commercialising the customer relations processes

Following up on its strategic goals, Rosseti Centre ensures annual revenue growth from additional (non-tariff) services through the development and promotion of existing types of services and the diversification of non-tariff activities.

Expanding the range of additional (non-tariff) services is one of the key growth areas of non-tariff activities. Thus, for the period 2020–2021 the list of basic services was supplemented with new and promising services:

- construction of fibre-optic communication lines;
- installation of architectural highlighting;
- construction of double-purpose supports;
- business management;
- installation of festive illumination and light structures;
- “Lantern” lighting service for private households;
- charging power station services;
- public landscaping.

RESULTS

The year-end 2021 results showed the achievement of the target on revenue for additional (non-tariff) services with the planned target gain of 7.4% and the target on nontariff revenue share in total revenue with a gain of 5.97%.

Key Performance Indicators

The achievement of Rosseti Centre's priority development goals is assessed through the prism of the adopted system of key performance indicators (KPIs).

KPI targets and achievement

Mix of indicators	Weight ¹ , %	Actual value for 2020 // status of achievement for 2020 ²	Target for 2021	Actual value for 2021 ³ // % of the 2020 actual value	Status of achievement for 2021 (achieved/ not achieved)// reasons for deviation	Target for 2022
Total shareholder return	10	RUB 1,414,339,035 (» three-year average) // achieved RUB 1,414,339,035 (» the value approved in the business plan) // achieved	» the arithmetic average of the funds allocated to the payment of dividends in accordance with the decisions of the general meetings of shareholders of the Company for the 3 years preceding the reporting period, and » the amount of funds envisaged for the payment of dividends in the reporting period, in accordance with the Company's business plan	The achievement of the indicator will be evaluated following the decision of the General Meeting of Shareholders on the distribution of the Company's profit for 2021		» the arithmetic average of the funds allocated to the payment of dividends in accordance with the decisions of the general meetings of shareholders of the Company for the 3 years preceding the reporting period, and » the amount of funds envisaged for the payment of dividends in the reporting period, in accordance with the Company's business plan
Return on invested capital	20	129.8% // achieved	» 95.0%	150.9% //116%	achieved	» 95.0%
Profit from operations (EBITDA)	15	Achieved // achieved	achieved	Achieved //100%	achieved	achieved
Reduction of unit operating expenses (costs)	10	13.0% // achieved	» 2.0%	2.9% //22%	achieved	» 2.0%
Level of electricity losses	10	9.13% // achieved	« 9.43%	10.22% // 89%	not achieved ⁴	« 9.90%
Higher labour productivity	5	11.42% // achieved	» 5.00%	11.79% // - ⁵	achieved	»10.00%
Efficiency of innovations	20	110% // achieved	» 90%	- ⁶		»90%
Accounts receivable reduction ratio	10	67.5% ⁷ // achieved	« 100%	89.8% // 75%	achieved	«100%
Compliance with grid connection time-frames	-10	1.1 // achieved	« the actual value of the indicator for the previous year multiplied by 0.85, but not less than 1.1 («1.1)	1.1 // 100%	achieved	« the actual value of the indicator for the previous year multiplied by 0.85, but not less than 1.1
Debt/EBITDA	-10	achieved // achieved	achieved	achieved // 100%	achieved	achieved
Compliance with the commissioning schedule	-10	Q1 2020 = 101% Q2 2020 = 93% Q3 2020 = 103% Q4 2020 = 90% Year – 97% // achieved	»90%	Q1 2021 = 95% //94% Q2 2021 = 106% //114% Q3 2021 = 111% // 108% Q4 2021 = 95% //106% Year = 99% //102%	achieved	» 90%
Readiness for heating season	-10	Simultaneously: 1) 0.99; 2) 0 //achieved	Simultaneously: 1) »0.95; 2) Failure to achieve the set value of the specialised indicator "Presence of Outstanding Measures for Readiness Condition Compliance by an Electric Power Industry Entity"	Simultaneously: 1) 1.00; 2) 0 // 100%	achieved	Simultaneously: 1) »0.95; 2) Failure to achieve the set value of the specialised indicator "Presence of Outstanding Measures for Readiness Condition Compliance by an Electric Power Industry Entity"
The Company's development plan implementation ⁸	-70	not determined / not assessed	not set	not determined	not assessed	not set
Achievement of the specified reliability level of the services provided	-10	Simultaneously: 1) $K_{saiddi} = 0.7$, $K_{saifri} = 0.75$; 2) 0; 3) 1 //achieved ⁹	Simultaneously: 1) $K_i \leq 1$; 2) No significant deterioration in the indicators set by the tariff regulation authorities; 3) No increase in number of major accidents.	Simultaneously: 1) $K_{saiddi} = 1.15$, $K_{saifri} = 1.04$; 2) 0; 3) 0	achieved ¹⁰	Simultaneously: 1) $K_i \leq 1$; 2) No significant deterioration in the indicators set by the tariff regulation authorities; 3) No increase in number of major accidents
Absence of occupational accidents	-10	Simultaneously: 1) 0 injured; 2) 2 // not achieved.	Simultaneously: 1) No more than two injured people; 2) 0	Simultaneously: 1) 1 injured; 2) 3.	Not achieved // In 2021, there were four accidents involving company personnel through the fault of officials, 3 of them fatal	Simultaneously: 1) No more than two injured people; 2) 0

The KPIs of the General Director are aligned with:

- Clause 52 of Article 15.1 of the Company's Articles of Association (as amended);
- Decision of the Board of Directors of IDGC of Centre, PJCS dated 12 October 2020 (Minutes No. 46/20 dated 13 October 2020).

Targets of key performance indicators were approved by the resolution of the Board of Directors dated 30 December 2020 (Minutes No. 65/20 dated 30 December 2020).

The system of key performance indicators adopted in the Company is squared with the size of the variable part of management remuneration:

- a specific weight or percentage of bonus reduction was established for each of the indicators;
- annual bonuses depend on the achievement of respective KPIs.

The mix of target values of KPIs set by Rosseti Centre, as well as their achievement in 2020–2021 are shown in the table below.



The KPI calculation procedure is given in **Appendix 3** to the Annual Report.

¹ Weight / percentage of bonus reduction in the 2021 bonus scheme, %.
² Actual value for 2020 // Assessment of achievement for 2020 (achieved / not achieved).
³ Contains the expected KPI achievement for 2021, taking into account the timing and procedure of reports that provide initial data for KPI calculations. The final actual values are to be approved by the Board of Directors of PJSC Rosseti Centre.
⁴ Electricity Loss Rate KPI – reasons for the deviation: 1) Failure to launch an energy performance agreement at the Russian Private Investment Fund sites of Yarenergo branch; 2) Integration of LGEK's grids in Lipetskenergo branch; 3) Failure to achieve the targeted loss reduction effects at the energy service agreement implementation sites due to the fault of the contractor in Tverenergo branch; 4) Including 249.2 mn kWh of settled disputes from previous years in the KPI calculation.
⁵ No comparison is made due to changes in the KPI calculation methodology.
⁶ Innovation Efficiency KPI (plan » 90%, actual is not defined) is not evaluated – KPI results will be summed up by a separate decision of the Board of Directors of the Company in accordance with the Methodology for calculation and evaluation of the KPI achieved by the General Director of PJSC IDGC of Centre (approved by the decision of the Board of Directors of PJSC IDGC of Centre on 12 October 2020 (Minutes No. 46/20 dated 13 October 2020)).
⁷ Accounts Receivable Reduction Ratio KPI: plan « 100% actual 102.6% actual with objective factors 67.5%. Objective factors: actions on legal recovery of new 2020 debts failed to be completed by the end of 2020 due to the deadlines established by the Arbitration Procedure Code of the Russian Federation.
⁸ The Company's Development Plan Implementation KPI is not assessed due to the absence thereof in 2020.
⁹ Achievement of the Specified Reliability Level of the Services Provided KPI is fulfilled with an objective factor: on 18 July 2020, Tverenergo branch of IDGC of Centre

recorded an accident related to loss of two (main and reserve) telemetric information transmission channels between Kalininskaya NPP and Tver Regional Dispatch Office due to the damage of fibre-optic communication line by a third-party repair company. According to Order No. PR-210-286-0 of the Central Administration of Federal Environmental, Industrial and Nuclear Energy Supervision Service (Rostekhnadzor) dated 20 July 2020 On Setting up the Commission on Power Sector Accident Investigation, the commission was set up to investigate the causes of the above accident, summing up the results gained in Report No. 1 –Tv dated 7 August 2020, which specified the accident in IDGC of Centre's branch Tverenergo. That said, the equipment of Tverenergo branch of IDGC of Centre is not involved either in the telemetric information transmission between Kalininskaya NPP and Tver Regional Dispatch Office or in operation (maintenance) of the mentioned communication channels, and as a consequence, Tverenergo cannot be defined as the organisation that maintains, operates or adjusts the damaged communication channel.
¹⁰ Achievement of the Specified Reliability Level of the Services Provided KPI reasons why actual values of indicators exceeded the planned ones (under the first condition of KPI evaluation) calculated according to the Methodology of Calculation and Evaluation of the KPI achieved by the General Director of IDGC of Centre (approved by the decision of the Board of Directors of IDGC of Centre on 12 October 2020 (Minutes No.46/20 dated 13 October 2020)): implementation of measures to upgrade the disturbances (accidents) recording system in the power grid complex, make production processes more transparent and grids more observable, contribute to better recording of data on the duration and number of power interruptions, under Order of Rosseti No.259 dated 8 June 2021. The measures carried out resulted in a natural increase in the actual values of the services reliability indicators, without worsening the technical condition of the Company's power facilities. The final status of the Achievement of the Specified Reliability Level of the Services Provided KPI is 'achieved', since there are objective reasons for exceeding the planned targets according to the first evaluation condition.

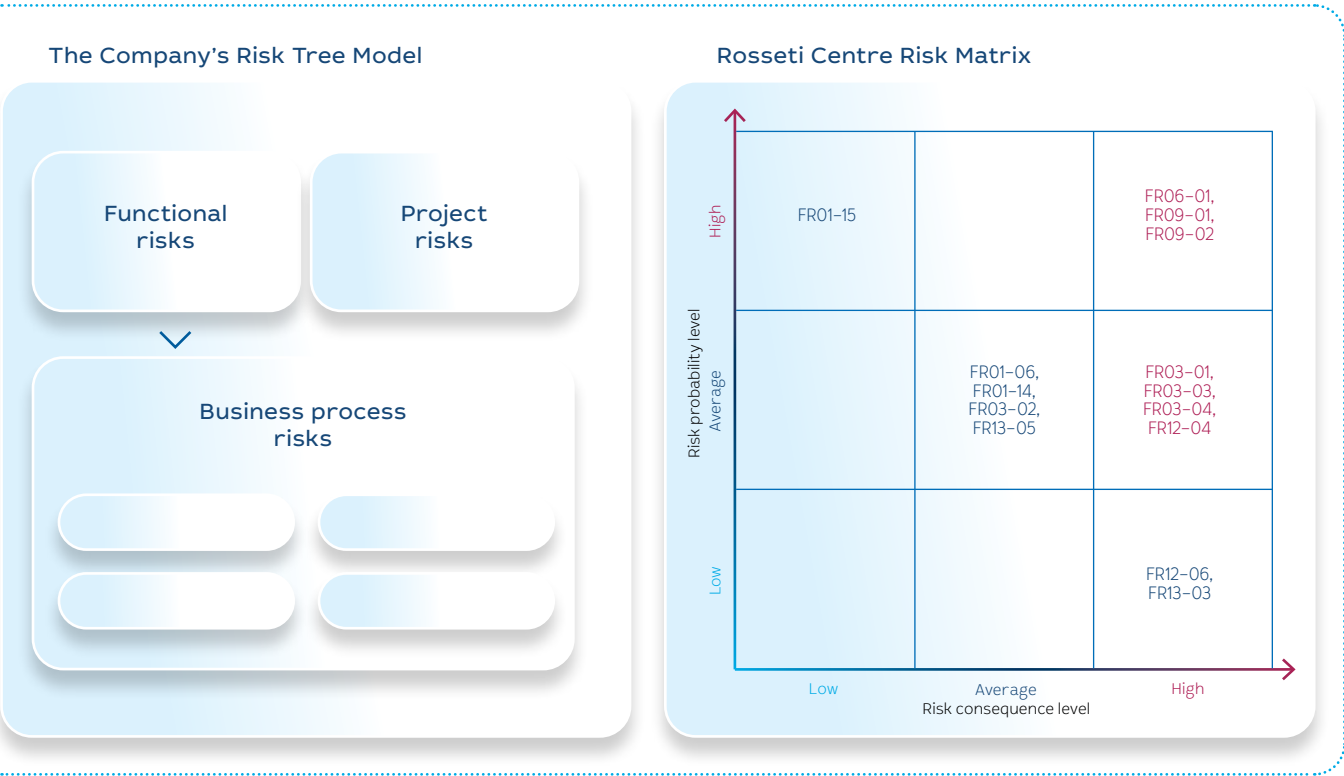
Key Risks

GRI 102-15

The risk management system of Rosseti Centre involves regular identification, assessment and monitoring of risks, as well as measures to reduce the probability and potential consequences of risk realisation, with informing shareholders and other stakeholders thereof.

To determine the risk impact on the Company's operations, the level of risk materiality is determined. Risks are ranked according to three levels of materiality: moderate, significant, and critical.

Measures to minimise risks having a "significant" or "critical" level of materiality are included in the Risk Management Plan of Rosseti Centre for 2021.



Risk management at significant and critical levels of materiality

Risk ID	Risk	Impact on performance	Risk materiality		Risk management activities
			2020	2021	
FR01-06	Higher inflation	Achievement of consolidated profit from operations (EBITDA)	<div></div>	<div></div>	Control of the level of unit operating costs (expenses) taking into account the increase in conventional units of equipment.
FR01-14	Court ruling (dispute resolution) to recover debts for electricity transmission services against the Company	Achievement of consolidated profit from operations (EBITDA)	<div></div>	<div></div>	Appeals against court rulings that are not in the interests of the Company.

Risk ID	Risk	Impact on performance	Risk materiality		Risk management activities
			2020	2021	
FR01-15	Changes in the structure of revenues from electricity sales by voltage levels, tariff options, consumer groups (reduced revenues)	Achievement of consolidated profit from operations (EBITDA)	<div></div>	<div></div>	Monitoring and forecasting electricity consumption by voltage level, which differentiates the purchase price of electricity, and by consumer category, as well as monitoring the physical parameters of the electricity and capacity balance, and working to improve the accuracy and reliability of electricity and capacity demand planning.
FR03-01	Failure of counterparties to pay for electricity transmission services within the timeframe and/or in an incomplete amount set out in the agreement/contract	Achievement of the planned level of receivables for electricity transmission services provided	<div></div>	<div></div>	<ul style="list-style-type: none">• Claims handling, enforcement of schedules.• Imposition of full and (or) partial limitation of power supply to debtor consumers at the request of power sales companies, inspection of the imposed electricity consumption mode limitation in respect of consumers in breach of their obligations.• Follow-up action of debt restructuring agreements.• Interaction with the Federal Bailiff Service of the Russian Federation at the stage of enforcement proceedings, signing of agreements with the Federal Bailiff Service on cooperation, control of debt repayment in enforcement proceedings under the obtained court rulings on collection of overdue debts.• Interaction with bankruptcy administrators in debtor bankruptcy proceedings.
FR03-02	Failure to enforce court rulings to collect receivables	Achievement of the planned level of receivables for electricity transmission services provided	<div></div>	<div></div>	<ul style="list-style-type: none">• Interaction with the Federal Bailiff Service of the Russian Federation at the stage of enforcement proceedings, signing of agreements with the Federal Bailiff Service on cooperation, control of debt repayment in enforcement proceedings under the obtained court rulings on collection of overdue debts.• Assistance in the work of the Bailiff Service units (execution of bailiffs' instructions).• Submission of enforcement documents for executive action to the credit institutions where the debtors' bank accounts are opened.• Allocation of complaint files against debtors to law enforcement agencies for criminal proceedings, follow-up of complaint files and criminal cases through cooperation with law enforcement agencies.• Interaction with bankruptcy administrators in debtor bankruptcy proceedings.
FR03-03	Disagreements on the volume and cost of services provided, including under acts of off-the-meter electricity consumption	Achievement of the planned level of receivables for electricity transmission services provided	<div></div>	<div></div>	<ul style="list-style-type: none">• Claims handling, enforcement of schedules.• Analysis of the reasons for disagreements and building of a unified position of the Company on disputed issues, taking into account the court practice results.• Development and promotion of initiatives to amend laws with a view to remove ambiguity in the interpretation of regulatory provisions.
FR03-04	Failure of counterparties to pay for electricity consumed within the timeframe and/or in an incomplete amount set out in the agreement/contract	Achievement of the planned level of receivables	<div></div>	<div></div>	<ul style="list-style-type: none">• Claims handling, enforcement of schedules.• Imposition of full and/or partial limitation on power supply to debtor consumers.• Follow-up action of debt restructuring agreements.

Risk ID	Risk	Impact on performance	Risk materiality		Risk management activities
			2020	2021	
FR06-01	Unpreparedness of the applicant's facilities for grid connection	Compliance with grid connection time-frames	●	●	<ul style="list-style-type: none">• Organisation of control over the timely processing of applications for grid connection, including automation of grid connection activities.• Enforcement of accumulated obligations of subsidiaries and affiliates under previously signed connection contracts, the deadlines for which were violated by the Company.• Updating of the demand for grid connection under previously signed grid connection contracts.• Filing of notifications to applicants on the fulfilment of obligations by the Company in a way that allows to confirm the fact of receipt, in case of fulfilment of obligations under contracts by the Company and non-receipt of notification on the execution of grid connection activities from the applicant.• Enforcement of the deadlines for the execution of warnings from the Federal Antimonopoly Service (FAS) of the Russian Federation and its territorial bodies in terms of grid connection.• Organisation of control over the timely execution of grid connection contracts (at each of the stages: development of terms of reference, calculation of the grid connection cost, execution of terms of reference for design, conclusion and execution of contractors' agreements, execution of grid connection contracts using own resources), including automation of the grid connection activities.
FR09-01	Accidents due to occupational factors	No increase in the number of employees of subsidiaries and affiliates injured in accidents	●	●	Implementation of measures of the Comprehensive Injury Risk Reduction Programme approved by Order of IDGC of Centre No. 1-TsA dated 11 January 2021 "On the Operation Results of Power Grid Facilities of the Branches of IDGC of Centre and IDGC of Center and Volga Region in 2020, the main measures to improve the reliability of the level of operation and repair of power grid facilities, to integrate new machinery, automation and mechanisation of production processes, and to protect of employee health in the branches for 2021".
FR09-02	Accidents caused by third parties	No increase in the number of employees of subsidiaries and affiliates injured in accidents	●	●	
FR12-04	Involvement of the Company/the Company's employees in corrupt practices	Legal compliance, including anti-corruption and anti-trust laws	●	●	<ul style="list-style-type: none">• Informing the management on employees' non-compliance with anti-corruption laws and on liability for non-compliance therewith.• Conduct of supervisory checks on employees' compliance with the principles of the Company's Anti-Corruption Policy.• Conduct of internal audits and investigations into violations of the Company's Anti-Corruption Policy.

Risk ID	Risk	Impact on performance	Risk materiality		Risk management activities
			2020	2021	
FR12-06	Violations of basic prohibitions and restrictions of the anti-trust laws by the Company/the Company's employees	Legal compliance, including anti-corruption and anti-trust laws	●	●	<ul style="list-style-type: none">• Appeals against court rulings that are not in the interests of the Company.• Representation of the Company before the anti-trust regulatory authorities.• Judicial review of decisions taken by anti-trust regulatory authorities.
FR13-03	Disruption and/ or interruption of the information infrastructure and telecommunication systems of power grid facilities	Ensuring comprehensive security of the Company's operations	●	●	<ul style="list-style-type: none">• Implementation of measures to improve the security of information and data processed in the information systems of Rosseti Centre.• Development and implementation of additional access control and security measures for Rosseti Centre's process premises.• Regular monitoring of the protection arrangements of trade secret information of Rosseti Centre.• Implementation and verification of compliance with personal data protection requirements for employees and counterparties of Rosseti Centre.• Compliance with information system maintenance regulations. Control of the creation and storage of database backups.
FR13-05	Undue influence on power grid facilities and their information and telecommunication systems (of a terrorist, subversive, criminal or other nature), including through the use of information technologies	Ensuring comprehensive security of the Company's operations	●	●	<ul style="list-style-type: none">• Interaction with personal data processing and protection regulators on responding to potential leaks of personal data of employees and counterparties of Rosseti Centre.• Preventive controls following the interaction with regulators.• Liaison and work with the National Computer Incident Coordination Centre and the Russian Federal Security Service to ensure the operation of the GosSOPKA system.• Operation and monitoring of the computer attack detection system.• Analysis of the information received. Handling of incidents and organisation of preventive controls based on the results of identified attacks.• Improvement of the physical protection system. Implementation of IP-2021 activities on automatic technical protection of facilities.

Risk materiality level: ● – Critical ● – Significant ● – Moderate

The Company identifies and evaluates other types of risks, including:

- environmental risks associated with emissions from stationary sources and vehicles;
- climate risks;
- risks associated with information security and cyber threats.

Environmental risks

Environmental risks include possible harmful emissions from stationary and mobile sources. In order to prevent possible adverse environmental impacts, the Company monitors emissions from stationary sources and toxicity of vehicle exhaust gases. These risks are minimal, with insignificant consequences for the Company's operations should they materialise.

Environmental risks may also be expressed in the possibility of transformer oil leaks at substations (provided that there are no oil receivers) and their carrying with surface runoff into water bodies, which may lead to pollution of fishery water bodies with oil products. The probability of these risks is also estimated as minimal, with insignificant consequences for Rosseti Centre's operations.

The Environmental Policy¹ approved by the Board of Directors serves as a tool for reducing environmental risks, aimed at preserving a favourable environment for current and future generations. The Environmental Policy has a strong focus on waste management in various hazard classes, which significantly reduces the risk of the negative impact of toxic substances on the soil and, consequently, on human health.

Risks related to extreme weather conditions and implications of global warming

Climate change has a significant impact on the Company's operations. Additional factors include the geographical specifics of the region where the Company operates. To minimise these risks, the Company carries out the following

- Measures to reduce greenhouse gas emissions:
 - Reduced natural gas and motor fuel consumption as a result of these measures and introduction of consumption limits (direct impact).
 - Reduced electricity and heat consumption for household needs and technological consumption for electricity transmission (indirect impact).
 - In order to reduce the risk of gas insulation leakage in 6–35 kV power grids, gas-insulated switching equipment is used in heavy current connections or in tight conditions, as well as if it is necessary to ensure an acceptable level of switching overvoltages with appropriate justification. In other cases, vacuum switching equipment is preferred.
- Revision of the climatic zoning map to be used in the renovation and new construction (wind pressure zoning map, ice wall thickness zoning map, storm duration zoning map, conductor galloping zoning map) taking into account the latest climate change data for the last ten years.
- Revision of technological documentation for newly used equipment in terms of climate modification and location category for compliance with current climate data (operating temperatures, temperature limits, relative humidity) in accordance with GOST 15150.

Risks associated with information security and cyber threats

With the increased level of computer attacks on the Company's information infrastructure and power facilities, there is a significant probability of information security threats. The main threats to information security are considered to be:

- disruption and/or interruption of the information infrastructure and telecommunication systems;
- undue influence on power grid facilities and their information and telecommunication systems, including through the use of information technologies;
- unauthorised access to confidential information;
- distortion, theft of 'sensitive' information in the process of obtaining, processing, storing, and transmitting it.

The Company has the Information Security Programme, which was used to design a comprehensive information security system. Reorganisation of the Security Unit staff structure and piloting of advanced information protection equipment is currently underway.

To ensure up-to-date technical support, the Company signs timely contracts with development companies and distributors for the transfer of rights to use software and to update the information security subsystems in operation.

¹ Approved by Minutes No. 42/20 dated 15 September 2020.

Material and Technical Resources

There is a 1-2% annual increase in grid assets throughout 2019-2021. In 2021, a 14.2% increase in the length of 0.4-110 kV cable lines was due to the construction of new grids and consolidation of power grid assets.

The technical condition of the Company's assets is assessed according to unified rules and on the basis of unified target parameters.

Year-on-year level of depreciation of power grid facilities decreased from 11.8% to 11.1%². This improvement was achieved through production programmes aimed at upgrading and maintaining the technically sound condition of the equipment in operation.

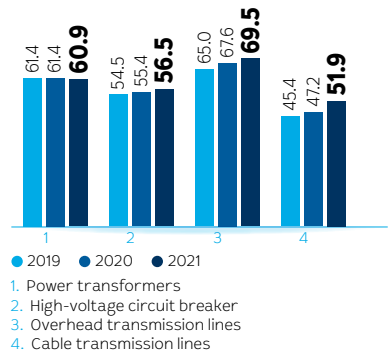
The proper technical condition and technical characteristics of power grid facilities required under operating conditions are ensured through the performance of scheduled maintenance and repair works, renovation and technical retrofit of facilities. The Company has in place the multi-year Modernisation (Renovation) Programme for the power grid facilities of Rosseti Centre, which is designed to minimise equipment failure risks and build a risk-oriented production programme based on an assessment of actual process-related risks.

One case of human error was recorded in 2021, just as in 2020. The number of sustained outages of 35-110 kV transformers increased from four in 2020 to 12 in 2021 – six outages of 35 kV transformers and six outages of 110 kV transformers. The main reasons for outages are long-lasting operation, damage to insulation due to adverse weather events (thunderstorms, lightning over-voltages), as well as the impact of birds.

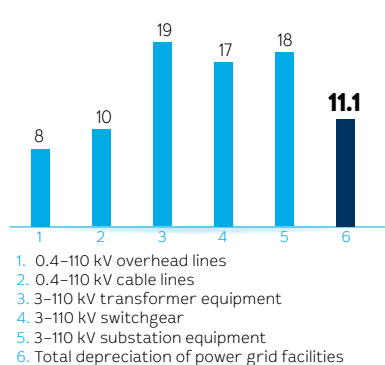
Power grid assets managed by Rosseti Centre¹

Asset	2019	2020	2021	Δ 2021/2020, %	
				abs.	%
Number of substations (35-110 kV substations, transformer substations, distribution points)	102,787	103,639	105,134	10	-1
Capacity of substations (35-110 kV substations, transformer substations, 6-10 (35)/0.4 kV distribution transformer substations, 6-10 kV distribution points), ths MVA	53.8	54.3	55.2		1.7
Length of 0.4-110 kV overhead lines, ths km	388.4	389.5	390.9		0.4
Length of 0.4 kV-110 kV cable lines, ths km	18.7	19.1	21.9		14.2

Dynamics of the share of equipment with expired service life, %



Depreciation level of grid facilities of Rosseti Centre in 2021², %

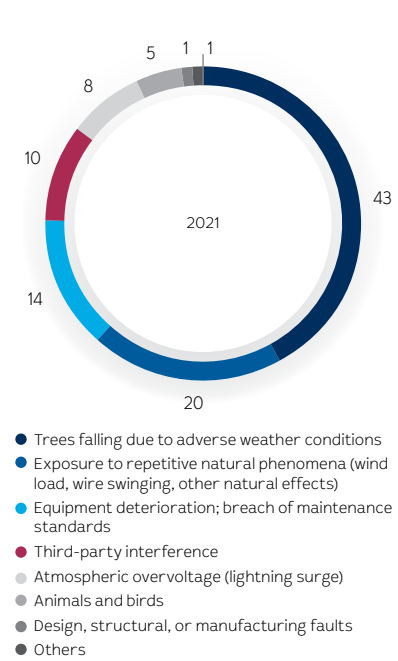


Reliability of power grid assets (6 kV and above)

Indicator	2019	2020	2021	Δ 2021/2020	
				abs.	%
Human errors	1	1	1	0	0
Sustained outages of 35-110 kV transformers	7	4	12	8	300
Average interruption time (for 6-110 kV feeders), hour	1.71	1.60	1.92	0.32	20

Despite a slight decrease in the accident rate in the 110 kV grids, the growth of the specific value in 2021 was 19% compared to 2020. Among the main reasons for higher accident rate was the impact of unfavourable conditions accompanied by wind loads, wet snow buildup on wires in the autumn-winter period and trees with their subsequent fall.

Major causes of disturbances in 2021, %



The drills covered the clearing of 6-10 kV overhead lines right-of-ways from trees and shrubs: length of clearing sites is 6,354 km, the number of spans cleared is 83,799, and cleared area is 11,449 ha.

REPAIR PROGRAMME

The goals of the Repair Programme are to prepare the Company's power grid complex for the flood, thunderstorm, fire and heating seasons of 2021/2022, as well as to increase the efficiency of repair and maintenance activities and reliability of power grid facilities.

Accident rates in 2019-2021

Indicator	2019	2020	2021	Δ 2021/2020	
				abs.	%
Number of disturbances in the 110 kV and above grid	807	856	846	10	-1
Accident rate intensity in 6 kV and above grid, accidents per 1,000 units of equipment	3.92	3.45	4.11	0.66	19

Performance of reliability factors

Reliability targets	2019	2020	2021	
			plan	actual
SAIDI for 12 months of the reporting year, hour	1.62	1.14	1.56	1.31
SAIFI for 12 months of the reporting year	1.01	0.75	0.98	0.78

Despite a 15% increase in reliability rate in 2021 relative to 2020, the target values for the branches of Rosseti Centre established by the REC were achieved in full.

- Reliable operation of the power grid complex is supported through:
- The programme for 6-110 kV overhead lines right-of-ways clearing (fully implemented).
 - The repair programme (fully implemented).
 - The technical certification programme (fully implemented).
 - Quarterly monitoring of the accident rate by the Company's branches, as well as overhead lines which were disconnected three or more times during the selected period. Should any of the above conditions present, previously established programmes for reliability improvement and production programmes (maintenance and repair) shall be adjusted to prevent an increase in the number of accidents.

In 2021, Tverenergo branch staged drills to improve the qualifications of production personnel of the distribution grid complex in terms of reducing electricity losses and identifying and eliminating defects, as well as to design technical and organisational measures aimed at improving grid reliability, including under conditions of excessive loads on power grid facilities caused by dangerous natural phenomena (sleet snow, rough wind, fire, flooding, etc.).

In 2021, the Repair Programme covered the repair of 8,141.7 km of overhead and cable lines and clearing of 25,871.1 ha of overhead line right-of-ways, as well as overhaul of 1,331 transformers and auto-transformers.

The Repair Programme absorbed RUB 2,783.1 mn of the Company's investment, up 2.0% above the planned targets and up 6.3% year-on-year.

For more details on the results of the Repair Programme, as well as the costs incurred by the Company, please see [Appendix 3](#) to the Annual Report.

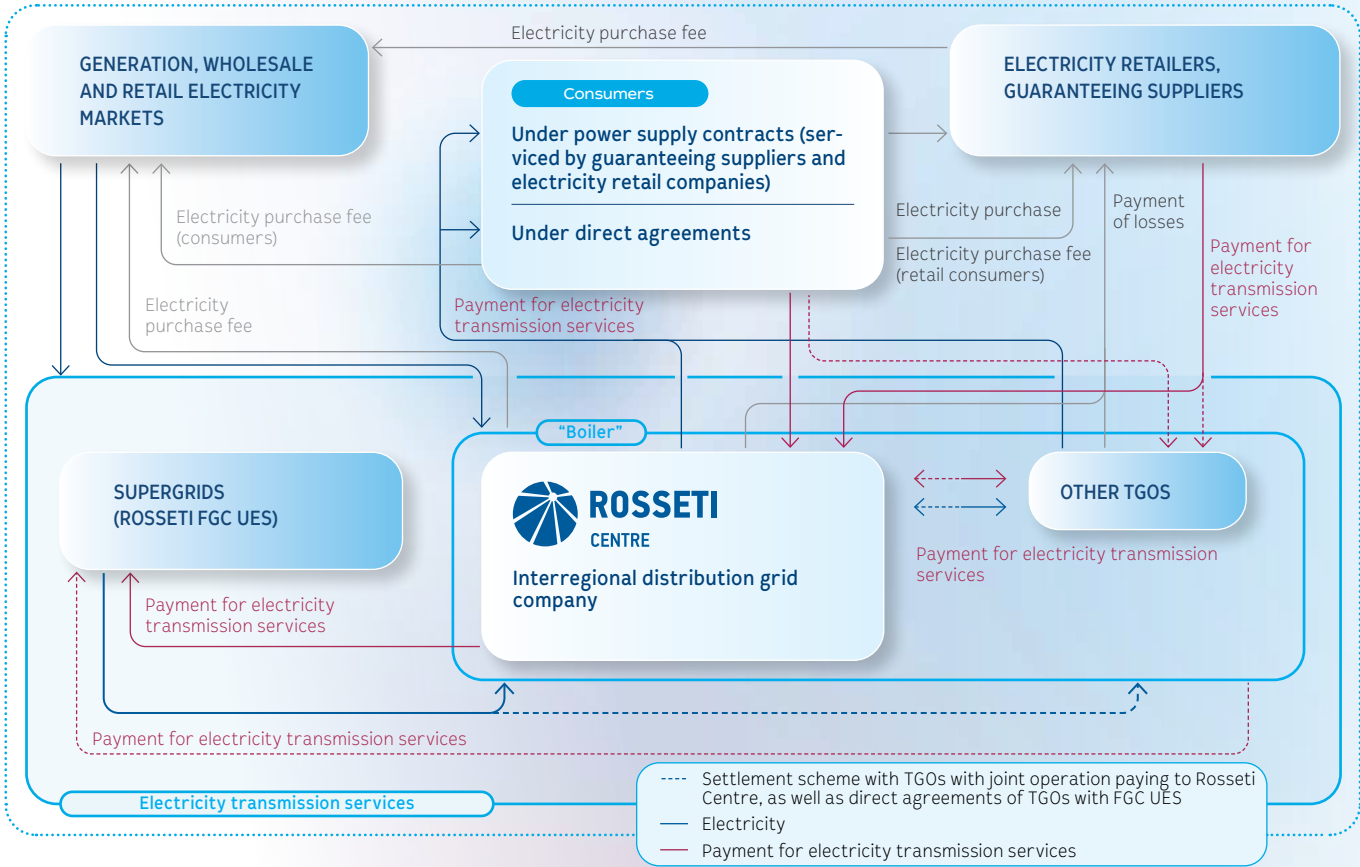
¹ Including leasing.
² Calculation according to the methodology approved by Decree of the Government of the Russian Federation No. 1401 dated 19 December 2016.

Operational Highlights

ELECTRICITY TRANSMISSION AND LOSSES



Business model for electricity transmission GRI 102-9



DEVELOPMENT OF THE POWER GRID COMPLEX

Rosseti Centre's power grid development planning is aligned with:

- Federal Law No. 35-FZ dated 26 March 2003 "On the Electric Power Industry"
- The Strategy for the Development of the Power Grid Sector of the Russian Federation
- Regulatory legal acts of the Government of the Russian Federation

The long-term development schemes and programmes (LDSP) provide a basis for the development of the investment programme of Rosseti Centre.

LDSP designers are the executive authorities of the constituent entities of the Russian Federation

with the participation of branches of JSC SO UPS of Regional Dispatch Offices, branches of PJSC FGC UES of Main Power Grids of Centre and Main Power Grids of North-West, as well as branches of the Company.

For better planning of power grids development, the Company's branches every year formulate five-year comprehensive programmes for the development (CPD) of the 35 kV and above power grid in the territory of the constituent entity of the Russian Federation.

The CPDs are sent to the executive authorities of the constituent entities of the Russian Federation that fall under the operational responsibility of Rosseti Centre as input data and the proposals for the development of the LDSP.

Coordination bodies

Development of the five-year LDSP is supervised by coordination bodies: the Coordination Council in the Kursk and Orel Regions, and the Working Party in the remaining nine regions of the Company's presence.

Long-term development schemes and programmes

For more details on long-term development of constituent entities of the Russian Federation for the period from 2022 to 2026, please see [Appendix 3](#) to the Annual Report.

Amount of services rendered

Net delivery (within the balance sheet boundaries of the Company's branches) in 2021 amounted to 49,244.5 mn kWh, up 5.2%, or 2,454.5 mn kWh year-on-year. The key driver behind the year-on-year increase in net delivery is the introduction of the restriction and self-isolation regime from April 2020 and the easing of restrictive measures and economic recovery in 2021.

Due the predominance of large industrial consumers, the largest share in the total net delivery from the Company's grids in 2021 was accounted for by high-voltage 110 kV (51.0%). The percentage ratio of electricity delivery by voltage levels remained almost flat with the 2020 level.

In 2021, the largest share in the total net delivery of electricity from the Company's grids is taken by territorial grid organisations (30.0%), industrial consumers (23.1%) and households and equivalent consumer groups (17.6%). The percentage ratio of consumers in all groups remained almost flat with the 2020 level.

More than half of the net electricity delivery of Rosseti Centre is from its 110 kV grids. The share of the industrial consumers in the 110 kV net delivery is over 20%.

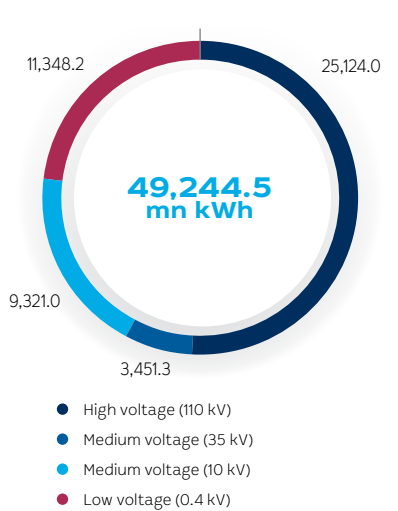
5.2%

increase in electricity net delivery in 2021

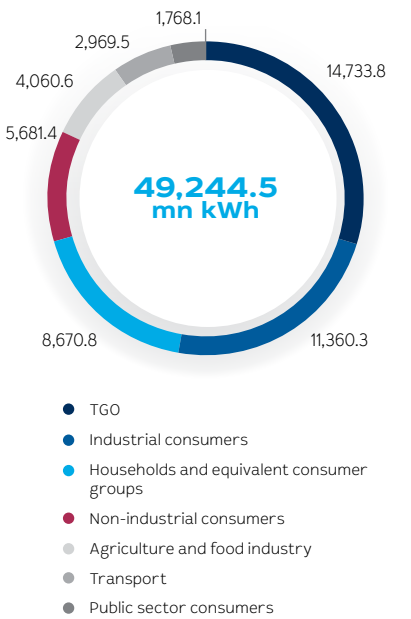
Electricity transmission services provided in 2019–2021, mn kWh

Indicator	2019	2020	2021	Δ 2021/2020	
				mn kWh	%
Electricity delivered to the grid	53,141.3	51,892.9	54,571.0	2,678.1	5.2
Net delivery (within the balance sheet boundaries of the Company's branches)	47,707.9	46,790.0	49,244.5	2,454.5	5.2
Electricity transmission services provided	46,374.6	45,475.2	47,846.7	2,371.5	5.2

Breakdown of electricity delivery by voltage level in 2021



Breakdown of electricity delivery by consumer category in 2021



Major electricity consumers in 2021

S. No.	Consumer	Volume of consumption, mn kWh	Share of net delivery, %
Major industrial consumers, transport, etc.			
1	OJSC RZD	2,513.8	5.1
2	PJSC NLMK	971.1	2.0
3	OJSC SLAVNEFT-YANOS	703.5	1.4
4	JSC TRANSNEFT DRUZHBA	528.5	1.1
5	JSC MINUDOBRENIYA	394.6	0.8
Major TGOs			
1	LLC Bryanskselectro ¹	1,665.9	3.4
2	MUE Tvergorenergo	1,301.1	2.6
3	JSC Kursk Power Grids	1,226.2	2.5
4	JSC Oreoblenergo	883.7	1.8
5	JSC ORES-Tambov	582.4	1.2

¹ Included in Rosseti Centre's Group of companies.

Electricity losses

The following factors had a significant impact on the electricity losses:

- Integration of LLC Energia grids (Voronezhenergo branch) in 2020;
- Integration of MUE Zavolzhye Housing and Utilities Enterprise (Yarenergo branch) grids in 2020;
- Modernisation of metering units at substations of FGC UES (Tambovenergo branch) in 2021;
- Integration of Lipetsk Minucipal Power Company (Lipetskenergo branch) in 2021.

Electricity Loss Reduction Programme

One of the priorities of the Company is to delivery on the Electricity Loss Reduction Programme in the grid sector for 2021 and until 2025.

Reduction of electricity losses is one of the strategic goals of the Company. Thanks for the electricity loss reduction measures carried out in 2021, the cumulative effect in physical terms was 316.6 mn kWh, in cost terms – RUB 933.9 mn, including from:

- organisational arrangements – 200.1 mn kWh (RUB 583.1 mn) against a plan of 53 mn kWh (RUB 161.8 mn);

History of electricity losses in 2019–2022, %

EU12					
Indicator	2019	2020	2021	2022 ¹	Δ, 2021/2020
Losses, actual	10.23	9.83	9.76	–	–0.07
Losses, planned	10.26	9.83	9.43	9.90	–0.40
For reference: Electricity losses in terms of electricity balance in 2021	10.49	10.07	9.76	–	–0.31

Effect from the Electricity Loss Reduction Programme

Год	Savings from the organisational arrangements		Savings from the technical arrangements		Savings from electricity metering upgrade arrangements	
	mn kWh	RUB mn	mn kWh	RUB mn	mn kWh	RUB mn
2019	266.6	751.1	8.6	24.6	208.6	600.8
2020	128.1	348.4	11.1	31.8	139.6	384.3
2021 (plan)	53	161.8	12.3	38	311.5	947.8
2021 (actual)	200.1	583.1	17.6	53.1	82.6	241.5
2022 (plan)	79.8	248.6	5.5	16.9	206.2	644.0

- technical arrangements – 17.6 mn kWh (RUB 53.1 mn) against a plan of 12.3 mn kWh (RUR 38 mn);
- electricity metering upgrade arrangements – 82.6 mn kWh (RUB 241.5 mn) against a plan of 311.5 mn kWh (RUB 947.8 mn).

At the end of 2021, the total volume of loss reduction amounted to

0.07%
40.1 mn kWh
119.3 RUB mn

Detection of off-the-meter electricity consumption

In its efforts to reduce electricity losses, Rosseti Centre takes measures to detect and deal with electricity consumption without proper contract and/or metering means.

Energy consumption	2019		2020		2021	
	Paid/included in net delivery, mn kWh	Reduction of loss compensation costs, RUB mn excl. VAT	Paid/included in net delivery, mn kWh	Reduction of loss compensation costs, RUB mn excl. VAT	Paid/included in net delivery, mn kWh	Reduction of loss compensation costs, RUB mn excl. VAT
Uncontracted electricity consumption	10.7	29.8	11.9	33.5	12.5	37.9
Off-the-meter energy consumption	100.4	279.6	128.1	346.5	128.5	369.7

GRID CONNECTION

Grid connection is a complex service provided by grid companies to legal entities and individuals for the delivery of electrical capacity and meaning the actual connection of consumer terminals (power installations) to grid facilities.

Grid connection services can be rendered to newly connected consumers as well as to consumers who need to increase their consumption capacity.

The Company takes grid connection applications via the **тн.пф.** (<https://портал-тн.пф>) after signing up in the customer's My account. Therein the customer can obtain information on the main application processing stages, on sending the signed grid connection contract and technical specifications to the applicants, on the date of contract, on the progress on the grid organisation's implementation of technical specifications, on the actual connection and the actual receipt (delivery) of voltage and capacity to the applicant's facilities, as well as information on the filing and signing of grid connection documents.

Simplification of grid connection procedure

In 2021, the Company continued to simplify the grid connection procedure. In order to reduce the grid connection costs and shorten the performance time of grid connection contracts, the Company kept on increasing the share of contracts performed by the Company.

In 2021, average time by Contract – Notification Indicator under the Doing Business grid connection contracts across Rosseti Centre, involving works to be done by a grid organisation, was 60 days, down 2% year-on-year (vs 61 days in 2020).

Demand level and amount of services rendered

Dynamics of grid connection applications discharged in 2019–2021


Indicator	UoM	2019	2020	2021	Δ 2021/2020	
					abs.	%
Applications received and proceeded with	–	47,876	47,530	59,383	11,853	24.9
	kW	2,936,169,5	2,932,011.3	2,836,370.0	–95,641.3	–3.3
Contracts performed	–	38,063	30,213	38,098	7,885	26.1
	kW	840,268.0	1,013,255.1	821,039.0	–192,216.1	–19.0

The scope of the grid connections by the grid organisation depends on the health of the economy of the regions within the Company's footprint and plans for their economic development.

In 2021, the Company received over 59 ths applications for connection of consumer terminals to power grids. The demand for this service increased by 24.9% year-on-year, due to changes in legislation regarding the installation of meters by a grid organisation.

As a consequence, the number of grid connection contracts concluded and fulfilled also increased by 24.2% and 26.1%, respectively, compared to 2020.

The year-on-year decrease in the volume of connected capacity in 2021 was due to the implementation of a major grid connection contract with PJSC Quadra in 2020 (264.8 MW).

 For more details on the execution of grid connection applications, please see **Appendix 3** to the Annual Report.

Breakdown of demand and services rendered

The connected capacity broken down by categories of applicants and industries is determined by the types of business conducted by applicants who applied to Rosseti Centre for grid connection in the reporting and previous periods.

In 2021, the demand for subsidised grid connection grew due to changes in legislation in terms of installation of metering devices by a grid organisation.

In the reporting year, the connected capacity of applicants in the Up to 15 kW inclusive category increased by 34.9%. The share of this category of applicants in the connected capacity structure rose from 31.0% in 2020 to 51.5% in 2021.

The connected capacity of applicants in the Generation category decreased by 99.3%, which is explained by the execution of a major grid connection contract with Quadra (264.8 MW) in 2020.

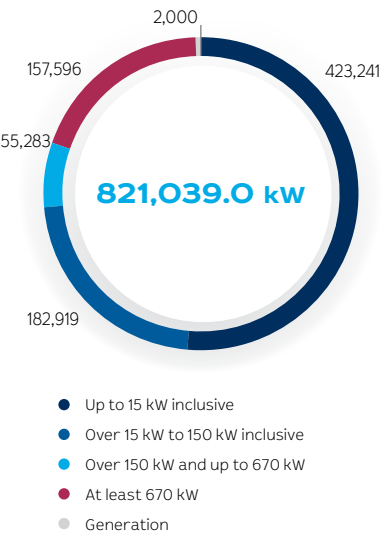
The largest share of capacity connected to Rosseti Centre's grids in 2021 is accounted for by individuals (387.5 MW, or 47.2%). Compared to 2020, the strongest relative growth of connected capacity is recorded in the Transport and Communication categories (by 187.9%), while the largest relative decrease in connected capacity – in Production and Distribution of Electricity, Gas, and Water category (by 94.1%).

¹ To provide a uniform comparison basis for all years, the effect in physical terms reflects a reduction in electricity losses and the effect in value terms reflects a reduction in the cost of purchased electricity losses.

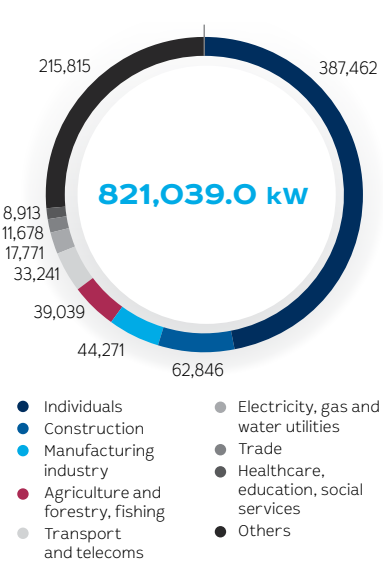
Major applicants in 2021

Applicant	Project implemented	Amount of services rendered, RUB mn	Required capacity, MW
LLC Voronezhbystroy, Voronezh Region	Grid connection of a residential complex	250.0	11 (Stage 1)
OJSC Russian Railways Yaroslavl Region	Grid connection of the traction substation of the Kozmodemyansk station	80.1	20
Yaroslavl Region State Budgetary Institution United Customer Service	Grid connection of a surgical complex	53.7	3.4
LLC Zavidovo Park, Tver Region	Grid connection of a facility named Integrated Development of Urban and Recreational Environment in Zavidovo Special Economic Zone	50.8	0.1 (Stage 1)
Voronezh Region Department of Construction Policy	Grid connection of a surgical building	46.8	1.9
LLC Belgorodskiy Yabloki Belgorod Region	Grid connection of an agricultural product storage facility	44.6	0.4 (Stage 1)
LLC KUN VOSTOK Voronezh Region	Grid connection of a production and warehouse complex	41.02	2
LLC Vybor, Voronezh Region	Grid connection of a complex of residential buildings	37.7	20
LLC Orion International Euro, Tver Region	Grid connection of a food production plant	30.9	6

Structure of fulfilled contracts by category of applicants, kW



Structure of executed contracts by sector, kWh



Plans for 2022

In 2022, Rosseti Centre will carry on the grid connection of facilities that are essential to the social and economic development of the regions where the Company operates.

Socially important infrastructure consumers to be connected in 2022:

- A plant for the production of vegetable meat and proteins in the Belgorod Region with a capacity of 9.6 MW (LLC Eda Buduschego (Food of the Future))
- Two covid hospitals in the Belgorod Region, with a capacity of 3 MW (Regional State Budgetary Institution “Belgorod Region Capital Construction Department”)
- A technology park in the Belgorod Region, with a capacity of 9.6 MW (LLC Biruch Innovation Centre)
- A data centre in the Yaroslavl Region, with a capacity of 7.2 MW (LLC Data Centre)

ADDITIONAL SERVICES

Range of additional (non-tariff) services

The approved list of additional (non-tariff) services includes the following classification groups:

- Rental and leasing services
- Maintenance, care and repair services
- Construction, assembly and design services
- Consultancy and organisational & technical services
- Agency services
- Information and communication technology services
- Services related to other operations
- Other services

For more details on additional services, please see [Appendix 3](#) to the Annual Report.

Development of additional (non-tariff) services

The Programme for Development and Promotion of Additional Services until 2024 covered the activities related to the development of additional (non-tariff) services, yielding the following results 2021.

The programme demeloments in 2021 are as follows

1. Outdoor lighting services
 - About 664 ths lighting points were under Rosseti Centre's service in 2021. As compared to 2020, the number of serviced lighting fixtures rose by more than 65 ths, and the outdoor lighting market coverage of the 11 regions within the Company's footprint increased from 46% to 52%.
 - In order to promote outdoor lighting services, a Landing-Page for Outdoor Lighting Services was created and brought online in 2021. A new additional service – “Lantern” was offered in 2021 and still on since then.

- Major projects implemented in 2021:
 - municipal contract to improve the energy efficiency of outdoor lighting in Yaroslavl, covering the replacement of 27,505 lighting fixtures with LED ones and the installation of 508 automated outdoor lighting control system modules;
 - installation of missing lighting fixtures along the roads in the Bryansk and Tambov Regions as scheduled, under life cycle and government contracts, respectively;
 - contracted installation (construction) of outdoor lighting networks in the Company's branches, covering the construction of 377 km of outdoor lighting lines and installation of more than 12 ths lighting fixtures.

2. The service pertaining to works attributed to the competence of the customer in the implementation of grid connection:
 - a total of 13,159 contracts were fulfilled, up 4,792 contracts, or 57% year-on-year;
 - an online shop was launched to promote and sell the grid connection support service, where a customer can choose a package of services and use automatic billing and payment options.

In addition, the 2021 Programme included the following organisational measures:

- improvement of the additional incentive system, which implies extra bonuses and incentives for employees involved in sale of services and performance of works under additional service agreements.
- two training courses under Five Skills of a Born Salesman training programme for the personnel involved in the sale of additional services; the training will continue in 2022.

In 2021, the Company developed a multi-year Road Map for the development of additional (non-tariff) services at Rosseti Centre in alignment with the Digital Transformation 2030 concept and Rosseti's scenario conditions. The Road Map was approved by the Company's Board of Directors on 16 March 2022.

Demand for additional (non-tariff) services

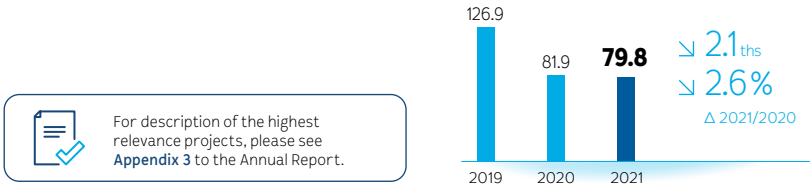
The number of applications in 2021 was reduced due to the visiting restrictions caused by the epidemiological situation in the country.

The bulk of received applications in 2021 cover the following additional services: consultancy and organisational & technical services for electricity – 14,897, electricity metering – 10,860, performance of grid connection works attributed to the competence of the applicant – 8,612.

The key goals of the online shop launched last year are to increase the number of incoming applications for additional services in 2021 and, consequently, to grow revenue from non-tariff (additional) services. It also helps promote services for grid connection and outdoor lighting works attributed to the customer's competence. The Company is set to promote the online shop further in 2022 and extend the list of available additional services.

The period of 2020–2021 is marked with a number of regional infrastructure projects related to outdoor lighting and improvements of streets and roads.

Applications for additional services in 2019–2021, ths applications



For description of the highest relevance projects, please see [Appendix 3](#) to the Annual Report.

For more details on the distribution of grid connection contracts performed in 2021 by categories of applicants and sectors, please see [Appendix 3](#) to the Annual Report.

CUSTOMER RELATIONS

EU2

Rosseti Centre interacts with service consumers and builds their loyalty by offering quality services and satisfying customer needs in the short and long term.

Customer interaction principles:

- dentification and satisfaction of reasonable customers' requirements;
- constant monitoring of customer expectations and satisfaction;
- reliable, uninterrupted power supply to good consumers of the Company's services.

Along with reliable and uninterruptible power supply, the Company attaches great importance to the territorial, organisational, informational accessibility of services to customers.

The Company screens and analyses customer needs and studies customer opinions on the quality of service, including risk analysis, identification of mutually beneficial solutions, as well as constructive resolution and prevention of conflicts. The Company uses customer feedback to adjust its operations to better meet the customers' needs and expectations.

The Company guarantees its customers an objective and unbiased review of their requests and complaints within the prescribed timeframes and upholds their right to appeal.

Consumer service types

The Company offers in-person and remote (interactive) customer service. Data from customers are received via specially dedicated channels:

Requests reception channel	Requests submission/reception method	Requests types
Consumer Service Centres Customer Affairs Office	Customer visit	<ul style="list-style-type: none">• Application• Complaint• Consultation• Feedback• Proposal• Informing
Company's department	Russian Post, Telephone, Fax, Email	
Call centre	Telephone, consumer auto-notification about power outages and scheduled restoration time, SMS, Email, voice mailbox	
Interactive service	<ul style="list-style-type: none">• The Light Country portal• Портал-тн.рф portal• E-mail• Internet-reception desk• Chatbot on Rosseti Centre's website• To Consumers, Power Outage Information sections of Rosseti Centre's website	

In-person customer service

Due to the restrictions caused by COVID-19, the customer service switched to the remote mode in March 2020 through the use of the following channels:

- Rosseti Centre's Call Centre
- Power grid services portal (Портал-тн.рф)
- Light Country portal
- To Consumers, Power Outage Information sections of Rosseti Centre's website
- Chatbot in Viber and on the Company's website on power outage issues

Remote consumer service via telephone communication

For remote consumer service, Rosseti Centre uses a unified Contact Centre, which receives telephone calls to the common number – 8-800-220-0-220.

From 2020 on, all telephone numbers of PGR dispatchers were transferred to the Contact Centre for more efficient customers interaction, thereby bringing the reception and processing of consumer telephone calls to single standards.

The Contact Centre's functions:

- Round-the-clock customer support on power outages, emergency calls, power quality violations and theft of electric power and equipment;
- Reception of applications regarding grid connection, metering devices, maintenance of power grid facilities, etc. in off hours;
- Operational interaction in “customer-operator-dispatcher” scheme during elimination of disturbances and/or emergencies;
- Processing of interactive services (Internet-reception desk, callback, messages about outages from the Company's website, chatbot, messenger);
- Outgoing canvas calling to consumers.

Interactive service

Rosseti Centre's customers can use the following resources:

- The тн-рф portal – to apply and pay for services and to send their requests to the Company;
- The Light Country portal – to submit messages regarding power outages, power quality and defects in electrical equipment;
- Internet-reception desk on the Company's website;
- chatbot and Power Outage Information section on the Company's website – for any power outage issues.

Improving customer relations

Thanks to intensive work towards expanding interactive customer relations channels in the reporting year, the Company now can inform consumers in a timely manner about the power outage reasons and power restoration time, while also reducing the operator's time to answer in case of mass outages.

Outage reporting

The Outage Reporting script for the robot operator was designed and piloted in 2021. Incoming customer calls on outages received by the Contact Centre are forwarded the robot operator if all operators are busy.

- The robot operator can offer the following options during the call:
- asking for and recording the consumer's contact details, outage details, the outage address, and consent to SMS informing;
 - transferring the call to the Contact Centre operator at the request of the consumer or in case of problems with the address identification.

Outage messages recorded by the robot operator are transmitted to Rosseti Centre's system via the SOAP service and processed automatically. The consumer then receives a SMS message with the outage information and the planned time of power restoration (if there is consent therefor).

Lights OFF service

The Company launched the Lights OFF service in 2021, which can be used by customers to report a power outage and receive information about planned restoration times, as well as sign up for notifications about ongoing works at chosen addresses. Lights OFF is made available for mobile applications on the Android platform. This will increase consumer awareness of power outages and reduce the phone burden.

Telegram chatbot and SMS subscription


The Company's plan for In 2022 include the launch of a power outage informing chatbot in the Telegram messenger similar to the Viber chatbot. There are also plans to start up an SMS subscription for power outage notifications at the Company's official website.

Statistics on consumer requests

In 2021, the total number of requests/appeals/calls increased by 1.1 times year-on-year due to the increased load on interactive communication channels as all telephone numbers of PGR dispatchers were transferred to the Contact Centre of Rosseti Centre in 2020, and the automatic service was used to inform about power outages and planned power restoration time.

Numbers of consumer requests by communication channel	Number of requests			Δ 2021/2020, %
	2019	2020	2021	
In person	239,381	49,754	–	–100
Remote through the call-centre	633,233	1,894,990	2,232,421	17
Written via administrative offices	6,034	19,025	31,749	66
Remote via Internet-reception desk or user account, online helpdesk and e-mail	114,051	260,348	266,301	2
Others ¹	28,506	87,107	116,335	34
Total ²	1,021,205	2,311,224	2,646,812	14

¹ Fax, helpline of Rosseti Centre.
² Starting from 2020, the scope of requests also covers the phone calls from consumers processed automatically by the interactive voice menu system (without an operator).

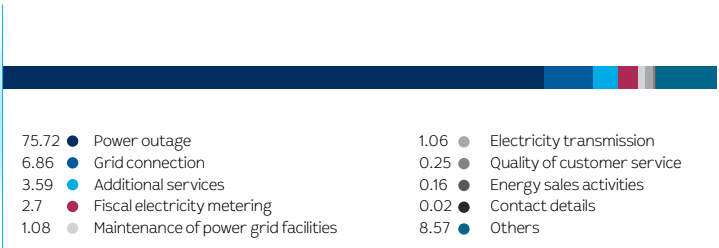
 A full list of Rosseti Centre's customer service offices can be found on [the Company's website](#).

The majority (77.3%) of the requests from the Company's customers in 2021 were of informational character – help requests and applications for services (10.3% each). Complaints made up 1.6% of all requests received in 2021, with most of them relating to the maintenance of power grid facilities (42%), electricity transmission (20%) and power outage (not including outage reports) (18%).

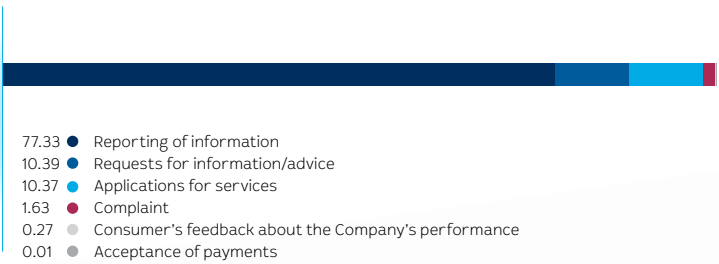
Evaluating the achievement of approved indicators of reliability and quality of services provided

The 2021 planned indicators of reliability and quality of services for Lipetskenergo branch are set by the tariff state regulators of the subjects of the Russian Federation.

Consumer requests by category in 2021, %



Consumer requests by reason in 2021, %



Branch	Information content		Achievement rate		Effectiveness of feedback		Service quality index		
	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	A/P-1
Lipetskenergo	1.583	2.000	0.383	0.425	2.208	2.000	0.8681	0.8975	−0.0327

Customer satisfaction measurement

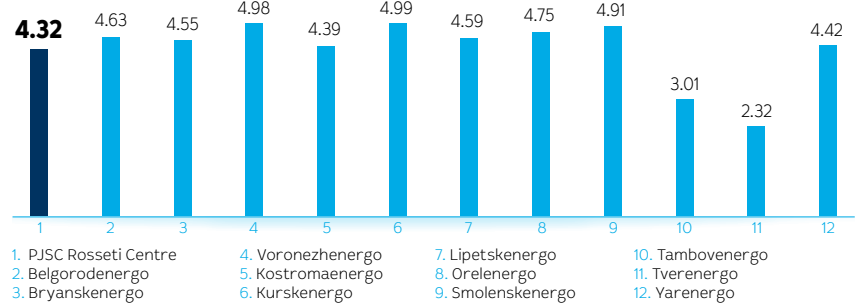
The methods used to evaluate the quality of services rendered by the Company and to explore the development prospects of customer service:

- customer feedback following the activities initiated after the customer contracted the Company;
- online questionnaires (via Internet-reception desk);
- periodic feedback programmes (postal mailings and customer canvas calling).

The Company evaluates the quality of customer service against the results of questionnaires and following the analysis of received requests, and makes necessary improvements to the services rendered.

The 2021 survey covered 6.8 ths customers of Rosseti Centre, showing that the quality of services rendered by the Company's branches remained approximately at the same level. The integral estimate of the customer satisfaction with the quality of services provided following the feedback received from consumers after their requests were reviewed (honoured) is 4.32 out of five possible, which is higher than the 2020 level (4.20), thus indicating the overall improvement of customer service.

Integral satisfaction score



Personal data security mechanisms

Due to the growing number of crimes related to unlawful impact on critical information infrastructure of the Russian Federation, including personal data information systems, the Company believes that there is a significant probability of the information security threats related to unlawful access of third parties to personal data of consumers.

Possible consequences:

- Reputational risks;
- Risks of holding the Company's management and employees liable under the applicable laws of the Russian Federation.

Risks of unauthorised third-party access to the consumers' personal data are minimised through:

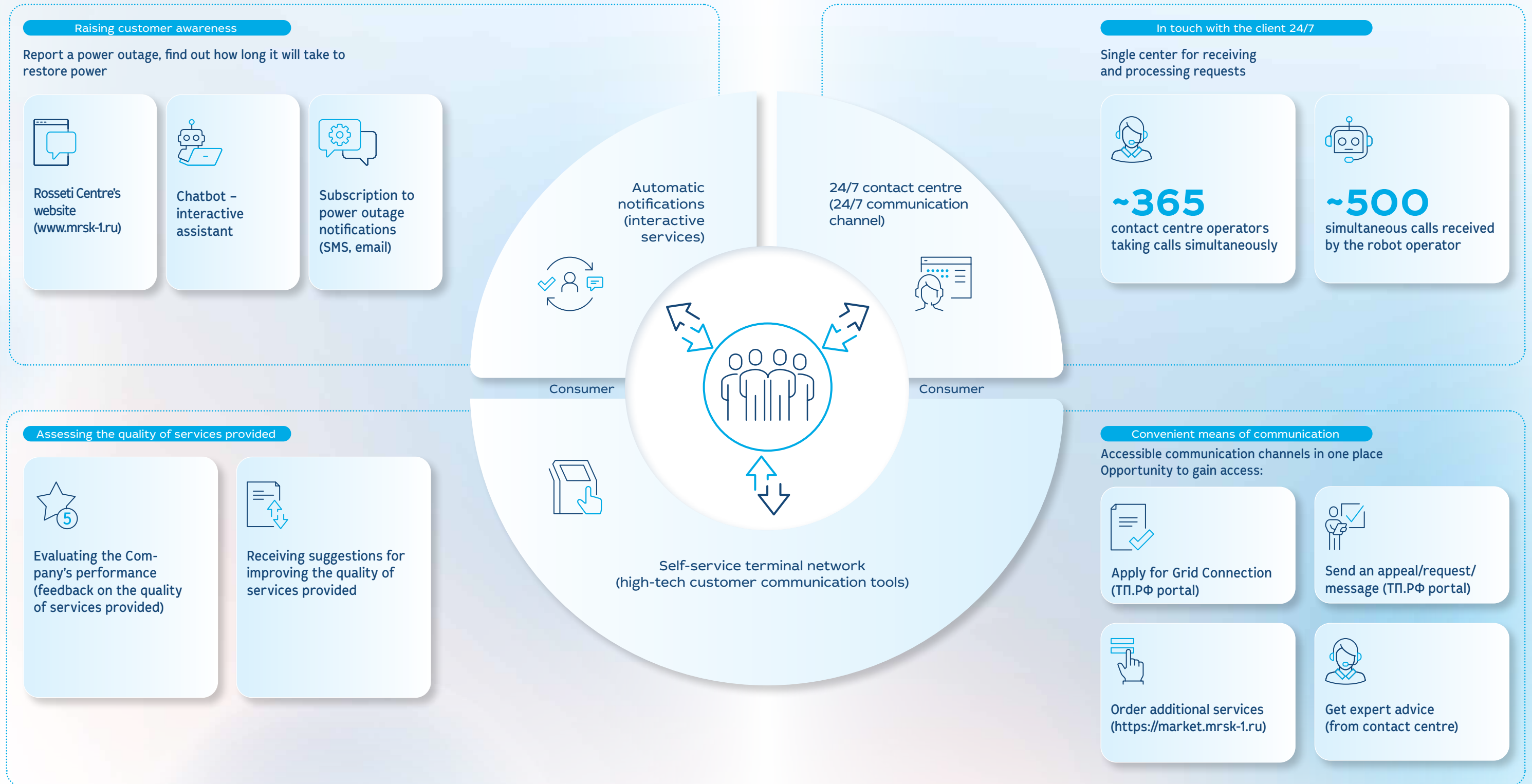
- control over privileged accounts of users who have access to information systems containing personal user data;
- regular preventive measures relating to personal data protection;
- monitoring of automated workplaces with access to personal data information systems, by means of information leakage prevention tools;
- provision of automated workplaces authorised to access to personal data information systems with information security means that prevent unauthorised access;
- monitoring of information security events related to occurrence of unauthorised access to consumers' personal data.

The Company identified no security breaches of the Company's personal data information systems in 2021.

¹ Fax, Rosseti Centre's helpline.
² Starting from 2020, the number of calls includes telephone calls from consumers handled automatically by the interactive voice menu system (without the operator's involvement).

Year of the Customer

RESPONDING QUICKLY TO OUR CUSTOMERS' NEEDS AND ANTICIPATING THEIR EXPECTATIONS HAS BECOME OUR PHILOSOPHY. WE PROVIDE HIGH QUALITY SERVICES, SOLVE CUSTOMER PROBLEMS AND BUILD LONG-TERM PARTNERSHIPS WITH CUSTOMERS.



IN 2021, WE LAUNCHED SEVERAL PROJECTS THAT ENABLED US TO IMPROVE THE QUALITY OF OUR SERVICES AND INCREASE THE AVAILABILITY OF OUR SERVICES.

“The main challenge we face for the consumer is reliable and quality energy supply. We are facing more and more requests from our customers such as convenient and quality services that operate 24/7. Our priority for 2022 will remain customer centricity and customer focus”.

Igor Makovskiy,
General Director, Rosseti Centre, PJSC

1 Creating a comfortable urban environment

Modernising outdoor lighting in Yaroslavl

The comfort of residents on the city streets is very important to Rosseti Centre. In the reporting year, we upgraded the street lighting system in Yaroslavl.

27 ths

obsolete luminaires were replaced with new LED fixtures

>500

modern metering and control modules for outdoor lighting were installed

Digital circuitry

of lighting control replaced the outdated analogue one



Project results

- Quality of life in the city raised
- Yaroslavl's lighting costs dropped by 60%
- The management of the city's lighting system became more efficient



2 Creating a digital governance model for the region



Opening of the MITC in Belgorod

Reliable power supply to consumers is one of Rosseti Centre's priorities. To quickly analyse the situation in the power grid complex and promptly solve our customers' problems, we launched the Multifunctional Information Technology Centre (MITC) in the Belgorod Region.

MITC structure

Grid Control Centre	Security Control Centre	Unified Situation Centre	Electricity Metering Control Centre	Outdoor Lighting Control Centre	Training Centre
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MITC opportunities

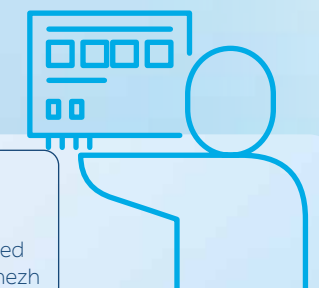
- Manages grids throughout the Belgorod Region
- Controls the IT infrastructure of power grids in 20 regions of Central Russia and the Volga Region
- Processes up to 100 ths signals per second
- Collects data on failures and shows the number of crews and equipment currently working on sites
- Makes it possible to monitor the state of the grid, monitor substations, record disturbances and assess weather conditions



Project results

- The fault recovery process is faster
- Labour costs for information gathering and analysis reduced
- Efficiency of grid management improved

3 Efficient electricity metering



Modernisation of the electricity metering system in the Voronezh Region

In order to provide our consumers with a high level of electricity supply services, we pay special attention to high-quality electricity metering. To this end, we are upgrading metering devices.

44.5 ths

smart devices were supplied to consumers in the Voronezh Region free of charge



Capabilities of new devices

- Transmit readings and information about events occurred
- Help to optimise load and plot energy consumption
- Are part of a unified network of energy consumption data, emergency alarms and tampering alarms



Project results

- Electricity metering made easier
- Electricity loss reduced
- Grid load optimised

CONSOLIDATION OF POWER GRID ASSETS

Rosseti Centre focuses its efforts on the consolidation of its grid assets to deliver on the Strategy for the Development of the Power Grid Complex of the Russian Federation. Working meetings and negotiations regarding consolidation were held with various level heads of executive authorities and other power industry entities during the reporting period.

While planning the power grid asset consolidation activities and determining the targets for 2021, Rosseti Centre follows on the investment programme and the operating business plan approved by the Board of Directors. The general workstreams were aligned with the List of Projects for the Consolidation of Rosseti Centre's power grid assets.

One of the key measures for increasing the share of electricity transmission and distribution market within the Company's footprint is the consolidation of power grid assets controlled by independent TGOs.

From 2019 to 2021, Rosseti's Group of companies established control

over the largest TGOs in the Bryansk, Voronezh, Tula and Ivanovo Regions through acquisition:

- 100% of the shares in JSC VGES with a power grid capacity of 25,985 c.u.;
- 69.9992% of the shares in JSC TGES with a power grid capacity of 21,384 c.u.;
- 100% share of LLC Bryanskelectro with a power grid capacity of 39,949 c.u.;
- 100% of the shares in JSC Ivgoroelectroset with a power grid capacity of 16,879 c.u.

In addition, the consolidation covered the power grid property of the largest TGO in the Lipetsk Region – JSC LGEK, as well as the property of OGPU LOKK and MUE Gorelectroset in Lipetsk that were leased in 2021, amounting to a total of 32,955 c.u.

The above-mentioned transactions increased the RGR – related market share¹ of Rosseti's Group of companies by 14.5 p.p. in the Lipetsk Region, by 34.3 p.p. in the Bryansk Region, by 9.3 p.p. in the Voronezh Region, by 14.8 p.p. in the Ivanovo Region, and by 10.1 p.p. in the Tula Region.

In consolidation, the priority is given to operations with certain power grid facilities owned by both legal entities and individuals.

The consolidation scope in 2021 amounted to:

- 2,809.33 MVA
- 8,332.87 km
- 55,821.82 c.u.



For the total assets consolidated in 2019–2021, please see **Appendix 3** to the Annual Report.

The number of third-party TGOs in the regions where the Company operates decreased by 5.5% from 128 to 121 during the reporting period.

According to 2022 plans, grid asset consolidation projects will still be underway in the regions of the Company's operations.

Consolidation of power grid complex is meant to serve the interests of end consumers, and this process follows a systematic and holistic path. With new unified principles of operational and technological management as well as generic requirements of technical and operational policies, we will be able to fulfil grid connection applications in a shorter time, eliminate disturbances more quickly and, as a result, improve the quality of power supply to residents.

INVESTMENT ACTIVITIES

Progress on the investment programme in 2019–2021

GRI 103–3

The investment programme of Rosseti Centre was approved by Order No. 23@ of the Ministry of Energy of the Russian Federation dated 22 December 2021 and aligned with the development plans of the regions within the Company's

footprint, the technical condition of power grids, and financing sources formed from the tariff balance solutions.

Due to a group of projects on subsidised grid connection, as well as on grid

connection of over 150 kW consumers and alteration of power grid facilities to the needs of third parties, the 2021 indicators of the investment programme over-fulfilled those of 2020.

Key indicators of the investment programme of Rosseti Centre in 2019–2022

Indicator	2019	2020	2021		2022 plan	Δ 2021 (actual)/2020	
			Plan	Actual		abs.	%
Financing, RUB bn, incl. VAT	13.6	14.0	16.3	16.9	15.4	2.9	20.7
Assimilation of capex, RUB bn, excl. VAT	11.8	13.8	13.9	14.1	12.5	0.3	2.2
Commissioning of fixed assets, RUB bn, excl. VAT	11.2	12.2	15.0	15.4	13.7	3.2	26.2
Commissioning of transformer capacities, MVA	425.6	374.3	314.3	386.0	282.2	11.7	3.1
Commissioning of power transmission lines, ths km	3.4	2.1	2.5	2.7	2.3	0.6	28.6

20.7%

increase in funding for the investment programme

3.1%

increase in commissioned transformer capacity

28.6%

increase in the number of PTL commissioned

Priorities and structure of capex financing

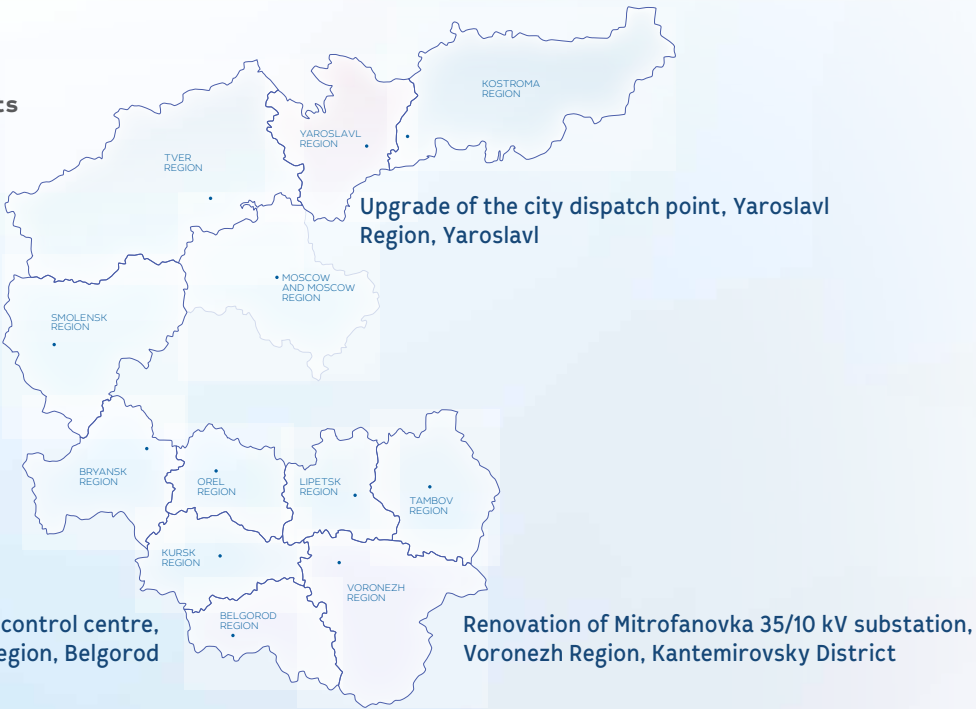
Capex financing structure in 2019–2021, RUB bn, incl. VAT

Funding streams	2019	2020	2021	Δ 2021/2020	
				abs.	%
Grid connection	4.85	5.32	6.93	1.61	30.3
Renovation, upgrading, and retrofitting	6.71	6.98	7.77	0.79	11.3
Investment projects which are driven by the schemes and programmes for long-term development of the electric power sector	0.02	0.01	0.00	–0.01	–98.4
Other new construction of grid facilities	0.33	0.42	0.57	0.15	36.2
Purchase of land parcels for investment projects	0	0	0	0	0
Other investment projects	1.66	1.32	1.59	0.28	21.1
Total	13.56	14.04	16.86	2.82	20.1

¹ RGR excluding losses and PJSC FGC UES service charges.

Major investment projects completed in 2021

GRI 203-1



Renovation of Mitrofanovka 35/10 kV substation, Voronezh Region, Kantemirovsky District

20 MVA

Design capacity

222.9 RUB mn

Investments

Project timeline: 2020–2021

Achieved goals and results of the project: improved performance of the distribution power grid complex to ensure uninterrupted power supply to the facilities of Kantemirovsky District, Voronezh Region.

The project covered the installation of two power transformers with the capacity of 10 MVA each; renovation of 35 kV outdoor switchgear based on 35 kV vacuum switches, installation of a substation control packaged modular building, 10 kV indoor switchgear equipped with cells with vacuum switches and cabinets of RPA and ECA microprocessors.

Renovation of the grid control centre, Belgorod Region, Belgorod

513.1 RUB mn

Investments

Project goal: establishment of a grid control centre (GCC), including the necessary engineering systems, with relocation of the dispatching staff (15 distribution GCC workstations, 4 main GCC workstations, 179 technical service workstations)

Project timeline: 2019–2021

Achieved goals and results of the project: increased reliability of power supply to consumers in the Belgorod Region, improved efficiency of operational and technological management of grid facilities through the use of modern intelligent control systems.

Upgrade of the city dispatch point, Yaroslavl Region, Yaroslavl

100.2 RUB mn

Investments

Project goal: establishment of a city dispatch point (CDP), including the necessary engineering systems, with relocation of the dispatching staff (15 distribution CDP workstations, 4 main CDP workstations, 35 technical service workstations)

Project timeline: 2019–2021

Achieved goals and results of the project: increased reliability of power supply to consumers in Yaroslavl, improved efficiency of operational and technological management of grid facilities through the use of modern intelligent control systems.

Structure of funding sources for the investment programme in 2019–2021, RUB bn, incl. VAT

Funding streams	2019	2020	2021	Δ 2021/2020	
				abs.	%
Own funds, including:	11.3	11.8	16.9	5.1	43.2
• profit allocated to investment	0.8	1.8	4.0	2.2	122.2
• depreciation of fixed assets	10.0	10.0	11.8	1.8	18.0
• VAT recovery	0.0	0.0	1.1	1.1	100
• other own funds	0.5	0.0	0.0	0	0
Borrowed funds	0.5	2.2	0.0	–2.2	–100
Total	11.8	14.0	16.9	2.9	20.7

The structure of own sources of financing for the Investment Programme varies with the actual structure of the same in the Company's branches and the accrued amount of own sources (net profit, depreciation).

The investment programme of the Company for 2021 does not include financing and capex assimilation for the facilities implemented with the use of federal budget funds.

Long-term investment programme

The Long-Term Investment Programme is aligned with the forms and requirements for disclosure formats approved by the Ministry of Energy of the Russian Federation¹ and approved by Order of the Ministry of Energy of Russia on 22 December 2021².

The investment programme builds on:

- forecast of social and economic development of the Russian Federation for the planned period;
- the Company's updated obligations on the grid connection of consumers against the conclusion of new grid connection contract, the change and termination of existing contracts;
- refinement of the list of facilities subject to condition-based retrofitting and renovation;
- update of measures to improve reliability of power supply to consumers, energy system resilience, and asset security arrangements;
- approval/re-approval of design estimation paperwork for construction and reconstruction projects under the investment programme;
- actual performance of the Company's investment programme in previous periods;
- a new long-term tariff regulation period for Lipetskenergo branch from 2022 to 2026;
- review of the structure of financing sources for the investment programme.

Indicators for the long-term investment programme

Indicator	2021		2022	2023	2024	2025	2026
	Plan	Actual					
Financing, RUB bn, incl. VAT	16.3	16.9	15.4	22.0	24.3	17.2	17.2
Assimilation of capex, RUB bn, excl. VAT	13.9	14.1	12.5	18.5	19.5	14.2	12.7
Commissioning of fixed assets, RUB bn, excl. VAT	15.0	15.4	13.7	18.7	19.4	14.8	13.0
Commissioning of transformer capacities, MVA	314.3	386.0	282.2	286.4	204.1	429.1	548.8
Commissioning of power transmission lines, ths km	2.5	2.7	2.3	2.3	2.6	2.5	2.4

Rosseti Centre's long-term programme covers an annual gain in achievement of all parameters during the period from 2022 to 2024, resulting from the implementation of electricity metering arrangements.

¹ Order No. 380 dated 5 May 2016 "On Approval of the Disclosure of the Investment Programme Details by a Grid Organisation (draft investment programme and (or) draft amendments thereto) and Rationalising Materials".
² Order No. 23@ dated 22 December 2021 "On Approval of the Investment Programme of Rosseti Centre, PJSC for 2022–2026 and amendments to Investment Programme of Rosseti Centre, PJSC for 2021–2025 approved by Order No. 11@ of the Ministry of Energy of Russia dated 14 December 2020".

INNOVATIVE ACTIVITIES

EU8 (ex)



Rosseti Centre's innovative development is aligned with the Innovative Development Programme for 2020–2024 with an outlook until 2030 approved by the Company's Board of Directors (Minutes No. 32/21 dated 5 August 2021).

The transition of the Russian power grid sector to a brand-new power grid concept with a whole new level of reliability, efficiency, accessibility, manageability, and customer focus is the key goal of the Programme.

Key focus areas of the innovative development programme:

- Transition to digital substations operating at voltages between 35–110 (220) kV
- Transition to digital smart grids with a distributed intellectual automation and control system
- Transition to integrated business processes and automation of control systems
- Utilisation of new technology solutions and materials in power engineering

7.5%

increase in innovation costs in 2021

Cost profile in 2019–2021, RUB mn, excl. VAT

Innovative development focus areas	2019	2020	2021		2022 plan
			Plan	Actual	
Innovation scope	873.87	845.96	519.39	909.41	601.46
Completed R&D scope	49.68	46.76	53.35	53.35	59.10

Research and development

G4-DMA

R&D programmes

The Company had five research and development projects underway during the reporting year, resulting in the piloting of a mobile laboratory for transformer oil quality monitoring and the launch of a geo-information database, which determines the overhead line (OHL) right-of-way clearing intervals.

Significant R&D projects in 2021

Research project of “Studying the increment rate of key forest-forming tree species depending on climatic zones and soil quality along the routes of existing overhead lines with the preparation of regional maps for regular clearing of overhead line right-of-ways and provision of recommendations on technique of works.”

Area of expertise: development of information processing methods and algorithms with further integration into the production asset management system (PAMS).

Project goal: digital mapping (geo-information databases) of the territories of Rosseti Centre's branches to determine the clearing interval of OHL right-of-ways from trees and shrubs based on the characteristics of forest vegetation needed to determine the overgrowth rate of OHL right-of-ways in terms of forest sites and forest areas.

Expected effect: reduction of the number of disturbances caused by OHL disconnections, reduction of OHL maintenance costs.

Results for 2021:

- Preparing regional geo-information databases (digital layers) characterising the required OHL right-of-way clearing frequency on the territory of Rosseti Centre for integration into the reference information support of PJSC Rosseti, EGIS of PJSC Rosseti and regional GIS hubs of Rosseti Centre
- Launching Rosseti Centre's operational personnel training programme
- Obtaining a certificate for a Database characterising the required OHL right-of-way clearing frequency (to remove trees and shrubs) on the territory of Rosseti Centre

Research project of “Designing a mobile laboratory for monitoring the transformer oil quality measures”

Area of expertise: development of modern methods of instrumental non-destructive testing to detect, verify and rank defects at power grid facilities.

Project goal: creation of a digital mobile physico-chemical laboratory for assessing the technical condition of high-voltage equipment, which increases the speed of obtaining measurement and test results, and ensures their automated digital transfer to Rosseti Centre's PAMS and to the unified industry digital platform.

Expected effect: reduction of operating costs, faster measurement and test results, as well as their automated transfer to Rosseti Centre's PAMS.

Results for 2021:

- Prototyping a specialised chromatographic complex (SCC), a data transmission module, a SCC attachment unit in the mobile physico-chemical laboratory;
- Developing operational documents (operating instructions, certificate), design documentation for the SCC attachment unit in the mobile physico-chemical laboratory;
- The pilot operation included the comprehensive testing of all operational characteristics of two 35–110 kV substations in Yarenergo branch;
- Receiving security documents in the name of Rosseti Centre.

Research project of “Development of a power controller software package to connect prosumers to the 0.4 kV distribution power grid”

Area of expertise: technologies of data transmission between power grid facilities of the digital network.

Project goal: creation of a software package for the power grid controller of the prosumer connection cabinet and design documentation for the connection cabinet for grid connection of prosumers in the low voltage distribution power grid.

Expected effect: provision of an decremental reserve margin in the power grid node, economic effect with the participation of electrical installations of an power grid organisation in managing the consumption profile during peak hours, provision of additional services to small generation owners to participate in managing electricity demand through peak hour forecasting, as well as reduction of capital costs for replacement of existing transformers with high power transformers and reduction of technical losses.

Results for 2021:

- Designing a firmware for a power grid controller to control the prosumers with laboratory testing options
- Developing the design documentation for the prosumer connection cabinet in the 0.4 kV power grid
- Drafting a corporate standard on the functional and technical requirements for the operation modes of energy storage systems and micro-generation facilities in 0.4 kV distribution power grids

Research project on “Development of a packaged modular energy storage system with interchangeable battery packs for autonomous power supply to remote low-power consumers”

Area of expertise: development of approaches to increase in categorisation and improve reliability of power supply to consumers, providing standby power via energy storage systems.

Project goal: design of a packaged modular energy storage system with two sets of interchangeable battery packs, a transport container and a battery charger to provide power to remote low-power consumers.

Expected effect: reduction of maintenance and repairs of 6–10 and 0.4 kV line sections, reduction of accident intensity on long OHL sections passing through forested and swampy areas, reduction of power losses and R&R costs.

Results for 2021:

- Developing a component technical specification for a packaged modular energy storage system with interchangeable battery packs;
- Making an engineering and economic comparison of the design options of the packaged modular energy storage system and associated devices, as well as its locations;
- Preparing the design and estimate documentation for the connection and location of packaged modular energy storage system devices in situ;
- Assembling a prototype packaged modular energy storage system with connection of consumers and renovation of 0.4 kV overhead power lines to the required extent at the site of Tverenergo branch;
- Having a pilot operation procedure underway.

DIGITALISATION



The Digital Transformation Programme 2020–2030 was approved by the Board of Directors in February 2020 and has given a hefty boost to projects with the ultimate goal of changing the logic of processes and moving the Company towards risk-based management based on the digital technologies and big data analytics.

Rosseti Centre's Programme is underpinned by the Digital Transformation 2030 concept formulated pursuant to Decrees of President of the Russian Federation, Vladimir Putin, No. 203 dated 9 May 2017 “On the Strategy for the Development of the Information Society in the Russian Federation for 2017–2030” and No. 204 dated 7 May 2018 “On the National Goals and Strategic Objectives of the Development of the Russian Federation for the period until 2024”.

Digitalisation stages

Digital transformation is a complex process of developing and implementing various initiatives and technologies that affect all of the Company’s business processes, which emphasises that the creation of right conditions is a pre-requisite of the maximum effectiveness of activities and technologies. Accordingly, the entire process of Digital Transformation is divided into three stages to maximise the pace of implementation.

THE FIRST STAGE (2019–2024) is the foundation for all subsequent stages. It concentrates on implementing proven technologies that form the hardware and information basis for further development. This stage witnesses the start of work with data arrays, as well as partial digitisation of production processes and piloting of promising technologies.

THE SECOND STAGE (2023–2026) creates a single IT platform and a single data source through the integration of existing databases, introduces technologies that proved to be efficient at the piloting stage and proceeds with the assimilation of the first stage technologies.

THE THIRD STAGE (2026–2030) is the final phase featured with the big data technologies and machine learning technologies. This stage involves further adoption of technologies from previous and new stages, which came from recent scientific and technological developments.

Amount of funding for the Digital Transformation Programme, RUB mn, incl. VAT

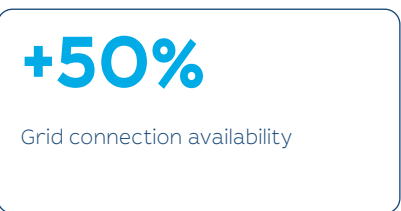
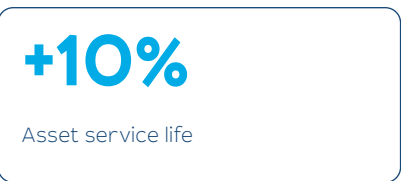
Indicator	2019	2020	2021		2022 plan
			Plan	Actual	
Purchase volume	3,289.5	6,218.8	6,926.2	6,470.4	4,755

Digitalisation projects of Rosseti Centre

Projects such as a grid control centre (GCC), a highly automated substation (SS), a highly automated PGR, energy storage systems (ESS) and others make a significant contribution to the reliability of power supply to consumers. The main indicators characterising the reliability of power supply to consumers are SAIDI, SAIFI, reflecting the average duration and frequency of interruptions in power supply to consumers.

Also, the projects implemented under the digital transformation programme of Rosseti Centre has a positive impact on the electricity loss reduction issues. Thus, the actual level of electricity losses in the 0.4–110 kV grid for 2021 stood at 9.76% (vs. the 2020 actual figure (under comparable conditions) – 10.07%, with loss reduction being 0.31%, or 167 mn kWh).

TARGETS UNTIL 2030



To maintain its leading position in today’s market, the Company rolls out modern tools of predictive risk-oriented analytics, studies the behaviour patterns of our consumers and builds high-tech ecosystems.

Key digitalisation projects of Rosseti Centre

Project	Project goal	2021 results
Grid Control Centre (GCC)	Building an effective online operational and technological management of power grid facilities using modern information and communication technologies. After completion, the project enhances the reliability of the power grid system and the level of management automation of the power grid complex throughout the Company’s footprint	Complete construction and installation at Belgorodenergo, Tverenergo GCC. Complete transfer of dispatchers from PGR operational and technological management groups to GCC for Kurskenergo, Yarenergo branches.
Highly automated substation (SS)	Reducing capital and operating costs for the creation and maintenance of substations by means of the full application of the provisions of the IEC 61850 standard. The project involves the creation of highly automated substations through new construction or brownfield regeneration. At present, four such facilities of Rosseti Centre have already been energised	Completed: Design and survey for Kozino 110/35/10 kV substation (Smolenskenergo) Construction and installation for Mitrofanovka 35/10 kV substation (Voronezhenergo)
Highly automated regions of power grid	Improving the electric reliability through the grid distributed automation features designed for early fault isolation and location, thereby improving SAIDI and SAIFI. Reducing commercial and technical losses of electricity through the installation of fiscal meters on the consumers' side and technical meters at transformer substations and distribution points; these meters should also offer telemetry functions to spot the losses and optimise the operation of the grid. Reducing the operating costs	complete implementation of 10 highly automated RPGs, including: <ul style="list-style-type: none">two RPGs of the first stage: Kalininsky (Tverenergo), Ramonsky (Voronezhenergo),eight RPGs of the second stage: Vygonichsky (Bryanskenergo), Khokholsky (Voronezhenergo), Krasnoselsky (Kostromaenergo), Kurchatovsky (Kurskenergo), Zadonsky (Lipetskenergo), Kardymovsky (Smolenskenergo), Rasskazovsky (Tambovenergo) and Nekrasovsky (Yarenergo).
Energy storage units	Determining effective applications of energy storage systems (ESS) in 0.4–110 kV distribution grids	19 energy storage systems commissioned: <ul style="list-style-type: none">four in Belgorodenergo;two in Voronezhenergo, Orelenergo, Kurskenergo, Smolenskenergo and Tambovenergo (each);one in Bryanskenergo, Kostromaenergo, Lipetskenergo, Tverenergo and Yarenergo (each).
Digital electrician	Introducing software and hardware solutions to automate field works Digital electrician. Electrician for electricity metering devices – Digital controller	The digital controller is rolled out all RPGs.
Digital radio communications	Ensuring continuous and sustainable management of production processes in everyday settings and in case of process disturbances, accidents and emergencies by setting up a single digital radio network with the elimination of poor-reception areas	A total of 132 digital radio base stations were installed, with a total coverage of 27% of all territories by the end of 2021. A total of 860 DMR digital radios were additionally supplied to outfit personnel and vehicles.
GLONASS. Motor control	The state-of-the-art satellite transport monitoring system acts as a single centralised area for collection and storage of location, route and speed limit data on Rosseti Centre's motor vehicles, which allows real-time information to be obtained for analysis, management and optimisation of transport operations	The project was completed in 2019
Radar off-the-meter electricity detection system	Reducing non-process electric loss by thorough analysis of metering points, using machine learning tools, for the likelihood of tampering	The developed application was integrated into existing business processes, and the necessary adjustments were made to organisational and administrative documentation. it is used in all RPG branches of Rosseti Centre. A packaged solution was designed for further roll-out
Automated diagnostic system for overhead lines with the use of drones	Improving the electric reliability by automating the diagnostic process of 35–110 kV overhead lines using drones and neural network technologies	The (R&D) project was completed. There is a plan to roll out the project by acquiring a mobile overhead line diagnostic complex using drones for all the Company’s branches.

Project	Project goal	2021 results
Development of a corporate enterprise resource planning system (ERP)	Meeting the target reliability of electricity transmission and distribution through the efficient use of resources and asset management based on a balance of costs, risk and asset performance	The project was completed within the boundaries of the digital transformation programme – further it goes in line with the Enterprise Resource Planning System Development Programme
Development of personnel competencies in digital transformation	Creating a comprehensive approach to staff training for digital transformation projects	An advanced training programme on “Distributed Automation of 6–20 kV Power Grids” was developed. An advanced training programme was developed on the Design, Operation and Maintenance of Energy Storage Systems produced by LLC Liteco. Training programme was revised regarding the business process “Management of Technological Development, Innovation and Digital Transformation”
Self-service terminal	Improving the availability and quality of customer service (including in remote areas) and simplifying the customer interaction process. The self-service terminals installed in customer service centres and customer service outlets include the full range of services available from the Company	The project is completed. The roll-out of the project covered six terminals installed in MFCs in the Belgorod Region in December 2021.
Development of an additional service for outdoor lighting	Increase in the market share within Rosseti Centre’s footprint for the service “Organisation of Outdoor Lighting Systems”, increase in revenue for the service in question	A number of major projects were implemented in 2021: “Rosseti Centre carried out work under a municipal contract aimed at improving the energy efficiency of outdoor lighting in Yaroslavl. The Company replaced 27,505 lighting fixtures with LED ones and installed 508 automatic outdoor lighting control system modules. The works in the Bryansk and Tambov Regions included the installation of missing lighting fixtures along the regional roads. The Company built 377 km of outdoor lighting lines and installed more than 12,000 lighting fixtures under contracts for the installation (construction) of outdoor lighting networks
Comprehensive information security system	Creating the conditions for the sustainable operation of information infrastructure and the safe management of facilities	Approval of the project under the Company’s investment programme. Implementation of the design and survey stage of the investment programme project, including: <ul style="list-style-type: none">• Updating and making an inventory of critical information infrastructure facilities, taking into account the digitalisation facilities of Rosseti Centre adopted in 2020;• Updating organisational and technical measures to ensure the security of the critical information infrastructure facilities and processed information;• Evaluating the effectiveness of organisational and technical measures to ensure the security of the critical information infrastructure facilities and the processed information, and conducting an internal audit of information security systems;• Development and testing of operation recovery plans for the critical information infrastructure facilities and recovery of processed information;• Conducting joint cyber training with the IT Unit to verify the response to information security incidents

INFORMATION TECHNOLOGIES

IT infrastructure development

Rosseti Centre carries out the following activities in 2021:

- Migration of the entire server infrastructure of the ERP system to a new state-of-the-art data centre with subsequent reconfiguration, as well as expansion of equipment capacity
- Reorganisation with upgrading the equipment of the Automated Accounting Research System (AARS)
- Implementation of a new backup system covering all information systems and server equipment of the Company’s corporate information systems
- Integration of infrastructure for stand-alone information systems: Robot 2-PIT, Kontur (Acceptance Test Bench), software and hardware complex ASTU Integration and GCC and others

Results of development of the automated process control systems

The modernisation of the operational and technological management systems of the branches involved a step-by-step implementation of SK-11 as a software supporting the said core activities of the GCC.

The 2021 activities covered the update of the programmes for upgrade and expansion of data collection and transmission systems, in line with the requirements of the Agreement on technological interaction between SO UPS and the Company as at 4 September 2020. The Company continued with the fulfilment of programmes for development of automated process control systems.

The outcomes of the reporting year:

- the replacement of outdated telemetry and telecommand systems with modern ones at thirty-three 35 kV substations and thirteen 110 kV substations;
- a total of 105 distribution points were instrumented with telemetry and telecommand systems;
- thirty-one 110 kV substations and eight 35 kV substations completed the design and survey stage, and six 110 kV substations and two 35 kV substations completed construction & installation and commissioning works to upgrade the uninterruptible power supply equipment of the dispatch telecontrol system and automated electricity metering system;
- 3,322 transformer substations of 6(10)/0.4 kV were equipped with automated electricity metering and telemetry and telecommand systems in accordance with standard technical solutions.

Development of telecommunication and ITT
Digital dispatcher radio communication

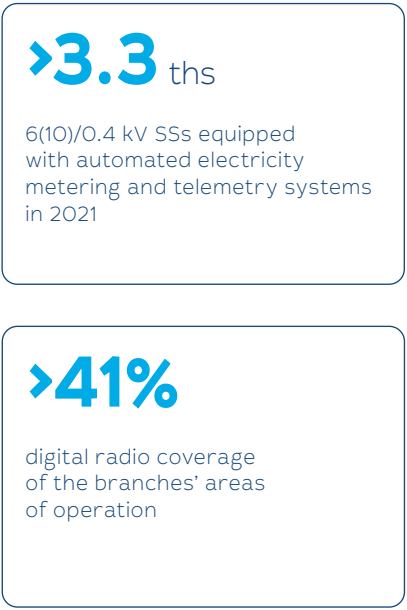
The Concept of Operational &Technological and Situational Management of Rosseti covers an ongoing project for 100% coverage of the territories of the subjects of the Russian Federation with DMR technological radio communication.

The digital radio system is built using radio and subscriber equipment controlled by Russian-made dispatching software – TRBOnet.

In 2021, a total of 265 digital radio base stations were installed and commissioned, which enabled a total increase of 12% in digital radio coverage in the operating areas of the branches. As a result, coverage at the end of 2021 was more than 41%.

According to the current version of the Investment Programme, the planned coverage of the branches is 54% in 2022 and 73% by 2026. Another achievement was 100% territorial coverage of 17 digital PGRs. According to the standard distribution of portable radio stations to the emergency response and repair teams, such stations were distributed among more than 1,450 employees of branches and installed on over 850 vehicles.

Comprehensive implementation of the project across all 11 regions within the Company’s footprint is scheduled to be completed in 2026; yet 99% of the Belgorod Region, over 75% of the Tver Region and over 50% of the Voronezh, Kostroma and Smolensk Regions were already covered by the end of 2021.



Diagrams of arrangement of communication channels between substations and GCC

As prescribed by the development concept of the operational & technological situational management system in the power grid complex, Rosseti developed the digital communication channelising schemes and agreed them with JSC SO UPS for prompt negotiations and transmission of telemetry data. These schemes are unified and are typical solutions in arranging data and voice communication channels with substations. The suggested solutions involve a transition from outdated analogue technologies, E1 and xDSL, to state-of-the-art digital technologies with IP and VoIP packet data transmission, which optimise service costs of the telecommunication infrastructure and leasing of the communication channels. In addition, the resilience of the telecommunications infrastructure was enhanced through the upleveling of redundancy rate and improvement of communication service quality.

Results of information system development and business process automation

In 2021, Rosseti Centre implemented a project to create a regional geoinformation subsystem as part of a unified integrated information and analytical situation management system to ensure the long-term development of the grid and grid connection of consumers.

Implemented projects for:

A project to create a replicable solution, Radar, for forecasting the probability and detection volume of of-the-meter electricity consumption using artificial intelligence methods;

A project to integrate the ERP system with the Pyramid-Network-based computer in order to consolidate information on electricity and capacity consumption and to make settlements with sales companies;

A project to create a software and hardware complex for monitoring the status of electricity metering devices using mobile devices, which increased the productivity of personnel and improved the efficiency of taking and confirming test readings, assessing the status of metering devices, conducting technical monitoring of metering devices and other work related to the operation of metering systems;

A project for automatic issuance of 2-PIT note using RPA technology (robotisation of business processes) and electronic digital signature.

Further development of software for automation of business processes under the development plan for the production asset management system (PAMS).

Development and implementation of the Automated Accounting Research System (AARS) to automate the process of receiving and processing of primary accounting documents in integration with the ERP system.

Upgrade of the mass outage recording system (MORS) and the contact centre Energy Portal to ensure accounting and processing of data on territorial linking of service areas to power grid facilities, integration with various message sources, in order to reduce the contact centre load and ensure acceptance and processing of customer appeals about power outages.

Results of the development of technical support for IT services

Re-engineering of the IT service catalogue in the automated service support management system (ASSMS). The transition to a single Call-Centre Infinity for Service Desk with Rosseti Centre and Volga region.

- The following services were supported:
- Vialon Satellite Monitoring and Control System
 - Regional Geo-Information System (RGIS)
 - Automated Accounting Research System (AARS)
 - PIT Robot
 - Automated System for the Collection of Service Delivery Indicators (ASPDs)
 - Automated Project Management Information System (PMIS)

Through the Centralised Identity Management System (CIMS), Rosseti Centre automated the management of authorisations in the AARS and RGIS information systems in 2021. Also, the addition of users to mailing groups of corporate information systems was automated.

In the reporting year, Rosseti Centre and Rosseti Centre and Volga region formed a common Unified Situation Centre (USC)¹. Since 1 April 2021, the USC (Belgorod) has been providing round-the-clock services to 11 branches of Rosseti Centre and nine branches of Rosseti Centre and Volga region. USC's main tasks include monitoring and recording of process disturbances, organising of emergency response and restoration operations for dispatch telecontrol system equipment, IT infrastructure and information systems, as well as technical support for IT services.

INFORMATION SECURITY

Rosseti Centre's grid facilities are part of the national vital infrastructure, and the Company's task is to ensure their security, including information security. To mitigate risks in this area, the Company has in place the Information Security Programme of Rosseti Centre and Rosseti Centre and Volga region.

In the reporting year, the Programme covered the design of an integrated information security system that will ensure the stable operation of electric power facilities under computer attack conditions and reduce cyber security risks. Once the results of the design and survey work are reviewed by the Company's Board of Directors, implementation of the Programme will commence.

To ensure cyber security of electric power industry facilities, the Company

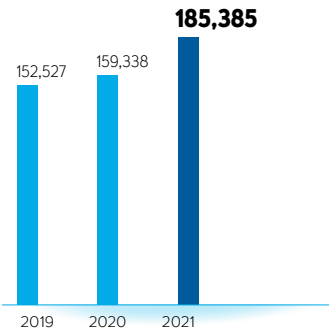
entered into an agreement with Rosseti's cyber security competence centre, which provides services for monitoring and responding to computer attacks and interacting with the National Coordinating Centre for Computer Incidents of the Federal Security Service of Russia.

In the reporting year, the Company worked on reorganising the staff structure of the Security Unit and organised 'piloting' of promising information protection tools.

The increased number of computer attacks the Company is exposed to directly correlates with the growing overall global trend in cybercrime. The growth rate of successfully prevented cyber attacks reflects the development of attack tools, lowering the threshold of entry into cybercrime, and the development

of digital services and automated process control systems. At the same time, Rosseti Centre makes every effort to improve its ability to effectively resist cyber attacks, as evidenced by the growth in the number of attacks averted in the reporting year.

Number of computer attacks averted¹



¹ In accordance with clause 3 of Minutes of the Operational Meeting of IDGC of Centre PJSC and IDGC of Center and Volga Region, PJSC dated 6 July 2020 No. 85 prt/TsA and based on the agreement on the transfer to PJSC Rosseti Centre of powers of the sole executive body of PJSC Rosseti Centre and Volga region, No.7700/00224/20 dated 7 October 2020.

¹ Without the number of attempts to guess the password-key information.

Financial Results

GRI 102-31

CREDIT RATINGS¹

Rating agency	International scale rating		National scale rating		Date of rating	Rating last confirmation date
	rating	outlook	rating	outlook		
Standard & Poor's ²	BB+/B	Stable	–	–	22.07.2019	29.07.2021
Expert RA	–	–	ruAA+	Stable	17.12.2021	–

MAIN RAS FINANCIAL AND ECONOMIC INDICATORS

Changes in key financials in 2019–2021³, RUB mn

Indicator	2019	2020	2021	Δ 2021 / 2020	
				RUB mn	%
Proceeds from product (service) sales, including:	94,505.8	94,984.9	103,168.3	8,183.4	8.6
• From electricity transmission	90,886.7	90,490.5	97,771.1	7,280.6	8.0
• From grid connection	1,542.0	1,306.0	1,486.8	180.8	13.8
• From electricity sales	520.7	531.2	591.2	60.0	11.3
• From other services	1,556.5	2,657.2	3,319.2	662.0	24.9
Production costs of products (services)	84,508.6	84,889.2	90,218.8	5,329.6	6.3
Gross profit	9,997.2	10,095.6	12,949.5	2,853.9	28.3
Management costs	2,335.8	2,388.4	2,315.8	–72.6	–3.0
Selling costs	18.7	18.0	15.9	–2.1	–11.7
Profit (loss) from sales	7,642.8	7,689.2	10,617.8	2,928.6	38.1
Interest receivable	106.5	284.0	370.5	86.5	30.5
Interest payable	3,218.0	2,626.9	2,518.1	–108.8	–4.1
Income from shareholdings	14.8	14.2	20.4	6.2	43.7
Other revenues	3,603.5	3,458.8	3,380.2	–78.6	–2.3
Other expenses	6,975.1	4,639.1	6,041.5	1,402.4	30.2
Profit (loss) before tax	1,174.4	4,180.2	5,829.3	1,649.1	39.4
Income tax and other charges	846.2	1,350.5	1,682.2	331.7	24.6
Net profit (loss)	328.3	2,829.7	4,147.1	1,317.4	46.6
EBITDA ⁴	16,038.3	18,516.8	20,536.3	2,019.5	10.9

Revenue
The 2021 financial result of Rosseti Centre exceeded the last year's figure by 46.6% and amounted to RUB 4,147.1 mn. According to the year-end results, the net profit driver was an increase in revenue from electricity transmission services.

As against the 2020 figure, the earnings from electricity transmission services increased by RUB 7,280.6 mn, or 8.0%, due to boosted volume of services and growth of tariffs for electricity transmission starting from 1 July 2021.

The earnings from grid connection services amounted to RUB 1,486.8 mn, exceeding the 2020 level by RUB 180.8 mn, or 13.8%. Higher revenues are attributed to the larger grid connection contracts implemented in 2021.

Rosseti Centre performs the functions of a guaranteeing supplier of electric power in the Tver Region. Revenue from electricity sales increased by 11.3% to RUB 591.2 mn due to an increase in electricity sales.

Revenues from other services in 2021 amounted to RUB 3,319.2 mn, up 24.9% year-on-year. Revenue from additional services amounted to RUB 3,281 mn (+25%). The main reason behind the growth of other revenue in 2021 is the execution of many contracts for the following types of services: "Call Centre Services (Contact centres, hotlines, etc.)", "Operational and Technical Maintenance of Outdoor Lighting Systems", "Consultancy and organisational & technical services".

Production costs of products (services)
The production cost of products (services) in 2021 was RUB 90,218.8 mn, up RUB 5,329.6 mn (6.3%) above the 2020

level. The growth is primarily due to an increase in costs related to the category of non-controllable costs, which include expenses for compensation of electricity losses, expenses for services of FGC UES and territorial grid organisations, depreciation and taxes. In addition, the production cost of other activities rose on the back of larger volume of non-regulated services provided by the Company.

Balance of other income and expenses
The negative balance of other income and expenses for 2021 amounted to RUB 2,661 mn, which exceeds the 2020 figure by RUB 1,481 mn due to increase in court action and bad debt provisions (+ RUB 599 mn), growth of expenses on penalties and other sanctions for violation of contract terms (+ RUB 142 mn), as well as discovery of losses of previous periods (+ RUB 126 mn) and growth of extraordinary expenses (+ RUB 312 mn) due to emergency recovery work at Tverenergo and Kostromaenergo branches in 1H 2021 as a result of process disturbances caused by adverse weather phenomena and growth of expenses under agreements to cession of claim (+ RUB 138 mn) concluded to decrease reciprocal arrears.

Net profit
The above changes in revenues and expenses led to a year-on-year increase in net profit by RUB 1,317.4 mn. The financial result for 2021 was RUB 4,147.1 mn.

EBITDA
As at the end of 2021, EBITDA was RUB 20,536.3 mn, having exceeded the 2020 figure by RUB 2,019.5 mn, or by 10.9%, due to an increase in revenues from electricity transmission services.

ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Changes in accounts receivable in 2019–2021, RUB mn

Indicator	31.12.2019	31.12.2020	31.12.2021	Δ, 2021/2020	
				RUB mn	%
Accounts receivable	13,061.0	14,617.8	14,712.5	+94.7	+0.6
Including:					
trade receivables	12,229.7	13,033.5	12,535.5	498.0	–3.8
• electricity transmission receivables	11,415.0	12,237.1	11,646.5	–590.6	–4.8
• electricity sales	171.6	148.5	144.9	–3.6%	–2.4
• bills receivable	0.0	0.0	0.0	0.0	0.0
• advances paid	180.8	357.8	578.5	+220.7	+61.7
• other debtors	650.5	1,226.5	1,598.5	+372.0	+30.3

The increase in arrears as at 31 December 2021 since the beginning of the year was RUB 94.7 mn (+0.6%), resulting from:

- increase in advances paid (+ RUB 220.7 mn) by PJSC TNS Energo Voronezh and JSC Atomenergobyty due to offsetting of counter claims for compensation of electricity losses;

- incurring of debt in terms of interest on loans issued (+ RUB 226 mn);
- an increase in debt for security payments under energy service contracts (+ RUB 145.9 mn) with a simultaneous decrease in debt for electricity transmission services (– RUB 590.6 mn) and for sold electricity (– RUB 3.6 mn) due to the stabilisation of payment discipline of sales companies and consumers.

¹ As of 31 December 2021.
² On 1 April 2022, Standard & Poor's Ratings Services withdrew its long-term credit rating on Rosseti Centre.
³ Information in accordance with RAS financial statements (with retrospective reflection of data).
⁴ EBITDA was calculated as Profit before tax + Interest payable + Depreciation & Amortisation = Line 2300 (RAS Form No. 2) – Line 2330 (RAS Form No. 2) + Line 6514 (RAS Form No. 2.1) + Line 6554 (RAS Form No. 2.1) + Line 6564 (RAS Form No. 2.1).

Changes in accounts payable in 2019-2021, RUB mn

Indicator	31.12.2019	31.12.2020	31.12.2021	Δ, 2021/2020	
				RUB mn	%
Accounts payable	13,199.3	14,485.6	22,637.7	+8,152.0	+56.3
Including:					
• trade payables	5,831.9	8,719.8	9,618.4	+898.6	+10.3
• bills payable	0.0	0.0	0.0	0.0	0.0
• taxes and charges	2,381.8	2,277.1	2,406.7	+129.6	+5.7
• advances received	2,730.0	2,675.0	4,453.8	+1,778.8	+66.5
• other accounts payable	2,255.6	813.7	6,158.8	+5,345.1	+656.9

As at 31 December 2021, the accounts payable amounted to RUB 22,637.7 mn, up RUB 8,152.0 mn as of the beginning of the year (+56.3%), the causes of such growth being:

- increase in debt to suppliers and contractors by RUB 898.6 mn;

- an increase in advances received in the amount of RUB 1,778.8 mn – RUB 1,680 mn of which are advances for grid connection services due to the execution of non-scheduled contracts for grid connection services, an increase in the current debt on the signed leasing agreements (+ RUB 4,501 mn);
- increase in the current tax arrears (+ RUB 129.6 mn);
- incurring of current payroll arrears (+ RUB 787 mn)¹.

EQUITY AND BORROWED CAPITAL

Capital structure in 2019-2021, RUB mn

Indicator	2019	2020	2021	Δ 2021/2020	
				RUB mn	%
Equity	55,726.5	58,571.1	61,311.2	2,740.1	4.7
Borrowed capital	68,657.2	71,738.6	77,587.8	5,849.2	8.2
Including:					
• loans and borrowings	43,175.4	45,297.7	42,287.6	–3,010.1	–6.6
• accounts payable	13,199.3	14,485.6	22,637.7	8,152.1	56.3
Leverage	0.81	0.82	0.79	–	–3.7
Borrowed capital in liabilities, %	55.2	55.1	55.9	–	0.8 p.p.
Cash as of the end of the period	1,015.9	796.2	1,490.0	693.8	87.1
Net debt	42,159.5	44,501.5	40,797.6	–3,703.9	–8.3

As of 31 December 2021, the equity capital of Rosseti Centre amounted to RUB 61,311.2 mn, or 44.1% of the Company's total capital. The equity funds increased by RUB 2,740.1 mn in absolute terms due to larger size of the undistributed profit on a year-on-year basis.

Borrowing policy

The main goals of the Company's credit policy:

- To optimise the cost of servicing the loan portfolio;
- To contain unrestricted growth of the loan portfolio.

Rosseti Centre has a Credit Policy Regulation in place to achieve the goals set. It places limits on the debt position; the main ones are the borrowing cost limit, capping the total amount of the debt servicing cost, as well as the debt coverage limit, bounding the amount of the debt portfolio at no more than three EBITDAs.

4.7%

equity growth

¹ There were no arrears at the beginning of the year due to an advance payment to staff in December.

Debt portfolio structure¹

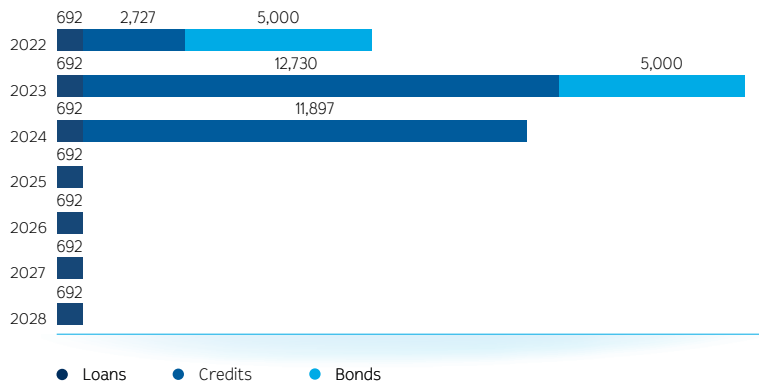
Indicator	2019	2020	2021	Δ 2021/2020	
				RUB mn	%
Size of debt portfolio, total	43,033.9	45,137.1	42,197.1	–2,940.0	–6.5
including:					
• credits	33,033.9	25,294.0	27,354.0	2,060.0	8.1
• loans	0.0	4,843.1	4,843.1	0.0	0.0
• bonds	10,000.0	15,000.0	10,000.0	–5,000.0	–33.3

As at 31 December 2021, the debt portfolio of Rosseti Centre amounted to RUB 42,197.1 mn (compared to RUB 45,137.1 mn as at 31 December 2020). Bond loan arrays as of the end of 2021 accounts for 23.7% of the debt portfolio.

6.5%

reduction in the size of the debt portfolio

Rosseti Centre's debt portfolio repayment schedule, RUB mn



Listed bonds

Key data of bond issues being traded as at 31 December 2021

Basic parameters of securities	Bonds of BO-04 series ²	Series 001R-01 bonds under the Programme of 001PR Series Listed Bonds	Series 001R-02 bonds under the Programme of 001R Series Listed Bonds
Quantity, pcs	5,000,000	5,000,000	5,000,000
Face value of a bond, RUB	1,000	1,000	1,000
Amount, RUB	5,000,000,000	5,000,000,000	5,000,000,000
ID/register number	4B02-04-10214-A	4B02-01-10214-A-001P	4B02-02-10214-A-001P
Date of ID/register number assignment	25.06.2013	15.11.2019	01.06.2020
Start date of placement	24.11.2015	19.11.2019	05.06.2020
Maturity	10 years	5 years	3 years
Embedded put option	Put option in seven years from the placement date additional put option 19.11.2019	Put option in three years from the placement date	–
Rate, % per annum	11.58%	6.85%	5.60%
Stock exchange	PJSC Moscow Exchange	PJSC Moscow Exchange	PJSC Moscow Exchange
List	Third Tier	Second Tier	Second Tier
Coupon yield per bond, RUB	57.74	34.16	27.92
Securities rating, rating agency	–	ruAA+, Expert RA	ruAA+, Expert RA

¹ Principal debt, excluding current interest and coupon debt.

² On 19 November 2019, the Company acquired Series BO-04 bonds worth RUB 5 bn under agreement with their holders.

Rosseti Centre's bond programme

In December 2016, CJSC MICEX Stock Exchange assigned an identification number to the 001P series Bonds Programme.

- The identification number of the Series 001P Listed Bond Programme: 4-10214-A-001P-02E dated 21 December 2016.
- The total face value of all issues of listed bonds placed under the programme of listed bonds of 001P series is up to RUB 40 bn and including.
- The maturity date is within 10,920 days from the bond issue placement date.

Net debt/EBITDA is trending downwards compared to previous periods mainly due to an increase in pre-tax profit and accrued depreciation, which is a positive development.

The current liquidity ratio, which characterises the company's ability to repay short-term liabilities from current assets, is acceptable for electric grid companies. The Company is committed to timely repay its short-term liabilities by applying free credit lines and placing bond issues, and also by applying net working capital.

The leverage ratio is flat with figures of previous periods, with its value being within tolerance.

The share of long-term debt in total debt grew as of the end of 2021 and stood at 80%, which is associated with refinancing of existing loans and borrowings.

Growing net cash flow came from with higher operating cash flow (in particular, there was an increase in profit before tax by RUB 3,095,360 ths, as well as an increase in trade debt and other receivables and payables by RUB 3,272,131 ths and RUB 2,544,612 ths, respectively).

As of 31 December 2021, 001R-01 series bonds with an issue volume of RUB 5 bn and 001R-02 series bonds of RUB 5 bn circulate under the Programme of 001R Series Listed Bonds of the Company.

Throughout the securities circulation period and in 2021 in particular, the Company fully complied with its obligations to pay coupon yield on the bonds. Payments were made on time and in full.

Financial ratios in 2019–2021¹

Indicator	2019	2020	2021	Δ 2021 /2020	
				abs.	%
Net debt/EBITDA	2.53	2.09	2.05	–0.04	–1.9
Current liquidity ratio	0.73	0.60	0.61	0.01	1.7
Financial leverage	1.57	1.55	1.54	–0.01	–0.6
Share of long-term debt	0.85	0.71	0.80	0.09	12.7
Net cash flow	38,029	–752,195	5,143,314	5,895,509	–

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED²

GRI 201-1

Generated direct economic value, RUB mn

Indicator	2019	2020	2021
Net sales	94,642	97,639	108,101
Income from financial investments	105	161	171
Proceeds from asset sales	0	0	0
Generated direct economic value	94,746	97,800	108,273

Distributed economic value, RUB mn

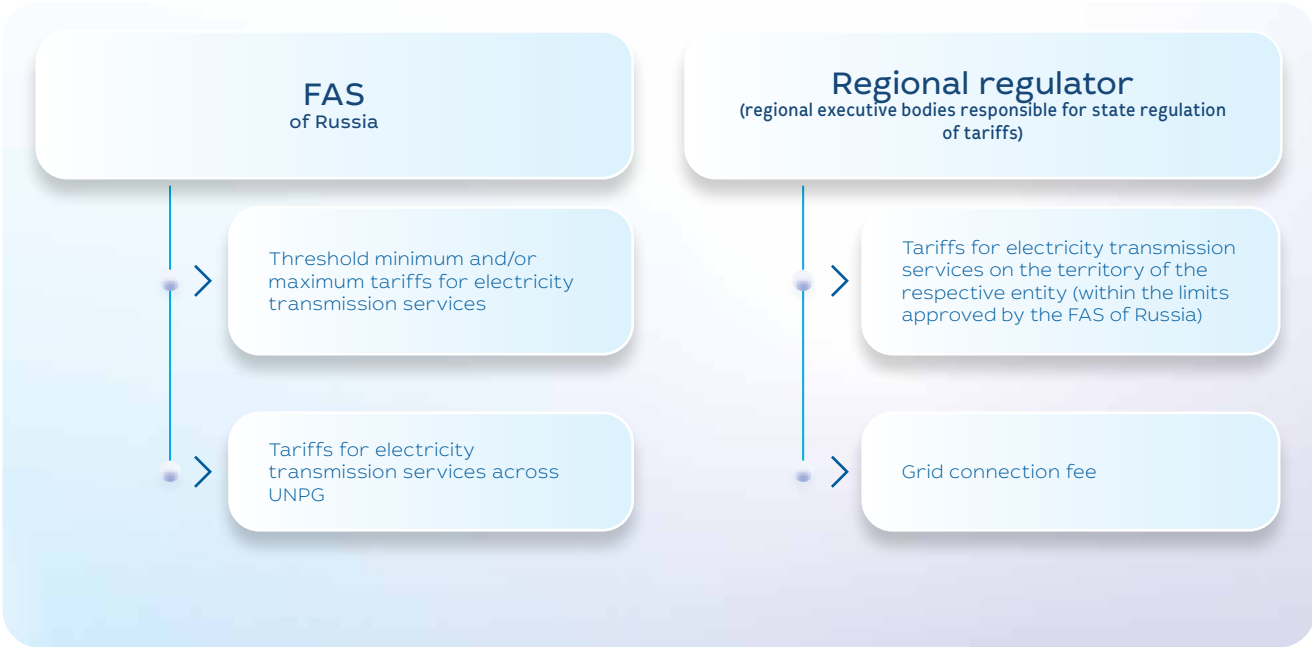
Indicator	2019	2020	2021
Operating expenses	53,859	53,386	58,108
Salary, other payments and benefits for employees	19,416	21,636	23,200
Payments to capital providers	4,450	4,620	4,855
Payments to the state	3,678	3,870	4,143
Charity costs	17	1	40
Distributed economic value	81,420	83,512	90,346

Undistributed economic value (difference between 1 and 2)

Indicator	2019	2020	2021
Generated direct economic value	94,746	97,800	108,273
Distributed economic value	81,420	83,512	90,346
Undistributed economic value	13,326	14,288	17,927

Tariff Policy

Tariffs for Rosseti Centre's electricity transmission and grid connection services are regulated by the state, represented by the Federal Antimonopoly Service (FAS) of Russia and regional regulators. The Company also provides additional services that are not subject to state regulation.



ELECTRICITY TRANSMISSION TARIFFS

In 2021, two methods were adopted to setting tariffs for electricity transmission services applicable across the Company's branches¹:

- **the method of long-term indexation of the required gross revenue:** Belgorodenergo, Bryanskenergo, Voronezhenergo, Kostromaenergo, Kurskenergo, Lipetskenergo, Orelenergo, Smolenskenergo, Tverenergo, Tambovenergo;
- **RAB regulation:** Yarenergo.

The 2021 tariff balance solutions (hereinafter – TBS) for regions within the Company's footprint are established within FAS-approved threshold minimum

Average weighted joint operation ("single-pot") tariffs for electricity transmission in 2019–2021

Indicator	2019	2020	2021	2022
Average tariff for power transmission services, kopeck/ kWh	200.9	206.5	211.7	216.6
Growth, %	2.4	2.8	2.5	2.3

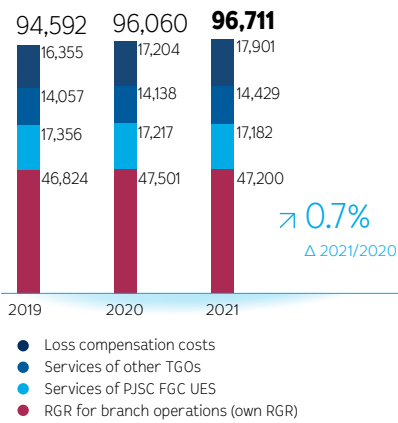
and maximum rates for electricity transmission services (including Tver Region without increase), except for Lipetsk Region, where TBS are set with excess of the maximum tariff levels (gain of ~+7.2%) with due consideration of FAS of Russia approval².

For more details on tariff regulation, including the dynamics of weighted average "single pot" tariffs for electricity transmission services by branches, please see **Appendix 3** to the Annual Report or visit **the Company's website**.

¹ The calculation is based on IFRS consolidated financial statements (Recommendations of PJSC Rosseti).
² Based on IFRS statements with retrospective reflection of data.

¹ The regulation method for each of the Company's branches is chosen by reference to Resolution No. 1178 of the Russian Government dated 29 December 2011 "On Price Formation Regarding Regulated Prices (Tariffs) in the Electric Power Industry".
² Order No. 1293/20 of FAS of Russia dated 29 December 2020.

Changes in RGR structure in 2019–2021, RUB bn



With “single pot” net delivery planned reduction by –1.8% (– 824.3 mn kWh) in whole by the branches of the Company, the year-on-year growth of “single pot” RGR according to the results of the 2021 tariff campaign stood at 0.7% (+ RUB 651.5 mn). The largest increase in “single-pot” RGR was recorded in Yarenergo (+3.3%), Voronezhenergo (+1.9%), Kurskenergo (+2.2%) and Lipetskenergo (1.7%).

Taking into account changes in federal factors (costs for FGC UES services and electric losses), RGR for branch maintenance was approved in the amount of RUB 47,200.42 mn (–0.6%, or – RUB 300.16 mn year-on-year).

Joint-operation RGR in the reporting year experienced no strong changes. The largest share (48.8%) is still taken up by RGR for the maintenance of the Company’s branches. The cost of services provided by FGC UES is 17.8%, the cost of services provided by other TGOs is 14.9%, and the cost of purchasing electricity to compensate for losses in the Company’s grids is 18.5%.

PAYMENTS FOR GRID CONNECTIONS

In 2021, prices for grid connection services were regulated and established by the executive authorities of the constituent entities of the Russian Federation responsible for state regulation of tariffs ¹.

1. For the regulatory period:

Standardised tariff rates (RUB per one grid connection, RUB/km, RUB/kW)

Calculated on the basis of data provided by grid organisations on actual expenses for the three previous years by the comparative method, given the costs of all grid organisations of a constituent entity, with single rates set for the entire constituent entity

Approved subject to the following differentiation: By activities, by applicant category, by voltage level, by volume of connected capacity, by type and brand of overhead line and cable, by method of operation (piercing/drilling), by type and rated capacity of equipment and substation transformers

Rates per maximum capacity unit (RUB/kW)

Determined on the basis of approved standardised tariff rates and actual averages on the connected maximum capacity for the previous three years

The rates per unit of capacity are differentiated similarly to standardised tariff rates. The approved rates per unit of capacity for 2021 have a rather large variation of values and variety of trends in year-on-year changes. This is due to the great variability of data on the volumes of connected capacity on actuals of past years for individual grid organisations and types of activities

Grid connection fee formula

It is established by the regulatory authority on the basis of standardised tariff rates and the method of grid connection of the grid organisation pursuant to the provisions of clause 30 of Guidelines No. 1135/17 dated 29 August 2017

Should any technical conditions necessitate the construction of last mile facilities, which has no standardised tariff rates for the regulatory period, the corresponding standardised tariff rates may be additionally set by the regulator during the regulatory period.

2. By request of a grid organisation – a grid connection fee on a custom-tailored basis (set by the regulator separately for each specific applicant).

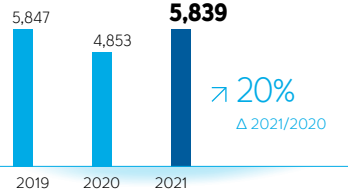
Tariff indicators for grid connection services

Indicators	2019	2020	2021	Δ 2021/2020, %
Standardised tariff rates to cover the costs of organisational and technical arrangements (clause 16 of the Methodological Guidelines of the FAS of Russia), RUB/grid connection	13,622	13,404	13,362	–0.3
Rates per unit of maximum capacity (RUB/kW) to cover the costs of organisational and technical arrangements (clause 16 of the Methodological Guidelines of the FAS of Russia), RUB/kW	391	381	525	38

In 2021, the average standardised fee rate to cover the costs of organisational and technical arrangements changed little, if at all.

The increase in the rate per unit of maximum capacity is due to the existing structure of connected capacity.

Evolution of average grid connection fee, RUB/kW



The average fee rate for grid connection to the Company’s grids is calculated per unit of capacity by categories of applicants without regard to subsidised grid connection, based on actual levels of revenue from this type of activity and connected capacity. The year-on-year growth of the average settlement rate in 2021 is conditioned by the existing structure of connected capacity (increase in the share of large grid connections exceeding 670 kW).

Changes to existing legislation

In accordance with clause 2, article 23.2 of Federal Law No. 35-FZ dated 26 March 2003 “On Electric Power Industry”¹, costs of electric power (capacity) fiscal metering under current grid connection activities shall be included into expenses of a grid organisation, accounted for when setting tariffs for services on electricity transmission and (or) charges for grid connection.

For more details on the average standardised tariff rates by branches, please see [Appendix 3](#) to the Annual Report or visit the [Company’s website](#).

In this regard, the Guidelines² (starting from 2021) include the calculation and approval of a new standardised tariff rate C8 to cover the grid organisation’s expenses on the provision of electricity (capacity) fiscal metering equipment (RUB per metering point) and the rate per unit of maximum capacity C8maxN (RUB/kW), as well as the formula for applying this rate by applicant category.

Subsidised grid connection

In keeping with the tariff decisions adopted for 2021, the following applicants are granted benefits for grid connection of consumer terminals.

1. With maximum capacity of no more than 15 kW and incl. (including the capacity connected at the same connection point), for applicants who fall within the third reliability category (per one power source) at a voltage level equal or less than 20 kV and are located not more than 300 m in urban areas, or not more than 500 m in rural areas, away from existing grid facilities (of required voltage) of grid organisations to which the application is submitted. The grid connection change for these applicants is RUB 550 (with VAT) per connection.

Subsidised conditions cover applicants for grid connection of consumer terminals with a maximum capacity not exceeding 15 kW inclusive (taking into account the capacity previously connected at this capacity connection point), as well as horticultural, gardening, dacha and other non-commercial associations and citizens who have pooled their garages and outbuildings. The change for these associations is determined as follows: RUB 550 is multiplied by the number of members (citizens). In 2021, 81.6% of the grid connection contracts were signed with subsidised categories of consumers in the “up to 15 kW” group.

2. With maximum capacity of no more than 150 kW (given the previously connected maximum capacity). These applicants were fully exempted in 2021 from paying the last mile costs under the grid connection contract.

Also, as for legal entities or sole proprietors – in order to connect maximum capacity of over 15 kW and up to 150 kW inclusive, the grid connection contracts foresee (on the request of such applicants) interest-free instalment plan in the amount of 95% of the grid connection fee for a period of up to three years from the signing date of the grid connection certificate.

In line with the Pricing Principles³, the grid connection revenue shortfall caused by subsidised grid connections are offset for the grid organisation through electric power transmission tariffs.

At the same time, branches’ shortfall in revenue from the construction of “last mile” facilities under the subsidised grid connection up to 150 kW is compensated as follows:

- under the return on invested capital method – by including the facilities not financed by the applicants in the invested capital base, which the return and yield on capital are accrued to (branch: Yarenergo);
- under the long-term RGR indexation method – under “depreciation” items (branches: Belgorodenergo, Kurskenergo, Orelenergo, Smolenskenergo, partially Tverenergo), under “shortfall in revenues” in the branch non-controllable expenses (branches: Bryanskenergo, Voronezhenergo, Kostromaenergo, Lipetskenergo, Tambovenergo).

For more details on the amount of revenue shortfalls, please see [Appendix 3](#) to the Annual Report.

¹ In accordance with the Methodological Guidelines for Determining the Amount of Payment for Grid Connection to Power Grids approved by Order No. 1135/17 of the Federal Antimonopoly Service of Russia dated 29 August 2017.

² The changes are introduced by Federal Law No. 522-FZ dated 27 December 2018 “On Amending Certain Legislative Acts of the Russian Federation in Connection with the Development of Electric Energy (Power) Metering Systems in the Russian Federation”.
³ Approved by FAS Order No. 1135/17 dated 29 August 2017.
⁴ Approved by Russian Government Regulation No. 1178 dated 29 December 2011.

SUSTAINABLE DEVELOPMENT

166.7
RUB mn

effect of energy
saving initiatives

4.4%

emissions of air pollutants

General Information about Sustainable Development Management in the Company

GRI 102-31

The Company's reach covers the territory of the largest and most important regions of Central Russia. We make a significant contribution to the life and development of local communities, providing reliable and uninterrupted power supply to consumers and grid connection of industrial enterprises and objects of social significance. Rosseti Centre is committed to the sustainability principles and accommodates the opinions of all stakeholders through the consulting process and disclosure of non-financial indicators.

SUSTAINABILITY MANAGEMENT

Rosseti Centre's core workstreams regarding sustainability management.



Economic

- Payment of taxes and fees at the regional and federal levels
- Financial sustainability
- Alignment of business with legal requirements and principles of commercial integrity



Environmental

- Reduction of waste, emissions and discharges of pollutants
- Compliance with the principles of social responsibility and keeping a constructive dialogue with stakeholders on the Company's impact on the environment
- Preservation of natural ecological systems and natural habitats within the Company's footprint, rational use of natural resource potential



Social

- Promotion of the regional development by creating a modern and reliable infrastructure within the Company's footprint
- Stable employment and safe working conditions
- Development and implementation of children and youth projects
- Support for socially unprotected groups

Key regulating documents of the Company

Occupational Health and Safety

- Occupational Safety Policy adopted by Rosseti's Group of companies
- Guidelines on Corporate Technical Control System of IDGC of Centre, PJCS
- Regulations on the Corporate Occupational Safety Management System
- Comprehensive Staff Injury Risk Reduction Programme
- Third party injury risk reduction programme at the Company's facilities
- Quality policy
- Quality management system certificate ISO 9001
- Environmental management system certificate ISO 14001
- Energy management system certificate ISO 50001

Environmental Protection

- Environmental policy of the power grid complex
- Environmental safety programme of the Company
- Energy saving and energy efficiency improvement programme
- Innovative development, energy saving and energy efficiency improvement policy

Personnel

GRI 102-16

- Code of corporate ethics and conduct of employees
- Anti-corruption policy
- HR and Social Policy
- HR management procedure
- Voluntary personal insurance programme, including voluntary health insurance (VHI) and insurance against accidents and diseases
- Talent and development guidelines

Stakeholder Relations

- Company, consumers and authorities' engagement policy
- Customer services quality standards
- Procurement policy
- Regulations on the formation and use of the sponsorship and charity fund
- Unified technical policy in the power grid complex (including regulations on energy conservation and energy efficiency improvement)
- Innovative development programme
- Partnership programme between Rosseti's Group of companies and small and medium-sized businesses
- Charging infrastructure development programme

Corporate sustainable development management system

Rosseti Centre's sustainable development management system is integrated into the Company's overall corporate governance system and complies with international standards such as ISO 9001:2015, ISO 14001:2015, ISO 50001:2011.

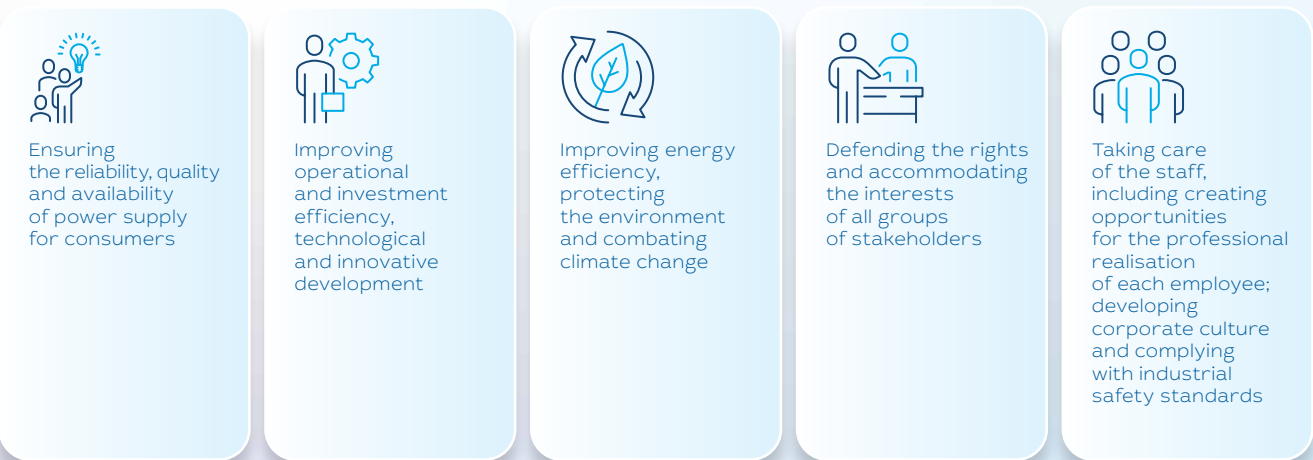
The management of sustainable development issues is based, first of all, on building an effective corporate governance system in the Company. In this regard, the management bodies of Rosseti Centre play a key role in the setting-up and functioning of a sustainable development system.

Governing bodies and their functions in sustainable development management



The sustainability priorities of Rosseti Centre are within the Company's strategic priorities specified in the Development Strategy of the Power Grid Complex and the Development Strategy of PJSC Rosseti and its subsidiaries and affiliates (S&As) for the period up to 2030.

These priorities include:



ESG Ratings

ESG-ratings assigned to Rosseti Centre

Name of the AK&M rating	2020	2021
ESG Reporting Rating	RESG 2 (high)	RESG 2 (high)
Social efficiency rating	3rd place	4th place
Rating of social responsibility	no assessment carried out	5th place

For more details on the rating results, please visit the website at the links: [Rating of Social Efficiency of the Largest Russian Companies](#) and [ESG Reporting Rating](#).

ESG Reporting Rating
RESG 2
(HIGH)

Social Performance Rating
4th
place

Public Accountability Rating
5th
place

Key Performance Indicators

A significant part of the KPIs used in evaluating the work and calculating the corresponding remuneration of the General Director and senior management is related to various aspects of sustainable development.

The composition and target values of KPIs, including sustainability-related KPIs, are established annually by a decision of the Company's Board of Directors. Reports on their achievement are also approved by the Board of Directors.

Information on the achievement of sustainability-related KPIs

Indicator	2020 result / achievement for 2020	Targets for 2021	2021 result / % of the actual 2020 figure	Status of achievement for 2021	Targets for 2022
Ensuring the reliability, quality and availability of power supply for consumers					
Compliance with grid connection time-frames	1.1 // achieved	≤ the actual value of the indicator for the previous year multiplied by 0.85, but not less than 1.1 (≤1.1)	1.1 // 100%	Achieved	≤ the actual value of the indicator for the previous year multiplied by 0.85, but not less than 1.1
Readiness for heating season	Simultaneously: <ul style="list-style-type: none">• 0.99;• 0 //achieved	Simultaneously: <ul style="list-style-type: none">• ≥0.95;• failure to achieve the set value of the specialised indicator "Presence of Outstanding Measures for Readiness Condition Compliance by an Electric Power Industry Entity"	Simultaneously: <ul style="list-style-type: none">• 1.00;• 0 // 100%	Achieved	Simultaneously: <ul style="list-style-type: none">• ≥0.95;• failure to achieve the set value of the specialised indicator "Presence of Outstanding Measures for Readiness Condition Compliance by an Electric Power Industry Entity"
Achievement of the specified reliability level of the services provided	Simultaneously: <ul style="list-style-type: none">• $K_{saidi} = 0.7$;• $K_{saifi} = 0.75$;• 0;• 1 //achieved	Simultaneously: <ul style="list-style-type: none">• $K_i \leq 1$;• no significant deterioration in the rates set by tariff regulators;• zero increase in the number of major accidents	Simultaneously: <ul style="list-style-type: none">• $K_{saidi} = 1.15$;• $K_{saifi} = 1.04$;• 0;• 0 // not determined	Achieved	Simultaneously: <ul style="list-style-type: none">• $K_i \leq 1$;• no significant deterioration in the rates set by tariff regulators;• zero increase in the number of major accidents
Compliance with the commissioning schedule	Q1 2020 = 101% Q2 2020 = 93% Q3 2020 = 103% Q4 2020 = 90% Year – 97% // achieved	≥90%	Q1 2021 = 95% // 94% Q2 2021 = 106% // 114% Q3 2021 = 111% // 108% Q4 2021 = 95% // 106% Year = 99% // 102%	Achieved	≥90%
Improving energy efficiency, protecting the environment and combating climate change					
Level of electricity losses	9.13% / achieved	≤9.43%	10.22% / 89%	Not achieved	≤9.90%
Defending the rights and accommodating the interests of all groups of stakeholders					
Total shareholder return	RUB 1,414,339,035 ≥ three-year average value // achieved ≥ the value approved by the business plan // achieved	≥ the arithmetic average of the amount of funds allocated for dividend payout in accordance with the decisions of the general meetings of the Company's shareholders for the 3 years preceding the reporting period, and ≥ amount of funds provided for dividend payout in the reporting period, in accordance with the Company's business plan	The achievement of the indicator will be eval-uated following the decision of the General Meeting of Shareholders on the distribution of the Company's profit for 2021		≥ the arithmetic average of the funds allocated to the payment of dividends in accordance with the decisions of the general meetings of shareholders of the Company for the 3 years preceding the reporting period and ≥ the amount of funds envisaged for the payment of dividends in the reporting period, in accordance with the Company's business plan
Debt/EBITDA	achieved (2.5)/achieved	achieved	achieved (2.1) / 84%	Achieved	Achieved
Efficiency of innovations	110% // achieved	≥90%	– ¹		≥90%
Taking care of the staff, including creating opportunities for the professional realisation of each employee; developing corporate culture and complying with industrial safety standards					
Absence of occupational accidents	Simultaneously: <ul style="list-style-type: none">• 0 injured;• 2//not achieved	Simultaneously: <ul style="list-style-type: none">• no more than two injured people;• 0	Simultaneously: <ul style="list-style-type: none">• 1 injured;• 3	Not achieved. // In 2021, there were four accidents involving company personnel through the fault of officials, 3 of them fatal	Simultaneously: <ul style="list-style-type: none">• no more than two injured people;• 0
Higher labour productivity	11.42% // achieved	≥5.00%	11.79% // – ²	Achieved	≥10.00%

¹ Innovation Efficiency KPI (plan ≥ 90%, actual is not defined) is not evaluated – KPI results will be summed up by a separate decision of the Board of Directors of the Company in accordance with the Methodology for calculation and evaluation of the KPI achieved by the General Director of IDGC of Centre (approved by the decision of the Board of Directors of IDGC of Centre on 12 October 2020 (Minutes No. 46/20 dated 13 October 2020)).

² No comparison is made due to changes in the KPI calculation methodology.

Contribution to the Achievement of the UN Sustainable Development Goals

GRI 102-12 GRI 103-2 GRI 103-3

Rosseti Centre aligns its daily activities with the principles of the UN Global Compact and is committed to achieving the following UN Sustainable Development Goals (SDGs).

UN SDGs	Rosseti Centre's contribution to the UN SDGs		Sections of the Annual Report with a detailed disclosure of the topic
	Focus areas	Key results and achievements for 2021	
<div><div>GRI 403-6</div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div></div>	<ul style="list-style-type: none">Occupational Health and SafetySocial security of employees, including voluntary medical insurance and health resort treatmentEnsuring the safety of third parties at the Company's facilities	<ul style="list-style-type: none">RUB 877.5 mn – spending on comprehensive injury risk reduction programme0.75% – the share of occupational safety costs in the costs of production and sale of products (services)¹RUB 139.0 mn – spending on comprehensive third-party injury risk reduction programme100% of the Company's employees are covered by VHI and accident and disease insurance	<ul style="list-style-type: none">HR ManagementOccupational Health and Safety
<div><div>4</div><div>QUALITY EDUCATION</div></div>	<ul style="list-style-type: none">Cooperation with specialised universities and secondary vocational educational institutions	<ul style="list-style-type: none">13,556 people, or 48.7% of the total number of staff, were trained at the expense of the CompanyRUB 84.8 mn – the Company's costs for training and advanced training of employees51 people/hour – average number of hours of training per employee1,225 students of universities and colleges undertook an internship in the Company	<ul style="list-style-type: none">HR Management
<div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div>	<ul style="list-style-type: none">Ensuring uninterrupted power supply to consumers with a minimum tariff level relative to other countries	<ul style="list-style-type: none">281.2 mn kWh – the volume of power supply to the branch grid from renewable energy sources4.33% – consumption of energy resources for housekeeping needs;77.1% – use of energy-efficient LED-based lighting facilitiesCompliance of Rosseti Centre with the requirements of the international environmental management standard ISO 14001	<ul style="list-style-type: none">Energy Consumption and Energy Saving

¹ In accordance with Art. 226 of the Labour Code of the Russian Federation, initiative to improve working conditions and occupational safety are financed at a minimum rate of 0.2% of total costs of production (products, works, services).

UN SDGs	Rosseti Centre's contribution to the UN SDGs		Sections of the Annual Report with a detailed disclosure of the topic
	Focus areas	Key results and achievements for 2021	
<div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div>	<ul style="list-style-type: none">Provision of jobs in the regions where the Company operatesCompetitive level of remunerationSocial securityProfessional development of employeesInclusivity	<ul style="list-style-type: none">28.2 ths people – the number of employees in 11 regions of RussiaRUB 50,240 – average salary, including RUB 50,525 – average salary of men, RUB 49,077 – average salary of women103% – the ratio of wages of men and womenRUB 16,956 mn payroll and social benefit costs0.8 – 1.3 – the ratio of the average salary of the Company's employees with the average salary in the regions of the Company's presence1.3% – the share of employees with disabilities	<ul style="list-style-type: none">HR Management
<div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>	<ul style="list-style-type: none">Digital transformationR&D and integration of the results of scientific developmentsNew connectionConstruction of new power grids	<ul style="list-style-type: none">412.8 ths km – length of power transmission lines821.0 MW – the amount of connected power38.1 ths executed grid connection contractsRUB 53.35 mn – R&D costsRUB 909.4 mn – innovation costs	<ul style="list-style-type: none">Material and Technical ResourcesGrid ConnectionInnovative Development
<div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div>	<ul style="list-style-type: none">Development of the regions of presence through the investment programmeFast and easy grid connection procedureLarge responsible taxpayer	<ul style="list-style-type: none">1.31 –SAIDI0.78 –SAIFIRUB 17,778.6 mn – the amount of the Company's tax charges83.0% – the share of purchases from SMEs (with a value of at least 20% established by the Decree of the Government of the Russian Federation No. 1352 dated 11 December 2014)60 days – an average period according to the "contract – notification" indicator for grid connection contracts of the Doing Business category (a year-on-year decrease of 2%);821.0 MW – the volume of connected capacity in 2021RUB 40 mn were allocated for charitable purposes in 2021	<ul style="list-style-type: none">Material and Technical ResourcesGrid ConnectionRegional Development
<div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	<ul style="list-style-type: none">Enhancing energy efficiencyCompliance with international quality management standards	<ul style="list-style-type: none">RUB 30,154 ths – savings of fuel and energy resources in 2021 compared to 2020Integration of an energy management system that meets the requirements of ISO 50001:2018	<ul style="list-style-type: none">Energy Consumption and Energy Saving
<div><div>15</div><div>LIFE ON LAND</div></div>	<ul style="list-style-type: none">Biological diversity conservation	<ul style="list-style-type: none">RUB 36.2 mn – environmental protection costs4,885 – the number of installed bird diverters1.6 ths km of overhead lines are installed with self-supporting insulated wire	<ul style="list-style-type: none">Environmental Protection

Interaction with Stakeholders

STAKEHOLDERS

GRI 102-21

GRI 102-40

The core business of Rosseti Centre involves continuous interaction with various groups of stakeholders. Effective interaction with stakeholders not only directly affects the financial performance of the Company, but also lays the groundwork for the sustainable development system thereof.

Stakeholder chart



MEMBERSHIP IN ASSOCIATIONS AND ORGANISATIONS

GRI 102-13

In 2021, the Company was a member of ten associations and non-profit organisations. For more details on the participation of Rosseti Centre in associations and organisations, please see [Appendix 3](#) to the Annual Report.

INTERACTION WITH STAKEHOLDERS TO IDENTIFY MATERIAL TOPICS OF ROSSETI CENTRE'S ANNUAL REPORT FOR 2021

GRI 102-43

In order to identify material topics and include them within Rosseti Centre's Annual Report for 2021, the Company conducted a survey (questionnaire) of representatives of various stakeholder groups.

Survey participants: ten representatives of stakeholders, including representatives of internal stakeholders (heads of departments in key workstreams) and external stakeholders.

The purpose of the survey:
identification of material topics for disclosure within the 2021 Annual Report.

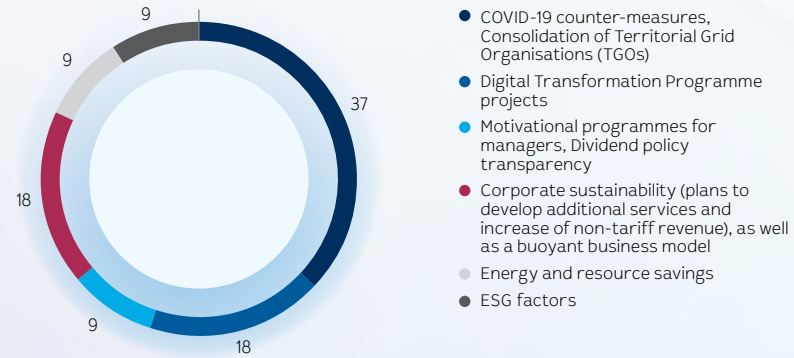
MATERIAL TOPICS OF THE REPORT

GRI 102-44

GRI 102-47

The stakeholder survey (questionnaire) revealed the following material topics

Material topics of the Report, %








Disclosure of identified material topics is included in the scope of the Annual Report.

GRI 102-43

Maintaining an open and constructive dialogue allows us to create a positive corporate image in the business environment, and responsibility and proper recognition of stakeholders interests in making strategic decisions are a prerequisite for effective business development.

STAKEHOLDER RELATIONS

Interests	Forms of interaction
 Employees of Rosseti Centre's Group of companies Personnel Personnel (the Company's employees, trade union, council of young specialists, council of veterans)	<ul style="list-style-type: none">Decent standard of livingHigh level of social protectionOpportunities for personal and professional growthOccupational safetyAdvantage in status of a power engineer job <ul style="list-style-type: none">Collective bargaining agreementCouncil of young specialists and council of veteransTrade unionsCorporate means of communicationWork with talent poolsPersonnel trainingCultural and sports activities
 Pensioners, participants of the non-state pension provision programme	<ul style="list-style-type: none">Decent standard of livingHigh level of social protection <ul style="list-style-type: none">Council of young specialists and council of veteransTrade unionsCorporate means of communication
 Shareholders and investors	<ul style="list-style-type: none">Dynamic growth and business developmentOperating efficiencyShare value appreciationTransparency of activities and managementDividendsTimely payments on bonds <ul style="list-style-type: none">General Meeting of ShareholdersAnnual and non-financial reports, informational brochures and leafletsMeetings with management, audio webcastsPress conferences, presentations and forumsFederal and regional mediaCorporate websitePolling surveys of shareholders and investorsResponds to requests, submission of information and documentsInvestor Days
 Business partners (suppliers and contractors)	<ul style="list-style-type: none">Mutually beneficial and long-term collaborationStable financial conditionProcurementNegotiationsCommercial offersGaining profit from collaborationTimely and exact fulfilment of obligations under agreementsFair competition <ul style="list-style-type: none">Corporate websiteFederal and regional mediaWorkshops and conferences
 Consumers	<ul style="list-style-type: none">Reliable, uninterrupted and high-quality power supplyHigh quality of serviceTransparency and accessibility of information on the Company's activitiesQuick and simple procedure of grid connection <ul style="list-style-type: none">Quality of customer serviceJoint Information CentreSingle federal hotlinePolls and surveysCorporate website (Internet-reception desk)Federal and regional mediaPress conferences, workshops and forums

Interests	Forms of interaction
 Government (federal, regional and local governments, sector-specific regulators)	<ul style="list-style-type: none">Reliable and sustainable functioning of the energy systemImplementation of programmes aimed at comprehensive development of the infrastructure systemsImplementation of long-term projects aimed at development of the power industrySatisfaction of the medium- and long-term demand for electricity and capacityAttraction of additional investments to regions and creation of new jobsTax liabilities <div>GRI 207-3</div> <ul style="list-style-type: none">Setting tariffs for regulated types of activityAlignment of investment programmes and their progress reportsTask forces to elaborate long-term electric power development schemes and programmesAgreements on collaboration on the development of the power industry in the regionsReporting to the authorities and disclosing under applicable laws of the Russian FederationWork meetings and joint activities with representatives of the regional authoritiesTax remittance
 Company (population in the regions of the Company's activities, which is not among the consumers, environmental and public organisations, sector-specific communities and the media)	<ul style="list-style-type: none">Reliable, uninterrupted and high-quality power supplySupporting the employmentTransparency of the Company's activitiesSocial and economic development within the regional footprintEnvironmental protection and safetyEnergy securityImplementation of social programmesCharityAvailability and consistency of information <ul style="list-style-type: none">Social programmes within the regional foot-printFederal and regional media (print, television and radio)Press conferences, press-releases, PR campaigns, workshops, forums, contestsMeetings with top managers with veterans, students and other social groupsCorporate websiteMeasures to prevent electrical injuriesPublic hearingsInforming about the corporate activitiesSafety awareness campaigns
 Scientific organisations and specialised universities	<ul style="list-style-type: none">Advancement of science and educationIntegration of the latest scientific achievements into the power grid industryAssimilation of effective innovative technologiesDemand for young and promising personnel from the CompanyImproving and developing joint educational programmes <ul style="list-style-type: none">Innovative development programmesJoint R&DsScientific conferences, exhibitionsCooperation agreements with universitiesApplied science conferencesJoint competitions between the thesis projects related to the power grid industryStudent construction brigadesJob fairs

HR Management

The personnel of Rosseti Centre are the main value and one of the key factors in the sustainable development of the Company. The HR and social policy of Rosseti Centre is aimed at achieving the targets of the Development Strategy of the Power Grid Complex of the Russian Federation. The Company's activities are aligned with the HR and Social Policy of Rosseti Centre approved in 2014 by the Board of Directors.

We put in place all the necessary arrangements to ensure safe work, professional advancement and personal self-fulfilment of employees.

GRI 406-1

- The key HR management principles of the Company:
- Unified approaches to management considering the regional specifics of companies
 - Creation of a single talent pool
 - Arrangement of conditions for the employees' potential development
 - Motivation to effective work guaranteeing an increase in labour productivity
 - Zero tolerance to discrimination of any form
 - Compliance with the principles of social partnership and responsibility specified by the Sectoral Tariff Agreement in the electric power industry of the Russian Federation

- The strategic and programme-related documents of Rosseti Centre define the following HR management goals:
- Satisfying prospective recruitment needs of digital energetics
 - Developing industry-specific professional skills
 - Practical application of professional standards and independent assessment in HR management
 - Interacting with educational institutions to create relevant and advanced (subject to industry-specific digitalisation) professional skills
 - Improving the coaching system, expanding coaching practices both in staff training (through the mechanisms of dual training,

- organisation of student internship and the student brigade movement management), and in on-boarding of young specialists
- Developing the corporate educational system
 - Strengthening cooperation with the WorldSkills, including the organisation and conduct of open corporate championships of professional skills
 - Implementing youth policy projects
 - Developing personnel incentives and social programmes
- Any form of discrimination as regards future or current employees is viewed negatively by the Company, which considers forced or obligatory work inappropriate and totally adheres to a statutory bar to employment of children.

HR AND SOCIAL POLICY TARGETS



RESULTS OF HR POLICY

Headcount and personnel breakdown

GRI 102-7

The headcount of Rosseti Centre as of 31 December 2021 amounted to 28,206 people, down 3.28% year-on-year (29,163 people).

The staff average headcount decreased by 3% compared to 2020, amounting to 27,833 people, due to the implementation of measures to reorganise the organisational and functional structure and the natural movement of personnel.

In general, the Company's headcount is fairly stable. The manning level of the Company in 2021 was 93.9%, the Company's production staff sufficiency level was 93.9%, and the level of active turnover was 6.8%. The average age of employees in 2021 was 43 years and was not changed compared to 2020.

New hires of the Company in 2021 amounted to 3,055 people, including 2,587 people (84.7%) – production staff, 35 people (1.1%) – support staff.

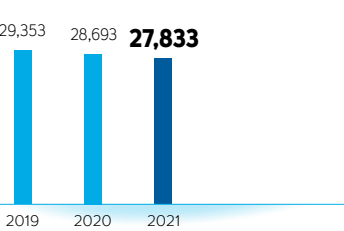
Staff structure

GRI 102-8

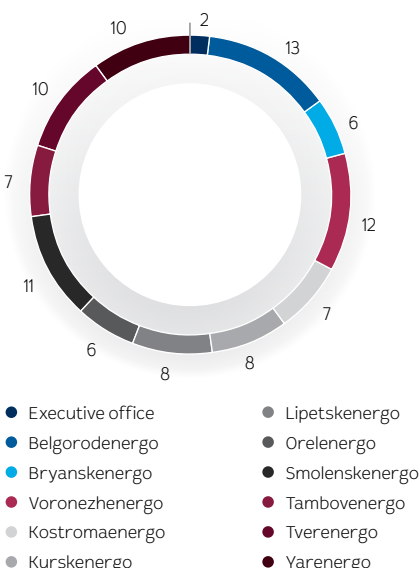
The employee breakdown by categories is representative of the companies of the power grid complex and has remained quite stable for the last three years: blue collars account for 52.4%, managers – for 17.0%, and white collars – for 30.6%.

The structure of the Company's staff by age categories is stable – for the period from 2019 to 2021, the ratio of staff by age did not change significantly, which proved the success of the measures taken in the Company to attract young specialists from specialised educational institutions.

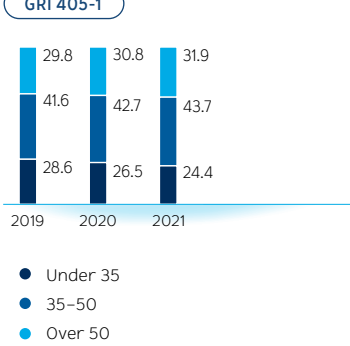
The changes in staff average headcount of Rosseti Centre for 2019–2021, people



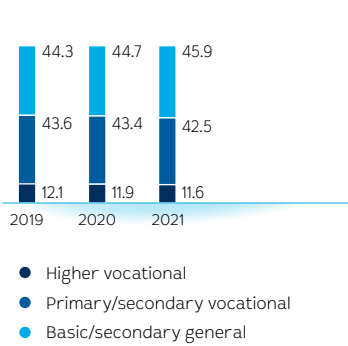
Distribution of the staff average headcount of Rosseti Centre in 2021 by branches, %



Changes in the structure of Rosseti Centre staff by age in 2019–2021, %



Changes in the structure of Rosseti Centre staff by education level in 2019–2021, %



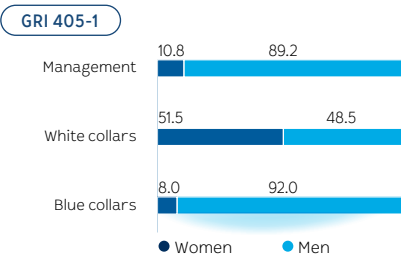
The bulk of the Company's is represented by employees under the age of 50 (68.1%). Over the past three years, there has been an increase in the share of employees aged 35–50 (+2.1 p.p.) and a decrease in the share of employees under 35 (–4.2 p.p.) against the larger share of employees over 50 (+2.1 p.p.).

The Company's employees are characterised by a fairly high level of qualification; 88.4% of them have occupational education. High-level advanced technologies in the electric power industry require qualification improvement and development.

In total, the Company has 27 Candidates of sciences and one employee with a PhD degree. The analysis of the staff composition by the level of education revealed that over the past three years the proportion of personnel without professional education has been steadily decreasing – from 12.1% in 2019 to 11.6% in 2021 (–0.5 p.p.).

The gender composition of Rosseti Centre is typical for power grid companies. The share of women as of 31 December 2021 was 21.8%.

Gender-wise staff structure by category in 2021, %



For more details on the staff structure in 2019–2021, please see **Appendix 3** to the Annual Report.

Staff training

GRI 404-2 EU14 (ex)

The staff training of Rosseti Centre is one of the focus areas of the HR policy and is regulated by the provisions of the Company's HR and Social Policy, as well as the requirements of the HR Management Procedure in the electric power organisations of the Russian Federation and the Standard on HR Organisation and Management in Rosseti Centre, PJSC.

Nowadays, professional skills are rapidly becoming obsolete, and the ability of an organisation to constantly improve the qualifications of its employees is one of the most important success factors. The continuous training system of Rosseti Centre involves all employees, starting with on-the-job training for certain categories of personnel, and up to occupational retraining and obtaining professional education in specialised educational institutions and corporate training centres.

The traditional training areas of the Company:

- vocational training (training (retraining)) of blue-collar personnel to obtain sector-specific jobs, related (second) blue-collar jobs in order to bring the level of training to the requirements of professional standards;
- vocational training (advanced training) of personnel of the key worker occupations;
- vocational retraining of managers and specialists under programmes of additional occupational education in order to bring the level of education to the requirements of professional standards;
- advanced training of managers and specialists in additional occupational education programmes;
- vocational training and certification of personnel for the authorisation to perform a certain type of work (organisation of operations and production of works at facilities controlled by Rostekhnadzor, to conduct tests and measurements, to ensure road safety in the transport management, permit to work as an emergency instructor, to train personnel in first aid ways and methods in case of emergency, etc.).

The share of employees who took part in training events in 2021 to the average headcount is 48.7% (13,556 people), which corresponds to the key indicator of the HR and Social Policy of Rosseti Centre (30%) and is up 1.3 p.p. year-on-year (47.4%). In absolute terms, 38 fewer people were trained in 2021 than in 2020 (13,594 people) due to a year-on-year decrease in average headcount in 2021. A total of 7,856 people were trained in the reporting year using distance learning technologies.

The bulk of trainees are blue-collar workers (93.1%, or 12,615 employees) against 91.8% (12,475 people) in 2020.

Of the total number of those who took part in the training events, 66.4% (8,996 people) received vocational training, retraining and advanced training in the Company's corporate training centres, up 26.1 p.p. (3,515 people) year-on-year.

Majority of the employees involved in training activities held in corporate training centres was represented by production personnel – 96.3% (8,659 people). In 2020, the share of production personnel was 95.9% (5,255 people).

Corporate training centres of Rosseti Centre and Rosseti Centre and Volga region are key educational institutions that cover the corporate need for staff training. The training centres mostly focus on dispatchers, foremen and electricians of various fields.

The training centres have all required licences for educational activities and are equipped with teaching aids, trainers, computers, video and multimedia aids. The training centres have also training sites with power grid equipment for skill practice.

Other key providers of educational services, in addition to corporate training centres, are:

- Federal Budgetary Institution "Educational and Methodical Office" of Rostekhnadzor, Moscow
- Federal State Budgetary Educational Institution of Higher Education "National Research University "Moscow Power Engineering Institute" (Smolensk branch)
- Federal State Autonomous Educational Institution of Advanced Professional Education "St. Petersburg Power Engineering Institute of Advanced Training"
- Federal State Budgetary Educational Institution of Higher Education "Ivanovo State Power Engineering University"
- Regional higher and continuing education institutions

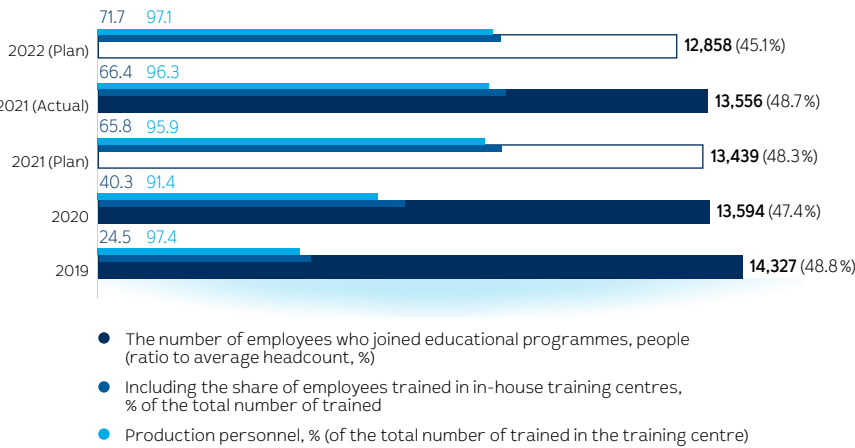
In 2021, the Company continued the digital transformation training of its personnel; in this regard, the managers and specialists of the technical unit of the Company raised their respective qualifications under the programme "Fundamentals of the IEC 61850 Standard. Digital Substations: Current State and Development Outlook" in Federal State Budgetary Educational Institution of Higher Education "Ivanovo State Power University".

In order to upgrade the professional excellence of the Company's repair personnel, to share best practices and increase the prestige of blue-collar jobs, Rosseti Centre's employees regularly participate in Rosseti's open corporate championship of professional skills "Young Professionals" according to the WorldSkills methodology. The 2021 competition included the following competencies:

- Maintenance and repair of relay protection and automatics
- Operation of cable power transmission lines
- Intelligent electricity metering system

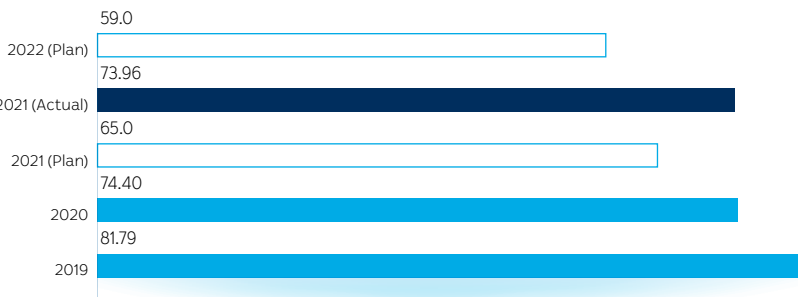
Key indicators in HR training and development

The number of employees who joined educational programmes

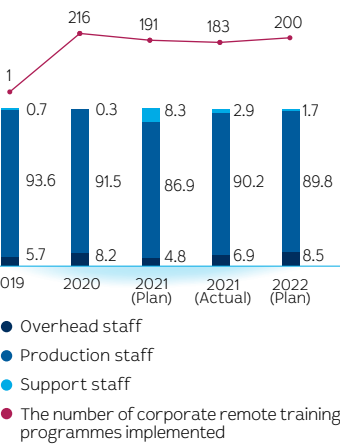


Average number of hours of training per employee, person/hour

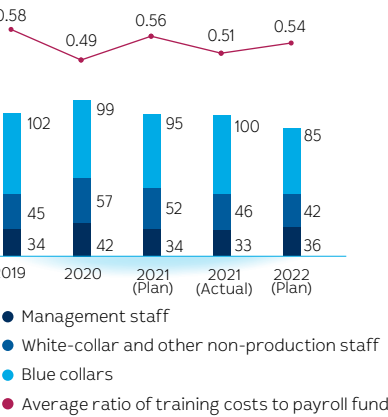
GRI 404-1



Including by categories, %



Including by categories, person/hour



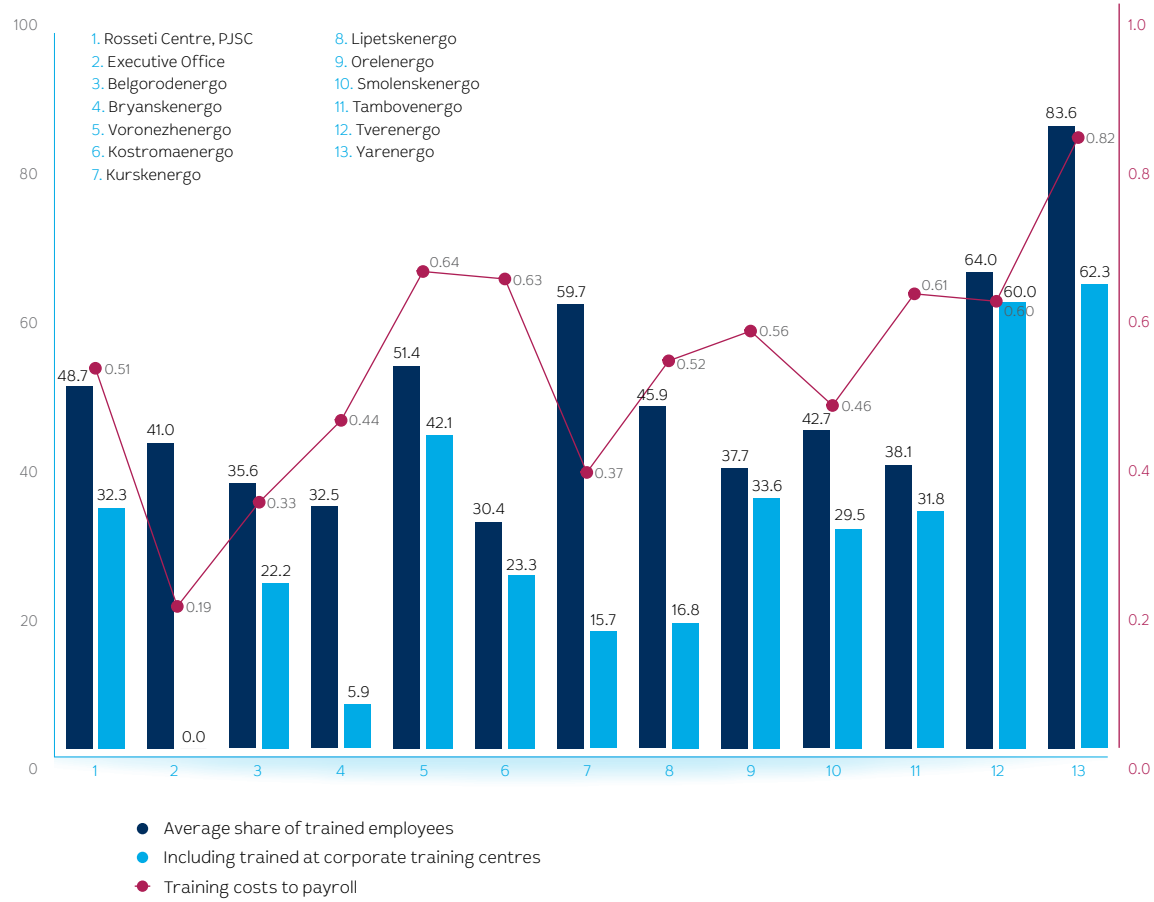
Staff training costs of the Company, RUB mn

Indicator	2019	2020	2021	2022 plan	Δ 2021/2020	
					abs.	%
Staff training cost	86.3	77.6	84.8	93.8	+7.2	+9.3
including: costs of training in corporate training centres	20.7	29.3	49.2	55.4	+19.9	+67.9

Staff training costs in 2021 amounted to RUB 84,774 ths – with RUB 49,234 ths (58.1%) spent on staff training in the corporate training centres, while staff training in 2020 absorbed RUB 77,636 ths, with RUB 29,339 ths (37.8%) spent on training in corporate training centre.

In the current conditions, the Company is eyeing opportunities to train employees via co-financing training programmes. Thus, Federal State Budgetary Educational Institution of Higher Education “Southwest State University” won the Competitive selection for grants in the form of subsidies from the federal budget for the project “Training Citizens under Continuing Education Programmes in Educational Organisations that Implement Additional Educational Programmes and Vocational Training Programmes” of the federal project named New Opportunities for Everyone of the Education national project. Thanks to this, 125 employees of Kurskenergo branch were able to undergo free-of-charge training on the 72-hour advanced training programme “Operational Dispatch Management”.

The number of employees involved in off-the-job training to headcount ratio and the actual training costs to payroll fund ratio in the reporting year, %



Talent pool

The purpose of the talent pool is to ensure that the Company is staffed with qualified and trained personnel at all levels of management.

Talent development includes training, development of professional and managerial skills and motivation of succession candidates to retain them in the organisation. The Company has management and youth talent pools (at the level of the Company and its branches) and a talent pool for the key positions.

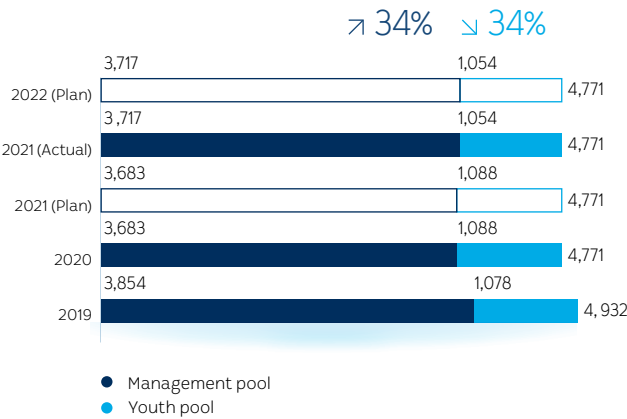
In 2021, the management talent pool consisted of 3,717 of the Company's most promising employees, and the youth pool – 1,054 employees. As of the end of the reporting period, 80% of existing managerial jobs were secured by available talent pool candidates.

In 2021, members of the youth talent pool represented the Company at the International Forum of Young Power Engineers and Industrialists “Forsage-2021”, and also joined in the Russian Energy Week.

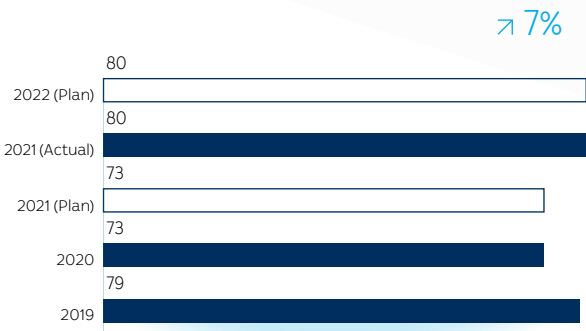
In 2021, 869 positions (81%) out of 1,073 appointments to management jobs in the Company were filled by internal candidates, 472 (44%) of which are employees from the managerial and youth talent pools.

Talent pool development results

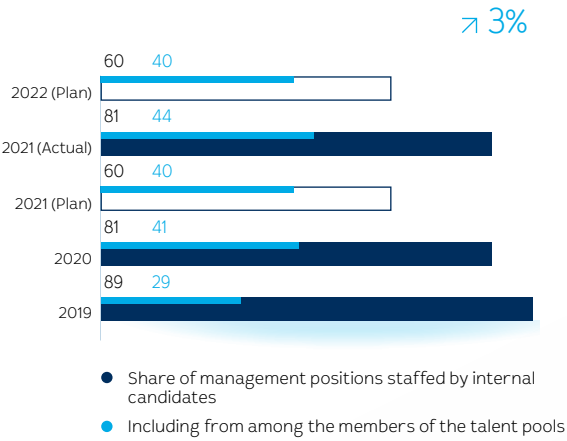
Headcount of talent pools, people



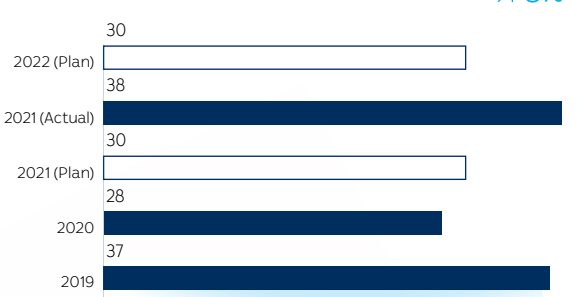
The share of managerial positions secured by the talent pool, %



Percentage of management positions filled by internal candidates, %



Percentage of succession pool members appointed to target positions in the reporting year, %



Personnel evaluation

The Company has in place a personnel evaluation system designed to measure the effectiveness and professional competence of employees, effective and rational use of human resources, to determine and update the talent pool membership.

Rosseti Centre uses the following evaluation types:

- employee performance assessment to evaluate the results of employees' activities based on their performance of tasks;
- assessment of the development/manifestation of competencies among employees to evaluate the level of manifestation of corporate competencies and/or development of managerial competencies;
- qualification level assessment to evaluate the level of knowledge, skills, professional competence, work experience and education of an employee, including compliance with approved qualification requirements, professional standards.

Number of personnel evaluated and evaluation methods

Evaluation type	2019	2020	2021	
			plan	actual
The number of personnel who passed the evaluation procedures, people (ratio to average headcount, %)	41 people (0.1%)	55 people (0.2%)	55 people (0.2%)	56 people (0.2%)
including in the framework of:				
Assessment of competencies (corporate and managerial) when transferring to a new position, during selection to the talent pool	41 people (0.1%)	55 people (0.2%)	55 people (0.2%)	56 people (0.2%)
Independent assessment of qualifications (based on the Qualification Assessment Centre (QAC))	0	0	0	0
Additionally: Knowledge testing (knowledge check)	22,867 people (78%)	22,160 people (77.2%)	20,723 people (72.2%)	36,240 people (125.7%)

STAFF REMUNERATION SYSTEM

Financial incentives offered by the Company include fixed official salaries and additional payments set out in the corporate documents and the Collective Bargaining Agreement.

Rosseti Centre has in place a Unified Remuneration and Reward Policy, which seeks to engage and retain the best talent. Salaries of employees vary depending on the personnel category, qualification, labour complexity and intensity, nature of work and workplace conditions.

Labour remuneration and social benefits in 2019–2021, RUB mn

Indicator	2019	2020	2021		2022 plan
			plan	actual	
Payroll fund (including persons of off-payroll staff)	15,018	15,999	16,333	16,797	17,409
Social payments (taking into account those not included in the off-payroll staff)	147	182	185	159	199
Total	15,165	16,181	16,518	16,956	17,609

The existing remuneration scheme has provision for:

- establishment of fixed official salaries subject to qualifications, business qualities, experience, value for the Company;
- ongoing performance bonuses;
- supplementary payments and premiums for job scope and working conditions;
- ad hoc bonuses;
- seniority payments.

The Company:

- established a fixed official salary (equal for men and women), which is indexed in accordance with the Collective Bargaining Agreement and is a guarantee of the minimum wage for Rosseti Centre's employees at a level not lower than the minimum monthly wage in the regions of presence;
- formed a unified scheme of official salaries of workers, which provides for differentiation of salaries depending on the qualification category and the position held, taking into account the level of professional qualifications and the characteristics of the business unit, depending on the complexity and criticality of the work performed;
- formed a system of job grades in remuneration for managers, specialists, and office workers.

Financial incentives for employees depend on the implementation of key performance indicators (KPIs) aimed at achieving strategic priorities defined by the Development Strategy of the Power Grid Complex. The KPI system by categories of employees is aligned with their functional responsibilities, requirements for the final performance results and the influence on the achievement of specific results and is decomposed to the level of power grid regions (PGR).

The Company has a standard organisational structure of a branch, established the same KPIs for all branches, but with individual target values. The procedure of monthly reporting on the KPI achievements is a transparent and effective instrument used by the branch management team to assess the performance of the business units and to make managerial decisions. The KPI system is updated following the results of the performance analysis.

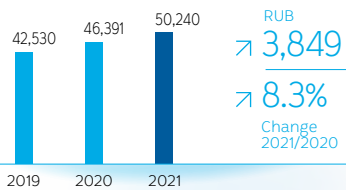
Additional financial incentives for employees (for the development and implementation of additional services, for the identification and stopping the off-the-meter and non-contracted electricity consumption, for the achievement of the target level of electric losses) is used to address the priority tasks – increasing the volume of non-tariff revenue, reducing electricity losses.

The Company makes an effective use of the following kinds of non-financial incentives:

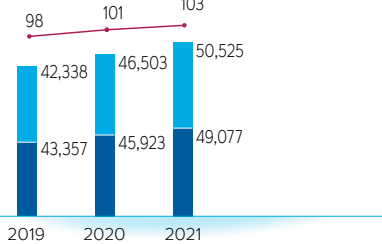
- employee service awards and recognition programmes;
- creation and maintenance of a favourable psychological climate in the team, holding sports, cultural and educational events together with the trade union;
- communication of senior management with employees;
- arrangements for training, upskilling, career progress and personal development, skills contests for the employees, etc.

The non-financial incentives system covers various aspects of employees' life and has a significant influence on the effective performance of the Company, building a tightly-welded team.

Average wages of employees in 2019–2021, RUB



The ratio of average pay of men and women in 2019–2021




- Average pay of men, RUB
- Average pay of women, RUB
- The ratio of average pay of men and women, %

In 2021, the average pay of the Company's employees increased by 8.3% year-on-year, due to the indexation of fixed official salaries, the introduction of additional incentives for the development and implementation of priority areas.

The remuneration system of the Company's employees is common for men and women, precluding the discrimination by gender.

The staff average pay at the Company's branches remains competitive on the regional level.



For more details on the average pay in the Company's branches, please see [Appendix 3](#) to the Annual Report.

YOUTH POLICY OF THE COMPANY

In order to satisfy the long-term staffing requirements, the Company has in place a consistent youth policy, covering three target categories – schoolchildren, students, and recent graduates.

The task of early occupational guidance is to introduce schoolchildren to the profession of power engineering, to focus on receiving industry-specific education and employment in the Company, to identify the most advance schoolchildren for sending them to targeted training in specialised educational institutions.

Since 2018, in order to promote the talented students, increase their motivation to study under energy-oriented programmes and then find employment with the Company, Rosseti Centre has been orchestrating the regional stages of the All-Russian Olympiad for students of Rosseti's Group of companies. The participants competed in physics, mathematics and computer science. In 2020, 337 schoolchildren from the regions of Rosseti Centre's presence joined in the Olympiad, which was held for the first time in a remote format, while the number of participants in 2021 increased to 555. A total of 16 winners and prize-winners of the Olympiad, as well as schoolchildren who scored better, had the opportunity to participate in the Energy project shift of Rosseti's Group, which is held in the All-Russian Children's Centre "Orlyonok".

In order to develop human resources and educational partnership, the Company actively engages with educational institutions of higher and secondary vocational education, which resulted in signing 72 cooperation agreements in the following areas:

- target training for students in popular trades in the power grid area to cover future demands;
- training, retraining, and upskilling of the Company's employees under the continuing professional education programmes;
- career guidance to promote the power engineering profession and to recruit young talents into the industry;
- attraction of Company's employees with necessary qualification to take part in the training;
- joint organisation and implementation of dual training;
- management of student brigades at the facilities of the Power Grid Complex;
- organisation of production and pre-graduation practice of trainees and students, employment of graduates.

In the 2021/2022 academic year, 132 students are enrolled in energy-related programmes under targeted training agreements, 118 of them are in higher education programmes.

To make the training of students of energy-related specialties more practical with a focus on future work in the power grid complex at the facilities of Rosseti Centre, there are internship and apprenticeship programmes. So, 1,225 university and secondary school students undertook an internship in the business units of Rosseti Centre in 2021, including 177 of them paid for their internship. The student brigades included 267 people.

A total of 314 graduates of secondary and higher educational institutions started their career in the Company.

For the vocational adjustment of young specialists, the Company has mentoring programme; the most potential and motivated employees are included in the youth talent pool.

- In 2021, young specialists of the Company took part in the following events:
- All-Russian Festival of energy saving "VmesteYarche (Together Brighter)";
 - International Forum of Young Power Engineers and Industrialists "Forsage";
 - International Youth Energy Forum within the framework of the St. Petersburg International Economic Forum.

For effective interaction with young specialists, while involving them in the formulation and implementation of targeted social and industrial projects and programmes, each branch of Rosseti Centre has a Youth Council. The main tasks of the Council are:

- assistance to young employees in accommodating to the conditions and requirements applicable to the Company's employees;
- assistance in building a team of professionals based on the unified corporate culture principles;
- in enhancing the expertise among staff, in upgrading the talent pool management efforts, in adopting an individual approach to working with young people;
- implementation of social projects.

THE COMPANY'S SOCIAL POLICY

GRI 102-41

As part of the social partnership, Rosseti Centre directly interacts with trade unions, where the key partner is the Primary Trade Union of Rosseti Centre which includes relevant organisations of branches and operates in 12 regions.

The Company is a member of a unified industry-wide system of social partnership based on the Sectoral Tariff Agreement in the electric power industry of the Russian Federation. The principal document governing social and labour relation in the Company is the Collective Bargaining Agreement, which applies to all employees of Rosseti Centre.

The Collective Bargaining Agreement envisages the rights and obligations of both parties regarding the establishment of working and rest time, remuneration of labour, observance of occupational safety regulations, as well as the provision of benefits, guarantees and compensations. The Collective Bargaining Agreement also stipulates supplementary payments to the Company's employees in certain cases (birth or adoption of children, marriage, parental leaves, annual leaves, etc.). Thus, the Company is committed to providing decent employment benefits, attracting and retaining the most valuable personnel. In 2021, the Company completely met the requirements specified in the Sectoral Tariff Agreement and Collective Bargaining Agreement.

To bolster the state demographic policy and promote the growth of the birth rate, in early 2020 Rosseti Centre increased the amount of one-time financial assistance to employees in the event of the birth (adoption) of a child to RUB 30,000. In celebration of the anniversary

of the Victory in the Great Patriotic War of 1941–1945, the amount of financial assistance to the veterans and home front workers was increased to RUB 50,000 and RUB 30,000, respectively.

- The Company has staff support and social security programmes in place:
- Non-state pension provision programme;
 - Regulations on corporate assistance and support of employees in improving housing conditions;
 - Voluntary health insurance;
 - Award campaign.

Rosseti Centre holds cultural and educational events every year in order to cultivate the labour and patriotic qualities of the younger generation, respect for traditions and pride in the profession of an energy engineer, strengthen cultural and corporate ties between organisations of the power grid complex.

In March 2021, there was the corporate children's drawing contest "Rosseti: Children are Drawing!" among the children of employees of Rosseti's Group of companies. The first round of the contest received over 150 works; then 56 of the best works went to the elimination round, leaving nine works for the final round. According to the jury, three of our works won prizes.

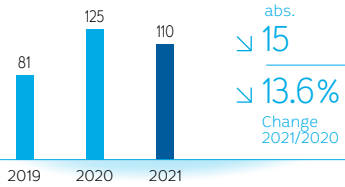
In June 2021, we hold a creative contest of children's drawings dedicated to the International Children's Day "The Work of Power Engineers through the Eyes of Children", which was attended by children and grandchildren of employees of energy companies from all 20 regions within the common footprint. During the week, the organisers received over 300 works in various drawing techniques. The competition commission determined the winners in three age groups. The best works were awarded with valuable gifts and commemorative certificates.

In 2021, employees and their family members took part in passing the qualifications of the All-Russian Physical Culture and Sports Complex "Ready for Work and Defence".

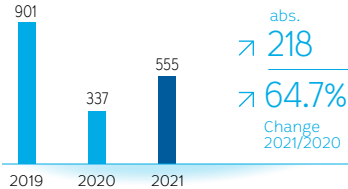
Youth outreach indicators



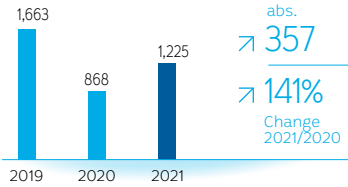
The number of students undergoing training under targeted training agreements with the Company



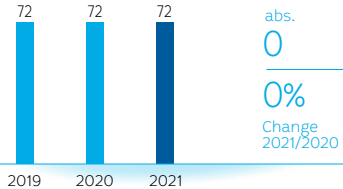
The number of sponsored schoolchildren participating in career guidance projects of Rosseti's Group of Companies



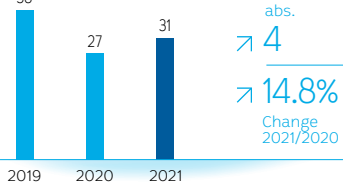
The number of students who interned at the Company



The number of partner universities and colleges in the regions of the Company's presence



The number of young professionals who participated in competitions, forums, conferences at the corporate, regional or federal level



Social payments per employee in 2019–2022, RUB '000

Costs	2019	2020	2021		2022 plan
			plan	actual	
Social payments per employee	5.0	6.3	6.4	5.7	6.9

100% of the Company's employees are under employment contracts

100% employees are under the Collective Agreement

MEDICAL INSURANCE

The Regulation on Insurance Coverage of Rosseti Centre, PJSC and the Company's Insurance Programme stipulate coverage of all employees (100%) by voluntary health insurance (VHI) and insurance against accidents and diseases.

The VHI programme involves the full range of medical services: out-patient, including at home, commercial emergency medical care, in-patient care and dentist treatment at specialised regional healthcare centres. With VHI, an employee is free to select any medical institution participating in the programme with account taken of special factors of their health problems and location of the institution. The VHI reduces the period of medical

examination and improves the quality of treatment which eventually has a positive effect on the employees' labour productivity.

Along with the basic medical services, the VHI programme embraces annual influenza and tick-borne encephalitis vaccinations.

The accident and health insurance provides for 24/7 protection of the employees against all risks.

VHI expenses in 2019–2022, RUB mn

Indicator	2019	2020	2021		2022 plan	Δ 2021/2020	
			plan	actual		abs.	%
VHI expenses	126.2	116.8	143.1	104.6	122.3	−12.2	−10.5

The actual expenses for VHI for the period from 2019 to 2021 were driven down by lower insurance tariff for servicing under VHI Programmes.

PENSION PLANS

GRI 201-3

To ensure high living standards of retired employees, additional staff motivation, as well as to recognise the special contribution of veterans and honoured workers to the Company's

development, Rosseti Centre implements the Private (Non-state) Pension Provision Programme (NSPP).

NSPP Programme also fosters efficient resolution of personnel recruitment, retention and motivation issues and determines the procedure, size, sources of funding for NSPP of the Company's employees. The Programme operator is JSC NPF Otkrytie, which offers corporate and parity pension plans.

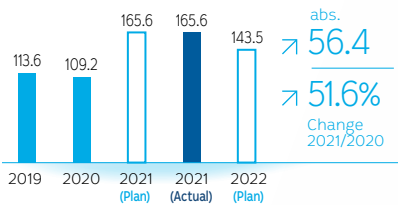
Number of participants in the Pension Programme under corporate and parity pension plans in 2019–2021

Indicator	2019		2020		2021	
	Number of participants, people	Pension contribution, RUB mn	Number of participants, people	Pension contribution, RUB mn	Number of participants, people	Pension contribution, RUB mn
Corporate plan	365	89.8	363	88.3	595	145
Parity plan	4,744	23.8	4,422	20.8	3,977	20.5
Total:	5,109	113.6	4,785	109.2	4,572	165.5

The number of participants in the corporate and parity plans changes annually under the influence of the following factors:

- under the corporate plan – depending on the number of employees who will become eligible for pension benefits and the amount of pensions calculated for such employees;
- under the parity plan – depending on employees who terminate parity contracts upon retirement.

Expenses on non-state pension provision in 2019–2022, RUB mn



The costs planned for non-state pension provision in 2021 were fully realised.

HOUSING PROGRAMME

To help the employees to improve their housing conditions, the Company reimburses the rent paid by the employees and covers the interest payments on a mortgage loan to a credit organisation.



Forms of corporate support of employees in improving housing conditions:

- Providing employees with a targeted interest-free loan
- Reimbursement:
 - of total amount of mortgage interest payments to a bank (credit organisation)
 - of part of mortgage interest payments to a bank (credit organisation)
 - of total amount of housing rental expenses
 - of part of housing rental expenses

The Company's expenses for the housing programme in 2019–2022, RUB mn

Indicator	2019	2020	2021		2022 plan	Δ 2021/2020	
			plan	actual		abs.	%
Total spending on key housing improvements, including	25.4	33.7	55.3	35.6	65.1	1.9	5.6
• housing allowance	16.2	17.5	31.1	18.1	40.6	0.6	3.4
• reimbursement for mortgage interest paid	9.1	16.2	24.2	17.5	24.5	1.3	8

AWARD CAMPAIGN

The awards campaign recognises employees for their high performance and work of special importance to the Company.

During the reporting period, 57 employees received corporate awards from Rosseti and 36 employees received awards from Energy Employers' Association of Russia" (EEA of Russia), all-Russian industrial association of employers of the electric power industry, in connection with the celebration of the Company Day.

In celebration of the Power Engineer Day, 57 employees of Rosseti Centre received awards from the Ministry of Energy of the Russian Federation, 60 employees received awards from Rosseti and 50 employees – from the EEA of Russia, 278 employees of the Company were rewarded with corporate awards of Rosseti Centre.

By the anniversary dates in 2021, 51 employees received awards from the Ministry of Energy of the Russian Federation, 119 anniversaries earned awards of PJSC Rosseti, 308 employees picked up corporate awards of Rosseti Centre.

Three employees of the Company had the honour of winning state awards in 2021.

A total of 1,174 awards were given in 2021 for individual merits (anniversary dates of branches, achievement of 6M high performance indicators, completion of construction and commissioning of power facilities and GCC, etc.), taking into account the awards given to the Company's employees who made a significant contribution to the development of the power grid complex. The branches awarded 1,261 employees.

SOCIAL SUPPORT FOR NON-WORKING RETIREES

The Company provides various types of financial support for non-working retirees: annual payments for the Day of the Power Engineer and Victory Day, for the anniversary date every 10 years, in case of a difficult financial situation of a non-working retiree and to the family of a deceased non-working retiree, as well as reimbursement for expenses of non-working pensioners on vacation packages.

One-off allowance is paid to employees upon retirement. The amount of this payment is established depending on the total work experience in the organisations of the electric power industry and can range from 1 to 7 fixed official salaries.

In 2021, non-working retirees were vaccinated against COVID 19, helped through the renewal of compulsory health insurance policies, advised on the organisation of medical care.

The Company's retirees received gifts on the Day of the Elderly and were offered to visit theatres and museums.

Arrangements were made to congratulate retirees with the professional holiday – the Day of the Power Engineer.

SPORTS POLICY

GRI 403-6

The sports policy is actively supported by employees, is covered in the media and is aimed at popularising sports, healthy lifestyle among Rosseti Centre's employees.

Due to the spread of a new coronavirus infection in 2021, mass gathering events were restricted. Given the lock-down requirements imposed on the regional and national level, the corporate events involved as many employees as possible in permitted face-to-face and remote sports and cultural events, provided that all proactive and preventive measures were met.

The Russian Ministry of Energy initiated a number of online events, including chess, running and walking, as part of the remote recreational activities for employees, including those working from home due to the epidemiological situation in the country. More than 150 employees of the Company take an active part in these events and showed decent results.

From 6 to 7 February 2021, a representative team of Rosseti Centre and Rosseti Centre and Volga region joined in a cross-country skiing competition among fuel and energy sector companies backed by the Russian Ministry of Energy and came in second.

Between 20 and 21 May 2021, Rosseti Centre and Rosseti Centre and Volga region held the VII Open Ice Hockey Tournament dedicated to the 76th anniversary of Victory in the Great Patriotic War; there were nine teams from Rosseti Centre and Rosseti Centre and Volga region, comprising a total of over 130 people.

In accordance with the sports events plan for 2021, the Ministry of Energy of the Russian Federation held a hockey tournament on 4–5 September and a track-and-field and swimming competition among fuel and energy companies on 18–19 September. The Company's employees participated in these competitions and showed good athletic results.

Employees of the Company, as part of Rosseti combined team, went in for and showed good sports results in the table tennis competition among fuel and energy sector companies, which was held in October 2021 at the Table Tennis Centre in Krylatsky (Moscow) under the sponsorship of the Ministry of Energy of the Russian Federation.

In November 2021, Rosseti Centre team participated in the traditional XIth Botvinnik Memorial Open Chess Tournament for Power Engineers hosted by PJSC FGC UES jointly with JSC STC FGC UES, in an online format.

RECREATION AND HEALTH IMPROVEMENT OF EMPLOYEES' CHILDREN

In accordance with the Collective Bargaining Agreement, employees enjoy the right for reimbursement for vacation packages purchased for children's recreation and health improvement. Thus, in 2021 more than 300 children of employees had holidays in out-of-town children's health camps.

In April 2021, Belgorodenergo held the XIVth Children's Sports and Athletic Contest.

On 1 September 2021, the branches hosted various events for first-grade children.

Many branches organised "New Year's Tree Parties" for employees' children.

VETERAN OUTREACH

Every branch of the Company has in place Veterans' Councils that assist in identifying the retirees in hardship and in organising joint events dedicated to holidays and anniversaries.

anniversary of the Great Victory, involving home visits to veterans to congratulate them and present them with gifts.

Non-working retirees-veterans of the Company's branches were congratulated with the International Elderly People's Day.

In May 2021, branches hosted celebrations to mark the 76th

Veterans of the branches had a chance to join various excursion trips and tours during the year 2021.

TRADE UNION MOVEMENT

The Company's primary trade union organisation¹, full name – Rosseti Centre's Primary Trade Union Organisation of the Interregional Organisation in Moscow and the Moscow Region of the All-Russian Electroprom, includes 12 trade union organisations (in the executive office and 11 branches). As of the end of 2021, the number of employees who were members of the trade union organisation amounted to 19,608 people.

In autumn 2021, the parties to the social partnership held collective bargaining talks, which resulted in the signing of Rosseti Centre's Collective Bargaining Agreement for 2022–2024 on 13 December 2021.

In addition to the social support of employees, interaction with the trade union includes co-organising and conducting corporate events, which are fully funded by the primary trade union.

GRI 403-6

To promote a healthy lifestyle, trade unions organise sporting and recreational events – winter and summer fishing competitions, rent gyms, swimming pools and fitness clubs.

The branches' trade unions assisted in arrangement of excursion trips for employees and employees' children, congratulation of employees on the Defender of the Fatherland Day and the 8th of March.

12

trade union organisations

are united by the Company's primary trade union organisation

19.6 ths

of employees

are members of a trade union organisation

¹ Full name – Primary trade union organisation of PJSC Rosseti Centre of the Interregional Organisation in Moscow and the Moscow Region of the Public Organisation "All-Russian Electrounion".

EFFORTS DURING COVID-19 PANDEMIC

GRI 403-6

In response to the spread of the new coronavirus infection, Rosseti Centre undertook the following measures to protect the health and wellbeing of personnel and to render social support for employees, their families and retirees:

- all 11 branches and the executive office of the Company set up headquarters for the prevention and prompt response to the coronavirus spread to strengthen monitoring and management of the coronavirus infection spread in business operations regions;
 - part of the staff was transferred to work from home – 75% of administrative and managerial personnel and up to 15% of production personnel;
 - remote work mode was mandatory for all employees aged over 65;
 - employees who have children under the age of 16 and are not in a position to care for them in the setting of closed school and pre-schools were also transferred to work from home or had an option of taking a paid leave;
 - individual protection of employees was promoted through the following measures: day-to-day temperature control in all branches and the executive office of the Company, provision of staff with medical masks and antiseptic products;
 - the Company's Contact Centre set up a hotline for calls and consultations from/to Rosseti Centre's staff on issues related to the business processes amid an unfavourable epidemiological environment;
- preventative measures against the spread of coronavirus infection were strengthened by a special memo deployed by Contact Centre specialists to advise the Company's staff on the remote work or detection of coronavirus infection symptoms;
 - the deadlines of employees training requiring travel to other regions were postponed;
 - social affairs commissions were set up to review applications for one-off financial assistance for employees and non-working retirees who find themselves in a difficult living situation due to COVID-19. To date, 396 employees and non-working retiree received financial aid worth RUB 4.9 mn;
 - employees suffered from the new coronavirus infection were granted up to three additional paid days of leave;
 - to prevent the spread of coronavirus infection, Rosseti Centre had about 23,000 tests for COVID-19 conducted in 2021;
 - the Company was arranged vaccination of personnel with paid holidays across all territories of its presence. As of 31 December 2021, 26,000 employees received one or two vaccine doses, representing 91% of Rosseti Centre's total workforce.

ALL MEASURES TAKEN WERE SYNCED WITH CHANGES IN THE SITUATION WITH THE SPREAD OF CORONAVIRUS INFECTION IN A PARTICULAR REGION AND WERE AIMED AT CONTINUOUS OPERATION OF THE POWER GRID COMPLEX IN THE REGIONS OF OPERATION.

Occupational Health and Safety

OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY MANAGEMENT

GRI 103-2

Reducing the injury rate intensity, including preventing fatal injuries at work, is the main goal and objective of the Company in the field of occupational health and safety. The Company's management considers the life and health of employees to be its priority. The main document setting forth the principles and priorities in this area is the Rosseti Group's Occupational Health and Safety Policy.

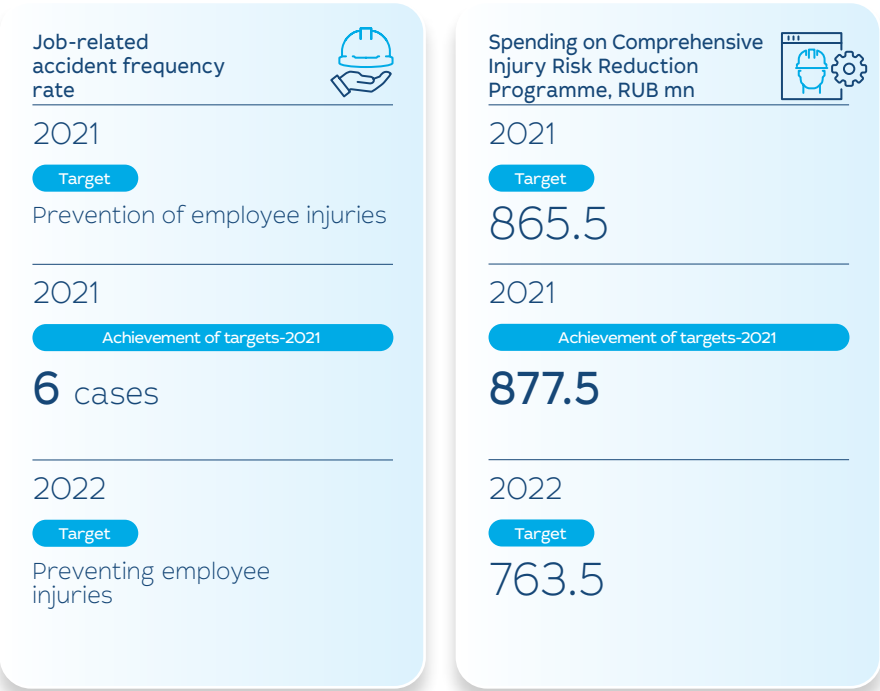
In the reporting year, Rosseti Centre undertook the following activities to preserve the life and health of employees during their work activities:

- GRI 403-6 GRI 403-7

 - medical examinations at the commencement of employment and periodic medical examinations;

GRI 403-5
- training and testing knowledge of rules, occupational safety standards, operating and maintenance rules, fire safety and other state standards and rules;
 - labour protection briefings;
 - providing the employees with special clothing, safety shoes and other personal protective equipment;
 - providing with necessary electrical protective equipment;
 - providing sanitary and living facilities (dressing rooms, break and meal rooms, showers for staff);
 - providing benefits and compensations for work in hazardous conditions;
 - conducting special assessment of work conditions;
 - monitoring technical condition of equipment, tools, buildings and structures;
 - monitoring compliance with the requirements of occupational safety regulations.

OCCUPATIONAL SAFETY AND HEALTH TARGETS



Comprehensive staff injury risk reduction programme
The Company has in place the Comprehensive Staff Injury Risk Reduction Programme for Rosseti Centre and Rosseti Centre and Volga region for the period from 2021 to 2022¹ (hereinafter, the Programme). The main goal of the Programme is to prevent occupational injuries and preserve the life and health of Rosseti Centre's employees.

The Programme involves systematic measures for the work safe practices in conditions of increased danger to personnel, both due to the design and location of equipment and due to possible erroneous and incorrect actions of employees that may lead to serious consequences. In addition, the Programme includes measures to train the Company's employees and to supervise their actions.

¹ The programme was approved by Order of Rosseti Centre, PJSC No. 1-TsA dated 11 January 2021.

GRI 403-5

The Programme includes the following activities:

- Activities aimed at professional development, staff motivation, staffing and retention
- Training in safe work practices with electrical installations
- Improving procedures for safe scheduled and emergency operations on electrical installations
- Training in compliance with road traffic safety and vehicle operation
- Training of employees how to use personal protective equipment for safe work practices
- Targeted action programmes (Programmes (schedules):
 - › For the replacement of injury-prone equipment and elimination of injury-prone areas;
 - › Programme for upgrading or retrofitting/re-equipping with modern safety means of special machinery and vehicles used for works and personnel transportation;
 - › Programme for equipping the Company with the necessary number of hoists to work on the overhead line towers, including those based on offroad vehicles to be used in hard-to-reach areas;
 - › Programme (schedule) for video recording of crews' permits to work as per work orders and instructions;

Vision Zero concept

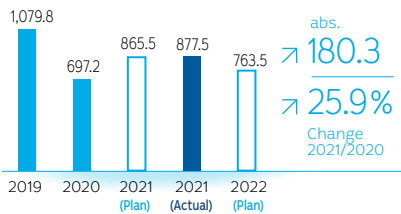
In December 2017, the Russian Ministry of Labour became an official partner of the Vision Zero global campaign, signing a memorandum on the involvement of national companies in the global campaign of the Concept and in the implementation of a company-level injury prevention strategy.

Vision Zero, or Zero Injury Rate, is a ground-breaking approach to injury prevention that integrates the three pillars of safety, health and well-being at all levels of operations.

- Programme (schedule) for integration (equipping) of modern tools and appliances for working at heights;
- Programme (schedule) of equipping the Company's branches with simulators to train personnel on prompt switching operations and to master practical skills of the operating and maintenance personnel;
- Programme (schedule) of equipping the Company's branches' teams with modern devices for diagnostics of the technical condition of wooden and reinforced concrete poles;
- Programme (schedule) for supplying crews with shoring and setting tools).

Spending on Comprehensive Injury Risk Reduction Programme in 2019–2022, RUB mn

GRI 403-7 GRI 403-9



26%
increase in costs compared to 2020

In 2021, the measures of the Comprehensive Programme to Reduce Injury Risks were fully implemented.

The 2021 planned cost overrun is associated with changes in working conditions and personnel changes, which required additional costs for the special assessment of working conditions, providing employees with protective clothing and footwear, medical examinations, etc.

The costs of the Comprehensive Programme are determined by the frequency of occupational safety activities (periodic medical examinations – once every 2 years, special assessment of working conditions – once every 5 years).

In 2021, the heads of occupational health and safety departments of S&As and branches of Rosseti's Group of companies held their first meeting on the Vision Zero concept. Rosseti Centre and Rosseti Centre and Volga region were first to pilot the project of the Zero Injury Concept.

The Vision Zero steps taken by the Company in 2021:

- Approval of the Programme to Implement the Zero Injury Rate Concept¹;
- Meetings on the implementation of the Zero Injury Concept, including the development of leadership qualities among managers and specialists of the Company;
- Meetings with the employees of branches, PGRs and trade unions of the Company's branches in a dialogue format, and personnel survey on occupational safety issues;
- Training of zero injury rate trainers;
- Joint trainings on implementation of the Concept with employees of occupational safety services and personnel departments of branches in production business units.

- Statutory regulation**
- The Company has developed and abides to the following regulatory documents in the field of injury reduction:
- Comprehensive Staff Injury Risk Reduction Programme for Rosseti Centre and Rosseti Centre and Volga region for the period from 2021 to 2022;
 - Guidelines on the Internal Technical Control System of Rosseti Center and Rosseti Centre and Volga region;
 - Occupational Safety Policy adopted by Rosseti's Group of companies;
 - Regulations on the Corporate Labour Protection Management System of IDGC of Centre and IDGC of Center and Volga Region;
 - Order of the Company No. 208-TsA dated 12 May 2021 "On Introduction of the Zero Injury Rate concept in IDGC of Centre and IDGC of Center and Volga Region;
 - Laws and regulations including state and industry regulatory requirements for occupational safety and health.

- Key measures to control occupational injuries**
- To prevent occupational injuries, the Company conducts:
- inspections of permanent and temporary workplaces and working teams;
 - pre-shift examinations and health checks of production personnel;
 - checks of crews' readiness to work¹.

The Company established Key Safety Rules, which, if violated, constitute gross violations that require an immediate response, such as work stoppage, and developed a procedure for on-site monitoring of occupational health and safety in the territories of business units.

Assessment of working conditions

A special assessment of working conditions is regularly carried out at all workplaces of Rosseti Centre, involving the identification of hazardous and harmful factors of the working environment and measures taken to reduce the impact of such factors on the Company's employees.

In 2021, the special assessment covered 9,327 workplaces in the branches and 171 workplaces in the Company's executive office. According to the assessment results, the number of workplaces with harmful conditions decreased by 3.5% in the reporting year due to improved working conditions (normalisation of light environment parameters, microclimate parameters, etc.).

Production personnel working with electrical installations are exposed to the risk of accidents due to electric shock (the most significant risk of accidents).

Occupational health and safety costs

In 2021, the spending on personal protective equipment and prevention of work-related accidents increased year-on-year due to higher inflation-driven unit prices.

There was a slight fall in expenses for general improvement of working conditions and for sanitary and hygienic measures taken to prevent occupational diseases due to the available schedule of special assessment of working conditions at workplaces (at least once every 5 years) and periodic medical examinations of personnel.

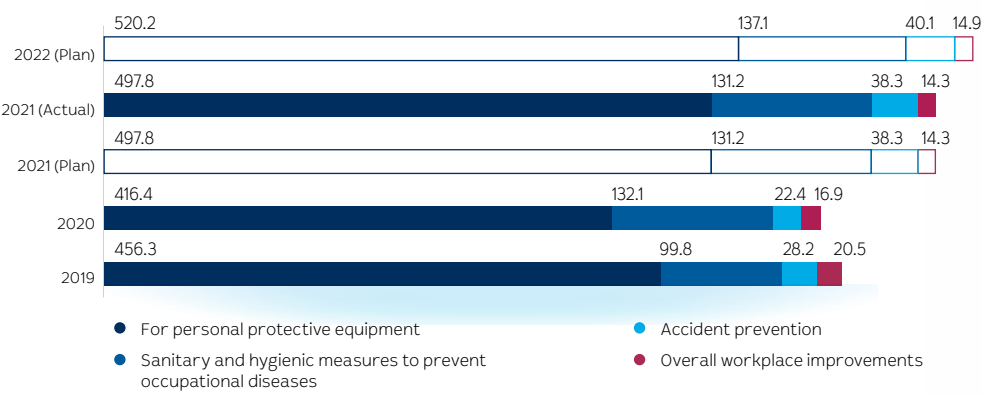
Occupational safety costs in 2019–2022

Indicator	2019	2020	2021		2022 plan	Δ 2021/2020	
			plan	actual		abs.	%
Occupation safety expenses, RUB mn	604.8	587.8	681.6	681.6	712.3	94.0	16.0
Specific occupational safety costs per employee, RUB '000	20.4	20.6	20.5	20.5	21.4	−0.1	−0.5
Specific personal protective equipment costs per employee, RUB '000	16.1	15.5	14.5	14.5	15.2	−1.0	−6.5
The share of occupational safety costs in the costs of production and sale of products (services) ² , %	0.72	0.7	0.2 minimum	0.75	0.2 minimum	0.05	7

¹ Order No.208-TsA of IDGC of Centre dated 12 May 2021.

¹ As stipulated by the guidelines on the Preparation of crews for production operations in IDGC of Centre there is the Three-Step Rule.
² In accordance with Art. 226 of the Labour Code of the Russian Federation, initiative to improve working conditions and occupational safety are financed at a minimum rate of 0.2% of total costs of production (works, services).

Occupational health and safety costs in 2019–2022, RUB mn GRI 406-3



OCCUPATIONAL INJURIES AND OCCUPATIONAL DISEASES

Occupational injury rates in 2019–2021 GRI 403-9

Indicators	2019	2020	2021
Number of job-related injuries per 1,000 employees			
Non-disabling	0	0	0
Moderate	0.0681	0.0697	0.0359
Fatal	0.0341	0.0697	0.18
Lost time injury frequency rate (LTIFR) ¹	0.136	0.244	0.216
Number of people injured in accidents	4	7	6
Number of fatalities	1	2	5
Injury severity rate (ISR) ²	234	170	236
Number of occupational diseases per 1,000 employees			
Lost day rate	31.82	41.48	51
Absentee rate	0.000078	0.000076	0.0001
Number of job-related fatalities among independent contractors working at the organisation's facilities	0	0	0

In 2021, there were six job-related accidents, five of which involved electric shock of an employee and one – falling objects on the employee. There were six victims among Rosseti Centre's employees: five suffered fatal injuries and one was seriously injured.

After each accident, the Company set up a commission to investigate its causes, suspended scheduled operations in the relevant business unit and gave unscheduled safety briefings. Based on the results of the investigations, the Company issued orders with an action plan how to prevent similar accidents in the future, employees of the respective business units were filled in on the circumstances and causes of the accidents and received additional theoretical and practical training.

Occupational injuries of contractors' employees

GRI 403-9 EU25

The Company is fully committed to preventing injuries to contractor employees under the Regulation RG BP 18/01-03/2019 “Authorisation Procedure at IDGC of Centre and IDGC of Center and Volga Region for supplemental personnel and personnel of construction and installation companies”.

Contractor agreements concluded by the Company with contractors stipulate:

- The contractor’s responsibility for its personnel’s failure to comply with the regulatory requirements for occupational health and safety during works and with the Company’s internal labour regulations;

- The right of the Company to monitor how the contractor personnel observe the occupational safety, industrial and fire safety requirements, etc. at the contractor’s working places and take measures to stop the violations, suspend the works, remove the contractor’s personnel from the territory of the power facility / protected area of the overhead line until they eliminate all detected violations;
- Complement of the contractor’s personnel with serviceable and tested protective equipment, special clothing, tools and devices under the applicable standards for the work to be performed.

In the reporting year, there were no accidents involving contractors’ personnel.

Work-related ill health

GRI 403-10

The Company’s employees working in harmful and hazardous working conditions undergo medical examinations upon entering employment, periodic medical examinations and, if necessary, additional examinations.

No cases of work-related ill health were registered for the period from 2019 to 2021.

There were no fatalities caused by work-related ill health during the reporting period.

FIRE SAFETY

There were six fires in the Company in 2021:

- 18 March 2021, Voronezhenergo branch: A fire caused by third parties occurred in a building previously used as a living quarters for substation duty personnel. The book value of the building is zero. No equipment was damaged;
- 12 April 2021, Tverenergo branch: the low fire (caused by third parties) damaged one pole and wires of the 0.4 kV overhead line in Zalesye village;
- 17 April 2021, Tverenergo branch: a house fire caused by third parties damaged 10 wooden poles of the 0.4 kV line in Rassadniki village;

Information on the number of fires in 2019–2021

Indicator	2019	2020	2021
Number of fires	0	1	6

- 21 June 2021, Tverenergo branch: phase “A” porcelain case of the 110 kV current transformer in Likhoslavl 110 kV substation got destroyed with oil discharge and further ignition. The fire damaged the MMO 110 110 kV circuit breaker and three TFND 110 kV current transformers;
- 26 June 2021, Orelenergo branch: the Naryshkino 110/35/10 kV substation caught fire after KTP N-7-6 packaged transformer substation was hit by lightning. The resultant fire damaged three PBO-10 surge arresters, three IPU-10 tube bushings, a TM-250 power transformer, three AV-0.4 kV circuit breakers;
- 16 July 2021, Tverenergo branch: due to a lightning strike, the Toropets 110 kV substation caught fire that damaged 35 kV T1 switch. The fire was extinguished using the resources of the Ministry of Emergency Situations.

The investigation results were used to work out preventive measures which were then implemented in full and on time during the reporting year.

¹ LTIFR = N × 1000 / H (N – number of recorded occupational accidents during the reporting period, disabling a person for one or more days; H – average headcount).
² ISR = D/N (D – number of disability days for all cases; N – total number of accidents).

Public and Consumer Safety

Comprehensive third-party injury risk reduction programme

Power transmission lines, transformer substations and distribution points have no negative environmental impact. According to measurements, the levels of electromagnetic fields and noise of power grids and transformer substations are well below permissible levels. However, the power grid facilities of the Company are ultra-hazardous as related to electricity.

The Company has in place the 2021–2022 comprehensive third-party injury risk reduction programme to be followed at all Rosseti Centre's facilities.

The costs of the comprehensive third-party injury risk reduction programme increased by 14.7% and amounted to RUB 139.0 mn in 2021 (against RUB 121.2 mn in 2020), driven by a larger scope of work for the replacement of uninsulated wires of branch lines to power inputs to residential buildings and uninsulated wires of 0.4 kV overhead lines in populated areas with self-supporting insulated wires.

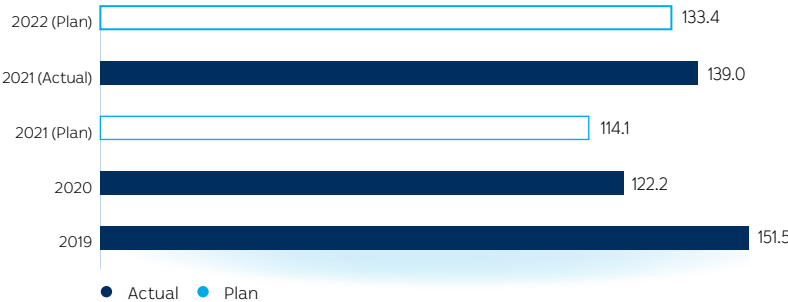
The Programme involves the following measures:

- Assessment and bringing the technical condition of electrical installations into compliance with safe operation requirements (design, electrical installation rules, technical operation rules, regulatory legal acts, and regulatory and technical documentation);
- Information support to prevent electrical injuries;
- Cooperation with authorities, control and supervisory bodies, law enforcement, and security agencies, and public relations (also with vacationists, gardeners, and fishermen);
- Prevention of electric injuries among children and teenagers;

EU18

- Prevention of electric injuries among the third-party and contractor employees, including owners and drivers of heavy and special lifting vehicles;
- Prevention of equipment and material stealing from power grid facilities;
- Prevention of electric injuries in case of unauthorised power grid connection.

The costs of the comprehensive third-party injury risk reduction programme in 2019–2021, plan for 2022, RUB mn



Key areas of third-party safety

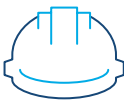
The main causes of accidents with third parties at the Company's facilities in 2021 were: uncoordinated work in the overhead line protection zone, attempts to steal non-ferrous metal, unauthorised works on the power input to a private household, and trespassing of the Company's power facilities for various purposes not related to the production of works.

In order to protect the power facilities, the Company launched real-time video surveillance systems in the reporting year to monitor 35 kV and above substations. In addition, technical specifications for new construction or comprehensive renovation of a substation will now include minimum requirements for the video surveillance system.

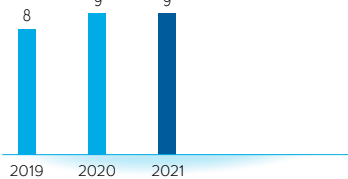
- The Company is taking various preventive measures to make the third parties are safe at its facilities:
- with the help of volunteers and representatives of public organisations, distributing printed products on safety precautions;
 - attaching electrical hazard awareness leaflets to responses to customer messages received by the online reception desk and customer service departments;
 - recording and publishing thematic audio and video clips on the prevention of electrical injuries, including children's injuries, on regional radio stations and TV channels;
 - publishing information on the prevention of electrical injuries, including electrical safety video clips in the All-Russian Integrated Public Notification and Warning System (OCSION).

Cases of third-party injuries at the Company facilities

EU25



The number of injuries of third parties at the Company's facilities

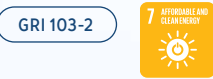


In the reporting year, the Company continued the work on the prevention of accidents with third parties at power grid facilities, in particular:

- Updating the lists of the most hazardous sections of overhead power transmission lines¹, and installing electric hazard boards, stands and signs at the specified locations;
- Replacing non-insulated wire branches to the residential buildings with self-supporting insulated wires (SSIW), as well as non-insulated wires of 0.4-10 kV overhead lines – with insulated wires or SSIW in populated areas;
- Taking electric hazard awareness measures to prevent electrical injuries, including media coverage of accidents on electrical installations involving third parties and on safety measures, as well as distributing preventive printed products in horticultural communities;
- Installing warning boards and signs at the crossing points of power lines with water bodies to prevent fishing in the overhead line protection zone;
- Continuing work on relocation of overhead lines and transformer substations away from schools and kindergartens;
- Distributing printed products on safety measures to be taken during loading and unloading operations in the protective zones of power transmission lines to students of driving schools and professional educational institutions, to the units of the State Traffic Safety Inspectorate that perform state registration of special equipment, as well as to the instrumental control and technical inspection points;
- Distributing leaflets to residents of private households warning about the deadly dangers of unauthorised grid connections and describing the safe procedure thereof.

¹ Places of possible fishing, intersections with roads and water bodies passing through farmland and populated areas (settlements), recreation areas, summer cottages, and garage cooperatives, near airports and aero clubs, paratroopers landing sites, social facilities, etc.

Environmental Protection



ENVIRONMENTAL POLICY

GRI 307-1

Rosseti Centre considers environmental protection activities to be an integral part of its day-to-day work, being fully aware of the necessity to maintain ecological balance and ensure ecologically sustainable social and economic development of the Company.

In 2020, the Company came in on the Environmental Policy of the power grid complex¹ aimed at preserving a favourable environment for current and future generations.

The Company has a successful environmental management system operating in compliance with ISO 14001 requirements.

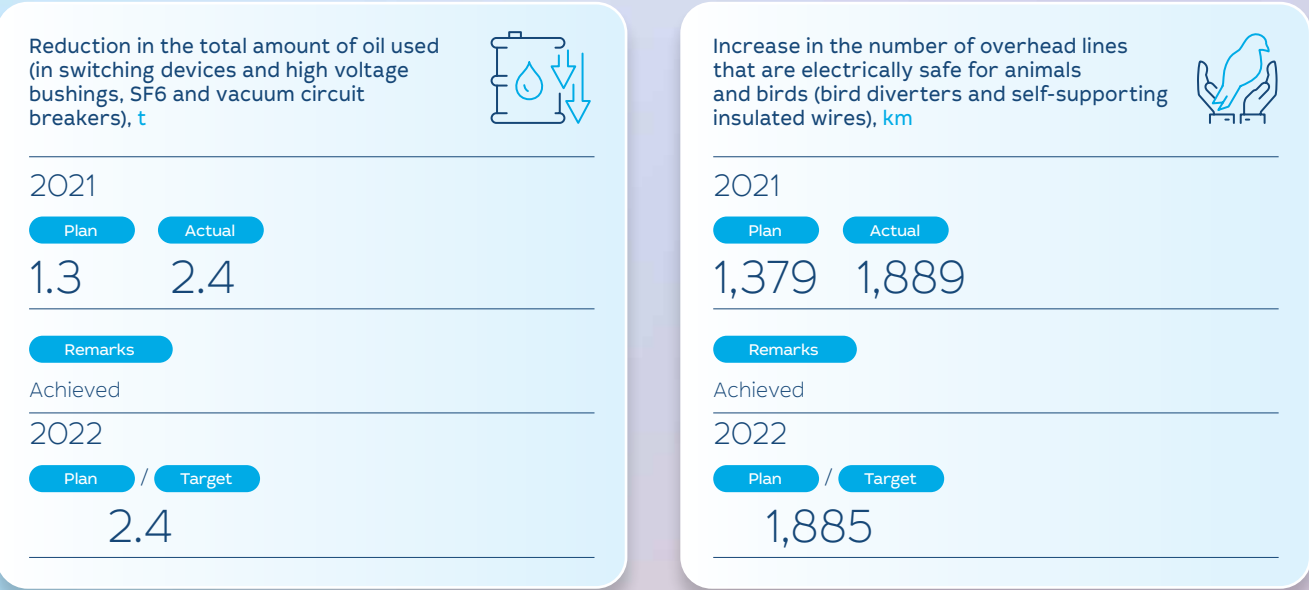
Internal regulatory documents on environmental protection:

- Guidelines on the Environmental Safety Management of IDGC of Centre and IDGC of Center and Volga Region;
- System of Environmental Management of IDGC of Center;
- Regulation on Management of Environmental Aspects of IDGC of Center.

As required by ISO 14001 and to minimise environmental risks, the Company at regular intervals evaluates external and internal factors (circumstances) related to the environmental management system, stakeholder needs and expectations, significant environmental aspects of the Company's operations, and legislative and other requirements related to the environmental aspects of Rosseti Centre's activities.

In order to meet the challenges of the Environmental Policy of Power Grid Complex, Rosseti Centre sets annual environmental targets. The environmental targets set for 2021 were achieved, and new targets were approved for 2022.

ENVIRONMENTAL TARGETS FOR 2021-2022



APPLICATION OF ADVANCED TECHNOLOGIES AND SOLUTIONS IN ENVIRONMENTAL PROTECTION

In 2021, the Company proceeded with the replacement of oil-containing equipment with vacuum one, as it reduces the risk of soil contamination, while having high reliability and being fire-safe.

Technical measures taken by the Company under the renovation and upgrade of the power grid complex, such as the use of self-supporting insulated wires (SSIW) or the installation of bird diverters on overhead lines, mitigate the risks of animals and birds dying during the operation of power facilities.

Environmental protection measures

Indicator	2019	2020	2021		2022 plan	Δ 2021/2020	
			plan	actual		abs.	%
Replacement of oil circuit breakers with vacuum ones	76	104	32	42	233	-62	-59.6
Self-supporting insulated wire on a 0.4 kV overhead line, km	1,647.2	962.2	846.9	1,185.5	1,110.7	223.3	23.2
Self-supporting insulated wire on a 6-10 kV over-head line, km	930.1	392.4	360.2	429.8	482.7	37.4	9.5
Bird diverters	7,925	8,459	4,400	4,885	4,806	-3,574	-42.3

ENVIRONMENTAL MANAGEMENT AND CONTROL

The Company employs 23 environmental specialists, who ensure environmental safety and carry out industrial environmental control. These employees undergone the training on approved programmes at specialised educational institutions.

As an environmentally responsible company, Rosseti Centre voluntarily certifies its environmental management system for compliance with the ISO 14001 international standards.

In 2021, the Company passed an external supervisory audit that confirmed compliance of the Company's environmental management system with the ISO 14001:2015 international standard.

In 2021, the Company continued to conduct internal audits as part of the internal technical control system, as well as environmental audits of the Company's branches to verify compliance with environmental legislation and ISO 14001 the international standard. These audits are carried out internally and help the Company identify the focus areas to reduce the negative environmental impact. The audits did not reveal any serious environmental violations, but did point out certain inconsistencies with the established requirements. The Company received post-audit comments and recommendations and made an action plan to correct the identified performance deficiencies.

Environmental costs in 2019-2022, RUB mn

Indicator	2019	2020	2021		2022 plan	Δ 2021/2020	
			plan	actual		abs.	%
Costs, total	42.0	45.7	38.0	36.2	43.8	-9.5	-20.8
Including:							
• Water conservation	8.0	7.9	7.0	6.5	8.2	-1.4	-17.7
• Air protection	9.1	14.1	6.4	6.1	7.7	-8.0	-56.7
• Protection from production and consumption waste	22.4	15.7	18.5	16.7	21.8	1.0	6.4
• Staff training (in environ-mental safety)	0.7	1.9	2.0	1.7	1.2	-0.2	-10.5
• Equipment of overhead lines with bird diverters	1.8	6.1	4.2	5.2	4.9	-0.9	-14.8

¹ According to the decision of the Board of Directors of IDGC of Centre (Minutes No. 42/20 dated 15 September 2020).

Environmental impact fee in 2019–2021, RUB '000

Indicator	2019	2020	2021	Δ 2021/2020	
				abs.	%
Environmental impact fee, total	805.0	808.6	829.0	20.4	2.5
Including:					
• for emissions of pollutants into the atmosphere	12.8	3.2	2.9	−0.3	−9.4
• for emissions of pollutants into water bodies	0.3	0.3	0.3	0	0
• for waste disposal	791.9	805.1	825.8	20.7	2.6
Environmental impact fee, total	805.0	808.6	829.0	20.4	2.5
Including:					
• permissible volume	805.0	808.6	829.0	20.4	2.5
• above-limit volume	0	0	0	0	0
• number of non-financial sanctions imposed	0	0	0	0	0
Total amount of fines imposed	0	0	0	0	0

ENVIRONMENTAL PROTECTION RESULTS¹

The initiatives taken to implement the Environmental Policy of the Power Grid Complex enforce the environmental laws of the Russian Federation and international environmental protection obligations, preventing the environmental risks

and preserving a favourable environment for current and future generations. The Company strives to meet the most promising requirements for mitigation of the environmental impact.

Rosseti Centre put in place the 2021–2025 Environmental Safety Programme² to implement the environmental policy in its power grid sector. According to the year-end 2021, we fulfilled the Programme both in terms of measures planned and in terms of cost performance on implementation thereof in the following focus areas.

Air protection

The main sources of atmospheric air pollution from the production activities of Rosseti Centre include:

- welding equipment;
- metalworking and woodworking machines;
- motor vehicles;
- painting and drying chambers;
- car repair equipment;
- oil facilities.

The main source of physical effect on the atmospheric air is electrical equipment of substations, which produces noise and an electromagnetic field (EMF).

In order to assess the level of physical impact, we take periodic instrumental measurements in the impact area of the branch facilities. The noise measurements taken results in the development of noise reduction measures.

In 2021, the Company used four gas purification units to clean the emissions from the woodworking units.

Air protection measures taken in 2021

- Industrial environmental control involves accredited laboratories to monitor stationary emission sources; during the reporting period no overages were detected;
- Two instrumental measurements were taken to monitor the efficiency of the gas purification units and it was found that the cleaning efficiency of all gas purification units complies with the datasheet specifications;
- Vehicles were checked for compliance with the norms of toxicity and smoke emissions during the state technical inspection. Vehicles that did not pass the state technical inspection in a timely manner were sidelined;

- Fourteen facilities made up an inventory of their emission sources and pollutants;
- Severe weather action plans were developed for 96 facilities;
- Sanitary protection zones were drafted for 10 facilities.

Noise and EMF measurements revealed that nine 35–110 kV substations have

high noise levels in the residential area. Two substations underwent technical noise reduction measures. The Company plans to reduce noise at the remaining seven substations in 2022.

Air emissions are calculated with reference to the inventory of sources and pollutant emissions and in line with the calculation of permissible air emissions rates. Coverage includes Company and its controlled entities.

As of the end of 2021, there was a 4.4% drop in gross air emissions compared to 2020 (in 2021 – 126 tonnes, in 2020 – 131.8 tonnes).

Air emissions, t GRI 305-7

Indicators	2019	2020	2021
Total gross air emissions	121.9	131.8	126.0
including:			
solid pollutants	9.0	8.9	8.7
gaseous and liquid pollutants	113.7	122.9	117.3
among them:			
• sulphur dioxide	0.4	0.5	0.4
• carbon oxide	62.6	69.4	66.5
• nitrogen oxides (expressed as NO ₂)	8.6	7.7	8.3
• hydrocarbons (without volatile organic compounds)	0.8	13.2	0.4
• volatile organic compounds	25.5	28.0	37.7
• Others			
trapped and treated harmful substanc-es, total	22.5	24.6	19.1
including:			
solid pollutants	22.5	24.6	19.1

Direct greenhouse gas emissions, t CO₂-eq. GRI 305-1

Indicators	2019	2020	2021
Total direct (Scope 1) greenhouse gas emissions, total	7,471.0	7,744.6	8,131.9
including:			
• carbon oxide (CO ₂) ¹	3,066.4	3,085.9	3,473.2
• methane (CH ₄)	0	0	0
• nitrous oxide (N ₂ O)	0	0	0
• hydrofluorocarbons (HFC)	0	0	0
• perfluorocarbons (PFC)	0	0	0
• Sulphur hexafluoride (SF ₆) ²	4,404.6	4,658.7	4,658.7

The direct greenhouse gas emissions (Scope 1) in 2021 grew due to an increased number of production assets and the long heating season of 2020–2021.

¹ Emissions data are presented for Rosseti Centre's Group of companies.

² Approved by Order No. 11-TsA on 13 January 2021 "On the Performance of IDGC of Centre and IDGC of Center and Volga Region in terms of Industrial and Environmental Safety in 2020 and Targets for 2021".

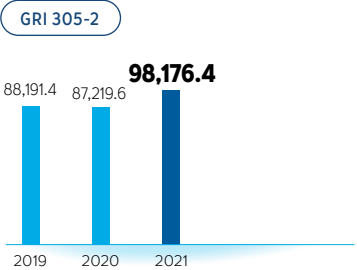
¹ The data are given in terms of the volume of gas consumed (boiler rooms).

² The data are based on the specified SF₆ leak limits.

Combating climate change

Reducing direct greenhouse gas emissions is directly linked to the measures to reduce the consumption of energy resources for production and business purposes. For example, the introduction of the VIALON system made it possible to control vehicle movements, build logistics and consequently reduce emissions. The Company has a strong focus on the clearing of right-of-ways, which are as good as fact firebreaks, and on the timely removal of felling residues.

Indirect greenhouse gas emissions (Scope 2)¹, t CO₂-eq.



Water protection and sustainable use

Rosseti Centre is heavily engaged in measures aimed at the protection of water bodies and the rational use of water resources. The main source of water supply is municipal centralised systems. If the Company cannot connect its facilities to centralised systems, it extracts groundwater from artesian wells. The water is used to meet the drinking and domestic needs of personnel, as well as for production activities, including fire safety. The Company does not withdraw water from surface water bodies.

GRI 305-5

Climate change, as currently observed, poses certain safety and sustainability risks. Anthropogenic activity is increasing the concentration of greenhouse gases in the atmosphere, thereby intensifying the greenhouse effect, warming the surface of the atmosphere and having an adverse impact on ecosystems and humanity.

The power grid complex is not among the carbon-intensive sectors of production. Nevertheless, Rosseti Centre contributes to the reduction of greenhouse gas emissions in the following ways:

- Reducing power grid losses, energy saving and improving energy efficiency;
- Reducing direct greenhouse gas emissions from fuel combustion through the electrification of the Company's transport: 27 charging stations for electric cars were installed at Rosseti Centre's facilities;
- Using energy storage systems (ESS) instead of diesel units as distributed power supply sources: Rosseti Centre placed into service 19 ESSs.

The indicator rose due to the commissioning of new facilities (single grid control centres) and higher thermal energy consumption during the 2020–2021 heating season.

The Regulations on Technical Policy in the Power Grid Sector of Rosseti stipulates the use of SF6 circuit breakers as switching devices in 110 kV and above power grids. Currently, there is no alternative to 110 kV and above SF6 circuit breakers with similar performance characteristics; whenever up to 35 kV switching equipment is used, preference is given to SF6 circuit breakers.

The Company works towards energy saving and efficiency improvement in order to reduce the consumption of energy resources for business needs.

GRI 303-1

The Company has six wells for groundwater extraction. All of the wells have licences for the use of subsurface resources.

Rosseti Centre is a water user. Tverenergo branch discharges surface wastewater into a water body: water is collected from the mechanisation and transport services site by a closed stormwater runoff into an oil trap. The treated wastewater is then discharged into an unnamed stream (a tributary of the Lyutinka River). The Company signs agreements with accredited laboratories to carry out annual laboratory testing of water for chemical, microbiological and parasitological parameters.

The results of the researches in the reporting year showed slight exceeding of the levels of permissible discharges in waste water as well as in natural water in terms of iron content. Other water quality indicators were within normal range. The Company fully complied with all usage conditions of a water body in 2021.

In 2021, the Company took the following measure to promote protection and rational use of water resources:

- Compliance with the licensing conditions for the use of subsoil sites for groundwater extraction: control of water reserves, accounting for water withdrawal volumes, compliance with the health protection zone regime;
- Implementation of instrumental monitoring of ground water quality and pollutant levels for discharge of treated storm water into surface water bodies and natural water in cross sections (Tverenergo branch);
- Control over compliance with the maximum permissible concentrations of harmful impurities in discharges into domestic and storm water sewerage;
- Re-issuance of subsoil use licences due to change of legal entity's name.

Breakdown of the total volume of withdrawn water by source, ths m³

GRI 303-3

Indicators	2019	2020	2021
Total water withdrawal and pro-duction	206.9	206.0	218.0
including:			
• from surface sources	0.0	0.0	0.0
• from underground sources	25.8	26.4	27.4
• from other sources	181.1	179.6	190.6
Total water used	206.9	207.3	218.6
Including:			
• for household and drinking needs	200.9	200.2	208.9
• for production needs	6.0	7.1	9.7
Total water discharge into surface water bodies	20.5	24.8	29.3
Including:			
• contaminated water (non-treatment)	0.0	0.0	0.0
• contaminated water (insufficiently treated)	20.5	20.5	23.5
• treated water as per established standard:	0.0	3.9	5.8
• at mechanical treatment facilities	0.0	3.9	5.8

The increase in water consumption in 2021 was caused by the transfer of some personnel from work from home due to the lifting of restrictions related to the COVID-19 pandemic.

Total discharges, indicating the quality of wastewater and the receiving body, ths m³

GRI 303-4

Indicator	2019	2020	2021
Discharge to surface water bodies	20.5	24.8	29.3
Total discharge of water into sur-face water bodies:	0.0	0.0	0.0
mining waters	0.0	0.0	0.0
collector and drainage waters	1.4	5.3	7.2
waste water from other water re-moval systems	19.1	19.5	22.1
Transfer to third parties			
Total water transfer to third parties:	148.3	153.4	159.6
waste water into the domestic water disposal system (used)	148.3	153.4	159.6
waste water into the domestic water disposal system (not used)	0.0	0.0	0.0
Surface water sold to third parties	0.0	0.0	0.0
Municipal water sold to third parties	0.0	0.0	0.0
TOTAL	168.8	178.2	188.9

Waste management

GRI 306-1

GRI 306-2

GRI 306-3

The Company's production and consumption waste management is aligned with the current environmental laws. Sources of waste

generation by Company are the repair and maintenance of power grid facilities, territory cleaning and office activities.

Rosseti Centre transports production and consumption waste under a perpetual licence¹ issued in 2021 by the Interregional Department of the Federal Service for Supervision of Natural Resources in Moscow and the Kaluga Region.

¹ The data is based on electricity and heat consumption for household purposes.

¹ Licence No. (77) -770324-T/P dated 12 October 2021 was re-issued during the reporting year due to the change in the name of the Company's legal entity.

In the reporting year, Rosseti Centre took the following steps in production and consumption waste management:

- Taking inventory of waste as required by the Company’s internal regulations at 49 sites of branches;
- Acquiring 21 containers for selective waste accumulation and 54 demercurisation kits;
- Recording waste generation and movement by branches and legal entity;

- Arranging 12 waste accumulation sites;
 - Transferring production and consumption waste to specialised organisations for subsequent recycling, treatment and disposal.
- The Company’s production wastes temporarily stored on the territory of industrial sites have a minimal environmental impact for the following reasons:
- Wastes generated in the course of operations are accumulated for a period not exceeding 11 months;
 - The business units have waste accumulation sites (areas, containers, etc.) equipped to sanitary and hygienic and environmental requirements;
 - Persons responsible for waste management are making every effort to comply with environmental requirements;
 - Waste generated in the course of production and business activities is handed over to third-party specialised organisations.

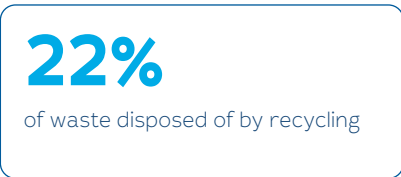
Breakdown of total generated waste by class, t

Indicators	2019	2020	2021
Total generated waste, t	7,093.2	8,371.4	7,588.2
including:			
• Class I waste	73.8	10.4	9.2
• Class II waste	26.2	32.6	26.9
• Class III waste	126.4	90.0	97.1
• Class IV waste	4,120.9	4,913.1	4,776.6
• Class V waste	2,745.9	3,325.3	2,578.4
Total recycled waste	2,487.4	2,459.5	1,665.7
including:			
• using own resources	0	0	0
• by third parties	2,487.4	2,459.5	1,665.7

Waste generated during the Company’s activities, t

Indicators	2019	2020	2021
Total generated waste	7,093.2	8,371.4	7,588.2
including:			
• Hazardous (1–4 hazard classes)	4,347.3	5,046.1	5,009.8
• Non-hazardous (5 hazard class)	2,745.9	3,325.3	2,578.4
Total generated waste	7,093.2	8,371.4	7,588.2
Including by the method of disposal:			
• re-use	0	0	0
• recycling (treatment and disposal)	2,487.4	2,459.5	1,665.7
• composting	0	0	0
• recreation	0	0	0
• incineration	0	0	0
• integrated treatment	0	0	0
• landfill	0	0	0
• storage	0	0	0
• others (placement)	465.8	5,911.6	5,820.3

The volume of production and consumption waste generation in 2021 increased due to a larger amount of class 4 and 5 waste (scrap of ferrous metals and residues of branches, branches, tops from logging).



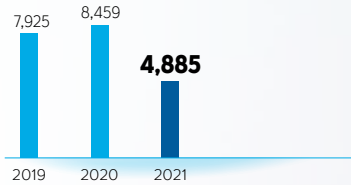
Conservation of biodiversity and protection of land resources

GRI 304-1GRI 304-3G4-EN12

The issue of wildlife protection during industrial activities is one of the key issues in the Environmental Security Programme. Birds often use power line poles to rest and track prey. Installation of bird diverters is the most effective way to prevent the death of birds from exposure to electric current. Bird diverter elements are made of polymer dielectric materials; their design provides insulation of live parts, makes it difficult for birds to land on traverses, and prevents nesting on poles. In 2021, the Company’s branches inspected cable glands, inter-cell cable channels and sight windows of high-voltage compartments in switchgear cells for possible animal penetration and installed repelling devices against small rodents.

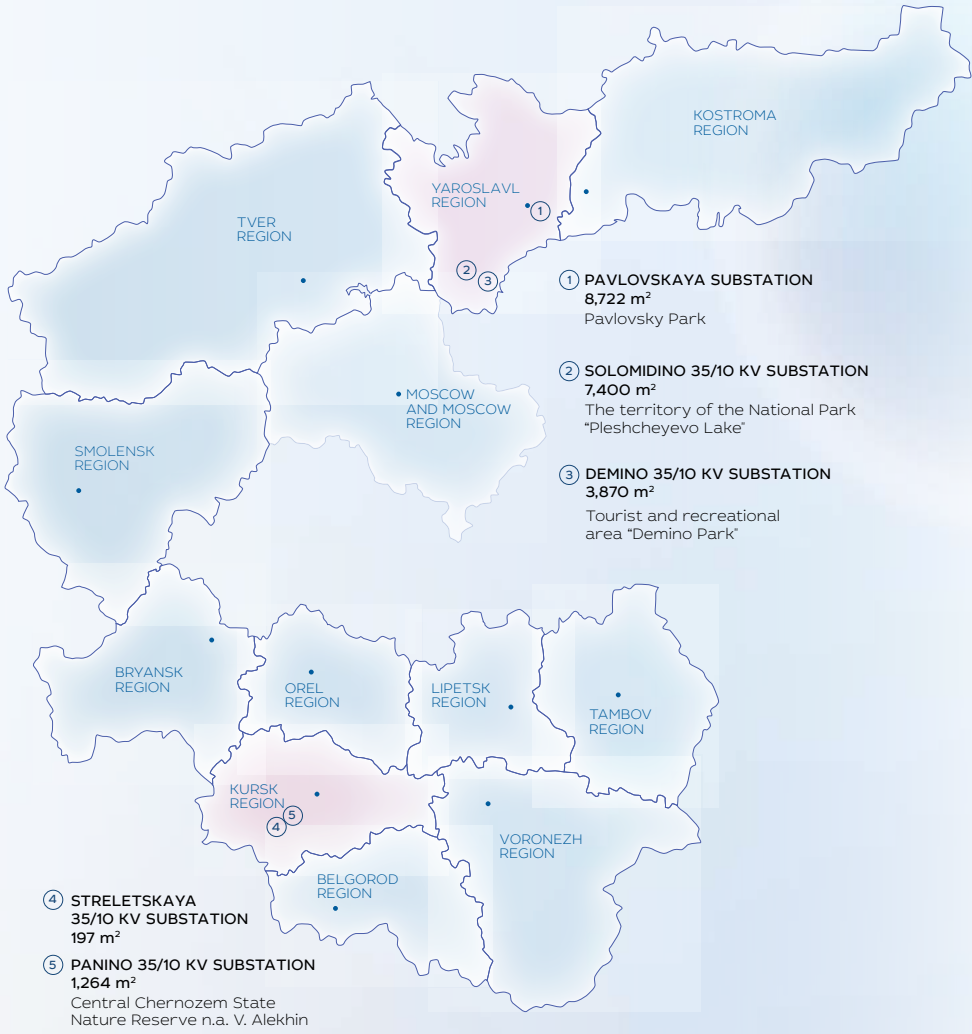
Technical measures taken during the renovation and upgrade of the power grid complex, such as the use of SSIW, also mitigate the risks of animal and bird death during the operation of power facilities. In 2021, the length of 0.4–35 kV overhead lines fitted with SSIW increased by 1.6 ths km. The Company also installed 4,885 bird diverters on 6–110 kV overhead lines. Thanks to this, the Company will enhance reliability, reduce the cutting area of the right-of-way clearing, and also completely eliminate the death of birds on the overhead lines.

Fitting of overhead lines with special bird diverters



Environmental protection and forest restoration of the local communities are a major concern for Rosseti Centre. Under the environmental initiatives, the Company’s employees are actively engaged in restoration of natural balance, tree planting, landscaping of urban and rural areas, and improvement of territories around the business units.

Rosseti Centre has five substations located in specially protected natural areas. The total area of land plots used to locate these facilities is 21.5 ths m².



The facilities located in specially protected natural areas are maintained by the Company in accordance with the special protection regime and the intended purpose of the land. The Company agrees planned works with authorised bodies and does not conduct them during the breeding season of animals and birds.

In 2021, Smolenskenergo branch was subject to a scheduled field inspection by the Federal Service for Supervision of Consumer Rights Protection and Human Welfare in the Smolensk Region. No observations regarding environmental protection laws were found.

Decommissioning of equipment containing polychlorinated biphenyls

Rosseti Centre follows the Power Grid Sector Environmental Policy and complies with the obligations of the Stockholm Convention on Persistent Organic Pollutants in terms of decommissioning and transferring equipment containing polychlorinated biphenyls (PCBs) for disposal, the Company decommissions this equipment in accordance with the schedule approved by the Company's Board of Directors in 2017. In the reporting year, the Company transferred 1,073 pieces of equipment containing PCBs to specialised organisations for decontamination. The total weight of this equipment amounted to 63.4 tonnes.

Decommissioning of PCB-containing equipment in 2019–2021

Indicator	2019	2020	2021		2022 plan
			plan	actual	
Number of PCB-containing equipment	4,986	2,196	2,055	2,055	982
Number of PCB-containing equipment transferred for recycling	2,790	141	1,073	1,073	198
Number of PCB-containing equipment transferred for recycling, t	107.2	4.0	63.4	63.4	5.5

There were no emergencies and incidents with environmental consequences in 2021.

ENERGY CONSUMPTION AND ENERGY SAVING

Regulatory documents on energy saving and energy efficiency improvement

Energy conservation and energy efficiency improvement of Rosseti Centre in 2021 was aligned with the following documents:

- Federal Law of the Russian Federation No. 261-FZ dated 23 November 2009 "On Energy Saving and Enhanced Energy Efficiency, as well as Amendments to Certain Legislative Acts of the Russian Federation";
- Decree of the Government of the Russian Federation No. 340 dated 15 May 2010 "On the Procedure for Setting Requirements for energy saving and energy efficiency improvement programmes of organisations engaged in regulated activities";

- The Decree of the Government of the Russian Federation No. 977 dated 1 December 2009 "About Investment programmes of Electric Power Industry Subjects" (as amended by the Decree of the Government of the Russian Federation No. 484 dated 30 June 2010, No. 1178 dated 29 December 2011);
- Resolutions of executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs in relation to organisations engaged in electricity transmission activities.

Energy management system

Since 2015, Rosseti Centre has had in place the energy management system aligned with the national standard GOST R ISO 50001-2012, conducted training in the international standard and received training in internal auditing.

The system was certified in 2016 not only to the national standard GOST R ISO 50001-2012, but also to the international standard ISO 50001:2011, which is confirmed by the relevant certificates. The audit was conducted to determine the measures required to change over the system to the new international standard of the Energy Management System ISO 50001:2018. In 2020, measures were taken to certify the current energy management system for compliance with the new International EMS Standard ISO 50001:2018; as a result, we obtained certificate No. 19.1189.026 dated 3 July 2020. In the reporting year, the Company conducted a diagnostic audit with confirmation of the certificate.

Energy efficiency activities carried out in 2021:

- Ensuring that information and needed resources are available to achieve goals and objectives.
- Ensuring compliance with the legal and other requirements for energy conservation and energy efficiency.
- Purchasing products and services and designing the construction and modification of facilities according to the energy performance improvement criteria.

Energy saving and energy efficiency improvement programme

Targets set forth by the Energy Saving and Energy Efficiency Improvement Programme of Rosseti Centre for the period 2017–2022 (Programme)¹ include:

- Reduction of electricity losses in transmission and distribution grids;
- Consumption of energy resources for housekeeping needs;
- Number of LED-based lighting devices.

Planned and actual values of target indicators of the 2021 Programme



¹ Approved by the decision of the Board of Directors of Rosseti Centre No. 39/21 dated 15 September 2021.

Energy saving and energy efficiency initiatives

Focus area	Effects achieved 2021, plan		Effects achieved 2021, actual	
	in natural units	in monetary terms	in natural units	in monetary terms
Total	5,456 TFOE	RUB 139.5 mn	6,608 TFOE	RUB 166.7 mn
Including under subprogrammes:				
Organisational measures	25.6 mn kWh	RUB 78.6 mn	29.4 mn kWh	RUB 89.2 mn
transformer shutdown in low-load modes at substations with two or more transformers	22.3 mn kWh		24 mn kWh	
shutdown of transformers with seasonal load	1.3 mn kWh		1.8 mn kWh	
phase load equalisation in 0.38 kV distribution grids	0.19 mn kWh		0.24 mn kWh	
measures to optimise the operation modes of power grids	0.85 mn kWh		0.9 mn kWh	
Technical measures	12.3 mn kWh	RUB 38.3 mn	17.5 mn kWh	RUB 53 mn
replacement of wires with wires of a larger cross section on overloaded power lines	5.2 mn kWh		6.5 mn kWh	
replacement of underload-ed and overloaded trans-formers	1.6 mn kWh		4 mn kWh	
replacement of a wire with a SSIW	5.5 mn kWh		7 mn kWh	
Measures to reduce the consumption of fuel and energy resources for business needs	608 TFOE	RUB 15.1 mn	745 TFOE	RUB 17 mn
Measures to reduce the consumption of motor fuel	198 TFOE	RUB 7.4 mn	225 TFOE	RUB 7.3 mn

Support of renewable energy sources

In accordance with the Energy Strategy of Russia until 2030¹, one of the priorities of the long-term development of the national fuel and energy complex is the use of renewable energy sources (RES) for electricity and heat generation.

Rosseti Centre has been fully cooperating with the generating companies that already switched over to renewable energy sources or are planning to do so.

Nine companies that sell electricity generated from renewable energy sources are connected to Rosseti Centre's grids. These companies are located in the Belgorod, Orel, Tver and Yaroslavl Regions.

For the full list of such companies, please see [Appendix 3](#) to the Annual Report.

Regional Development

Rosseti Centre does its business in 11 regions of Central Russia.

The Company's core function is to ensure the reliable and uninterrupted operation of the power grid sector throughout the territory of its reach. The Company meets the transmission needs of regional economies and is a key partner of regional executive authorities in the planning and implementation of regional territorial development programmes.

Thus, the Company promotes regional development by creating modern and reliable infrastructure; it is a major taxpayer and employer that provides stable employment and creates safe working conditions. Rosseti Centre launches projects for children and young people and supports vulnerable segments of the population.

The Company is committed to building an effective dialogue with the public, cooperating with regional and local

authorities, and better interacting with consumers, local communities, local suppliers, and SMEs.

Grid connection of agricultural, transport and industrial enterprises facilitates economic growth and business development in the regions. Grid connection of sports & educational institutions and cultural facilities is the Company's contribution to better social environment.

In difficult times of pandemic, the Company focuses its efforts on grid connection of socially important facilities such as hospitals and outpatient clinics, and closely ensures that medical facilities are connected to the power grid quickly and to the highest standard.

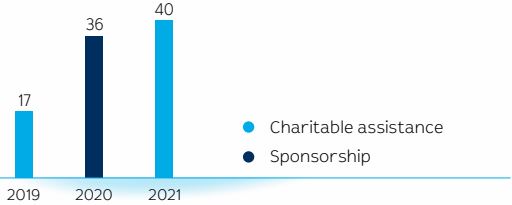
In 2021, the Company continued with the meetings between its executives and regional heads to discuss regional development prospects, cooperation issues aimed at improving the reliability and quality of power supply to consumers, and the promptness of decisions made in the interests of the local residents.

For more details on the results of the meetings of the Company's executives with the heads of the Central Federal District regions, please see [Appendix 3](#) to the Annual Report or visit [the Company's website](#).

CHARITY AND SPONSORSHIP

The Company's charity and sponsorship activities are governed by the Regulation on the Procedure for Formation and Use of the Sponsorship and Charity Fund of IDGC of Centre approved by Resolution No. 15/16 of the Board of Directors of IDGC of Centre dated 17 May 2016.

The volume of sponsorship and charitable assistance in 2019–2021, RUB mn



The Regulation is posted on [the Company's website](#).

¹ Approved by Order of the Government of the Russian Federation No. 1715-r dated 13 July 2009.

PAYMENTS TO THE BUDGET

GRI 207-1 GRI 207-2

Rosseti Centre abides by applicable tax laws and promotes open and constructive relationships with the tax authorities. The Company pays taxes on time and in full.

Compliance with tax and levy laws is a key principle of the Company's work, which ensures legality in making decisions affecting taxation. Rosseti Centre has the Regulation on Tax Policy in place.

- Following the principles of tax law compliance, Rosseti Centre:
- prevents violations of existing legislation by identifying tax risks and circumstances contributing to them, and takes measures to mitigate risks and eliminate circumstances;
 - establishes uniform methodological approaches with regard to tax law enforcement issues;
 - pays taxes and levies within the deadlines established by laws, monitors the completeness of their remittance, compliance with deadlines, completeness of tax reporting, and complies with legal requirements of the tax authorities.

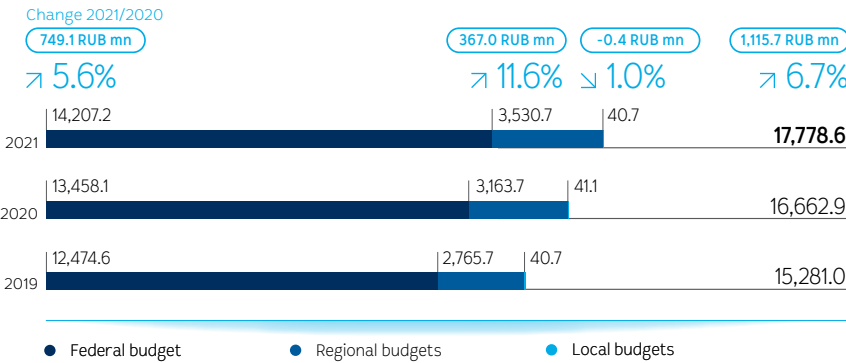
GRID CONNECTION OF MAJOR SOCIALLY IMPORTANT PROJECTS, INFRASTRUCTURE APPLICANTS

Rosseti Centre fulfils its obligations for the timely grid connection of large industrial, residential and social facilities, and small and medium-sized businesses. This is a significant contribution to social and economic stability in the constituent entities of the Russian Federation. The Company facilitates the creation of new jobs in the regions of the Central Federal District and the implementation of an effective housing policy.

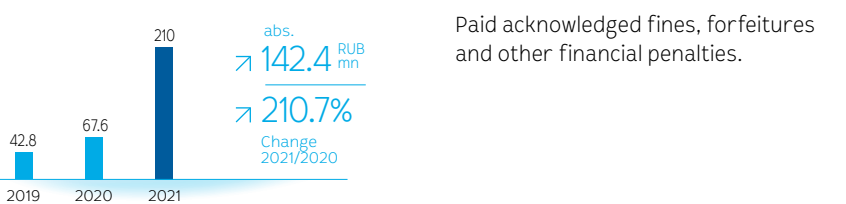
In 2021, the Company connected to the power grid:

- 278 enterprises;
- 49 kindergartens and schools;
- 117 medical institutions;
- 37 cultural objects.

Volume of tax payments to federal, regional and local budgets, RUB mn



The total amount of fines, forfeitures and other financial penalties paid, RUB mn



Paid acknowledged fines, forfeitures and other financial penalties.

Socially and economically important enterprises and production sites connected by the Company in 2021

Region	Enterprise	Capacity, MW
Tambov Region	LLC Krystall, sugar plant	9,700
Tver Region	LLC Orion International Euro, a food production plant	6,000
Yaroslavl Region	Yaroslavl Region State Budgetary Institution United Custom-er Service	3,423
Kursk Region	BMI Kursk Regional Clinical Hospital, Infectious Diseases Building (COVID-19)	2,794
Voronezh Region	Voronezh Region Department of Construction Policy, surgical building	1,900
Belgorod Region	JSC Directorate for the Development of Industrial Zones, Gubkin industrial buildings of the industrial park	1,000
Lipetsk Region	Administration of the Gryazinsky municipal district, 800-seat school with a swimming pool	605

EMERGENCY PREPAREDNESS

EU21 (ex)

One of the material topics for the Company and its customers is dealing with the consequences of natural disasters and eliminating power outages. Consumers appreciate the speed of eliminating power supply interruptions, which has a direct economic impact on business results.

In 2021, mass blackouts were recorded in Kostromaenergo, Orelenergo and Tverenergo branches and were caused by a rapid deterioration of weather conditions. In order to eliminate the consequences of process disturbances, the branches carried out emergency recovery and restoration operations and redeployed crews, vehicles and reserve power supply sources.

In addition, the manpower of other branches of Rosseti Centre and Rosseti Centre and Volga region were involved in the said operations.

To organise emergency response and restoration (EER) operations, the Company's branches have in place:

- own resources and manpower:
 - 1.4 ths crews comprising 5 ths persons and 2.3 ths vehicles (including 86 mobile crews comprising 620 persons and 263 vehicles)
 - 756 reserve power supply sources with a total capacity of 34,500 kWh
- resources and manpower of contractors:
 - 484 crews comprising 2,500 people and 1,000 vehicles

The Company's primary task is to restore power supply as quickly as possible. Thus, the time of arrival to the place of EER operations:

- 2 hours – in case of EER operations are inside a PGR;
- 4 hours during working hours/8 hours during off-hours –in other cases;
- 2 hours during working hours/4 hours during off-hours –in the emergency preparedness mode.

ANTI-TERRORISM SECURITY OF POWER GRID COMPLEX FACILITIES

Rosseti Centre ensured the stable and safe operation and protection of its power grid facilities against acts of unlawful interference through the implementation of the Targeted Programme on Enhancing Anti-Terrorist and Anti-Sabotage Protection of Facilities for 2021–2022 approved by the Board of Directors of the Company.

In the reporting year, seven security companies provided physical security services to the Company, covering a total of 282 facilities. No theft of property was recorded at the facilities guarded.

Substation buildings containing indoor switchgear and outdoor switchgear were equipped with alarm systems with the display to the Grid Control Centre of the branches.

Further work is underway to instrument substations with engineered safeguards:

- 30% of substations were provided with a modern perimeter fencing;
- 20.5% of substations had surveillance systems installed;
- 48 substations had their fencing renovated;
- 82 substations were equipped with security systems.

The costs of these measures in the reporting year were RUB 295.9 mn, or up 1.3 times year-on-year (RUB 222.3 mn).

The company organised:

- 958 training sessions and joint exercises with law enforcement and supervisory authorities to practice emergency response actions;
- seven checkups of the anti-terrorism security of the power grid facilities conducted jointly with the territorial bodies of the Federal National Guard Troops Service (Rosgvardia).

In 2021, the Company's branches took measures to improve the functionality of Security Management Centres (SMC). A project was launched to establish a Unified Security Management Centre (USMC) on the basis of Kurskenergo branch.

ENERGY STORAGE DEVICES

The main objective of ESS is to improve the reliability and quality of energy supply. This technology has proven its effectiveness in pilot operation, and the Company plans to expand its areas of application in the power grid complex. For this purpose, joint research and development activities with the manufacturers of these systems will be continued. In the future, the Company will be able to provide autonomous power supply to remote consumers in certain line segments.

Since 2019, Rosseti Centre has been successfully applying energy storage systems. Currently, the Company has 20 energy storage systems in place with a total capacity of 969.3 kWh.

- The reporting year saw the commissioning of 19 storage systems designed by ROSNANO and ROSATOM:
- four in Belgorodenergo;
 - two in Voronezhenergo, Orelenergo, Kurskenergo, Smolenskenergo and Tambovenergo (each);
 - one in Bryanskenergo, Kostromaenergo, Lipetskenergo, Tverenergo and Yarenergo (each).


The innovative energy storage system is based on a modern lithium-ion battery with a capacity of 40 to 82 kWh and is equipped with a semiconductor converter with a capacity of 10 to 60 kW. Modern telemetry and communication

equipment transmits data on the presence/absence of mains voltage, battery charge level and other operating parameters to the Grid Control Centre. For operational control, there is a remote power on/off function.

One variant of the system is designed to ensure power supply reliability. In the event of a mains outage, the energy storage device switches on and supplies power to socially important facilities, including health centres, kindergartens and boiler rooms. Once normal power supply is restored, the battery of the energy storage device is recharged.

The other variant is designed to maintain the quality of electricity. The duty cycle of the energy storage device is designed and programmed on the basis of daily power consumption schedules. During the night when people are resting, the device accumulates energy and then feeds it back into the grid during evening peak hours. In this way, the system eliminates the power shortage where radical solutions for renovation and unbundling of the grid are not ultimately advisable.

One more the R&D project was kicked off in 2021 – on development of a packaged modular energy storage system for autonomous power supply to remote consumers.



For more details on the project, please see [the Innovation Activities section](#) of the Annual Report on [p. 64](#).

Management Systems

Management systems are an important component of the overall management system of Rosseti Centre. The Company has adopted and currently has in place the following management systems.

QUALITY MANAGEMENT SYSTEM (QMS)

The Quality Management System is an integral part of Rosseti Centre's overall management system and is designed to ensure high service quality in line with the requirements of regulatory documents, meet customers' needs and expectations, and satisfy all stakeholders, including the Company's employees, shareholders, investors, and partners.

In order to ensure a high level of service quality, the Company goes by the Quality Policy¹ approved in 2018.

The compliance of the Company's QMS with the ISO 9001:2015 was confirmed in 2021 by the successful results of the inspection audit conducted by auditors of the Russian Register Certification Association.

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

Environmental Management System is a part of the Company's overall management system with its own organisational structure, mechanisms, procedures, and resources necessary for management of the environmental aspects of activities through developing and achieving the environmental policy goals.

In 2020, Russian Register Certification Association conducted a certification audit of the environmental management system of Rosseti Centre, as part of the programme to implement the environmental policy of the power grid sector, and issued a certificate of compliance with the ISO 14001:2015 international standard.

The Russian Register also conducted the first inspection audit in 2021, which allowed to conclude that the EMS of the Company complied with the requirements of international standard ISO 14001:2015, and therefore to extend the certificate of compliance.

With the help of the EMS, the Company consistently limits the fuel and energy complex's environmental load by abating air emissions and reducing production and consumption waste generation.

The environmental management system and validity of the certificate apply to eight branches of the Company.

ENERGY MANAGEMENT SYSTEM (ENMS)

Energy Management System is a part of the Company's overall management system, which has a well-defined organisational structure and focuses on fulfilling the provisions stated in the energy policy through the Programme on Energy Saving and Energy Efficiency Improvement.

The EnMS helps the Company to investigate various aspects of energy distribution and consumption, as well as make optimal use of energy resources for both production and non-production needs.



For more details, please see [Energy Management System subsection](#) of the Annual Report [p. 124](#).

¹ This document can be found on the Company's website at <https://www.mrsk-1.ru/en/about/company/quality/politic/>.

INNOVATION MANAGEMENT SYSTEM (IMS)

In 2021, Rosseti Centre has an innovation management system (IMS) as required by GOST R 56273.1-2014/CEN/TS 16555-1:2013 and subject to GOST R ISO 56002-2020. The IMS is partially integrated with the QMS, EMS and EnMS (the IMS documentation is approved by the Company's order).

The IMS allows the Company to ensure a systematic, coordinating and optimising approach to innovation development management, as well as to assess the effectiveness of innovations. Thus, IMS helps the Company to successfully put innovative products and services in place, while improving the innovation planning process and implementing innovative business models. In addition, the Company applies the Innovation Management Policy approved on 24 December 2021.


The Company's Quality Management System, Energy Management System and Environmental Management System comply with international and national standards ISO 9001 (GOST R ISO 9001), ISO 50001 (GOST R ISO 50001) and ISO 14001 (GOST R ISO 14001), as confirmed by appropriate certificates.


- The main players of management systems:
- The Board of Directors of the Company;
 - The Company's executive bodies – General Director and the Management Board;
 - Representative of the Company's management on the relevant management system;
 - A business unit that administers management system;
 - Business units of the Company and S&As involved in the functioning of management systems.


Rosseti Centre	Management systems/ Certificate validity			Certification authority
	ISO 9001 ¹	ISO 50001 ²	ISO 14001 ³	
Certificates apply to the entire Company	22.05.2023	03.06.2023	11.04.2022	Russian Register Certification Association


Key operating results of the Management Systems


- Increased reliability and stability of power supply

 For more details, please see the **Material and Technical Resources** section on p. 44.
- Improved energy efficiency (Electricity Transmission section)

 For more details, please see the **Electricity Transmission** section on p.47.
- Improved quality of grid connection services (Grid Connection section)

 For more details, please see the **Grid Connection** section on p. 49.
- Labour safety and health protection during production activities, including reduction of total number of accidents in keeping with Labour Safety and Environmental Protection legislative requirements

 For more details, please see the **Occupational Health and Safety** section on p. 109.
- Ensuring environmental safety

 For more details, please see the **Environmental Protection** on p. 116.

In the reporting year, thanks to the use of management systems, the Company enhanced the reliability, quality and safety of power supply, improved energy efficiency, achieved better quality of grid connection services and ensured the environmental safety of the Company.

In general, Management Systems demonstrated positive operating results over the past year.

Procurement

SUPPLY CHAIN MANAGEMENT

Statutory regulation of procurement activities

Procurement activities of Rosseti Centre in 2021 were aligned with the Uniform Procurement Standard of Rosseti (Regulations on Procurement) (hereafter referred to as Standard)¹. The Standard incorporates provisions of Federal Law No. 223-FZ On Procurement of Goods, Work, and Services by Certain Types of Legal Entities dated 18 July 2011.

Rosseti Centre's Central Tender Committee (CTC) is the main

collegial procurement body that controls and coordinates the Company's procurement activities in accordance with the authorities defined by the Standard and the Regulations on the Central Procurement Body of Rosseti Centre.

The CTC abides by the laws of the Russian Federation, the Articles of Association of the Company, decisions of the Boards of Directors of the Company, orders, instructions, and other decisions of the executive bodies of Rosseti Centre, the Standard, decisions of the Central Procurement Body of Rosseti (as the main procurement body in Rosseti's S&As subject to the provisions of the Standard), and the Regulations on the Central Procurement Body of Rosseti Centre.

The Board of Directors of Rosseti Centre approves the Company's Annual Procurement Plan, makes adjustments to it as necessary, and reviews the report on its delivery during its meetings as part of the progress report on the Company's Business Plan.

RELATIONSHIPS WITH SUPPLIERS


The Company has in place the Procurement Policy of Rosseti (the Policy) approved as an internal regulatory document², which establishes the principles, goals, objectives, and standards for the organisation and implementation of procurement activities.

- Ensuring efficient use of the Company's funds for the purchase of goods, works and services;
- Optimising the procurement system on a par with best practice;
- Focusing on the conclusion of long-term contracts with fixed unit prices for the entire period of the contract;
- Creating a positive image of Rosseti and Rosseti's S&As as purchasers of goods, work, and services.

Procurement principles

Rosseti Centre relies on the following procurement principles:

- Procurement transparency;
- Equality, fairness, absence of discrimination and unreasonable competition restrictions against the procurement participants;
- Appropriate and efficient expenditure of monetary assets for acquiring the goods, works, services, and compliance with measures to reduce the customer costs;
- Absence of non-measurable requirements to the procurement participants;
- Transparency and manageability of procurement activities;
- Professionalism and competence of employees involved in procurement activities of Customers;
- Compliance with the applicable laws.

 For more details on the procurement principles of the Company, please see **Appendix 3** to the Annual Report.

¹ Approved by the Board of Directors of Rosseti (Minutes No. 334 dated 17 December 2018), with subsequent amendments approved by the decisions of the Board of Directors. Decision of the Board of Directors of the Company dated 25 December 2018 (Minutes No. 44/18) on joining the Unified Procurement Standard of Rosseti (with subsequent joining the amendments approved under the statutory required procedure).

² Decision of the Board of Directors of IDGC of Centre, Minutes No. 16/14 dated 14 July 2014.

¹ Quality Management System.
² Energy Management System.
³ Environmental Management System.

Methods of procurement procedures

For more details on the methods of procurement procedures, please see **Appendix 3** to the Annual Report.

Electronic trading platforms

Rosseti Centre carries out electronic purchases via a specialised official website of the Russian Federation <https://www.zakupki.gov.ru>, electronic

trading platforms of JSC Unified Electronic Trading Platform (also JSC UETP or Roseltorg) rosseti.roseltorg.ru and msp.roseltorg.ru. The information is also posted on **the official website of the Company**.

Digitalisation and automation of procurement activities

For more efficient procurement, Rosseti Centre put in place an automated procurement accounting system (APCS). With this system, we can keep electronic records of procurement activities throughout the Company as a whole, as well as receive the Company's procurement data in a timely manner. The Company continues to improve APCS features and functions.

Supply chain management approach

An efficient supply chain is at the heart of the Company's sustainable operation and fulfilment of its obligations.

Geography of suppliers

24.6% of purchases – local suppliers, Central Federal District (regions of the Company's presence).

In 2021, the supply chain (including the geography of suppliers, the structure of the supply chain, etc.) did not undergo significant changes.

Procurement stages



Selection and evaluation of suppliers

The supplier selection and evaluation criteria followed by the Company in its procurement activities are set out in the Uniform Procurement Standard and apply to all participants in procurement procedures.

The requirements of the Anti-Corruption Procurement Standard apply to the participants of procurement procedures. Procurement parties:

- Sign commitments to comply with the principles and requirements of the Anti-Corruption Policy;
- Submit certificates on conflicts of interest;
- Provide information on the entire chain of owners, including beneficiaries (ultimate beneficiaries as well), and information on the structure of management bodies.

In the reporting year, Rosseti Centre took the following supplier evaluation measures¹:

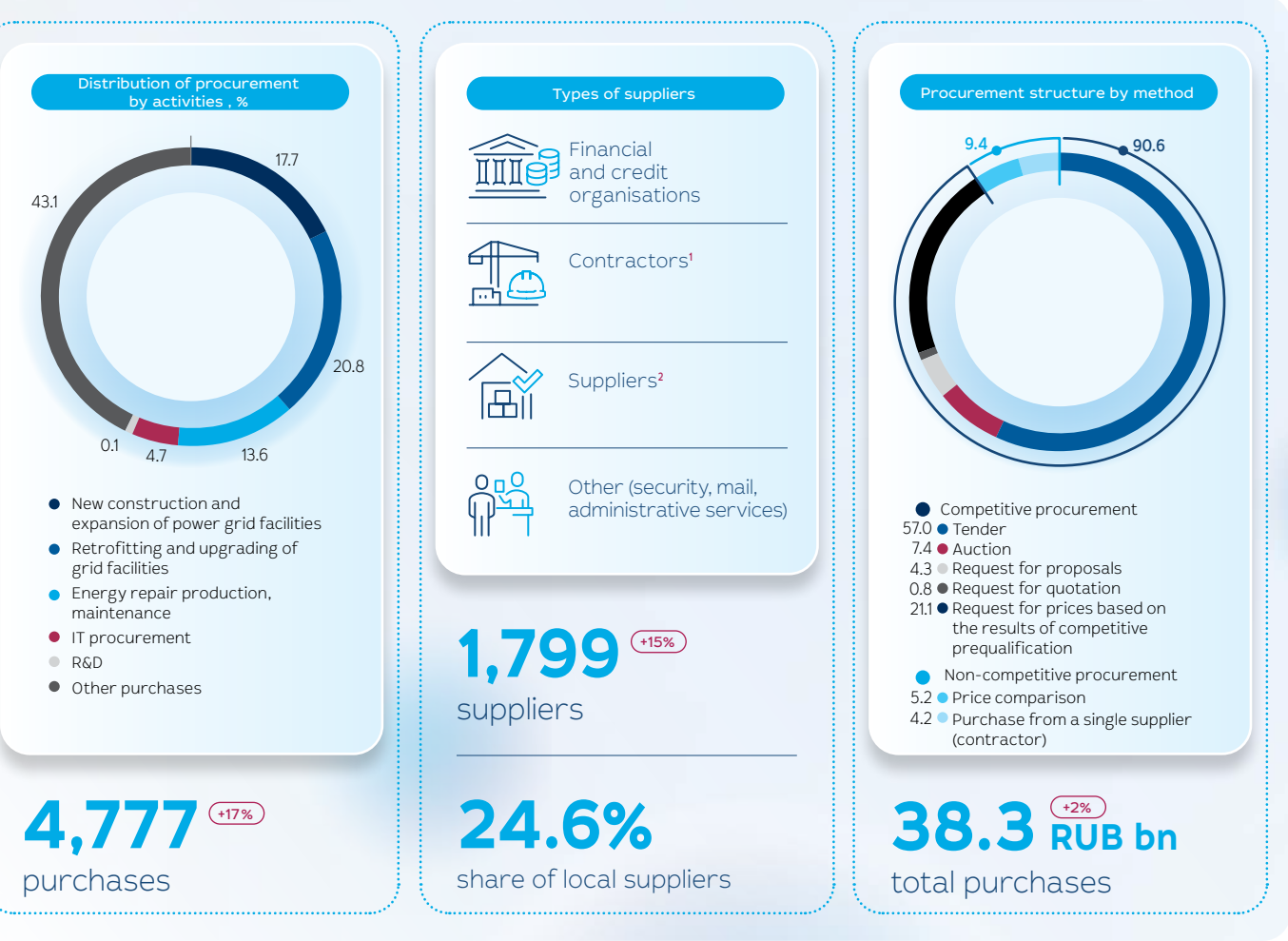
- 8,141 expert investigations of procurement parties;
- rejection of 177 parties;
- The Security Unit recommended reducing the initial (maximum) price of 511 procurement procedures, totalling over RUB 80 mn.

To identify unreliable suppliers, the Company uses information from the register of unscrupulous suppliers (contractors, performers) and the register of unscrupulous contractors published on the website: <https://zakupki.gov.ru/>.

If unreliable suppliers are identified, the Company has the right to hand a petition to the Federal Antimonopoly Service to include the information about a procurement party or a supplier (contractor, performer) in the register.

Supply Chain

GRI 102-9



For the largest suppliers in 2021, please see **Appendix 3** to the Annual Report.

¹ Works and services: construction and installation, engineering and survey, etc.
² Supply of raw materials, materials, equipment, etc.

¹ The unit that monitors anti-corruption compliance procedures is responsible for the evaluation process.

PROCUREMENT RESULTS

In 2021, the volume of purchases made for the Company’s needs amounted to RUB 38,277.0 mn, including VAT, up 2% against the 2020 base.

Procurement from Small and Medium-Sized Enterprises (SME)

According to Order of the Government of the Russian Federation No. 867-r dated 29 May 2013, the Company implements the action plan on expansion of access of small and medium-sized businesses to procurement of infrastructure monopolies and partially government-owned companies (Road Map).

The Roadmap aims to promote competition, upgrade the quality of prepared procurement applications, popularise and increase the transparency of the procurement system, activate small and medium-sized businesses in order placement, as well as build a positive image of the Company.

The Roadmap measures are designed to remove administrative, financial, and informational barriers for small and medium-sized businesses and significantly increase their share in procurements of infrastructure monopolies and partially government-owned companies.

The total number of procurement procedures increased by 17% to 4,777.



For more details on the structure of procurement procedures and the largest suppliers of the Company, please see **Appendix 3** to the Annual Report.

Rosseti Centre operates under the Partnership Programme between Rosseti’s Group of companies and small and medium-sized businesses.

- Objectives of the Partnership Programme:
- Increase in the share of purchases from SMEs in the total annual volume of purchases;
 - Increase in the share of direct purchases from SMEs in the total volume of purchases;
 - Increase in the share of purchases of innovative products and high-tech products, R&D and process-related inventions from SMEs in the total annual volume of purchases;
 - Creation of a transfer system for new technical and technological solutions of SMEs, including those aimed at innovative development of Rosseti’s Group of companies and integrated into its Development Business Strategy.

Share of SME procurements

Indicator ¹	2019	2020	2021		2022 plan
			Plan	Actual	
purchases from SMEs, % of total procurement volume	76.4	81.6	20.0	83.0	25.0
purchases involving only SMEs, % of total procurement volume	36.6	28.7	18.0	25.8	20.0
purchases with SMEs as subcontractors, % of total purchases	0.0	0.0	0.0	0.0	0.0

In the reporting year, the share of purchases from SMEs increased by 1.4 p.p. year-on-year. Primarily due to a larger volume of purchases in 2021.

38.3

RUB bn incl. VAT
volume of purchases made in 2021

83.0%

share of purchases from SMEs in 2021

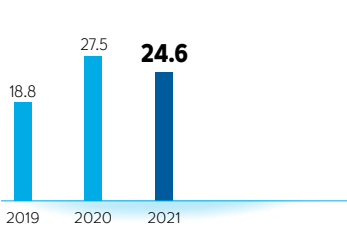
62.0%

share of imports in software procurement in 2021

Purchases from local suppliers


GRI 204-1

Share of local purchases, %



In 2021, the share of purchases from local suppliers (performers, contractors) was

24.6%



For more details on purchases from local suppliers by branch, please see **Appendix 3** to the Annual Report.

Import purchasing

The Company strives to meet import substitution targets, gradually phasing out the share of imported materials and equipment purchases. In the reporting year, the share of imported materials dropped and reached 2.56% (the target was 4.9%), as well as the share of imported software purchases – 62% against the planned figure of 65%.

Share of imports in purchases in 2021, %

Indicator	Plan	Actual
Share of imports in equipment and materials purchases	4.9	2.6
Share of imports in software purchases	65	62

IMPROVING PROCUREMENT ACTIVITIES

Rosseti Centre is actively involved in improving procurement activities and developing amendments to procurement regulations. At meetings

and roundtables initiated by Rosseti and dedicated to the development, implementation and updating of procurement regulations, the Company outlines its positions on the development of procurement activities under the existing rules and statutory requirements and makes proposals for their implementation.

¹ The data are aligned with Decree of the Government of the Russian Federation No. 1352 dated 11 December 2014.

Anti-corruption

In 2021, corruption prevention and counteraction in the Company was aligned with the laws of the Russian Federation, local regulatory documents and aimed at implementing the principles and requirements of the Company's Anti-Corruption Policy¹.

The Anti-Corruption Policy is a single strategic document of the Company, which defines a unified approach to implementing the requirements of Article 13 of Federal Law No. 273-FZ dated 25 December 2008 "On Anti-Corruption".

The Anti-Corruption Compliance Procedures Unit of the Economic Security and Anti-Corruption Policy Department (ACPU) prevents corruption offences and combats corruption. The ACPU is empowered with sufficient anti-corruption authority, including with respect to persons in leadership positions.


ANTI-CORRUPTION POLICY PRIORITIES

GRI 102-16

In order to build a unified anti-corruption framework in the reporting year, the Company prevented conflicts of interest and put anti-corruption standards and procedures in place. Rosseti Centre trained its personnel in the rules and standards of corporate ethics. The Company

- In the reporting period, the Company developed and approved the following local organisational and regulatory documents:
- Guideline on procedure for accepting and reviewing complaints received through the hotline (from employees, counterparties of IDGC of Centre and IDGC of Center and Volga Region, other individuals and legal entities) on possible corruption and fraud;
 - List of insider information of IDGC of Centre and IDGC of Center and Volga Region;
 - Guidelines on procedure for keeping the list of insiders of IDGC of Centre and IDGC of Center and Volga Region and notification of insiders on their inclusion (exclusion) into/from the list of insiders of IDGC of Centre and IDGC of Center and Volga Region;
 - Guidelines on internal control rules for prevention, detection and suppression of illegal use of insider information and (or) market manipulation by IDGC of Centre and IDGC of Center and Volga Region.

worked on the prevention of corruption in relations with partners and counterparties, cooperated with state authorities on anti-bribery issues, conducted assessment of corruption risks and delivered on the Anti-Corruption Policy.

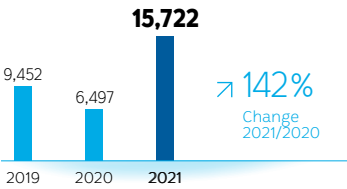


For more details on Rosseti Centre's anti-corruption, please see [Appendix 3](#) to the Annual Report.

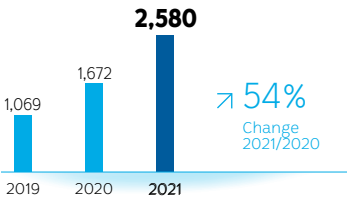
Anti-corruption activities of Rosseti Centre

GRI 205-3

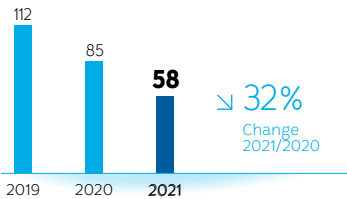
Corruption prevention control measures



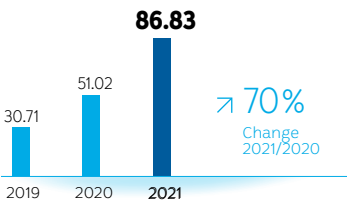
Anti-corruption control of procurement stages



Number of calls via the whistleblower hotline processed



Prevented material damage based on the results of the work done, RUB mn



Pursuant to the requirements of Article 13.3 of Federal Law No. 273-FZ dated 25 December 2008 "On Anti-Corruption", the National Anti-Corruption Plan for 2021–2024 approved by Decree of the President of the Russian Federation No. 478 dated 16 August 2021, instructions of the Government of the Russian Federation dated 6 September 2021 No. MM-P17-12165 "On Enforcement of Decree of the President of the Russian Federation No. 478 dated 16 August 2021 "On the National Anti-Corruption Plan for 2021–2024", the Company approved the anti-corruption plan for 2022.

The Company considers and responds to messages from the Company's employees, counterparties, and other persons regarding possible facts of corruption received via communication channels such as website, hotline, mail.

In accordance with the Procedure for Receiving, Reviewing and Resolving Cases Concerning Possible Facts of Corruption, all received messages (calls) that have signs of corruption shall be registered by ACPU in the Complaints and Calls Register.

The Company offers the following whistleblowing channels:

Via hotline phone

+7 (495) 747-92-99
8 (800) 220-0-220 (ext. 4 "reports of possible facts of corruption and embezzlement")

posted on the Company's corporate website: <https://www.mrsk-1.ru>. The hotline is available 24 hours a day, 7 days a week in automatic mode with an option to record voice messages.

Via the feedback form on Rosseti Centre's corporate website:

www.mrsk-1.ru/customers/customer-service/feedback/

to receive reports of possible corruption, with a mandatory e-mail address for feedback. The corruption feedback form is automatic and has an option of sending text messages and copies of documents.

During the reporting period, the hotline and feedback form registered

58 reports

Each report was reviewed and checked

¹ Approved by the Board of Directors on 30 June 2020 (Minutes No. 30/20). The full text of the Company's Anti-Corruption Policy can be found on the Company's corporate website at: https://www.mrsk-1.ru/bitrix/Anti-corruption_policy_2020_en.pdf.

Disclosure of Information

Information disclosure is the most important tool of Rosseti Centre's interaction with shareholders, investors, regulators, and other stakeholders as it contributes to building trusting relationships with these parties, and strengthens the Company's reputation.

Being committed to the principles of information openness and availability, the Company aims to ensure a high level of transparency of its activities and maintains active communication with all stakeholders, timely providing them with necessary information on all aspects of the Company's activities. Interaction with all stakeholders boosts the investment attractiveness of the Company.

The Communication Policy of Rosseti Centre is closely aligned with the Uniform Communication Policy of Rosseti's Group of companies.

The Company's policy of information openness and transparency is aligned with the Russian laws, recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014 and recommended for use by letter No. 06-52/2463 of the Bank of Russia dated 10 April 2014 (hereinafter referred to as the Corporate Governance Code of the Bank of Russia),

DISCLOSURE CHANNELS

The main disclosure channel is an official website of Rosseti Centre at: www.mrsk-1.ru/en/. To facilitate access to information by foreign shareholders and investors, as well as to expand the number of recipients of information, there is the English version of the Company's corporate website.

On the page of the authorised information agency of **the Corporate Information Disclosure Centre** and in the Disclosure

and the requirements of the Moscow Exchange for issuers of the second level listed shares.

In addition, in order to build a dialogue with stakeholders in the most efficient way, the Company assumes additional information disclosure obligations, which are set out in the Regulation on Information Policy. In the reporting year, the Company abided by the Regulation approved by the Board of Directors in 2018. In February 2022, the Board of Directors approved a new version of the Regulations which:

- establishes approaches and criteria for determining the information that may have a material impact on the valuation of the Company and the value of its securities;
- expands the list of decisions of the Board of Directors to be promptly disclosed as material facts;
- defines the list of indicative material facts disclosed by the Company in addition to the mandatory list;
- determines the information to be disclosed in preparation for the General Meeting of Shareholders as recommended by the Corporate Governance Code of the Bank of Russia;
- set forth the obligation to disclose additional information in the annual report as stipulated by the Corporate Governance Code of the Bank of Russia, etc.

The Company applies the following principles in implementation of the information policy:

- regularity, consistency and timeliness;
- availability and accessibility;
- fairness, completeness and comparability of the disclosed data.

The progress on the Information Policy is overseen by the Board of Directors of the Company.

of Information section of the Company's website, the Company publishes information subject to disclosure in accordance with the requirements of the legislation of the Russian Federation (on material facts, annual reports, issuer's reports, lists of affiliated persons, accounting and financial statements, Articles of Association and internal documents, etc.).

Disclosures can also be found on such international news websites as Bloomberg, Euroland, Refinitiv, other media and the corporate press.

The Shareholders and Investors section contains a regularly updated investor calendar, monthly and daily reviews of the securities market, dividend history, key performance indicators of the Company, answers to the most frequently asked questions by shareholders and investors, presentations and other IR materials, as well as other information useful to shareholders and investors.

In addition to the above, the Company widely uses such ways of communication as:

- publications in the media;
- granting, upon request of shareholders, an access to information (documents), as well as making copies of documents available as provided by applicable law;

- participating in investment conferences and specialised seminars;
- holding targeted IR events (meetings, audio webcasts, teleconferences, online meetings, open days, etc.);
- receiving messages on the corporate website in the Feedback section, by e-mail posta@mrsk-1.ru, by phone to the contact centre 8-800-50-50-115, in written form to the address: 15 Malaya Ordynka Street, Moscow, 119017, Russia, as well as to the contacts of the Company's branches in the regions of operation;
- advisory services of IR specialists.

INTERACTION WITH THE PUBLIC, GOVERNMENT AUTHORITIES, MASS MEDIA

In order to strengthen its business reputation and mitigate reputational risks, in following the Rosseti's Uniform Communications Policy, Rosseti Centre continues to actively inform the public about the Company's activities, relying on the principles of promptness, reliability, completeness, and accessibility in distributing official messages.

Information about Rosseti's activities is disseminated to the media in the form of news releases, responding to media requests, public events with the participation of journalists, press conferences, and providing prompt comments on behalf of the Company's executives on current operating activities. The Company publishes reports, financial and operating results on the official website at: www.mrsk-1.ru/en/ on an ongoing basis.

Also, information on the Company's activities is published on the Company's official pages on **social networks, messengers** and **video hosting** sites in the form of posts with by photo and video content. Each social network also has an of option of feedback to the consumer through comments and targeted dialogue in personal messages.

The main topics of media publications in 2021 were still the implementation of the investment programme stages, the progress of the repair campaign at power grid facilities within in the area of the Company's responsibility, the work on prompt restoration of power supply to consumers in case

of technological disturbances in the power grids. Strong focus was on the Company's digitalisation programme. A significant part of publications is devoted to the reduction of electricity losses and combating off-the-meter and non-contracted electricity consumption.

Under the Uniform Communications Policy of Rosseti's Group of companies, the Company actively communicated on social networks and the blogosphere by creating new pages of official accounts on popular Internet sites and maintaining and updating existing ones. Special attention was paid to creating a positive image (i.e., an power grid flash mob was held, which brought together talented power engineers from 11 branches, the flash mod was filmed and **the following video clip was created**) and maintaining the Company's business reputation, raising awareness among consumers and checking the reliability of information distributed in social networks and the blogosphere during restoration of power supply interruptions caused by adverse weather conditions. We were taking active efforts to set up feedback process with subscribers: social network users received answers from the Company's specialists to pertinent issues related to the operation of the regional power grid complex.

The Company's branches established constructive cooperation with regional and municipal government and management bodies. During the year, a number of public events were held on commissioning power facilities, dispatch centres and grid control centres. The following events should be particularly noted: the commissioning of the highly automated Universitet 110/10 kV substation, the remote commissioning of 19 energy storage systems in 11 regions of the Company's presence, and the opening of the modern multifunctional information and technology centre of Belgorodenergo branch. Besides, representatives of the Company joined in meetings of regional power supply security headquarters and other events organised by the authorities.

The Company takes a very active part in socially significant projects, such as the VIth hockey tournament of the branches of Rosseti Centre and Rosseti Centre and Volga region dedicated to the 76th anniversary of Victory in the Great Patriotic War, the tournament between fuel and energy sector companies sponsored by the Ministry of Energy of the Russian Federation, the large-scale drawing contest "The Work of Power Engineers through the Eyes of Children", and an electric grid flash mob.

Congress and exhibition activities is another focus area in promoting brand communications and position the Company as a leading power grid organisation in the regions where it operates. The largest events in 2022:


- Annual Collegium in Nizhny Novgorod;
- Semi-annual Collegium in Tula;
- Participation in Russian Energy Week 2021;
- Press conference of the General Director with the support of ITAR-TASS.

CORPORATE GOVERNANCE



Memorandum of the Controlling Shareholder – PJSC Rosseti

In 2020, Rosseti, the controlling shareholder of Rosseti Centre, submitted a memorandum of the controlling shareholder, which sets out the purpose of ownership and plans of Rosseti with respect to controlled stocks of shares, key objectives with respect to assets, as well as the principles of corporate governance followed by Rosseti while conducting the management of the Group's companies. In the reporting year, Rosseti has updated the memorandum.

 This memorandum is posted on Rosseti Centre's website.

Corporate Governance Details


CORPORATE GOVERNANCE PRINCIPLES


Corporate governance is one of the foundations of successful business of the Company; it is aimed at achieving mutual understanding between all persons interested in the Company's activities.


Corporate governance in the Company is a system of balanced mutual rights and obligations between its shareholders, the Board of Directors, and executive and supervisory bodies of the Company. This system is based on the following principles of corporate governance:


- equal and fair treatment of all shareholders;
- responsibility and accountability of the Board of Directors to the Company's shareholders;
- transparency and openness of information about the Company;
- effective internal control and risk management system;
- independent evaluation of internal control systems, risk management and corporate governance practices – such independence is achieved by internal audit of the Company;
- conscientious exercise of the appropriate rights by all shareholders, the Company, its management bodies, officials and other interested persons, prevention of abuse of such rights;
- inadmissibility of shareholders' actions implying the intention to harm other shareholders or the Company;
- the Company's responsibility to shareholders, consumers, employees, partners, society and the state.


Key objectives of the Company's corporate governance


 creating long-term shareholder value and increasing investment attractiveness

 sustainable development and implementation of strategic priorities

 effective management of the Company's assets and subsidiaries

 protection of the rights and interests of shareholders

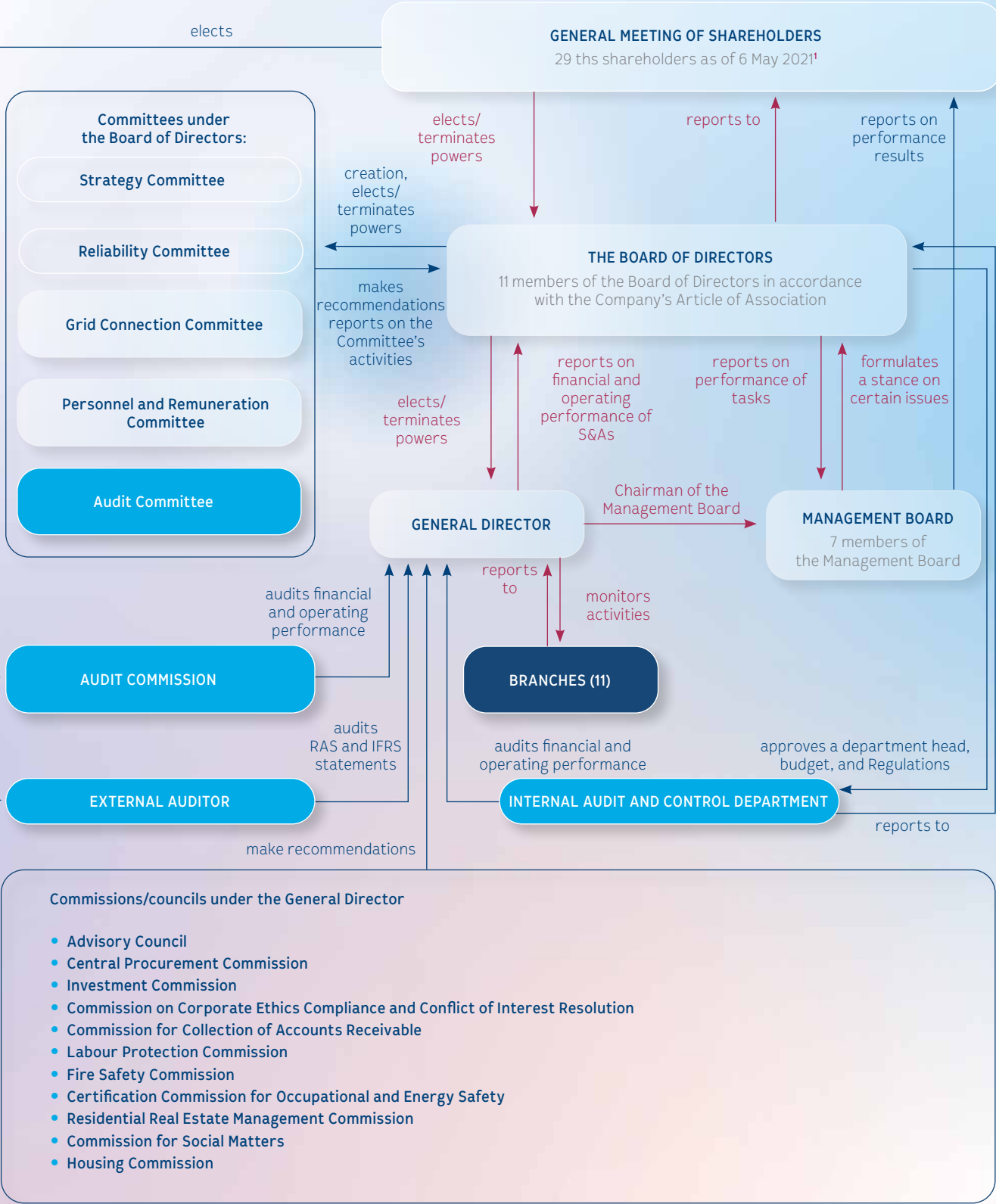
 building trust-based relationships with investors

 Internal documents that define the principles of corporate governance and support practices and specific procedures are published on the Company's website.

CORPORATE GOVERNANCE STRUCTURE

GRI 102-18 GRI 102-19 GRI 102-20

Structure of management and control bodies of Rosseti Centre, PJSC as of 31 december 2021



¹ The date to determine (record) the persons entitled to attend the Annual General Meeting of Shareholders of the Company.

A specific feature of the corporate governance structure of Rosseti Centre is the presence of the controlling shareholder of Rosseti, which owns 50.23% of the Company's

authorised capital. Management is affected by making decisions within the framework of General Meetings of Shareholders, as well as by electing representatives to the Board

of Directors of the Company. Rosseti manages the Company in accordance with unified corporate standards aimed at ensuring the efficiency of business processes and quality control.

DEVELOPING THE CORPORATE GOVERNANCE SYSTEM

In 2021, the Company continued to improve its corporate governance practices. **In 2021, the main areas of improvement were:**

- improving the quality and relevance of information disclosed;
- updating the internal documents and policies of the Company;
- conducting an independent external assessment of the Board of Directors and Committees of the Board of Directors;
- covering the Company with ESG ratings (rankings).

Throughout the year, the members of the Board of Directors included independent directors. Their number was determined by the requirements of the Moscow Exchange Listing Rules for companies whose shares are traded in the Second level of the List of Securities admitted to Trading: as of 31 December 2021, there were three independent directors on the Board of Directors (up to 31 May 2021, the Board of Directors included four independent directors). Rosseti Centre's Board of Directors recognised these directors as independent ones considering the preliminary assessment performed by the Personnel and Remuneration Committee to check compliance with independence criteria specified by the Bank of Russia Corporate Governance Code and Listing Rules of the Moscow Exchange. The Company regularly monitors the directors' compliance with the independence criteria.

Despite the fact that the number of independent directors in the current Board of Directors is less than 1/3 (27%), this circumstance is offset by the presence of directors representing the interests of minority shareholders in the Board of Directors – Alexander Golovtsov, Vitaliy Zarkhin who take an independent stand (those individuals were proposed by minority shareholders). Formally, those directors are not independent, but the Personnel and Remuneration

Committee of the Board of Directors of the Company has recognised that their relationship with a significant shareholder of the Company is formal and will not influence their position concerning the agenda of the meetings of the Board of Directors.

The current Audit Committee is represented by three independent directors (100% of the Committee), the Chairman of the Committee is an independent director. The other Committees also have independent directors or directors who do not formally have the status of independent, but represent the interests of minority shareholders of the Company. In addition, directors who are not members of the respective Committee participated in the meetings of such Committees.

In May 2021, the Annual General Meeting of Shareholders approved a new version of the Company's Articles of Association, taking into account legislative changes aimed at complying with the recommendations of the Bank of Russia's Corporate Governance Code.

In the reporting year, the Board of Directors approved the following documents that will allow the Company to improve the level of corporate governance:

- The new version of the Corporate Governance Code of Rosseti Centre;
- The policy of ownership of shares of Rosseti Centre and shares (stocks in the authorised capital) of business entities controlled by Rosseti Centre, by members of the Board of Directors of Rosseti Centre;
- The new version of the Internal Audit Policy;
- The new version of the Risk Management Policy.

In 2021, Rosseti Centre conducted an independent evaluation of the effectiveness of the Company's Board of Directors and its Committees with the involvement of an independent consultant – JSC VTB Registrar.

A matrix of competencies of the Board of Directors has been developed.

Meetings of the Company's management with representatives of minority shareholders and independent directors were organised for an effective dialogue with the investment community. The Company conducted a number of audio webcasts based on the results of the publication of annual and interim financial statements.

Plans to improve the corporate governance model and practice for 2022 and for the medium term:

- adherence to the objectives and principles of corporate governance established in the Company;
- development of the corporate governance system, including the issues concerning the ESG agenda;
- maintaining a high level of corporate governance rating;
- ensuring the effective functioning of the Company's management bodies, monitoring the implementation of their decisions;
- implementation of action plans based on the results of the Company's corporate governance assessment;
- maintaining a continuous dialogue with representatives of the investment community.

In 2022, Rosseti Centre will continue to analyse the best corporate governance practices and assess the feasibility of their implementation. The Company will conduct a self-assessment of the activities of the Board of Directors and study its results to improve the effectiveness of the corporate governance system. Traditionally, attention will be paid to the analysis of ratings and benchmarking, allowing to objectively assess the achievements of issuers, as well as to identify practices that bring the greatest benefit to the Company and are important for stakeholders.

CORPORATE GOVERNANCE ASSESSMENT

Independent assessment of corporate governance

The Company has been awarded the corporate governance rating of NP “Russian Institute of Directors” (NP RID) at the level of National Rating of Corporate Governance (NRKU) 7+: Developed Corporate Governance Practice. In August 2021, NP RID once again confirmed the rating at this level.



The Institute's experts noted the following positive aspects:

- preparation of an integrated report for 2020 using the methodology of the Global Reporting Initiative – GRI Standards;
- conducting public hearings to assess the completeness of disclosure of significant topics in the Annual Report;
- maintaining the practice of paying dividends in the amount of at least 50% of net profit.

For the first time, the rating at the level of NRKU 7+ was assigned to the Company in 2011.

Assessment of Internal Audit of corporate governance

Every year, the Internal Audit of the Company conducts an assessment of corporate governance by Rosseti Centre, within the framework of which 6 components of corporate governance are evaluated:

- Shareholders' rights;
- The Board of Directors;
- Executive management;
- Transparency and disclosures;
- Risk management, internal control, and internal audit;
- Corporate social responsibility, business ethics, and compliance.

The assessment for the 2020/2021 corporate year was carried out on the basis of the Methodological Instruction “Assessment of Corporate Governance in IDGC of Centre” No. MI BP 1/08-03/2021¹.

According to the results of the Company's activities in the 2020/2021 corporate year, the total score was 447.5 out of 525 possible, or 85.2%. This corresponds to the assessment of “developed practice” with the following characteristic: “Corporate governance corresponds to developed practice and has the potential for improvement on insignificant aspects of issues.”

The assessment of Internal Audit decreased by 4 points (–0.8 p.p.) relative to the 2019/2020 corporate year assessment. The most significant impact on the decrease in the final assessment was the assessment of the component “Board of Directors” (–3.8 points). The following may be included in the development zones include the following:

- increase in the number of meetings of the Board of Directors, the Audit Committee and the Personnel and Remuneration Committee in person;
- increase in the share of independent directors in the Board of Directors and its Committees;
- inclusion of independent directors in the Personnel and Remuneration Committee.

At the same time, the following positive changes were noted in 2021:

- the practice of directors' liability insurance has been introduced;
- a Compliance Officer who reports to the Company's Board of Directors, has been appointed.

The potential for increasing the effectiveness of corporate governance on certain issues (the main part of which is assessed as “non-compliance”) depends on the position of the majority shareholder of the Company.

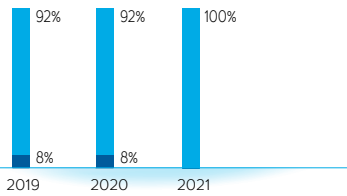
Evaluation of compliance with principles and recommendations of the Corporate Governance Code of the Bank of Russia

The Company seeks to improve corporate governance practices, including through the introduction of the principles and recommendations of Bank of Russia's Corporate Governance Code.

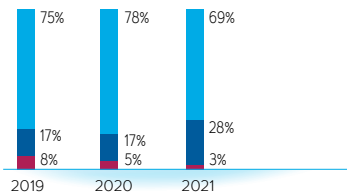
By the end of 2021, 99% of the recommendations are fully or partially followed by the Company, in 2020 the value was 96%, in 2019 – 94%.

Corporate governance principles

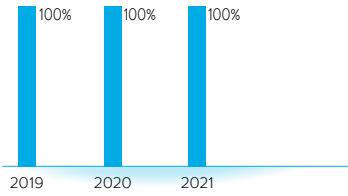
Shareholder rights and equality of conditions for shareholders in exercising their rights



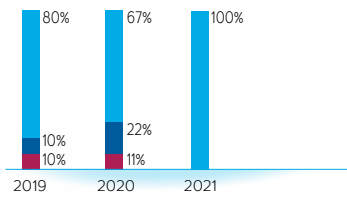
Company's Board of Directors



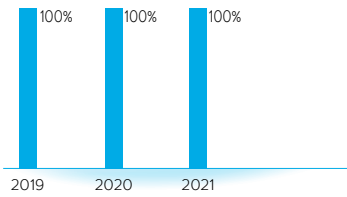
Corporate Secretary



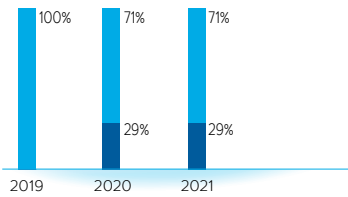
Remuneration system for members of the Board of Directors, executive bodies and other key employees of the Company¹



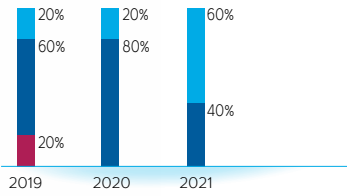
Internal Control and Risk Management System



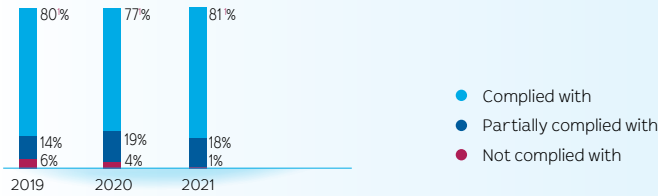
Public disclosure, information policy



Major corporate actions



Overall results of the assessment of compliance with the principles and recommendations of the Corporate Governance Code



● Complied with
● Partially complied with
● Not complied with

¹ Approved by the Company's Order No. 30-TsA dated 27 January 2021.

¹ In 2020–2021, the Company did not assess compliance with the Bank of Russia's Corporate Governance Code according to criteria 4.2.2, 4.3.2.

By the end of 2021, there has been an improvement with respect to the following groups of principles: Shareholders' Rights (growth of fully observed principles from 92% to 100%), Remuneration System (growth of fully

For more details on the Company's compliance with principles and recommendations of the Bank of Russia's Corporate Governance Code, please see [Appendix 4](#) to the Annual Report.

THE COMPANY'S POLICY IN THE FIELD OF TRANSACTION APPROVAL

Major transactions and transactions implying an interest are affected by the Company in accordance with the procedure provided for by Federal Law No. 208-FZ dated 26 December 1995 "On Joint Stock Companies" (hereinafter – the Federal Law On Joint Stock Companies) and the Company's Articles of Association.

In 2021, the Company made no major transactions

For more details on related-party transactions made by Rosseti Centre in 2021, please see [Appendix 3](#) to the Annual Report.

observed principles from 60% to 100%) and Significant Corporate Actions (growth of fully observed principles from 20% to 60%). The main factors that caused the growth of the indicator by the end of 2021 were:

- implementation of measures to improve corporate governance practices in the Company;
- change of the composition of recommendations that are to be evaluated in the report, by the Bank of Russia in 2021. A significant part of the recommendations included in the report for the first time are being followed by the Company.

To reduce the risk of improper disposal of assets, the Company in its Articles of Association expanded the list of transactions with the property of Rosseti Centre, subject to mandatory preliminary approval by the Board of Directors.

In a special section of the website, the Company quarterly discloses information about all significant transactions, including:

- large transactions and transactions implying an interest;
- the Company's transactions with Rosseti Centre's shareholders holding at least 5% of the Company's voting shares;
- intra-corporate transactions;
- significant transactions made by Rosseti Centre (transactions with the property, the value of which is 10 percent or more of the book value of the Company's assets);
- transactions of the Company with members of the Board of Directors and members of the executive management bodies of the Company.

A quarterly review of significant transactions is presented on [Rosseti Centre's website](#).

General Meeting of Shareholders

INFORMATION AND TECHNICAL SUPPORT

The Company's supreme management body is the General Meeting of Shareholders. The scope of competence, the procedure for preparing, holding and wrapping-up of the meeting are subject to the Federal Law "On Joint Stock Companies", the Regulation of the Bank of Russia No. 660-P dated 16 November 2018 "On General Meetings of Shareholders", the Articles of Associations and the Regulation on the General Meeting of Shareholders of Rosseti Centre.

During the preparation, convocation and holding of the General Meeting of Shareholders, the Company accommodated the requirements and recommendations envisioned by the Regulations on the General Meeting of Shareholders and the Code of Corporate Governance of Bank

of Russia. This offers an equal opportunity for effective participation of shareholders (including minority and foreign shareholders) in the General Meeting of Shareholders. In particular, the Company:

- provides accessible communication means (telephone line, e-mail, shareholders' forum) for shareholders to express their opinion and send questions on the agenda while preparing for the General Meeting of Shareholders;
- informs shareholders about the holding of the General Meeting of Shareholders by posting a message on the Company's website on the Internet at least 30 days before the date of its holding (except in cases where the legislation of the Russian Federation provides for a longer period);
- grants access to materials on [the Company's website](#) at least 30 days before the date of the General Meeting of Shareholders, provides additional information and materials as recommended by the Bank of Russia Corporate Governance Code. The Company also informs on how to reach the venue of the General Meeting of Shareholders, offers a model form of the power of attorney a shareholder can issue for its representative to participate in the meeting, provides data on the certification of such power of attorney;
- enables persons entitled to participate in the General Meeting to fill out an electronic form of ballots on [the website of the Registrar of the Company](#);
- submits all information in English to ensure equal treatment of all the shareholders, either Russian or foreign ones.

There are no preferred shares in the Company, there are no "quasi-treasury" shares on the balance sheet of subsidiaries and affiliates; the same excludes artificial redistribution of corporate control.

GENERAL MEETINGS OF SHAREHOLDERS IN 2021

On 31 May 2021, the Annual General Meeting of Shareholders of the Company was held.

Due to the difficult epidemiological situation in Russia and the world, the Board of Directors of Rosseti Centre on 23 April 2021 (Minutes No. 14/21 dated 23 April 2021) decided to convene the Annual General Meeting of Shareholders of the Company in the form of absentee voting¹. At the same time, shareholders were able to vote electronically.

The quorum of the Annual General Meeting of Shareholders was 87.82%. The shareholders of the Company who own 98.9% of the voting shares of the Company who participated in the meeting used electronic voting at the meeting.

Quorum of General Meeting of Shareholders, %



¹ In accordance with paragraph 1 of Article 3 of Federal Law No. 17-FZ dated 17 February 2021 On Amendments to the Federal Law On International Companies and International Funds and on Suspension of Certain Provisions of the Federal Law On Joint Stock Companies and the Federal Law On Limited Liability Companies.

Based on the results of the Annual General Meeting of Shareholders:

- the Annual Report and annual financial statements for 2020 were approved;
- the distribution of the Company's profits (losses) was approved, a decision was made to pay (declare) dividends based on the results of 2020;
- new members to the Company's Board of Directors and the Audit Commission were elected;
- the Company's auditor has been approved;
- a new version of the Company's Articles of Association and amendments to the Company's Articles of Association related to the change of the Company's brand name have been approved.

The results of the shareholders' voting at the Annual General Meeting of Shareholders of Rosseti Centre held on 31 May 2021 indicate that the minority shareholders of the Company support the main decisions regarding the agenda of the meeting.

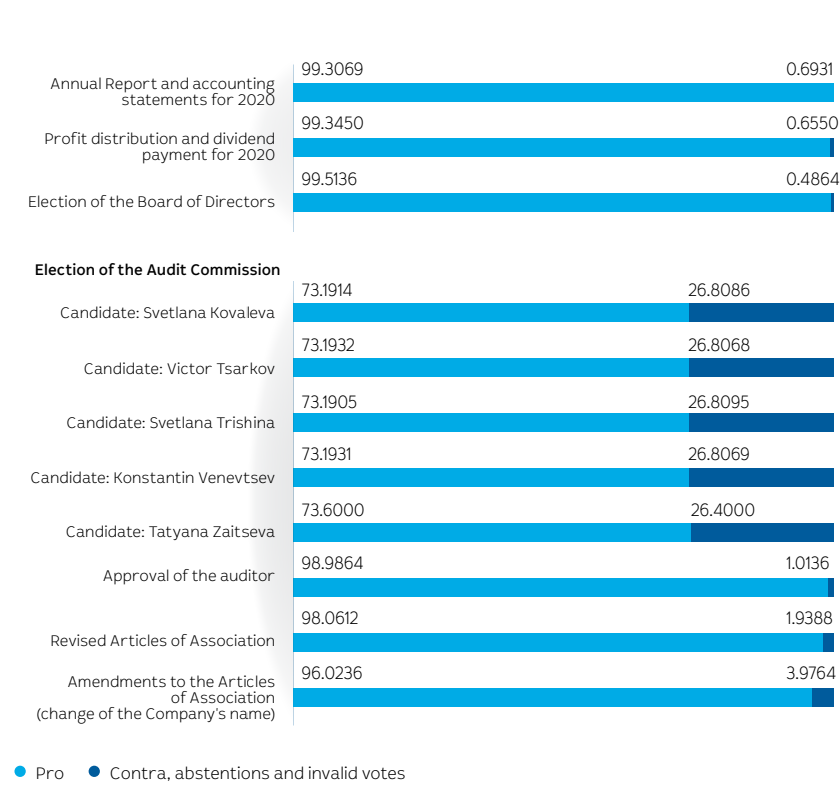
No extraordinary General Meetings of the Company's Shareholders were held in 2021.

Remote communication technologies

Over the past three years, shareholders' interest in participating in annual General Meetings of Shareholders and in using the electronic voting service has grown note-worthily; the same is confirmed by the statistics of quorum and voting methods at general meetings of the Company's shareholders.

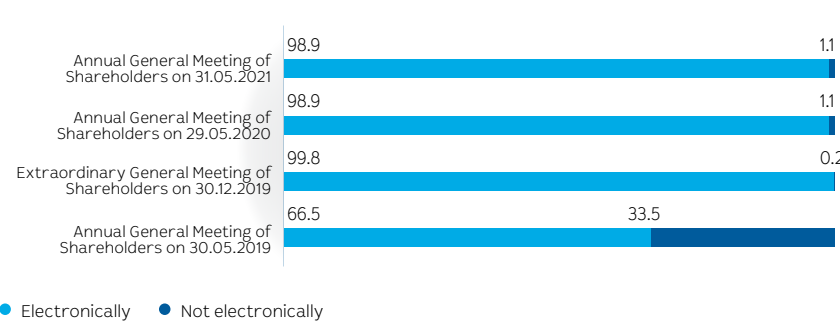
The number of shareholders of the Company participating in annual General Meetings of Shareholders is growing annually from 2019 to 2021. This is due to the general increase in the number of individual shareholders, as well as the simplification of the process of participation in meetings. The Company offers shareholders to vote electronically, which greatly facilitates the voting procedure and makes it more accessible.

Voting results of shareholders at the annual General Meeting of Shareholders on 31.05.2021, % of votes cast

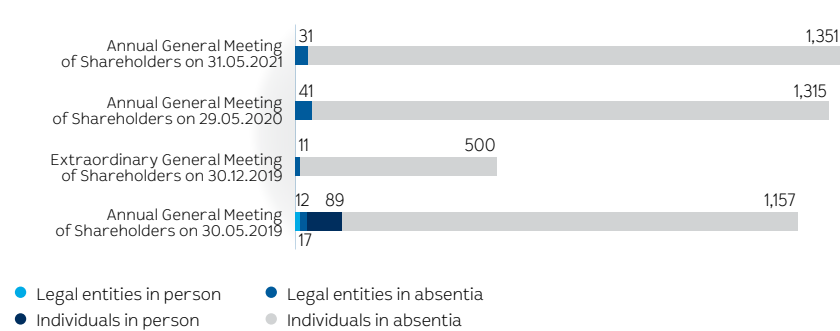


Resolutions adopted on 31 May 2021 are available on the Company's website.

Changes in electronic voting in the General Meeting of Shareholders, % of the votes cast



Shareholders' attendance of General Meetings



Report of the Board of Directors

GRI 102-22 GRI 102-23 GRI 102-24

The Board of Directors of Rosseti Centre has general oversight of the Company's activities and stays within the boundaries of their competence and according to the Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies, the Articles of Associations and in-house documents of the Company, including Regulations on the Board of Directors¹.

THE ROLE OF THE BOARD OF DIRECTORS AND ITS KEY FUNCTIONS

GRI 102-26

The 11-member Board of Directors is elected annually by the General Meeting of Shareholders for a term until the next Annual General Meeting of Shareholders.

The number of members of the Board of Directors optimally matches the current goals and objectives of the Company, as well as industry

practice, and allows the Board of Directors to achieve the balance of competencies (professionalism, knowledge, experience) among its members.

The Board of Directors undertakes the following activities:

- general strategic governance of the Company;
- supervising the activities of the Company's executive bodies to ensure the exercise of rights and legitimate interests of shareholders;
- defining the basic principles and approaches to the organisation of the following systems of the Company: risk management, internal control systems, and internal audit².

ON-BOARDING NEWLY ELECTED MEMBERS OF THE BOARD OF DIRECTORS

In order to ensure the effective work of the Board of Directors and Committees of the Board of Directors, the Corporate Secretary of the Company undertakes the following:

- making the main in-house, strategic documents of the Company available to review and familiarise with;
- upon request, setting up a meeting with the executive management and key employees of the Company to address the major issues of the Company's activities;
- on an ongoing basis, maintains contact with each of the assistants and experts authorised by members

of the Board of Directors and its Committees regarding the order of interaction with the Company.

"The Guidance on the On-boarding of Newly Elected Member(s) of the Board of Directors and Committees Thereunder" can be found on the Company's website.

In order to obtain more detailed information about the Company's activities, the members of the Board of Directors elected for the first time were invited to organise a meeting with the Company's management and/or visit the Company's electric grid facilities. The Company has not received any requests of the same from the members of the Board of Directors.

¹ The Regulations on the Board of Directors of Rosseti Centre were approved by the Annual General Meeting of Shareholders of the Company on 29 May 2020, Minutes No. 01/20 dated 29 May 2020.
² The Corporate Governance Code of Rosseti Centre was approved by the decision of the Board of Directors of the Company on 2 December 2021 (Minutes No. 55/21 dated 3 December 2021).

CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors is elected by the members of the Board of Directors of the Company from the current members of the Board of Directors, by a simple majority of votes. The Board of Directors may re-elect the Chairman of the Board of Directors at any time, by a majority vote of the total number of members of the Company's Board of Directors.

The Chairman of the Board of Directors performs the functions stipulated by the Regulations on the Board of Directors of the Company.

Andrey Mayorov has been elected Chairman of the current Board of Directors; he holds the position of First Deputy General Director – Chief Engineer of Rosseti since November 2018.

Andrey Mayorov is not an independent director, but the members of the Board of Directors voted for his election, in view of his extensive experience in the Company's core business: his experience in the electric power industry exceeds 25 years. In addition, during the independent evaluation of the Board of Directors for the 2020/2021 corporate year, the activities of Andrey Mayorov as a Chairman were highly appreciated by the members of the Board of Directors.

At the same time, independent directors take an active part in the work of the Board of Directors and have the opportunity to communicate directly with the Chairman of the Board of Directors and Management of the Company.

INDEPENDENT DIRECTORS

The role of independent directors
Independent directors play a key role in preventing internal conflicts in the Company and performing significant corporate actions by the Company.

The participation and contribution of independent directors to the work of the Board of Directors strengthen the confidence of shareholders and investors in the Company and improve the quality of management decisions that take into account the interests of the parties involved, as well as contribute to compliance with the principles of corporate governance of the Company.

Independent Directors preliminarily review the planned significant corporate actions and discuss key issues with the Company's managers; the same will be submitted for consideration by the Board of Directors and its Committees.

Senior Independent Director
If the Chairman of the Board of Directors of the Company is not an independent director, the members of the Board of Directors from the elected independent directors have the right to elect a Senior Independent Director.

For the current Board of Directors of the Company, no Senior Independent Director has been elected. However, the established practice, experience and generally recognised reputation in the investment community of A. Shevchuk, who has been a member of the Board of Directors of the Company for more than 11 years, allows us to conclude that Alexander Shevchuk performs these functions without formally assigning this status to him.

Independent directors in the current Board of Directors
Every year before the Annual General Meeting of Shareholders, the Personnel and Remuneration Committee analyses the compliance of candidates to the Board of Directors with the independence criteria established by the Corporate Governance Code of the Bank of Russia and the Listing Rules of the Moscow Exchange, and submits an appropriate conclusion on the independence of candidates to shareholders as part of the materials for the General Meeting of Shareholders.

The current Board of Directors of the Company consists of three independent directors: Anastasia Krupenina, Maria Korotkova and Alexander Shevchuk.

According to the results of the evaluation of the independence of Directors conducted by the Board of Directors in June 2021, Anastasia Krupenina was recognised as fully compliant with the independence criteria defined by the Corporate Governance Code of the Bank of Russia and the Listing Rules of the Moscow Exchange.

Maria Korotkova and Alexander Shevchuk were recognised as independent directors by the decision of the Board of Directors of the Company.

Quarterly, in order to maintain the Company's shares in the Second level of the Securities List, the status of independence was confirmed by the Moscow Exchange, and, if necessary, by the Board of Directors of the Company (30 June 2021, 13 August 2021).

When recognising the members of the Board of Directors as independent, the Board of Directors proceeded from the fact that Maria Korotkova and Alexander Shevchuk have an excellent business reputation, will act in good faith and reasonably in the interests of the Company and its shareholders, and form objective and independent opinions.

MEMBERSHIP OF THE BOARD OF DIRECTORS

The 11-member Board of Directors is elected annually by the General Meeting of Shareholders for a term until the next Annual General Meeting of Shareholders. The number of members of the Board is optimal for directors to make informed decisions and effectively perform their functions.

In the reporting year, Rosseti Centre was administered by the Board of Directors in two memberships. The current Board of Directors of the Company was elected on 31 May 2021 by the Annual General Meeting of Shareholders.

In 2021, five new members have entered the Board of Directors of the Company.

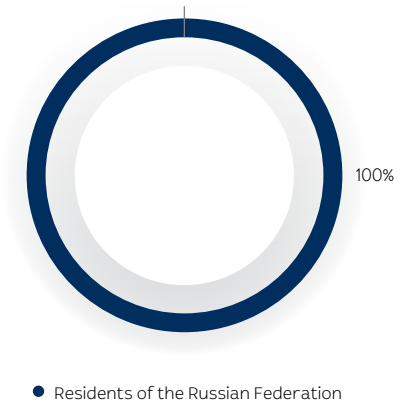
Until 31 May 2021	Since 31 May 2021
Andrey Mayorov (Chairman of the Board of Directors)	Andrey Mayorov (Chairman of the Board of Directors)
Alexander Golovtsov	Alexander Golovtsov
Alexander Kazakov	Yury Goncharov
Vitaliy Zarkhin	Vitaliy Zarkhin
Igor Makovskiy	Igor Makovskiy
Daniil Krainsky	Daniil Krainsky
Aleksey Pavlov	Maria Korotkova
Larisa Romanovskaya	Anastasia Krupenina
Konstantin Mikhailik	Alexey Molsky
Vasily Rozhkov	Yegor Prokhorov
Alexander Shevchuk	Alexander Shevchuk

In 2021, there was no early termination of the powers of members of the Company's Board of Directors.

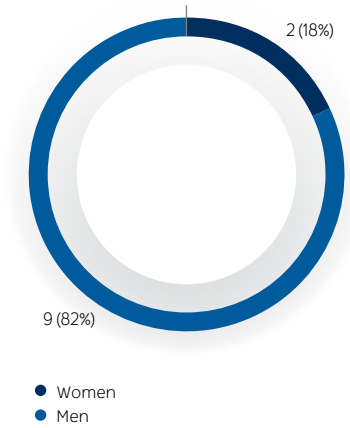
COMPOSITION OF THE BOARD OF DIRECTORS

GRI 405-1

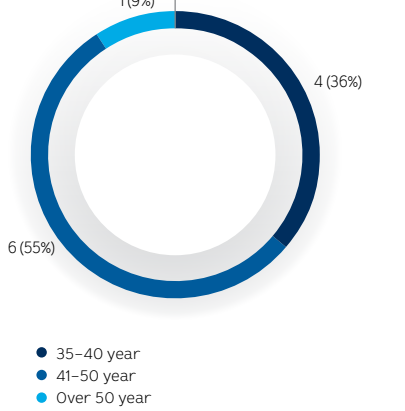
Nationality



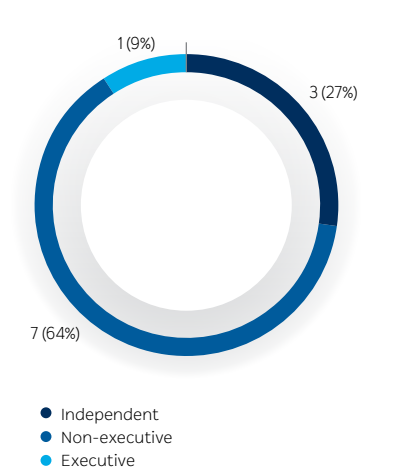
Gender



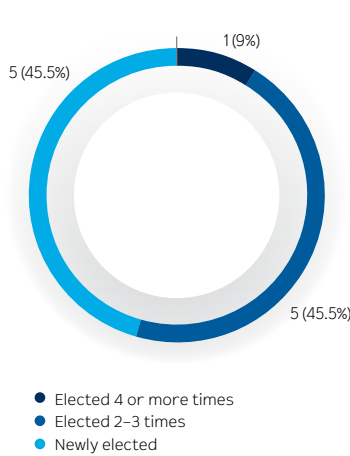
Age



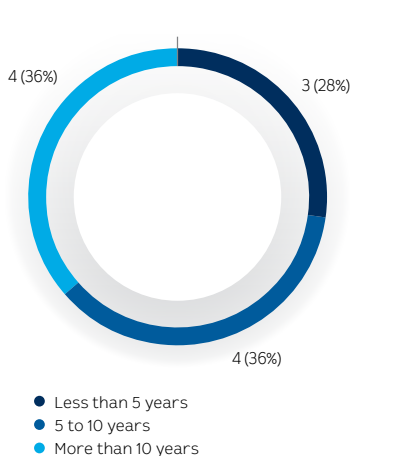
Status



Tenure on the Company's Board of Directors



Number of years in the electric power industry



COMPETENCE AND DIVERSIFICATION OF THE BOARD OF DIRECTORS

The current membership of the Company's Board of Directors is balanced by the necessary competencies and professional experience. All members of the Board of Directors have higher education and possess high professionalism and qualifications: they are recognised specialists in the field of energy, finance, law, strategic and corporate governance, audit, risk management, personnel management, innovation and investment, in the industrial and scientific research fields.

The Directors have experience working on the Boards of Directors or in senior positions of other joint-stock companies whose shares are included in the quotation lists of organised trading platforms (exchanges); have a positive business and personal reputation and possess the knowledge, skills and experience necessary for making decisions within the competence of the Board of Directors and required for the effective implementation of their functions.

The principle of balance of the Board of Directors is implemented on the basis of a high level of professional knowledge and competencies, sufficient time for the performance of duties by members of the Board of Directors, the absence of conflicts of interest, which contributes to effective decision-making.

Experience and competencies of members of the Board of Directors

Full name of the Board member	Scope of activity and competence						
	Power systems	Finance and audit	Investments	Legal issues	Management and governance	Corporate governance	Other (to be specified)
Current membership of the Board of Directors							
Andrey Mayorov	●						Candidate degree in Technical Science
Alexander Golovtsov	●	●	●			●	
Yury Goncharov		●		●	●	●	
Vitaliy Zarkhin	●	●	●		●	●	
Maria Korotkova	●	●			●		
Daniil Krainsky	●			●	●	●	
Anastasia Krupenina		●	●		●		
Igor Makovskiy	●	●	●	●	●	●	
Alexey Molsky	●		●		●		
Yegor Prokhorov	●	●	●		●		PhD in Economics
Alexander Shevchuk	●	●	●	●	●	●	
The members of the Board of Directors till 31 May 2021							
Alexander Kazakov	●	●	●		●	●	PhD in Economics
Konstantin Mikhailik	●	●	●	●	●	●	Candidate degree in Legal Sciences
Aleksey Pavlov	●	●	●		●		
Vasily Rozhkov	●				●		
Larisa Romanovskaya	●	●			●		

Functions and status of members of the current Board of Directors

Full name of the Board member	Date of first election to the Board of Directors / term of membership in the Board of Directors, years	Status of a member of the Board of Directors	Who nominated a member of the Board of Directors for election (description / full name of the shareholder)	Participation in Committees				
				AC	SC	P&RC	RC	GCC
Current membership of the Board of Directors								
Andrey Mayorov	29 May 2020 / more than 1 year	Non-Executive Director	Rosseti / 50.23%					
Alexander Golovtsov	30 May 2019 / more than 2 years	Non-Executive Director	New Russian Generation Limited / 15.98%		●	●		●
Yury Goncharov	31 May 2021 / less than 1 year	Non-Executive Director	Rosseti / 50.23%					
Vitaliy Zarkhin	30 May 2019 / more than 2 years	Non-Executive Director	New Russian Generation Limited / 15.98%		●		●	●
Maria Korotkova	31 May 2021 / less than 1 year	Independent Director	Rosseti / 50.23%	●				
Daniil Krainsky	29 May 2020 / more than 1 year	Non-Executive Director	Rosseti / 50.23%			●		
Anastasia Krupenina	31 May 2021 / less than 1 year	Independent Director	New Russian Generation Limited / 15.98%	●	●			
Igor Makovskiy	30 May 2019 / more than 2 years	Executive Director	Rosseti / 50.23%					
Alexey Molsky	31 May 2021 / less than 1 year	Non-Executive Director	Rosseti / 50.23%					●
Yegor Prokhorov	31 May 2021 / less than 1 year	Non-Executive Director	Rosseti / 50.23%		●			
Alexander Shevchuk	17 June 2011 / more than 11 years	Independent Director	New Russian Generation Limited / 15.98%	●	●			
The members of the Board of Directors till 31 May 2021								
Alexander Kazakov	31 May 2018 / 3 years	Independent Director	Rosseti / 50.23%	●				
Konstantin Mikhailik	29 May 2020 / 1 year	Non-Executive Director	Rosseti / 50.23%					
Aleksey Pavlov	8 June 2017 / 4 years	Non-Executive Director	Rosseti / 50.23%		●			
Vasily Rozhkov	29 May 2020 / 1 year	Non-Executive Director	Rosseti / 50.23%				●	
Larisa Romanovskaya	31 May 2018 / 3 years	Non-Executive Director	Rosseti / 50.23%	●		●		

Biographies of the members of the Board of Directors¹



Andrey Mayorov

Chairman of the Board of Directors
Non-Executive Director

First Deputy General Director – Chief Engineer of PJSC Rosseti, First Deputy General Director – Chief Engineer of PJSC FGC UES (part-time)

Born in 1967, a Russian citizen.

In 1994, he graduated from Moscow Power Engineering Institute with a degree in Electric Power Systems and Grids.

In 2004, he completed professional retraining under the programme “Management of Energy Companies in a Market-Driven Economy” at State University of Management.

In 2017, he completed a postgraduate course at JSC Scientific and Technical Centre of the Federal Grid Company of the Unified Energy System.

Holds a candidate degree in Technical Science.

Over the past five years, he has held the positions of Deputy General Director – Chief Engineer of PJSC Rosseti, General Director of JSC United Energy Company, member of the Board of Directors of PJSC Rosseti Northern Caucasus.

Currently, he is the First Deputy General Director – Chief Engineer of PJSC Rosseti, First Deputy General Director – Chief Engineer of PJSC FGC UES (part-time), member of the Management Board of PJSC Rosseti, Chairman of the Board of Directors of Rosseti Centre, PJSC, Rosseti Centre and Volga region, PJSC, PJSC Rosseti Volga, JSC Management of VOLS-VL, JSC Mobile GTES, member of the Board of Directors of PJSC Rosseti Lenenergo, JSC Rosseti Tyumen, PJSC Rosseti Northern Caucasus, PJSC Rosseti North-West, PJSC Rosseti Moscow region.

Honoured by a number of industry, state, corporate and other awards. He is a member of the Association of the Organisation of Digital Development of the industry – Digital Energy.

First elected to the Company’s Board of Directors on **29 May 2020**.

Number of the Company’s shares / the Company’s equity stake in possession: none.



Igor Makovskiy

Member of the Board of Directors
Executive Director

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

Born in 1972, a Russian citizen.

In 1993, he graduated from the Alma-Ata Higher Border Command School named after F. Dzerzhinsky with a degree in Command, tactical, fundamentals of life support.

In 2000, he graduated from Kaliningrad State University with a degree in Law.

In 2004, passed retraining in North-Western Academy of State Service under the State Municipal Management programme.

Over the past five years, he has held the positions of Acting General Director, General Director, Chairman of the Management Board of JSC Yantarenergo, Acting General Director of Rosseti Centre and Volga region, PJSC (part-time), Chairman of the Board of Directors / Member of the Board of Directors of JSC Yantarenergo, JSC Yaroslavl Electric Grid Company, JSC Kaliningrad Generating Company, JSC Yantarenergoservice, JSC Yantarenergosbyt.

Currently, he is the General Director of Rosseti Centre, PJSC, Chairman of the Management Board and a member of the Board of Directors of Rosseti Centre, PJSC and Rosseti Centre and Volga region, PJSC.

Honoured by a number of industry, state, corporate and other awards.

First elected to the Company’s Board of Directors on **30 May 2019**.

Number of the Company’s shares / the Company’s equity stake in possession: none.



Alexander Golovtsov

Member of the Board of Directors
Non-Executive Director

Born in 1973, a Russian citizen.

In 1996, he graduated from the Baltic State Technical University named after D.F. Ustinov (St. Petersburg), a degree in Electrical Engineer.

Over the past five years, he has held the positions of a member of the Board of Directors of Rosseti Centre and Volga region, PJSC, PJSC Rosseti Volga and the Non-Profit Organisation “Association of Professional Investors”, **from 2005 to 2019** he held the position of Head of the Analytical Research Department of JSC URALSIB Management Company.

Currently, member of the Board of Directors of Rosseti Centre and Rosseti North-West.

He is the Deputy Chairman of the Personnel and Remuneration Committee, a member of the Strategy Committee, Grid Connection Committee under the Board of Directors of Rosseti Centre, PJSC.

First elected to the Company’s Board of Directors on **30 May 2019**.

Number of the Company’s shares / the Company’s equity stake in possession: none.



Yury Goncharov

Member of the Board of Directors
Non-Executive Director

Chief Advisor of PJSC Rosseti.

Born in 1977, a Russian citizen.

In 2000, he graduated from Moscow State Mining University with a degree in Management, Master of Management qualification.

In 2014, he graduated from the Moscow Institute of Economics, Politics and Law with a degree in Law, a Bachelor of Law qualification.

Over the past five years, he has held the positions of a member of the Board of Directors of PJSC Rosseti Lenenergo, PJSC Rosseti Siberia, PJSC Rosseti Moscow Region; **since 2013 till 2018** he held the position of Deputy General Director for Corporate Governance of PJSC Rosseti.

Currently, he is the Chief Advisor of PJSC Rosseti, a member of the Board of Directors of Rosseti Centre, PJSC, PJSC Rosseti Volga, Rosseti Centre and Volga region, PJSC, PJSC Rosseti Northern Caucasus, PJSC Rosseti North-West, JSC Rosseti Tyumen, JSC IDGC of the Urals, PJSC Rosseti Kuban, JSC SZEUK.

Honoured by industry awards.

First elected to the Company’s Board of Directors on **31 May 2021**.

Number of the Company’s shares / the Company’s equity stake in possession: none.



Vitaliy Zarkhin

Member of the Board of Directors
Non-Executive Director

Born in 1976, a Russian citizen.

In 1998, he graduated from State University – Higher School of Economics (Moscow), degree in Economics, qualification Bachelor of Economics; in 2000, he was granted with qualification Master of Management, degree in Management.

Over the past five years, he has held the positions of a member of the Board of Directors of PJSC Enel Russia, PJSC KTK, **since 2011 till 2018** he held the position of Managing Director of GPB Bank (JSC).

Currently, he is a member of the Board of Directors of Rosseti Centre, PJSC, PJSC Rosseti Siberia, PJSC Rosseti South, Rosseti Centre and Volga region, PJSC.

Member of the Reliability Committee, Strategy Committee, Grid Connection Committee under the Board of Directors of Rosseti Centre, PJSC.

First elected to the Company’s Board of Directors on **30 May 2019**.

Number of the Company’s shares / the Company’s equity stake in possession: none.

¹ Data are given as of 31 December 2021, in line with the current Russian laws on personal data.



Maria
Korotkova

Member of the Board of Directors
Independent Director

Development Director of LLC Technoinnovation
Born in 1984, a citizen of Russia.
In 2006 she graduated from Nizhny Novgorod State University named after N.I. Lobachevski, degree in Management of Organisations, a Specialist qualification.
In 2017, she graduated from Moscow State University named after M.I. Lomonosov in the MBA programme Strategic Management and Entrepreneurship.
Over the past five years, she has held the positions of a member of the Board of Directors of JSC Rosagroleasing; **since 2013 till 2021** she held the position of Director of LLC MKS; **since 2017 till 2019** – General Director of LLC GK MKS.

Currently, she is the Development Director of LLC Technoinnovation, a member of the Board of Directors of Rosseti Centre, PJSC, PJSC Rosseti South, PJSC Rosseti Volga.

He is a member of the Audit Committee under the Board of Directors of Rosseti Centre, PJSC.

She is also a member of the Association “Club of Leaders for the Promotion of Business Initiatives”, the National Register of the Russian Institute of Directors (RID) and the Moscow Regional branch of Business Russia Association.

First elected to the Company’s Board of Directors on **31 May 2021**.

Number of the Company’s shares / the Company’s equity stake in possession: none.



Daniil
Krainsky

Member of the Board of Directors
Non-Executive Director

Deputy General Director for Legal Support of Rosseti, Deputy General Director for Legal Support of PJSC FGC UES (part-time), Deputy General Director for Legal and Corporate Governance of PJSC Rosseti Lenenergo (part-time)

Born in 1979, a Russian citizen.

In 2002, graduated from Moscow State Law Academy with a degree in Law, a Lawyer qualification.

Over the past five years, he has held the positions of Adviser, Chief Adviser of PJSC Rosseti, Deputy General Director for Legal and Corporate Governance of PJSC Rosseti Lenenergo.

Currently he holds the following positions:
Deputy General Director for Legal Support of PJSC Rosseti, Deputy General Director for Legal Support of PJSC FGC UES (part-time), Adviser to the General Director of PJSC Rosseti Lenenergo (part-time), Member of the Management Board of PJSC Rosseti Lenenergo, Chairman of the Board of Directors of JSC IDGC of the Urals, PJSC Rosseti Kuban, PJSC Rosseti South, JSC SIC UES, JSC Energy Service Company Lenenergo, member of the Board of Directors of Rosseti Centre, PJSC, JSC Yantarenergo, JSC Rosseti Tyumen, JSC Tyvaenergo, JSC Management of VOLS-VL, PJSC Rosseti North-West, PJSC TDC, PJSC Rosseti Volga, PJSC Rosseti Siberia, PJSC Rosseti Moscow Region, PJSC Rosseti Northern Caucasus, PJSC Rosseti Lenenergo, JSC STC FGC UES.
Chairs the Personnel and Remuneration Committee of the Board of Directors of Rosseti Centre, PJSC.

Honoured by industry awards.

First elected to the Company’s Board of Directors on **29 May 2020**.

Number of the Company’s shares / the Company’s equity stake in possession: none.



Anastasia
Krupenina

Member of the Board of Directors
Independent Director

Director for Strategy and Investments at LLC Pyat Plus

Born in 1985, a citizen of Russia.

In 2007, she graduated from Tver State University with a degree in Finance and Credit, an Economist qualification.

Over the past five years, she has held the positions of a member of the Board of Directors of Rosseti Centre and Volga region, PJSC, **from 2012 to 2018** she held the positions of Head of the Securities Department, Economist of the 1st category of the Dealer Operations Department of the Securities Department of JSC GUTA-BANK.

Currently, she is the Director of Strategy and Investments of LLC Five Plus, a member of the Board of Directors of Rosseti Centre, PJSC, JSC ChZSK.

Holds membership in the Audit Committee and Strategy Committee under the Board of Directors of Rosseti Centre, PJSC.

First elected to the Company’s Board of Directors on **31 May 2021**.

Number of the Company’s shares / the Company’s equity stake in possession: none.



Alexey
Molsky

Member of the Board of Directors
Non-Executive Director

Deputy General Director for Investments, Capital Construction and Sale of Services of PJSC FGC UES, Deputy General Director for Investments, Capital Construction and Sale of Services of PJSC Rosseti (part-time)

Born in 1980, a Russian citizen.

In 2004, he graduated from the Moscow Power Engineering Institute with a degree in Electric Power Systems and Networks and Economics and Management at an Electric Power Facility, an Engineer qualification.

Over the past five years, he has held the positions of Member of the Board of Directors of PJSC Rosseti South, Member of the Management Board, Deputy Chairman of the Management Board, First Deputy Chairman of the Management Board of PJSC FGC UES.

Currently, he is Deputy General Director for Investments, Capital Construction and Sale of Services of PJSC FGC UES, Deputy General Director for Investments, Capital Construction and Sale of Services of PJSC Rosseti (part-time), member of the Management Board of PJSC Rosseti, Chairman of the Board of Directors of JSC CIUS UES, JSC Tomsk backbone networks, JSC Yantarenergosbyt, member of the Board of Directors of Rosseti Centre, PJSC, JSC Rosseti Tyumen, JSC Tyvaenergo, JSC Technical Client Centre, JSC Management of VOLS-VL, PJSC Rosseti Siberia, PJSC Rosseti Kuban, PJSC Rosseti Volga, PJSC Rosseti North-West, PJSC Rosseti Northern Caucasus, PJSC TDC, PJSC Rosseti Moscow region, JSC STC FGC UES.

He is the Chairman of the Grid Connection Committee under the Board of Directors of Rosseti Centre, PJSC.

Honoured by industry awards.

First elected to the Company’s Board of Directors on **31 May 2021**.

Number of the Company’s shares / the Company’s equity stake in possession: none.



Yegor
Prokhorov

Member of the Board of Directors
Non-Executive Director

Deputy General Director for Strategy of PJSC Rosseti, Deputy General Director for Strategy of PJSC FGC UES (part-time)

Born in 1982, a Russian citizen.

In 2004, graduated from St. Petersburg State University with a degree in Mathematical Methods in Economics, an Economist Mathematician qualification.

Holds a candidate degree in Economics.

Over the past five years, he has held the positions of a member of the Board of Directors of PJSC Rosseti Kuban, Rosseti Centre and Volga region, PJSC, JSC DVEUK, PJSC FGC UES, Deputy General Director for Finance of PJSC Rosseti.

Currently, he is Deputy General Director for Strategy of PJSC Rosseti, Deputy General Director for Strategy of PJSC FGC UES (part-time), member of the Board of Directors of Rosseti Centre, PJSC, JSC Rosseti Tyumen, PJSC Rosseti South, PJSC Rosseti Volga, PJSC TDC, PJSC Rosseti Northern Caucasus, JSC IDGC of the Urals.

He is a member of the Strategy Committee under the Board of Directors of Rosseti Centre, PJSC.

Honoured by industry awards.

First elected to the Company’s Board of Directors on **31 May 2021**.

Number of the Company’s shares / the Company’s equity stake in possession: none.



Alexander
Shevchuk

Member of the Board of Directors
Independent Director

Executive Director, Association of Institutional Investors Non-Profit Organisation

Born in 1983, a Russian citizen.

In 2005, graduated from Financial Academy under the Government of the Russian Federation with a degree in Finance and Credit, an Economist qualification.

Over the past five years, he has held positions in the Association for the Protection of Investors’ Rights / the Association of Professional Investors, a member of the Board of Directors of PJSC TGC-1, PJSC Rosseti North-West, PJSC TGC-2, PJSC Rosseti South.


Currently, he is the Executive Director of the Non-profit Organisation of the Association of Professional Investors, a member of the Board of Directors of Rosseti Centre, PJSC, JSC IDGC of the Urals, Rosseti Centre and Volga region, PJSC, PJSC Detsky Mir, PJSC RusHydro, LLC Binnopharm Group.

He is the Chairman of the Audit Committee, a member of the Strategy Committee of the Board of Directors of Rosseti Centre, PJSC.

Honoured by industry awards.

First elected to the Company’s Board of Directors on **17 June 2011**.

Number of the Company’s shares / the Company’s equity stake in possession: none.

 Details about the members of the Company’s Board of Directors is also available on [the Company’s website](#).

On 31 May 2021, the following directors left the Board of Directors¹.



Alexander Kazakov
Independent Director

Born in 1948, a Russian citizen.
In 1971, graduated from Moscow Engineering and Economic Institute named after S. Ordzhonikidze with a degree in Engineering and Economics.
Holds a doctorate degree in Economics.
He was a member of the Board of Directors of IDGC of Center and Volga Region, PJSC, PJSC Rosseti Volga.
Honoured by a number of industry, state, corporate and other awards.
He was the Chairman of the Audit Committee under the Board of Directors of IDGC of Centre.
First elected to the Company's Board of Directors on **31 May 2018**.
Number of the Company's shares / the Company's equity stake in possession: none.



Konstantin Mikhailik
Non-Executive Director

Deputy General Director for Digital Transformation of PJSC Rosseti, Deputy General Director for Digital Transformation of PJSC FGC UES (part-time)
Born in 1983, a Russian citizen.
In 2004, he graduated from St. Petersburg University of the Ministry of Internal Affairs Russian Federation with a degree in Law.
In 2005 he graduated from the Moscow State Institute of International Relations (University) of the Ministry of Foreign Affairs with a degree in Finance and Credit.
In 2016, he graduated from National Research University "Moscow Power Engineering Institute" with a degree in Electric Power Engineering and Electrical Engineering.
He holds a candidate degree in Law.
Over the past five years, he has held the positions of Deputy General Director for Operations, Deputy General Director for Digital Transformation of PJSC Rosseti, Deputy General Director for Digital Transformation of PJSC FGC UES (part-time), First Deputy General Director of IDGC of Centre, PJCS.
He was a member of the Boards of Directors of Rosseti North-West, Rosseti South, PJSC TDC, JSC FITZ, JSC VOLS-VL Administration, JSC SIC UES.
Honoured by a number of industry, state, corporate and other awards.
First elected to the Company's Board of Directors on **29 May 2020**.
Number of the Company's shares / the Company's equity stake in possession: none.



Aleksey Pavlov
Non-Executive Director

Head of the Strategy Department of PJSC Rosseti, Head of the Strategy Department of PJSC FGC UES (part-time)
Born in 1982, a Russian citizen.
In 2004, graduated from the Saint Petersburg State University with a degree in Mathematical Methods of Operations Research.
Over the past five years, he has held senior positions in the Finance Department, the Treasury Department of PJSC Rosseti, the Strategy Department of PJSC FGC UES (part-time).
He was a member of the Board of Directors of JSC OPERATOR ASTU (PAS OPERATOR), JSC Severkavkazenergo and JSC Yantarenergo.
Honoured by industry awards.
First elected to the Company's Board of Directors on **8 June 2017**.
Number of the Company's shares / the Company's equity stake in possession: none.



Vasily Rozhkov
Non-Executive Director

Deputy Chief Engineer of PJSC Rosseti, Deputy Chief Engineer of PJSC FGC UES (part-time)
Born in 1963, a Russian citizen.
In 1985, he graduated from Tomsk Institute of Automated Control Systems and Radio Electronics with a degree in Radio Engineering.
In 2005, he graduated from Krasnoyarsk State Technical University with a degree in Electric Power Plants.
Over the past five years, he has held the positions of Director of the Production Activities Department, Head of the Production Planning Department of the Operational and Technological Management Department of Rosseti, Deputy Head of the Production Assets Management Department of PJSC FGC UES (part-time).
He was a member of the Board of Directors of JSC Technical Customer Centre, JSC Chechenenergo.
He chairs the Reliability Committee of the Board of Directors of IDGC of Centre, PJCS.
Honoured by industry and corporate awards.
First elected to the Company's Board of Directors on **29 May 2020**.
Number of the Company's shares / the Company's equity stake in possession: none.



Larisa Romanovskaya
Non-Executive Director

First Deputy General Director – Chief Engineer of PJSC Rosseti, First Deputy General Director – Chief Engineer of PJSC FGC UES (part-time)
Born in 1972, a Russian citizen.
In 1995, she graduated from the Samara State Economic Academy with a degree in Economics.
Over the past five years, she has held the positions of Acting Deputy General Director for Personnel Management, Public Authorities and the Media Relations (part-time), Deputy General Director for Public Authorities Relations, Adviser, Chief Adviser of Rosseti, First Deputy General Director of PJSC FGC UES, General Director of LLC Ensol.
She was the member of the Management Board of Rosseti and the Association of Digital Development Organisations of the Digital Energy Industry, the Boards of Directors of Rosseti Moscow Region, Rosseti Lenenergo and PJSC FGC UES.
She was the Chairman of the Personnel and Remuneration Committee of the Board of Directors of Rosseti Centre, PJSC.
Honoured by a number of industry, corporate and other awards.
First elected to the Company's Board of Directors on **31 May 2018**.
Number of the Company's shares / the Company's equity stake in possession: none.

Additional information on the members of the Board of Directors

Shareholding in the Company (directly or indirectly)	No shareholding
Transactions with the Company's shares in 2021	None
Shareholding in the Company's subsidiaries and affiliates	No shareholding
Transactions among the members of the Company's Board of Directors in 2021	None
Loans from the Company or S&As to the Board's members	None
Other civil law contracts of the Company or S&As with the members of the Board of Directors	None
Criminal records and administrative violations in the field of business, finances, taxes and fees and the securities market	None
Training of the Board members at the Company's expense	None
Serving on, or membership in, the management bodies of competitors	None



For more details on the Company's activities to prevent the conflict of interests, please see the **Resolution of Conflict of Interest** section on p. 195.

¹ The information is given as of 31 March 2021 (the last reporting date for submitting the questionnaire for a member of the Company's Board of Directors) under the existing laws of the Russian Federation on personal data. Status – as of 31 May 2021.

RESULTS OF FUNCTIONING OF THE BOARD OF DIRECTORS IN 2021

The work of the Company's Board of Directors is organised in accordance with the approved Work Plan for the corporate year. In the reporting year, the Board of Directors also held unscheduled meetings, thus promptly responding to external and internal events and challenges.

Meetings of the Board of Directors are held in person and in absentia. If a member of the Board of Directors is unable to attend an in-person meeting at its venue, the Company provides him with the opportunity to remotely participate in the meeting via video conference or takes into account his written opinion when summarising the results of the in-person meeting.

In 2021, 64 meetings of the Board of Directors were held. By unanimous decision of the members of the Board of Directors, 63 meetings were held in absentia due to the spread of a new coronavirus infection.

When planning work and directly in its activities, the Board of Directors focuses on issues that are of the greatest importance for the successful current and future development of the Company. During the reporting year, the Board of Directors made decisions on the main areas of activity, personnel appointments, and analysed management reports on the financial results of the Company's activities, considered issues on granting consent to transactions implying an interest.

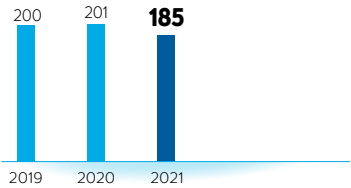
A total of 185 issues were considered at the meetings.

The Board of Directors paid considerable attention to corporate governance issues, including the preparation of the Annual General Meeting of Shareholders in a difficult epidemiological situation.

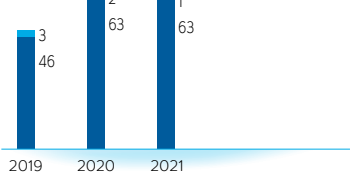
Preliminary consideration of issues by the Management Board of the Company, appropriate Committees of the Board of Directors of the Company
To improve the efficiency of the Company's Board of Directors, the Management Board and the relevant Committees of the Board of Directors prepared and submitted recommendations (conclusions) to the Board of Directors on issues within its competence.

In particular, 36% of all issues considered by the Board of Directors were previously considered by the Management Board of Rosseti Centre, 34% – by the Strategy Committee of the Board of Directors, 14 and 13% of issues – by the Personnel and Remuneration Committee and the Reliability Committee.

Number of issues discussed by the Board of Directors

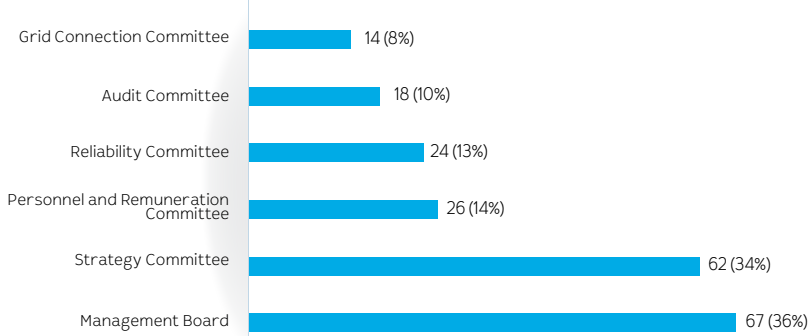


Format of the meetings of the Board of Directors

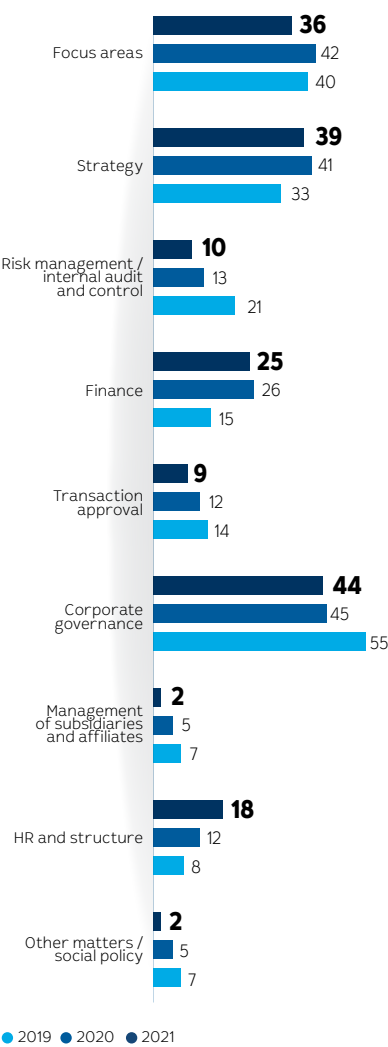


- In person meeting
- Absentee voting

Preliminary consideration of matters within the competence of the Board of Directors



Breakdown of issues discussed by the Board of Directors



Essential issues considered at the meetings of the Board of Directors

Among the significant issues considered by the Company's Board of Directors in 2021, there were issues of business planning and investment activities, approval of programmes in the field of strategic planning: the Innovative Development Programme for 2020–2024 with a perspective for 2030, the Insurance Protection Programme and a number of others.

The Board of Directors also paid attention to the areas of activity within the ESG agenda. Thus, the Energy Saving and Energy Efficiency Improvement Programme, the Charging Infrastructure Development Programme, the Non-State Pension Provision (NSPP) Programme were approved, and the Collective Agreement was approved.

In order to develop the corporate governance system, new editions of the Corporate Governance Code and a number of other internal documents have been approved, including in the field of internal audit and risk management.

Assignments to the Company's management

Indicator	2019	2020	2021
Total number of assignments	69	63	40
Achieved (in full/partially)	45/9	31	17
In progress performed on an ongoing basis (have a continuous period)	6	8	6
To be completed (the term of performance has not come)	9	24	17

For more details on the most important issues considered by the Board of Directors in 2021, please see **Appendix 3** to the Annual Report or visit **the Company's website**.

Participation of members of the Board of Directors in meetings

Participation of the members of the Board of Directors in meetings of the Board of Directors in 2021

Full name of a member of the Board of Directors	Attendance at the Board of Directors' meetings			
	Number of meetings in 2021		Participated	
	in person, ea.	in absentia, ea.	in person, ea./%	in absentia, ea./%
Board members who served on the Board of Directors throughout 2021				
Andrey Mayorov	1	63	1/100	63/100
Alexander Golovtsov	1	63	1/100	63/100
Vitaliy Zarkhin	1	63	1/100	63/100
Daniil Krainsky	1	63	1/100	63/100
Igor Makovskiy	1	63	1/100	63/100
Alexander Shevchuk	1	63	1/100	63/100
Board's members who stepped down from the Board of Directors on 31 May 2021				
Alexander Kazakov	1	19	1/100	19/100
Konstantin Mikhailik	1	19	1/100	19/100
Aleksey Pavlov	1	19	1/100	19/100
Vasily Rozhkov	1	19	1/100	19/100
Larisa Romanovskaya	1	19	0/0	20/100
Board members who were elected to the Board of Directors on 31 May 2021				
Yury Goncharov	0	44	0	44/100
Maria Korotkova	0	44	0	44/100
Anastasia Krupenina	0	44	0	44/100
Alexey Molsky	0	44	0	44/100
Yegor Prokhorov	0	44	0	44/100

Insurance of liability of members of the Board of Directors

The liability of the members of the Board of Directors, members of the Management Board and officials of Rosseti Centre is insured. The insurer is JSC SOGAZ, the largest company in this industry, capable of providing the most reliable and full-fledged protection for this type of insurance.

Liability insurance provides compensation for losses to the Company or third parties caused by unintentional actions of insured persons during their management activities.

The term of the agreement is from 1 January 2021 till 31 December 2021. The insurance premium for the year amounted to RUB 9.9 mn.

Assessment of the performance of the Board of Directors and Committees of the Board of Directors

GRI 102-28

The activities of the Board of Directors and Committees of the Board of Directors of the Company are evaluated in accordance with the Methodology for Assessment of the Performance of the Board of Directors and Committees of the Board of Directors of the Company¹; the Methodology was approved by the Board of Directors and developed in accordance with the legislation of the Russian Federation, the Articles of Association of the Company and the Corporate Governance Code of the Bank of Russia.

In accordance with the Methodology, the assessment is carried out in the following ways: internal assessment (self-assessment) – annually, external independent assessment (through the involvement of an independent consultant) – once every three years.

Assessments conducted in 2019–2021:

- 2019 – Self-assessment;
- 2020 – Self-assessment;
- 2021 – External independent assessment;
- 2022 – Self-assessment.

Independent assessment for the 2020/2021 corporate year

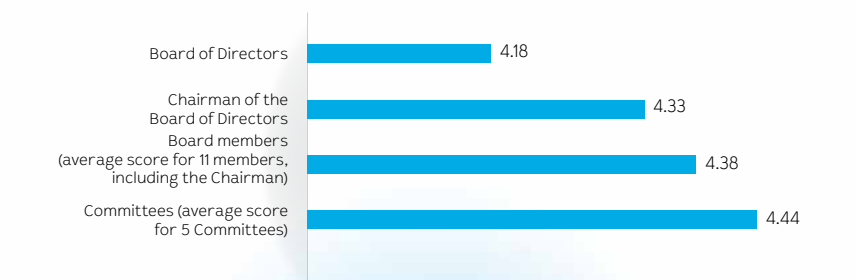
The assessment for the 2020/2021 corporate year involved an independent consultant – JSC VTB Registrar, which was selected following the competitive procedures established in the Company. VTB Registrar has the core competencies and experience in evaluating the functioning of the Board of Directors and the Committees of the Board of Directors, including among the power grid companies.

The independent consultant conducted assessment through questionnaires distributed to the members of the Board of Directors and its Committees, which included questions to assess the experience, expertise, business reputation and conflicts of interest, and also to assess the performance of each member of the Board of Directors and its Committees. In order to obtain additional information and clarify certain aspects of the activities of the Board of Directors and Committees, the independent consultant conducted individual interviews with seven members of the Board of Directors (including all independent directors) and with representatives of the Committees of the Board of Directors.

The assessment results prove high performance of the Company's Board of Directors:

- The activities of Company's Board of Directors and its Committees is generally well organised and complies with the strategic principles of the Company and key recommendations of the Bank of Russia Corporate Governance Code;
- The structure of the Board of Directors of the Company and its Committees fully meets the needs of the Company, its scale and the complexity of the business;
- The number of independent directors on the Board of Directors complies with the best Russian and international corporate governance practices; the Board of Directors is balanced in terms of composition and competencies and has an optimal structure. The high level of participation of members of the Board of Directors in in-person meetings and absentee voting was noted. The Chairman of the Board of Directors functions effectively; it is advisable for the Corporate Secretary to adhere to the achieved level in the future;
- The Company complies with Russian corporate governance regulations, as well as the key recommendations of the Bank of Russia Corporate Governance Code.

Scores of assessment objects on a 1 to 5 scale



The independent consultant made the following recommendations:

- Delegate the issues that are not key to achieving strategic goals to the relevant Committees of the Company;
- Make more use of the qualifications of independent Directors and external experts in the work of Committees;
- Continue to use video conferencing for in-person meetings of the Board of Directors and Committees;
- Pay attention to ESG issues.

The Company's Board of Directors reviewed the results of an external independent evaluation and took them into account in May 2021.

Self-assessment for the 2021/2022 corporate year

In March 2022, the Board of Directors conducted an anonymous assessment of own functioning and functioning of the Committees based on the results

of the 2021/2022 corporate year in accordance with the Methodology approved by the Board of Directors in November 2018, as well as taking into account the recommendations of the Corporate Governance Code of the Bank of Russia.

The assessment included an evaluation of the effectiveness of the following:

- The Board of Directors as a whole;
- every Committee of the Board of Directors;
- the Chairman of the Board of Directors.

In the questionnaires, the members of the Board of Directors and Committees reflected their position on various evaluation criteria, gave suggestions for improving the work of the Board of Directors and its Committees. The overall rating for the corporate year 2021/2022 was 4.49 points (out of 5 possible), which corresponds to the rating "effective with comments".

Results of the self-assessment of the members of the Board of Directors and Committees

Positive aspects:

- High level of communication between the Board of Directors and the executive management during the period between the meetings of the Board of Directors, the availability of sufficient opportunities for the members of the Board of Directors to contact and obtain information
- High level of functioning of the Committees of the Board of Directors: Audit Committee, Strategy Committee, Reliability Committee, and Grid Connection Committee

Directions of development:

- Increase in the number of in-person meetings of the Board of Directors and the Personnel and Remuneration Committee
- Expanding the range of issues related to sustainable development (ESG) to be considered by the Board of Directors and a relevant Committee

The results of the self-assessment for the 2021/2022 corporate year were reviewed by the Company's Board of Directors on 11 April 2022

¹ Approved by the Board of Directors of the Company on 22 November 2018 (Minutes No. 37/18).

Committees of the Board of Directors

The Board of Directors of the Company includes five specialized Committees that consider the most important issues within the competence of the Board of Directors and prepare recommendations for taking decisions on those issues by the Board:

- Audit Committee;
- Personnel and Remuneration Committee;
- Strategy Committee;
- Reliability Committee;
- Grid Connection Committee.

The Committees are formed by the Board of Directors and report to it on their activities. After the election, the members of the Committees get acquainted with the main internal and strategic documents of the Company.

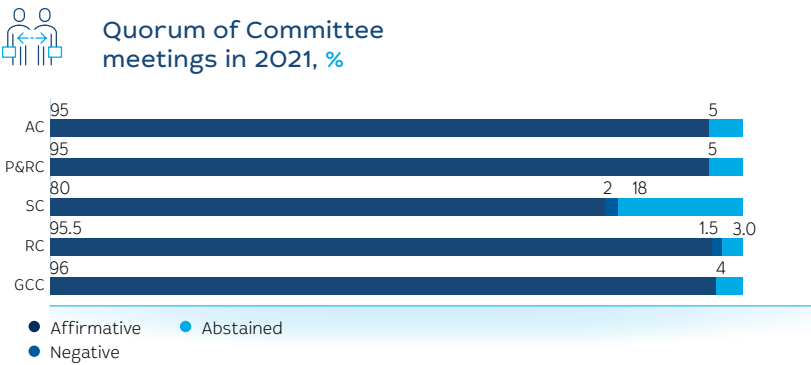
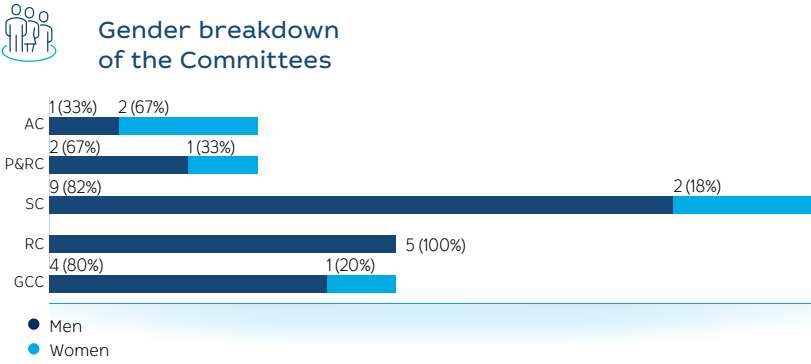
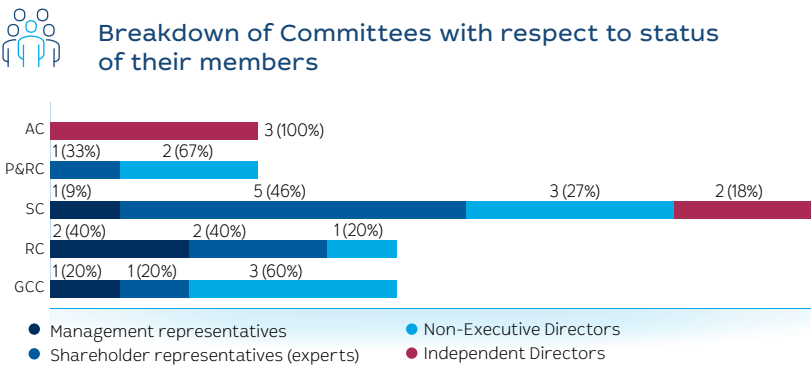
The Chairmen of the Committees submit reports to the Board of Directors on the works performed, content of issues discussed and decisions made. Reports on the work of each committee in the 2020/2021 corporate year were reviewed and taken by the Board of Directors into consideration in May 2021.

Reports on the performance of the committees in the 2021/2022 corporate year shall be submitted to the Board of Directors in May 2022.

The committees are composed of representatives of various groups of shareholders of the Company, which provides a multifaceted and unbiased approach to developing the recommendations and taking the decisions.

Employees of the Company and third parties may attend Committee meetings at the invitation of the Chairman of a Committee. At the same time, they do not have the right to vote on the agenda issues.

Structure and diversification of the membership of the Committees of the Board of Directors¹



¹ As of 31 December 2021.

AUDIT COMMITTEE

Establishment date
The Audit Committee was established in April 2008.

Key tasks and functions
The Committee objective: to assist in effective excising of functions of the Company's Board of Directors related to preliminary consideration of issues related to control of the financial and economic activities of the Company.

- The main key tasks of the Committee:
- review of the Company's financial statements and supervision of their preparation;
 - monitoring of the reliability and efficiency of the internal control system, risk management system, and corporate governance practices;
 - control over external audits and selection of an auditor;
 - ensuring independence and objectivity of the internal audit function;
 - control over the efficiency of the system for countering unfair practices of the Company's employees or third parties.

Committee Regulations
The activities of the Committee are carried out in accordance with the Regulations on the Audit Committee of the Board of Directors of the Company, approved by the Board of Directors in a new edition (Minutes No. 04/16 dated 29 February 2016), as amended on 20 October 2016 (Minutes No. 29/16 dated 21 October 2016).

This document can be found on [the Company's website](#).

Principles of the formation of the Committee
The Committee consists of three independent directors and is headed by an independent director in accordance with the requirements of the Moscow Exchange Listing Rules.

All directors have the necessary knowledge and work experience, and are also able to form independent positions on issues on the agenda, which allows them to effectively perform the functions provided for by the Regulations.

In addition, based on the established practice, the Chairman of the Committee invites other interested members of the Board of Directors of the Company without the right to vote to all meetings of the Committee held in the form of joint presence.

In order to obtain an independent, objective, professional opinion on issues within its competence, including for the preparation of materials and recommendations on issues on the agenda of the meeting, the Committee annually attracts an expert who does not hold positions in the Company.

Membership of the Audit Committee and details of its members

Since 30 June 2021	Until 30 June 2021
Full name / Status / Personal history	Full name / Status / Personal history
Alexander Shevchuk Chairman of the Committee (Independent Director) Please see p. 161	Alexander Kazakov Chairman of the Committee (Independent Director) Please see p. 162
Maria Korotkova (Independent Director) Please see p. 160	Larisa Romanovskaya (Non-Executive Director) Please see p. 163
Anastasia Krupenina (Independent Director) Please see p. 160	Alexander Shevchuk (Independent Director) Please see p. 161

The members of the Committee do not own shares of the Company; in 2021 they did not make transactions related to acquisition or alienation of the Company's securities.

There was no early termination of the powers of the Committee members during the corporate year.

For more details on the Committee members, please visit [the Company's website](#).

The results of the Committee functioning

In 2021, the Committee held 19 meetings, including four meetings held in person. In addition to the meetings of the Committee held in the form of joint presence, the Chairman of the Committee held meetings with management, the head of internal audit, and external auditor.

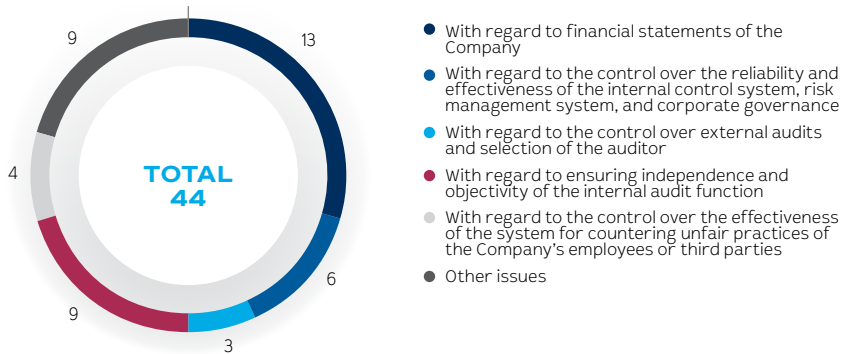
In the reporting year, the Committee monitored the performance by the Company’s executive bodies of their responsibilities to ensure the reliability of reporting, the effectiveness of internal control systems, risk management, corporate governance practices, independence and objectivity of the internal audit function, compliance with legislation.

In the reporting year, the Audit Committee reviewed the drafts of the Company’s financial statements and information from an external auditor on the main problems of the RAS and IFRS financial statements. Particular attention was paid to the organisation and functioning of internal audit, internal audit reports were reviewed, including for the evaluation of the effectiveness of the internal control system and risk management system, as well as the corporate governance system. The Committee took note of the information on the implementation of the Anti-Corruption Policy, on compliance with legislation on countering the misuse of insider information and market manipulation.

Statistics of meetings of the Audit Committee

Year	Number of meetings		Number of issues
	in person	In absentia	
2019	6	14	56
2020	2	10	42
2021	4	15	44

Breakdown of the issues discussed by the Committee in 2021



For more details on the issues considered by the Committee, please see **Appendix 3** to the Annual Report or visit [the Company's website](#).

Attendance of the Audit Committee meetings in 2021

Full name of a Committee member	Total number of meetings		Participated	
	in person, ea.	in absentia, ea.	in person, ea./%	in absentia, ea./%
Committee members who served in the Committee throughout 2021				
Alexander Shevchuk	4	15	4/100	15/100
Committee members who stepped down from the Committee on 30 June 2021				
Alexander Kazakov	1	9	1/100	9/100
Larisa Romanovskaya	1	9	0/0	9/100
Committee members who were elected to the Committee on 30 June 2021				
Maria Korotkova	3	6	3/100	6/100
Anastasia Krupenina	3	6	3/100	6/100

PERSONNEL AND REMUNERATION COMMITTEE

Establishment date

The Personnel and Remuneration Committee was established in April 2008.

Key tasks and functions

The key task of the Committee is to provide recommendations to the Board of Directors on the following issues:

- developing recommendations on the amount of remuneration payable to the Company's Board of Directors;
- working out the principles and criteria to determine the amount of remuneration for members of the Board of Directors, members of the collective executive body and the person acting as the sole executive body of the Company, including a managing company or a manager;
- formulating the proposals on determining the key terms of contracts with the members of the Board of Directors, members of the collective executive body and the person acting as the sole executive body of the Company;
- determining the criteria for selecting candidates to the Board of Directors and the collective executive body, to the position of the sole executive body of the Company, and pre-assessing such candidates;
- assessing the performance of a person serving as the sole executive body (managing company, manager), and members of the Company's collective executive body on a regular basis, and preparing proposals to the Board of Directors on their re-appointment.

The competence of the Committee includes the following:

- preliminary review of the terms of contracts concluded by the Company with the head of the Company, members of its Management Board and key executives of the Company, as well as with the Chairman and members of the Board of Directors of the Company, and development of recommendations on these issues for the Board of Directors;

- evaluation of the activities of key executives of the Company, including their achievement of key performance indicators, and subsequent development of recommendations on the extension of the powers of such employees for the Board of Directors.

Committee Regulations

The activities of the Committee are carried out in accordance with the Regulations on the Personnel and Remuneration Committee of the Board of Directors of the Company, approved by the Board of Directors of the Company as amended on 31 July 2014 (Minutes No. 17/14 dated 1 August 2014).

This document can be found on [the Company's website](#).

Membership of the Personnel and Remuneration Committee and personal histories of its members

Currently, the Committee consists of three people with the necessary competencies.

In 2021, there were two compositions of the Personnel and Remuneration Committee of the Board of Directors.

Membership of the Committee and details of its members

Since 30 June 2021	Until 30 June 2021
Full name / Status / Personal history	Full name / Status / Personal history
Daniil Krainsky Chairman of the Committee (Non-Executive Director) Please see p. 160	Larisa Romanovskaya Chairman of the Committee (Non-Executive Director) Please see p. 163
Alexander Golovtsov (Non-Executive Director) Please see p. 159	Alexander Golovtsov (Independent Director) Please see p. 159
Elena Kovalyova Deputy Head of the Corporate Governance Department of PJSC FGC UES, Deputy Head of the Corporate Governance Department of PJSC Rosseti (part-time) Born in 1987. Education: Academy of National Economy under the Government of the Russian Federation, specialty Lawyer at a Firm, a Lawyer qualification, year of graduation – 2009	Astkhik Bashindzhagyan Deputy Head of the Corporate Governance Department of PJSC FGC UES, Deputy Head of the Corporate Governance Department of PJSC Rosseti (part-time) Born in 1990. Education: State University of Management, degree in Manager, graduation year – 2011

The members of the Committee do not own shares of the Company; in 2021 they did not make transactions related to acquisition or alienation of the Company's securities.

There was no early termination of the powers of the Committee members during the corporate year.

For more details on the Committee members, please visit [the Company's website](#).

The results of the Committee functioning

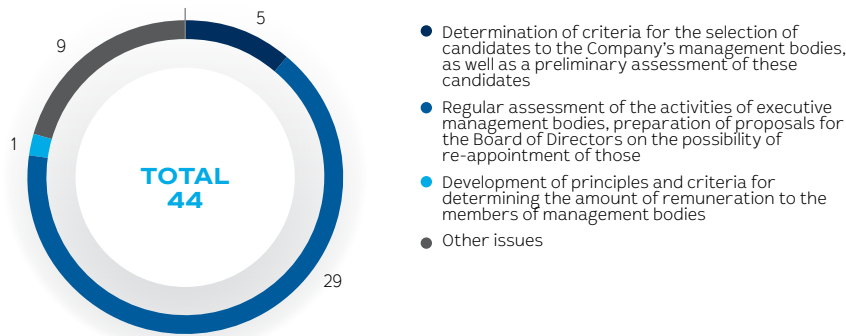
In 2021, the Committee held 26 meetings, including 1 meeting in person. The form of meetings was determined by the Chairman of the Committee based on the importance of the issues under consideration.

During 2021, the Personnel and Remuneration Committee facilitated the selection and evaluation of persons appointed to key positions of the Company, continued to work on determining compliance with the criteria for independence of members of the Board of Directors and professionalism of the Company's management bodies. The Committee assessed the composition of the managerial personnel reserve and the personnel reserve of young specialists, and also reviewed the results of an independent assessment of the effectiveness of the Board of Directors and its Committees for the 2020/2021 corporate year, including the competence matrix of the Board of Directors.

Statistics of meetings of the Personnel and Remuneration Committee

Year	Number of meetings		Number of issues
	in person	In absentia	
2019	0	14	27
2020	0	22	41
2021	1	25	44

Breakdown of the issues discussed by the Committee in 2021



For more details on the issues discussed, please see **Appendix 3** to the Annual Report and visit the Company's website.

Attendance of the Personnel and Remuneration Committee meetings in 2021

Full name of a Committee member	Total number of meetings			Participated
	in person, ea.	in absentia, ea.	in person, ea./%	in absentia, ea./%
Committee members who served in the Committee throughout 2021				
Alexander Golovtsov	1	25	1/100	25/100
Committee members who stepped down from the Committee on 30 June 2021				
Astkhik Bashindzhagyan	0	9	0	9/100
Larisa Romanovskaya	0	9	0	9/100
Committee members who were elected to the Committee on 30 June 2021				
Elena Kovalyova	1	16	1/100	16/100
Daniil Krainsky	1	16	1/100	16/100

STRATEGY COMMITTEE

Establishment date

The Strategy Committee was established in April 2008.

Key tasks and functions

The key task of the Committee is to develop and submit recommendations (conclusions) to the Board of Directors of the Company on the activities of the Board of Directors that fall within the competence of the Committee. These areas include strategic development and priority areas of activity, innovative development, organisation of business processes, business planning, dividend policy, risk management, organisational structure of the Company, evaluation of the effectiveness of the Company and its subsidiaries, as well as other tasks and areas defined by the Corporate Governance Code of the Bank of Russia.

Committee Regulations

The activities of the Committee were carried out in accordance with the Regulations on the Strategy Committee of the Board of Directors of the Company, approved by the Board of Directors in a new version on 7 October 2019 (Minutes No. 33/19 dated 7 October 2019).

This document can be found on the Company's website.

Membership of the Strategy Committee and personal histories of its members

Currently, the Committee consists of 11 people, including two independent directors and three non-executive members of the Board of Directors representing the interests of minority shareholders. Among the members of the Committee, there are representatives of the majority shareholder with competence in the field of finance, business planning and investment activities, and a member of the Management Board of the Company.

In 2021, there were two memberships of the Strategy Committee of the Board of Directors.

Membership of the Committee and details of its members

Since 30 June 2021	Until 30 June 2021
Full name / Status / Personal history	Full name / Status / Personal history
Pavel Grebtsov Chairman of the Committee Deputy General Director for Economics and Finance at PJSC Rosseti Deputy General Director for Economics and Finance of PJSC FGC UES (part-time) Born in 1976. Education: Chelyabinsk Law College of the Social Protection Ministry of the Russian Federation, degree in Jurisprudence and Accounting in the Social Security System, year of graduation – 1994; Moscow State University, degree in Management, year of graduation – 1998; Plekhanov Russian University of Economics, degree in Management, year of graduation – 2000	Pavel Grebtsov Chairman of the Committee Deputy General Director for Economics and Finance of PJSC Rosseti, Deputy General Director for Economics and Finance of PJSC FGC UES (part-time)
Artem Aleshin Please see p. 184	Alexander Pilyugin Please see p. 186
Alexander Golovtsov (Non-Executive Director) Please see p. 159	Alexander Golovtsov (Independent Director) Please see p. 159
Vitaliy Zarkhin (Non-Executive Director) Please see p. 159	Vitaliy Zarkhin (Independent Director) Please see p. 159
Vladislav Kapitonov Director for Corporate Finance of PJSC Rosseti, Director for Corporate Finance of PJSC FGC UES (part-time) Born in 1978. Education: Mari State Technical University, degree in Finance and Credit, an Economist qualification, graduated in 2001; Ivanovo State University of Chemical Technology, graduated in 2004. Holds a candidate degree in Economics	Vladislav Kapitonov Director for Corporate Finance of PJSC Rosseti, Director for Corporate Finance of PJSC FGC UES (part-time)
Anastasia Krupenina (Independent Director) Please see p. 160	Anastasia Krupenina Please see p. 160

Since 30 June 2021	Until 30 June 2021
Dmitry Mikheev Director of the Service Sales Department of PJSC Rosseti, Director of Service Sales Department of PJSC FGC UES (part-time) Born in 1983. Education: Altai State Technical University named after I.I. Polzunov, qualification Power Supply of Industrial Facilities, graduated in 2005; Altai Academy of Economics and Law, a Master of Management qualification, graduated in 2008	Dmitry Mikheev Director of the Service Sales Department of PJSC Rosseti, Director of Service Sales Department of PJSC FGC UES (part-time)
Yegor Prokhorov (Non-Executive Director) Please see p. 161	Yegor Prokhorov Please see p. 161
Maria Tikhonova Deputy General Director for Corporate Governance at PJSC FGC UES; Deputy General Director for Corporate Governance at PJSC Rosseti (part-time) Born in 1980. Education: Volga-Vyatka Academy of Public Administration, degree in Manager, graduated in 2002; Academy of National Economy under the Government of the Russian Federation, professional retraining under the programme State Management of Economic Development, graduated in 2005; Higher School of Economics, Master of Business Administration (MBA) programme, specialisation Finance, graduated in 2008	Maria Tikhonova Deputy General Director for Corporate Governance of PJSC FGC UES, Deputy General Director for Corporate Governance of PJSC Rosseti (part-time)
Vladimir Ukolov Head of the Situation Analysis Centre of PJSC Rosseti Born in 1983. Education: Irkutsk State Technical University, degree in Power Stations, an Engineer qualification, year of graduation – 2005; Baikal State University of Economics and Law, degree in Computer Scientist-Economist, graduation year – 2008	Daniil Krainsky (Non-Executive Director) Please see p. 160
Alexander Shevchuk (Independent Director) Please see p. 161	Alexander Shevchuk (Independent Director) Please see p. 161

The members of the Committee do not own shares of the Company; in 2021 they made no transactions related to acquisition or alienation of the Company's securities.

There was no early termination of the powers of the Committee members during the corporate year.

For more details on the Committee's members, please visit [the Company's website](#).

The results of the Committee functioning

In 2021, the Committee held 34 meetings, including five meetings in person. Guided by the best practices of corporate governance, the Committee continued to consider the most significant issues of the Company's activities during in-person meetings.

A total of 67 issues were considered during the meetings of the Strategy Committee.

The work of the Strategy Committee is directly related to the work plan of the Board of Directors. It is aimed at addressing the key issues of Rosseti Centre's operational activities and covers the elaboration of the most important strategic tasks. The result of this work is recommendations for decision-making by the Board of Directors in the field of financial and investment planning of the Company's activities. In the reporting year, the Committee recommended that the Board of Directors approve the following documents:

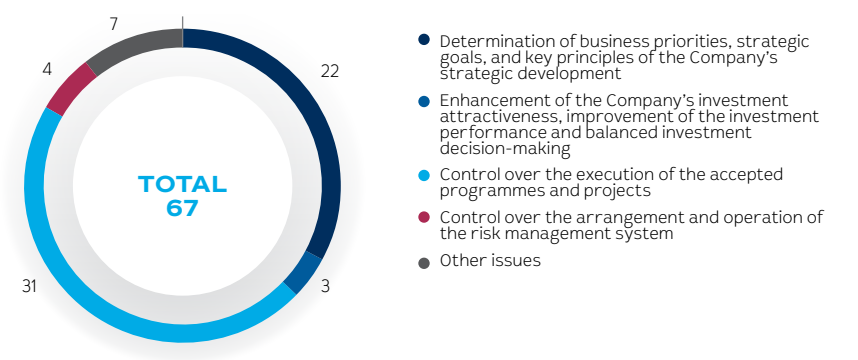
- Risk Management Policy;
- Plan for Maintaining the Effectiveness and Development of the Internal Control System and Risk Management System;
- Charging Infrastructure Development Programme for 2021-2025;
- Innovative Development Programme for 2020-2024, with a perspective until 2030;
- Energy Saving and Energy Efficiency Improvement Programme for 2017-2022;
- Business Planning Standard and Regulations;
- Non-Core Asset Disposal Programme.

In addition to considering regular annual issues, the Committee paid special attention to the tasks of developing additional (non-tariff) types of business, measures to reduce overdue receivables for electricity transmission services and for delivered electric energy, asset structuring strategies within Rosseti Centre's Group of companies, the current situation and prospects of Tverenergo branch.

Statistics of meetings of the Strategy Committee

Year	Number of meetings		Number of issues
	in person	In absentia	
2019	7	12	51
2020	5	19	64
2021	5	29	67

Breakdown of the issues discussed by the Committee in 2021



For more details on the issues considered by the Committee, please see [Appendix 3](#) to the Annual Report. The resolutions adopted by the Committee are available on [the Company's website](#).

Attendance of the Strategy Committee meetings in 2021

Full name of a Committee member	Total number of meetings		Participated	
	in person, ea.	in absentia, ea.	in person, ea./%	in absentia, ea./%
Committee members who served in the Committee throughout 2021				
Alexander Golovtsov	5	29	5/100	29/100
Pavel Grebtsov	5	29	4/80	30/100
Vitaliy Zarkhin	5	29	4/80	30/100
Vladislav Kapitonov	5	29	5/100	29/100
Anastasia Krupenina	5	29	5/100	29/100
Dmitry Mikheev	5	29	5/100	29/100
Yegor Prokhorov	5	29	1/20	33/100
Maria Tikhonova	5	29	1/20	33/100
Alexander Shevchuk	5	29	5/100	29/100
Committee members who stepped down from the Committee on 30 June 2021				
Daniil Krainsky	1	14	1/100	14/100
Alexander Pilyugin	1	14	1/100	14/100
Committee members who were elected to the Committee on 30 June 2021				
Artem Aleshin	4	15	3/75	16/100
Vladimir Ukolov	4	15	4/100	15/100

RELIABILITY COMMITTEE

Establishment date

The Reliability Committee was established in January 2006.

Key tasks and functions

The key tasks of the Committee are developing the recommendations regarding the following areas of activity of the Company's Board of Directors and submitting the same to the Board of Directors:

- Expertise of production programmes, plans for technical retrofitting, reconstruction, new construction and repair of power grid facilities, analysis of their development and execution in terms of ensuring the requirements for reliability of operation and technical condition of the power grids;
- Assessment of the completeness and sufficiency of measures based on the results of the accident investigation in accordance with the Rules for Investigating the Causes of Accidents in the Electric power industry¹, as well as monitoring their implementation;

- Examination of the quality of investigations of the causes of production violations (accidents);
- Examination of the Company's emergency planning activities (emergency preparedness, set-up and execution of emergency restoration procedures at power grid facilities);
- Examination of the programmes to prevent and reduce the risk of personal injury to the Company's employees or third parties, as well as control over their implementation;
- Control and assessment of the Company's technical services performance in terms of ensuring operational reliability and safety of power grids;
- Examination of the internal technical control system in the Company;
- Examination of the occupational safety management system in the Company;
- Examination of the Environmental Policy Implementation Programme;
- Examination of the fire and industrial safety system.

Committee Regulations

The Committee's activities are carried out in accordance with the Regulations on the Reliability Committee of the Company's Board of Directors approved by the Board of Directors on 17 July 2017 (Minutes No. 17/17 dated 18 July 2017).

 This document can be found on [the Company's website](#).

Membership of the Reliability Committee and personal histories of its members

Currently, the Committee consists of five people with the necessary competencies in the production activities.


In 2021, there were two memberships of the Reliability Committee of the Board of Directors.

Membership of the Committee and details of its members

Since 30 June 2021	Until 30 June 2021
Full name / Status / Personal history / Main position held	Full name / Status / Personal history / Main position held
Vasily Rozhkov Chairman of the Committee Please see p. 162	Vasily Rozhkov Chairman of the Committee (Non-Executive Director) Please see p. 162
Mikhail Smaga Deputy Director of the Centre for Technical Supervision – a branch of PJSC Rosseti Born in 1966. Education: Tula Polytechnic Institute of the Order of the Red Banner of Labour, degree in Automatic Control Systems, an Electrical Engineer qualification, year of graduation – 1991	Mikhail Smaga Deputy Director of the Centre for Technical Supervision – a branch of PJSC Rosseti
Artem Aleshin Please see p. 184	Artem Aleshin Please see p. 184
Vitaliy Zarkhin (Non-Executive Director) Please see p. 159	Vitaliy Zarkhin (Non-Executive Director) Please see p. 159
Evgeny Turapin First Deputy General Director – Chief Engineer of Rosseti Centre Born in 1972. Education: Novocherkassk State Technical University, degree in Power Stations, an Electrical Engineer qualification, year of graduation – 1994	Alexander Pilyugin Deputy Director of the Centre for Technical Supervision – a branch of PJSC Rosseti Born in 1968. Education: Kursk Polytechnic Institute, degree in Power Supply, an Electrical Engineer qualification, year of graduation – 1992; State Educational Institution of Higher Professional Education Kursk State Technical University, degree in Organisation Management, a Manager qualification, year of graduation – 2006

The members of the Committee do not own shares of the Company; in 2021 they did not make transactions related to acquisition or alienation of the Company's securities.

There was no early termination of the powers of the Committee members during the corporate year.

 For more details on the Committee's members, please visit [the Company's website](#).

The results of the Committee functioning

In 2021, the Committee held 24 meetings, including two meetings in person. In 2021, the Committee continued discussing the most significant issues in the video-conference format.

Statistics of meetings of the Reliability Committee

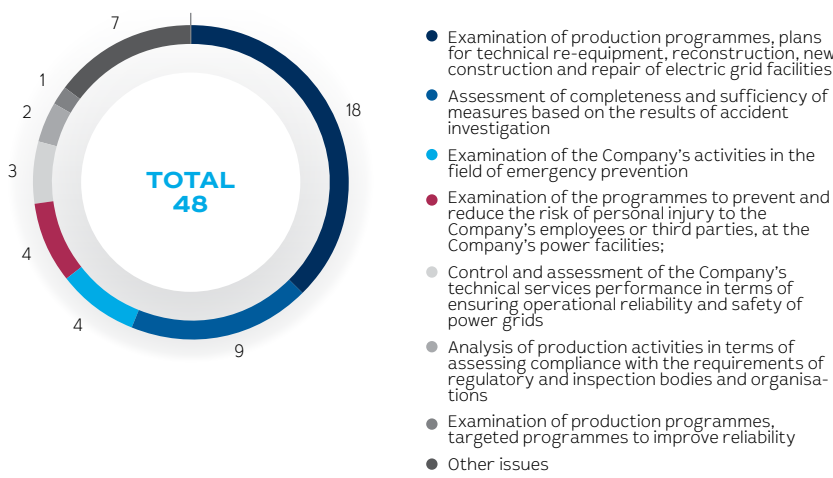
Year	Number of meetings		Number of issues
	in person	In absentia	
2019	4	15	58
2020	2	16	48
2021	2	22	48

¹ Approved by the Resolution of the Government of the Russian Federation No. 846 dated 28 October 2009.

In the reporting year, the Reliability Committee was focused on issues related to the expertise of production programmes, plans for technical retrofitting, reconstruction, new construction and repair of power grid facilities, analysis of their development and execution in terms of ensuring the requirements for reliability of operation and technical condition of electrical grids.

Separately, it is necessary to note a whole range of issues in the field of ESG risks, to which the Committee pays close attention: the results of the preparation of the Company's electric grid complex for the heating season, the results of work during flood, thunderstorm and fire-hazardous periods; the results of measures to prevent erroneous and incorrect actions of personnel, the implementation of programmes for the prevention and reduction of injury risks.

Breakdown of the issues discussed by the Committee in 2021



For more details on the issues considered by the Committee, please see [Appendix 3](#) to the Annual Report. The resolutions adopted by the Committee are available on [the Company's website](#).

Attendance of the Reliability Committee meetings in 2021

Full name of a Committee member	Total number of meetings		Participated	
	in person, ea.	in absentia, ea.	in person, ea./%	in absentia, ea./%
Committee members who served in the Committee throughout 2021				
Vasily Rozhkov	2	22	2/100	22/100
Mikhail Smaga	2	22	2/100	22/100
Artem Aleshin	2	22	2/100	22/100
Vitaliy Zarkhin	2	22	2/100	22/100
Committee members who stepped down from the Committee on 30 June 2021				
Alexander Pilyugin	0	10	–	10/100
Committee members who were elected to the Committee on 30 June 2021				
Evgeny Turapin	2	12	2/100	12/100

GRID CONNECTION COMMITTEE

Establishment date

The Grid Connection Committee was established in February 2009.

Key tasks and functions

The key tasks of the Committee are developing the recommendations regarding the following areas of activity of the Company's Board of Directors and submitting the same to the Board of Directors:

- development of proposals to improve the legal framework for antimonopoly regulation and ensure non-discriminatory access to grid connection services for consumers;
- development of proposals to improve the Company's internal regulations and standards covering non-discriminatory access to grid connection services for consumers;
- development of principles and criteria for evaluating the effectiveness of the Company's activities related to grid connections of consumers;
- assessment of the Company's performance related to grid connection of consumers;
- efficiency assessment of the Company's activities to improve the power grid development planning quality;
- analysis of the Company's current situation and preparation of proposals to the Board of Directors concerning the grid connection of consumers and the long-term development of the power grid;
- development of proposals to improve the Company's internal regulations and standards covering additional (non-tariff) services sales;
- development of proposals on optimising and upgrading the services, expanding the list of non-tariff services and additional services for the consumers in the area of other types of activities through a lens of the "Digital Transformation 2030" Concept;
- development of principles and criteria for evaluating the effectiveness of the Company's activities for the development and implementation of additional services;
- evaluation of the effectiveness of the Company's activities for the development and implementation of additional services;

- analysis of the Company's current situation and formulation of proposals to the Board of Directors concerning development and implementation of additional (non-tariff) services, additional digital services for the consumers.

Committee Regulations

The activities of the Committee are carried out in accordance with the Regulations on the Committee for Grid Connection to Power Grids under the Board of Directors of the Company, approved by the Board of Directors on 10 February 2020 (Minutes No. 06/20 dated 10 February 2020).

This document can be found on [the Company's website](#).

Membership of the Grid Connection Committee and personal histories of its members

Currently, the Committee consists of five people: non-executive members of the Board of Directors, a representative of the majority shareholder with competence in the field of grid connection of consumers and long-term development of the grids, as well as a member of the Management Board of the Company.

In 2021, there were two memberships of the Grid Connection Committee under the Board of Directors.

Membership of the Committee and details of its members

Since 30 June 2021	Until 30 June 2021
Full name / Status / Personal history / Main position held	Full name / Status / Personal history / Main position held
Alexey Molsky Chairman of the Committee (Non-Executive Director) Please see p. 161	Alexey Molsky Chairman of the Committee Please see p. 161
Alexander Golovtsov (Non-Executive Director) Please see p. 159	Alexander Golovtsov (Independent Director) Please see p. 159
Vitaliy Zarkhin (Non-Executive Director) Please see p. 159	Vitaliy Zarkhin (Independent Director) Please see p. 159
Philip Zorin General Director of JSC APBE – Director of Branch Network Development, PJSC FGC UES – Main Power Grids of Centre Born in 1982. Education: Ivanovo State Power Engineering University, programme Electric Power Systems and Networks, degree in Economics and Organisation of Communication Enterprises, an Electrical Engineer qualification, year of graduation – 2004	Philip Zorin General Director of JSC APBE – Director of Branch Network Development, PJSC FGC UES – Main Power Grids of Centre
Vladislava Rezakova Please see p. 186	Vladislava Rezakova Please see p. 186

The members of the Committee do not own shares of the Company; in 2021 they did not make transactions related to acquisition or alienation of the Company's securities.

There was no early termination of the powers of the Committee members during the corporate year.

Results of the Committee meetings
In 2021, the Committee held 10 meetings, including two meetings held in person. The form of meetings was determined by the Chairman of the Committee based on the importance of the issues under consideration.

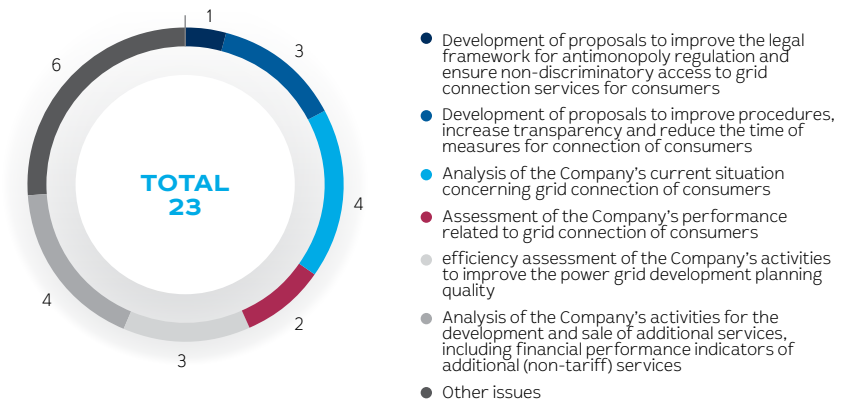
In the reporting year, in addition to regular annual questions on the analysis of the current situation regarding the grid connection of consumers and the assessment of the effectiveness of the Company's activities for grid connection of consumers, the Committee paid considerable attention to improving the efficiency of the Company's activities in the implementation of additional (non-tariff) services, measures to reduce the volume of existing contracts with violated obligations related to deadlines.

For more details on the Committee's members, please visit [the Company's website](#).

Statistics of meetings of the Grid Connection Committee

Year	Number of meetings		Number of issues
	in person	In absentia	
2019	4	8	34
2020	2	9	29
2021	2	8	23

Breakdown of the issues discussed by the Committee in 2021



More details on the matters considered by the Committee, please see [Appendix 3](#) to the Annual Report. The decisions made by the Committee are available on [the Company's official website](#).

Attendance of the Grid Connection Committee meetings in 2021

Full name of a Committee member	Total number of meetings		Participated	
	in person, ea.	in absentia, ea.	in person, ea./%	in absentia, ea./%
Committee members who served on the Committee throughout 2021				
Alexey Molsky	2	8	2/100	8/100
Alexander Golovtsov	2	8	2/100	8/100
Vitaly Zarkhin	2	8	2/100	8/100
Philip Zorin	2	8	2/100	8/100
Vladislava Rezakova	2	8	2/100	8/100

Corporate Secretary

Objectives and functions

The main objective of the Corporate Secretary is to provide effective interaction of the Company's shareholders with the Board of Directors and executive management.

The Corporate Secretary of Rosseti Centre ensures the proper functioning of the Board of Directors and its five Committees, and also performs the functions of Secretary of the Management Board and the General Meeting of Shareholders of the Company. This work increases the efficiency and optimizes the activities to ensure corporate governance processes in the Company.

The main functions

of the Corporate Secretary:

- organisation of preparation and provision of the General Meeting of Shareholders;
- ensuring the work of the Board of Directors, Committees and the Management Board of the Company;
- providing the Company's interaction with its shareholders and participating in corporate conflicts prevention;
- participation in the implementation of the Company's information disclosure policy, as well as ensuring the storage of the Company's corporate documents;
- participating in ensuring the Company's interaction with the regulating authorities, market operators, registrars and other professional security traders;
- participating in the improvement of the Company's corporate governance system;
- ensuring compliance with securities legislation, anti-monopoly legislation.

In addition to the Corporate Secretary, the implementation of tasks in the field of corporate governance is carried out

by Rosseti Centre's Corporate Events Department, headed by the Corporate Secretary.

Subordination and accountability, ensuring sufficient independence from executive bodies

The Corporate Secretary of Rosseti Centre is an official of the Company who is appointed by the General Director of the Company on the basis of a decision of the Board of Directors. The Board of Directors of the Company determines the amount and procedure for payment of remuneration, the principles of awarding the Corporate Secretary of the Company. Thus, the Corporate Secretary is accountable to the Board of Directors and is controlled in his/her activities by the Chairman of the Board of Directors; the same ensures sufficient independence from the executive bodies of the Company.

Personal history

From March 2009, Svetlana Lapinskaya was acting as the Corporate Secretary of Rosseti Centre¹.

Born in 1980.

In 2002, she graduated from Maimonides State Classical Academy.

Since 2005, she has been working at Rosseti Centre, currently heads the Corporate Events Department of Rosseti Centre. A member of the National Association of Corporate Secretaries.

Over the past five years, she has not held positions in other organisations, including part-time.

Does not own the shares of the Company or its subsidiaries and affiliates. Affiliation with members of the Company's management bodies or shareholders, criminal record, record

of administrative offences committed in business operations, finance, taxes and fees or the securities market: none.

Assessment of the Corporate Secretary functioning

Annually, the Board of Directors of the Company (with preliminary consideration by the Personnel and Remuneration Committee) evaluates the work and approves the report on the work of the Corporate Secretary of the Company.

In addition, in 2021, based on the results of an independent evaluation of the performance of the Board of Directors and Committees of the Board of Directors of Rosseti Centre for the 2020/2021 corporate year conducted by JSC VTB Registrar, no violations were detected in the activities of the Corporate Secretary. It was recommended to the Corporate Secretary to adhere to the achieved level in the future. The Corporate Secretary's performance is measured by the satisfaction of the members of the Board of Directors, Committees and the Management Board with the results of the Corporate Secretary's work. In the reporting year, there were no complaints, comments from the management bodies and instructions from the supervisory authorities to the Corporate Secretary.

The annual assessment of the Corporate Secretary's work makes it possible to pay attention to the ever-expanding range and increasing volume of tasks to ensure the work of the Company's management bodies, and also motivates the Corporate Secretary to develop and improve her skills, improve her qualifications and constantly identify areas for improvement in this position.

The activities of the Corporate Secretary are regulated by [the Articles of Association](#) and [the Regulations on the Corporate Secretary](#).

¹ Personal details are provided with the consent from Svetlana Lapinskaya.

General Director

The General Director is responsible for the management of the Company's day-to-day operations, except for matters that are the responsibility of the General Meeting of Shareholders, the Board of Directors, or the Management Board of the Company.



Igor Makovskiy

Date of birth: 24 May 1972, Semipalatinsk.

In 1993, he graduated from the Alma-Ata Higher Border Command School named after F. Dzerzhinsky; in 2000 – Kaliningrad State University, with a degree in Law. In 2004, he graduated from the North-western Academy of Public Administration with a degree in State and Municipal Administration. From 1993 to 1999, served in the military forces of the Russian Federation. In 2009, he was elected deputy of the Kaliningrad District Council of Deputies from election district No. 1.

Over the past five years, he has held the positions of Acting General Director, General Director, Chairman of the Management Board of JSC Yantarenergo, Acting General Director of Rosseti Centre and Volga region, PJSC (part-time), Chairman of the Board of Directors / Member of the Board of Directors of JSC Yantarenergo, JSC Yaroslavl Electric Grid Company, JSC Kaliningrad generating company, JSC Yantarenergoservice, JSC Yantarenergosbyt.

Currently, he is the General Director of Rosseti Centre, PJSC, Chairman of the Management Board and a member of the Board of Directors of Rosseti Centre, PJSC and Rosseti Centre and Volga region, PJSC.

By a unanimous decision of the Board of Directors of Rosseti Centre, PJSC dated 15 September 2021 (Minutes No. 40/21), Igor was re-elected General Director of the Company for a new term from 19 September 2021 to 18 September 2024.

Igor was honoured by state and industry awards, commemorative and honorary badges and medals.

Management Board

The Company's Management Board is a collective executive body headed by the Chairman of the Management Board (General Director of the Company).

Performance of the Management Board is regulated by the Federal Law "On Joint Stock Companies", Articles of Associations of Rosseti Centre, and Regulations on the Company's Management Board. In its activities, the Management Board is accountable to the General Meeting of Shareholders and the Board of Directors of Rosseti Centre, PJSC.

The Management Board is responsible for the implementation of the Company's goals, development strategy and policy and manages the day-to-day operations within its competence.

The competence of the Management Board includes the following:

- preliminary consideration, elaboration and submission to the Board of Directors of recommendations on all issues within the competence of the Board of Directors of the Company, except for the issues provided for in clause 5.8.3 of the Regulations on Preparation of Materials for Meetings of the Board of Directors, Committees Under the Board of Directors, the Management Board of Rosseti Centre and Rosseti Centre

and Volga Region and Implementation of Decisions, Adopted by the Above-mentioned Bodies;

- approval (adjustment) of KPIs of the Company's top managers and approval of their achievement reports;
- efficient risk management within current activities of the Company;
- making decisions on issues that fall within the competence of the supreme management bodies of controlled companies, where the Company exercises the rights of the sole shareholder (participant), etc.

Functioning of the Management Board was aligned with the preliminarily approved quarterly plans of meetings. However, if necessary, the Management Board promptly responds to external and internal events and challenges and makes management decisions within its competence.

Interaction of executive bodies and the Board of Directors

The Management Board interacts with the Board of Directors of Rosseti Centre:

- in the areas of activity related to the preparation of information and materials necessary for the Board of Directors to make decisions on the competence of the Board of Directors (in accordance with the Articles of Association and internal documents of the Company);
- when periodically reviewing the Company's reports on the Company's current activities in certain areas of activity, on the implementation of plans / Programmes;
- at the request of the Board of Directors on the need to create working groups formed from the Company's employees and experts (specialists) involved in the consideration of certain issues within the competence of the Board;
- regarding the participation of executive bodies in in-person meetings of the Board of Directors;
- within the framework of meetings, providing consultations / additional explanations on the issues under consideration in the period between meetings or before them;
- when forming requests for additional information on the issues under consideration that are made in writing and sent to the Sole Executive Body of the Company.

MEMBERSHIP OF THE BOARD AND PERSONAL HISTORIES OF ITS MEMBERS

The number of the Management Board's members is determined by individual decisions of the Board of Directors. In 2021, the Management Board consisted of seven people, including the Chairman of the Management Board – General Director of the Company.

During 2021, due to HR decisions, the following changes took place in the Management Board of Rosseti Centre: on 29 June 2021, the powers of Alexander Pilyugin were terminated by the decision of the Board of Directors and Olga Danshina was elected.

Current members of the Management Board¹



Igor Makovskiy

Chairman of the Management Board, General Director

Born in 1972, a Russian citizen.

In 1993, he graduated from the Alma-Ata Higher Border Command School named after F. Dzerzhinsky. In 2000, he graduated from Kaliningrad State University with a degree in Law

In 2004, passed retraining in North-Western Academy of State Service under the State Municipal Management programme

Positions over the past five years

Since September 2020 till October 2020 – Acting General Director of IDGC of Center and Volga Region, PJSC (part-time)

Since June 2019 – Member of the Board of Directors of Rosseti Centre and Volga region, PJSC

Since May 2019 – Member of the Board of Directors of Rosseti Centre, PJSC

Since June 2019 to June 2021 – Chairman of the Board of Directors, Member of the Board of Directors of JSC YarEGC

Since September 2018 – Chairman of the Management Board, General Director of Rosseti Centre, PJSC

Since September 2018 – Chairman of the Management Board of Rosseti Centre and Volga region, PJSC

Since February 2013 till June 2021 – Chairman of the Board of Directors, member of the Board of Directors of JSC Yantarenergosbyt and JSC Kaliningrad Generating Company

In the period since August 2012 till September 2018 – Chairman of the Management Board, General Director of JSC Yantarenergo. Since June 2012 – Member of the Board of Directors; since September 2018 till June 2021 – Chairman of the Board of Directors of JSC Yantarenergo

Since February 2013 till September 2020 – Member of the Board of Directors, Chairman of the Board of Directors of JSC Yantarenergoservice



Artem Aleshin

Deputy Chairman of the Management Board.
First Deputy General Director for Economics and Finance

Artem oversees the issues of business planning, tariff formation and financial management in the Company. In 2021, he also provided support for the development of additional (non-tariff) activities and interaction with clients

Born in 1977, a Russian citizen.

In 2000, he graduated from Nizhny Novgorod State Technical University with a degree in Management

In 2004, he graduated from Volga-Vyatka Academy of Public Service with a degree in Law

Positions over the past five years

Since January 2021 – First Deputy General Director for Economics and Finance of Rosseti Centre, PJSC

Since April 2021 – Chairman of the Board of Directors, member of the Board of Directors of JSC Ivгореlectroset

Since February 2021 – Chairman of the Board of Directors, member of the Board of Directors of Bryanskelectro LLC

Since January 2021 – Member of the Board of Directors of PJSC GC TNS Energo

Since November 2020 till January 2021 – acting First Deputy General Director for Economics and Finance at IDGC of Centre

Since December 2020 – Member of the Management Board of Rosseti Centre, PJSC and Rosseti Centre and Volga region, PJSC

Since November 2019 – Chairman of the Board of Directors, member of the Board of Directors of JSC VGES

Since May 2020 – Chairman of the Board of Directors, member of the Board of Directors of JSC Energetik Health Resort

Since June 2018 – Member of the Board of Directors of JSC Svet

Since June 2017 – Member of the Board of Directors of JSC Automobile Transport Unit (ATU)

Since May 2019 till November 2020, he held positions of Deputy General Director for Economics and Finance, Acting Deputy General Director for Economics and Finance, Advisor to General Director of the Office of General Director of IDGC of Centre

Since June 2007 till January 2020 – Director of Economics, Head of the Economics Department of IDGC of Center and Volga Region, PJSC



Olga Danshina

Deputy General Director for Corporate and Legal Activities

Olga is responsible for corporate governance and legal protection of the Company's interests, as well as issues of property management and consolidation of electric grid assets

Born in 1973, a Russian citizen

In 1995, she graduated from the Orenburg State Pedagogical Institute with a degree in Russian Language and Literature

In 2005, she graduated from the Moscow Institute of Law with a degree in Law

Positions over the past five years

Since June 2021 – Member of the Management Board of Rosseti Centre, PJSC and Rosseti Centre and Volga region, PJSC

Since April 2021 – Member of the Board of Directors of JSC Ivгореlectroset

Since February 2021 – Deputy Chairman of the Board of Directors of LLC Bryanskelectro

Since May 2020 – Member of the Board of Directors, Deputy Chairman of the Board of Directors of JSC Energetik Health Resort

Since March 2020 – Member of the Board of Directors of JSC TGES

Since November 2019 – Member of the Board of Directors of JSC VGES

Since June 2019 – Deputy Chairman, Member of the Board of Directors of JSC IEC Energy-Efficient Technologies

Since June 2019 – Member of the Board of Directors of JSC YarEGC

Since August 2015 – Deputy General Director for Corporate and Legal Activities, Director for Legal Support – Head of the Legal Support Department, Head of the Legal Support Department, Deputy Director for Legal Support of the Legal Support Department



Alexander Yegorychev

Deputy General Director for Organisational Issues

Alexander ensures the implementation of personnel and social policy in the Company, manages PR activities, and also oversees the processes of protocol events and documentation management, administrative and economic support

Born in 1969, a Russian citizen

In 1992, he graduated from Kaliningrad Higher Engineering Order of Lenin Red Banner School of Engineering Troops n.a. A. Zhdanov, with a degree in Engineering Weapons

In 2013, he graduated from the St. Petersburg State Forestry Engineering University named after S.M. Kirov with a degree in Forestry

Positions over the past five years

Since June 2021 – Member of the Board of Directors of JSC Energetik Health Resort, JSC VGES, JSC Svet, JSC Automobile Transport Unit (ATU)

Since June 2021 – Chairman of the Board of Directors, member of the Board of Directors of JSC Energetik Health Resort, JSC YarEGC, JSC TGES

Since April 2021 – Member of the Board of Directors of JSC Ivгореlectroset

Since February 2021 – Member of the Board of Directors of LLC Bryanskelectro

Since December 2020 – Member of the Management Board of Rosseti Centre, PJSC and Rosseti Centre and Volga region, PJSC

Since September 2020 – Deputy General Director for Organisational Issues of Rosseti Centre, PJSC

Since August 2020 till September 2020 – Acting Deputy General Director for Organisational Issues, Assistant General Director of IDGC of Centre.

Since November 2015 till March 2017, he held the following positions: Acting Deputy Chairman of the Government of the Kaliningrad Region – Chief of Staff of the Government of the Kaliningrad Region



Yury Marakin

Deputy General Director for Security

Yuri is responsible for ensuring the economic and information security of the Company's activities, the comprehensive security of the Company's personnel and facilities, the protection of information constituting a state secret, and the implementation of the Company's anti-corruption policy

Born in 1960, a Russian citizen

In 1983, he graduated from Kaliningrad Higher Naval School with a degree in Naval Armament

In 2011, he graduated from Academy of Security and Special Programmes

Positions over the past five years

Since July 2019 – Member of the Management Board of Rosseti Centre, PJSC

Since February 2019 – Deputy General Director for Security of Rosseti Centre, PJSC

Since March 2017 till February 2019 – Advisor to the General Director of PJSC TGC-1

Since February 2014 till February 2017 – Deputy General Director for Corporate Protection of PJSC TGC-1

¹ Positions of members of the Management Board are given as of 31 December 2021.



Vladislava Rezakova
Deputy General Director for Service Sales

The range of issues supervised by Vladislava includes the implementation of plans and programmes for the long-term development of power systems, the sale of power transmission services by the Company, as well as business development in the field of grid connection

Born in 1973, a Russian citizen

In 1995, she graduated from Orenburg State Technical University with a degree in Industrial Electronics

Positions over the past five years

Since June 2021 – Member of the Board of Directors of PJSC TNS Energo Kuban, JSC Energetik Health Resort

Since April 2021 – Member of the Board of Directors of JSC Igorelectroset

Since February 2021 – Member of the Board of Directors of LLC Bryanskelectro

From March 2020 – Member of the Board of Directors at JSC TGES, JSC IEC Energy-Efficient Technologies

Since November 2019 – Member of the Board of Directors of JSC TGES

Since July 2019 – Member of the Management Board of Rosseti Centre, PJSC and Rosseti Centre and Volga region, PJSC

Since April 2019 – Deputy General Director for Service Sales, Acting Deputy General Director for Service Sales, Deputy General Director for Service Development and Sales, Adviser to General Director of Rosseti Centre

Since April 2016 till April 2019, she held the positions of General Director, Acting General Director of JSC Yantarenergosbyt

Since October 2014 till April 2016 – Head of the Department for the Sale of Services and Electricity Metering of JSC Yantarenergo



Lyudmila Sklyarova
Chief Accountant – Head of the Department for Financial and Tax Accounting and Reporting

Lyudmila provides accounting and tax accounting management in the Company, preparation of financial statements, IFRS financial statements and tax reporting

Born in 1958, a Russian citizen

In 1982, she graduated from Correspondence Institute of Soviet Trade with a degree in Merchandising and Trading of Food Products

In 1989, she graduated from Karaganda Cooperative Institute with a degree in Accounting and Business Analysis in the National Economy Sectors

Positions over the past five years

Since October 2014 – Member of the Management Board of Rosseti Centre, PJSC

Since April 2013, she holds the position of Chief Accountant – Head of the Department for Financial and Tax Accounting and Reporting at Rosseti Centre

Since April 2017 to September 2017, she held the position of Adviser to General Director of IDGC of Center and Volga Region (part-time)



Alexander Pilyugin¹
Deputy Director of the Centre for Technical Supervision – a branch of PJSC Rosseti

Born in 1968, a Russian citizen

In 1992, graduated from Kursk Polytechnic Institute with a degree in electric Power Supply

In 2006, he graduated from the State Educational Institution of Higher Professional Education Kursk State Technical University with a degree in Organisation Management

Positions over the past five years

Since June 2019 till June 2021 – Member of the Board of Directors of JSC Automobile Transport Unit (ATU)

Since November 2016 till June 2021 – Member of the Management Board of IDGC of Center and Volga Region, PJSC

In the period from November 2016 to October 2017, he was the Adviser to the General Director of IDGC of Center and Volga Region, PJSC

Since November 2014 till March 2021, he held the position of First Deputy General Director – Chief Engineer of IDGC of Centre

Since March 2021, he holds the position of Deputy Director of the branch of PJSC Rosseti – Technical Supervision Centre

Since February 2014 till June 2021 – Member of the Management Board of IDGC of Centre, PJCS

Additional information on members of the Management Board of Rosseti Centre

Full name of a Management Board member	Date of first election as a member of the Management Board / term of stay in the Management Board	Ownership of shares of Rosseti Centre (directly or indirectly)
Igor Makovskiy	19 September 2018 / more than 3 years	No shareholding
Artem Aleshin	23 December 2020 / more than 1 year	No shareholding
Olga Danshina (as a member of the Management Board since 29 June 2021)	29 June 2021 / less than 1 year	No shareholding
Alexander Egorychev	23 December 2020 / more than 1 year	No shareholding
Yury Marakin	31 July 2019 / more than 2 years	No shareholding
Vladislava Rezakova	31 July 2019 / more than 2 years	No shareholding
Lyudmila Sklyarova	15 October 2014 / over 7 years	No shareholding
Alexander Pilyugin (was a member of the Management Board until 29 June 2021)	17 February 2014 till 29 June 2021 / more than 8 years	0.00035%

THE RESULTS OF THE MANAGEMENT BOARD FUNCTIONING

In the reporting year, in addition to issues related to the provision of current activities and preliminary consideration of issues to be submitted to the Board of Directors of the Company, the Management Board of the Company ensured decision-making in the following areas:

- organisation of the functioning of an effective system of internal control and risk management, proposals for the development and improvement of ICS and RMS in the Company;
- quarterly review of reports of Deputy General Directors on areas of activity;
- review of the issues that fall within the competence of the supreme management bodies of controlled companies, where the Company exercises the rights of the sole shareholder (participant).

Attendance of the Management Board meetings by members in 2021

Full name of a Management Board member	Total number of meetings		Participated	
	in person, ea.	in absentia, ea.	in person, ea. / %	in absentia, ea. / %
Igor Makovskiy	1	53	1/100	53/100
Artem Aleshin	1	53	0/0	52/98
Olga Danshina (member of the Management Board since 29 June 2021)	1	35	1/100	35/100
Alexander Egorychev	1	53	1/100	53/100
Yury Marakin	1	53	1/100	44/83
Vladislava Rezakova	1	53	1/100	48/90
Lyudmila Sklyarova	1	53	1/100	53/100
Alexander Pilyugin (member of the Management Board until 29 June 2021)	0	18	0	18/100

In 2021, the members of the Management Board did not come into transactions related to acquiring/disposing the Company's securities.

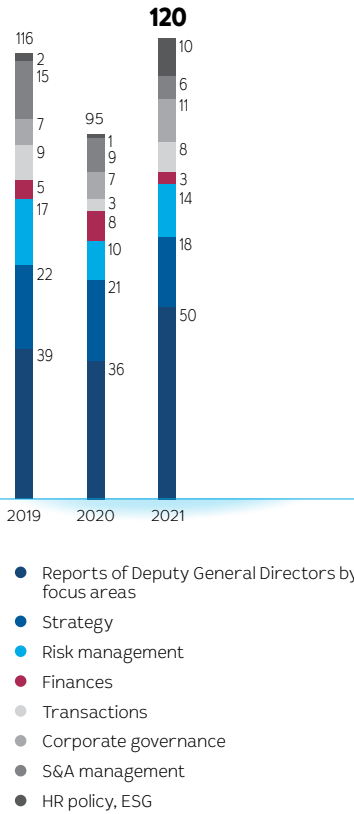
In 2021, no lawsuits against members of the Management Board were filed.

GRI 102-25

The members of the Company's Management Board hold no positions in other companies competing with the Company. In 2021, no conflicts of interest occurred.

For more details on the Company's activities to prevent the conflict of interests, please see the **Resolution of Conflict of Interest** section of the Annual Report on p. 195.

Number of matters considered



¹ Information about a member of the Management Board who left office in 2021. The position of a member of the Management Board as at 29 June 2021.

DISTRIBUTION OF RESPONSIBILITY AND ACCOUNTABILITY
IN THE FIELD OF ESG

Within the reporting year the Board distributed responsibility in this area as follows, by making special efforts to address issues in the field of sustainable development.

Members of the Management Board and key employees	Supervised issues in the field of sustainability	Accountability
Management Board of the Company		
Member of the Management Board, First Deputy General Director for Economics and Finance (Artem Aleshin)	<ul style="list-style-type: none">Issues related to tariffs for regulated types of activityAssistance to the regions through the development of additional (non-tariff) activitiesEnsuring effective interaction with customers	<ul style="list-style-type: none">The Board of DirectorsStrategy Committee
Member of the Management Board, Deputy General Director for Corporate and Legal Activities (Olga Danshina)	<ul style="list-style-type: none">Ensuring the protection of the rights of shareholders and investorsEnhancement of transparency of activities and management	<ul style="list-style-type: none">The Board of Directors
Member of the Management Board, Deputy General Director for Organisational Issues (Alexander Egor'ychev)	<ul style="list-style-type: none">Ensuring the implementation of the Collective Agreement, social programmes for the Company's employeesPersonnel training, formation of personnel reservesImplementation of social programmes within the regional footprintInteraction with federal and regional mediaOrganisation of press conferences, PR campaignsCooperation agreements with higher education institutionsCharity, sponsorship	<ul style="list-style-type: none">The Board of DirectorsPersonnel and Remuneration CommitteeStrategy Committee
Member of the Management Board, Deputy General Director for Service Sales (Vladislava Rezakova)	<ul style="list-style-type: none">Development and implementation of prospects and programmes for the long-term development of electric systemsImprovement of activities in the field of grid connection, including grid connection of significant facilities in the regions	<ul style="list-style-type: none">The Board of DirectorsGrid Connection Committee
Member of the Management Board, Chief Accountant – Head of the Department for Financial and Tax Accounting and Reporting (Lyudmila Sklyarova)	<ul style="list-style-type: none">Tax liabilities	<ul style="list-style-type: none">Audit Committee
Member of the Management Board, Deputy General Director for Security (Yury Marakin)	<ul style="list-style-type: none">Anti-corruption policyCybersecurity	<ul style="list-style-type: none">Board of DirectorsAudit Committee
Key employees		
First Deputy General Director – Chief Engineer (Evgeny Turapin)	<ul style="list-style-type: none">Ensuring reliable and uninterrupted operation of the electric grid complex within the Company's regional footprintImplementation of environmental policyHealth and SafetyPrevention of electrical injuries of third parties at the Company's facilitiesImplementation of technical policy within the regional footprint	<ul style="list-style-type: none">The Board of DirectorsStrategy CommitteeReliability Committee
Deputy General Director for Digital Transformation (Vitaly Akulichev)	<ul style="list-style-type: none">Digital transformation programmeInnovative Development ProgramR&D	<ul style="list-style-type: none">The Board of DirectorsStrategy CommitteeAudit Committee
Deputy General Director for Investment Activities and Capital Construction (Dmitry Sklyarov)	<ul style="list-style-type: none">Implementation of investment programme within the regional footprintImplementation of procurement activities and formation of the supply chain	<ul style="list-style-type: none">The Board of DirectorsStrategy CommitteeReliability Committee

Remuneration System
of the Company's
Management Bodies

GRI 102-35

THE PERIMETER OF THE COMPANY'S REMUNERATION POLICY

The Company's remuneration policies are established by the Company's internal documents.

Management Bodies	Regulation	Approving authority, date of approval	Details of Minutes	Link to the website page
The Board of Directors	The Regulation on Payment of Remuneration and Compensation to the Members of the Board of Directors of IDGC of Centre	30 May 2019, Annual General Meeting of Shareholders	Minutes No. 01/19 dated 31 May 2019	https://www.mrsk-1.ru/upload/documents/Regulation_payment_remuneration_compensation_to_members_BDirectors_2019.pdf
Committees of the Board of Directors	The Regulation on Payment of Remuneration and Compensation to the Members of the Reliability Committee of the Board of Directors	2 September 2009, as amended on 31 December 2015, The Board of Directors	Minutes No. 13/09 dated 2 September 2009, No. 28/12 dated 31 December 2015	https://www.mrsk-1.ru/upload/documents/Polozhenie_o_vyplate_voznagrazhdenij_KN_english.pdf
	The Regulation on Payment of Remuneration and Compensation to the Members of the Grid Connection Committee of the Board of Directors			https://www.mrsk-1.ru/upload/documents/Polozhenie_o_vyplate_voznagrazhdenij_KpTP_english.pdf
	The Regulation on Payment of Remuneration and Compensation to the Members of the Strategy and Development Committee of the Board of Directors			https://www.mrsk-1.ru/upload/documents/Polozhenie_o_vyplate_voznagrazhdenij_KS_english.pdf
	The Regulation on Payment of Remuneration and Compensation to the Members of the Audit Committee of the Board of Directors			https://www.mrsk-1.ru/upload/documents/Polozhenie_o_vyplate_voznagrazhdenij_KA_english.pdf
	The Regulation on Payment of Remuneration and Compensation to the Members of the Personnel and Remuneration Committee of the Board of Directors			https://www.mrsk-1.ru/upload/documents/Polozhenie_o_vyplate_voznagrazhdenij_KKiV_english.pdf
General director	The Regulations on Financial Incentives for the General Director	15 July 2011, as amended on 18 December 2014, 26 February 2015, 29 May 2017, 7 September 2017, 30 September 2019, 30 November 2020, and 3 December 2021, The Board of Directors	Minutes No. 16/11 dated 18 July 2011, No. 29/14 dated 19 December 2014, No. 03/15 dated 27 February 2015, No. 14/17 dated 31 May 2017, No. 22/17 dated 8 September 2017, No. 31/19 dated 30 September 2019, No. 58/20 dated 30 November 2020, No. 56/21 dated 3 December 2021	not disclosed
Senior managers	The Regulations on Financial Incentives and Social Benefits for Senior Managers	15 July 2011, updates from 7 September 2017 and 30 November 2020, The Board of Directors	Minutes No. 16/11 dated 18 July 2011, dated 8 September 2017 No. 22/17, dated 30 November 2020 No. 58/20	not disclosed

MONITORING OF THE IMPLEMENTATION OF, AND THE PROGRESS ON, THE REMUNERATION POLICY

Personnel and Remuneration Committee

The Company has a Personnel and Remuneration Committee that ensures the effective work of the Company's Board of Directors in addressing issues related to remuneration and financial incentives.

When the remuneration system is formed and a specific amount of remuneration to members of Rosseti Centre's management bodies is determined, it is assumed that the level of benefits must be sufficient to attract, motivate and retain persons with the competence and qualifications necessary for the Company. In this regard, the Board of Directors, with the involvement of the Personnel and Remuneration Committee, controls (supervises) the implementation of the Remuneration Policy in the Company.

The Remunerations Committee addresses the following issues:

Competence issue in accordance with the Regulations on the Personnel and Remuneration Committee	Application practice in Rosseti Centre
formulation of principles, criteria and recommendations for remuneration and financial incentives: <ul style="list-style-type: none">for members of the Company's Board of Directors, Chairman of the Company's Board of Directors;members of the Management Board of the Company, the General Director of the Company, the managing organisation or the manager;members of the Audit Commission of the Company, the Chairman of the Audit Commission of the Company	The Committee preliminarily reviews and issues a recommendation to the Board of Directors on approving/making changes to the Methodology for Calculating and Evaluating the Performance of the General Director's KPIs, on awarding the General Director
preparation of recommendations on the approval (adjustment) of internal documents regulating the remuneration and financial incentive issues	The Committee preliminarily reviews and gives recommendations to the Board of Directors on the approval/introduction of changes to the Regulations on Payment of Remuneration and Compensation to the Members of the Company's Board of Directors, the Regulations on Payment of Remuneration and Compensation to the Members of the Company's Audit Commission, the Regulations on Financial Incentives for the General Director of the Company, the Regulations on Financial Incentives and Social Benefits for Senior Managers of the Company
development of proposals for defining the material terms of contracts (including the term of office and the amount of remuneration and compensation paid) concluded with members of the Company's Board of Directors, members of the Management Board, the Company's General Director, the managing company or the manager, as well as the introduction of changes into such contracts	The Company's Board of Directors, with regard to Article 21 of the Company's Articles of Associations, took a decision to approve the person authorised to define the terms of the employment contract, including the term of powers for the General Director and members of the Company's Management Board
regular assessment of the performance of the Company's General Director, the managing company (the manager), members of the Company's Management Board and preparation of relevant recommendations to the Company's Board of Directors	By the end of the employment contract term, the Committee pre-reviews the performance results and provides recommendations regarding the General Director to the Board of Directors
review of the performance of the employees holding positions, candidates for which are agreed upon by the Company's Board of Directors, and preparation of relevant recommendations to the Company's General Director	By the end of the employment contracts term, the Committee preliminarily reviews the performance results of the Company's Deputy General Directors by certain areas of activity and gives recommendations to the General Director whether to conclude or not to conclude an employment contract for a new term

An independent assessment of the Company's remuneration system (its individual components) was not performed.

For the Personnel and Remuneration Committee report, containing, among other details, the number of meetings held and issues considered, please see **Committees of the Board of Directors** section of the Annual Report on p. 168.

SCOPE OF APPLICATION OF THE REMUNERATION POLICY

The Remuneration Policy of Rosseti Centre reviewed in the Annual Report applies to members of the Board of Directors, members of the Management Board and other key employees classified as senior managers in line with the internal documents of the Company. This Policy does not apply to persons controlled by the Company and other organisations.

This section also provides information on the remuneration to members of the Committees of Rosseti Centre's Board of Directors and the Corporate Secretary.

In the reporting year, the remuneration policy in respect of those persons has not changed.

CONSIDERATION OF SUSTAINABLE DEVELOPMENT ISSUES, ESG FACTORS IN THE FORMATION AND ADJUSTMENT OF THE REMUNERATION SYSTEM FOR THE MEMBERS OF THE COMPANY'S MANAGEMENT BODIES

Remuneration of members of the Board of Directors and Committees of the Board of Directors does not include a variable component that would depend on the performance of any indicators, including in the field of sustainable development and ESG factors.

For more details on the KPI system, as well as the achievement of target values, please see the **Strategic Report** section to the Annual Report on p. 36.

The variable component of the remuneration of members of executive bodies depends on the results of the Company's financial and economic activities – the degree of fulfilment of key performance indicators (KPIs) for the reporting year. The KPI data for 2021 includes indicators in the field of sustainable development:

- Compliance with grid connection time-frames
- Readiness for heating season
- Achievement of the specified reliability level of the services provided
- Absence of occupational accidents
- Higher labour productivity
- Efficiency of innovations

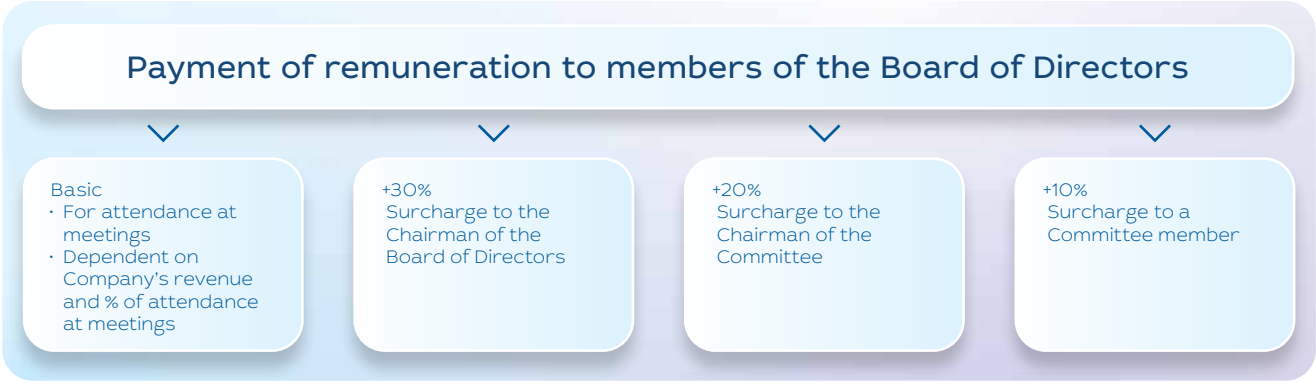
REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS

Remuneration to the members of Rosseti Centre's Board of Directors shall be subject to the Regulations on Remuneration and Compensation to the Members of Rosseti Centre's Board of Directors approved in 2019 by the General Meeting of Shareholders of the Company.

GRI 102–36

Remuneration to the members of the Board of Directors is paid on a quarterly basis and made of the following components:

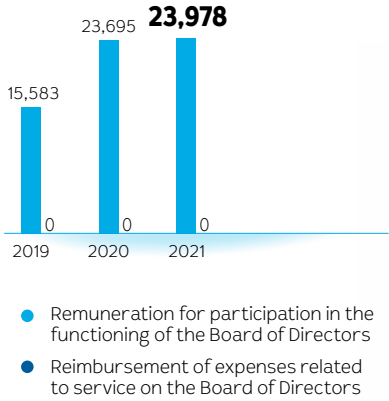
For more details on the procedure for determining the amount of remuneration of members of the Board of Directors of Rosseti Centre, please see **Appendix 3** to the Annual Report.



The Company compensates the members of the Board of Directors for expenses related to participation in the meeting of the Board of Directors. Compensation is made according to the norms (established in Rosseti Centre) of reimbursement of travel expenses in force at the time of the meeting.

There are no additional payments or compensation in case of early termination of the powers of members of the Company's Board of Directors. Non-monetary remuneration is not provided to members of the Board of Directors.

Total remuneration and compensations paid out to the members of the Board of Directors, RUB '000 incl. PIT



Property (financial) benefit: In 2019–2021, the Company did not issue loans to members of the Board of Directors, did not enter into other civil law contracts with members of the Board of Directors.

Personal remuneration of members of the Board of Directors of Rosseti Centre, RUB '000 incl. PIT

Full name	Total paid in 2021	Basic remuneration for participation in meetings of the Board of Directors	Additional remuneration, including			Compensation of expenses related to participation in meetings of the Board of Directors	Total paid in 2020	Total paid in 2019
			for chairmanship of the Board of Directors (30%)	for chairmanship in the Committees under the Board of Directors (15%)	for membership in a committee under the Board of Directors (15%)			
Andrey Mayorov (Chairman of the Board of Directors)	2,700	2,077	623	–	–	–	675	X ¹
Alexander Golovtsov	2,700	2,077	–	–	623	–	2,544	571
Vitaliy Zarkhin	2,700	2,077	–	–	623	–	2,388	519
Alexander Kazakov	1,703	1,419	–	284	–	–	2,599	1,783
Daniil Krainsky	2,337	2,077	–	104	156	–	571	X
Aleksey Pavlov	1,419	1,419	–	–	–	–	2,233	1,526
Vasily Rozhkov	1,703	1,419	–	284	–	–	623	X
Larisa Romanovskaya	1,845	1,419	–	284	142	–	2,544	1,475
Alexander Shevchuk	2,544	2,077	–	104	363	–	2,648	1,715
Yury Goncharov	519	519	–	–	–	–		X
Maria Korotkova	571	519	–	–	52	–		X
Anastasia Krupenina	623	519	–	–	104	–		X
Alexey Molsky	623	519	–	104	–	–		X
Yegor Prokhorov	571	519	–	–	52	–		X
Alexander Varvarin	X			X			1,777	1,767
Andrey Logatkin	X			X			1,535	571
Dmitry Chevkin	X			X			1,535	571
Dmitry Akopyan	X			X			X	677
Oleg Isayev	X			X			X	477
Alexey Rakov	X			X			X	831
Maxim Saukh	X			X			did not provide consent	1,578
Denis Spirin	X			X			X	692
Roman Filkin	X			X			X	831

Remuneration for Igor Makovskiy was not accrued and paid out since this Board’s member is the General Director of the Company. Remuneration of K. Mikhailik, the member of the Board of Directors, is not disclosed since the Company has not received his consent to disclosure.

¹ Symbol X – the person was not a member of the Board of Directors during the reporting period.

REMUNERATION TO MEMBERS OF COMMITTEES OF THE BOARD OF DIRECTORS

GRI 102–36

Remuneration and compensation to the members of the Committees under the Board of Directors of Rosseti Centre are paid out in accordance with the relevant regulations approved by the Company’s Board of Directors.

Remuneration to members of the Board Committees who are also members of the Company’s Board of Directors is paid in the form and amount stipulated by the Regulation on Payment of Remuneration and Compensation to the Members of the Board of Directors. These persons receive an additional allowance set at 10% for a committee member, 20% for a committee Chairman.

In accordance with the approved Policy in place at Rosseti Centre, remuneration was paid in 2021 to the members of the Committees of the Board of Directors for participation in Committee meetings. The amount of remuneration depends on the form of the meeting:

- two minimum monthly wages of a skill category 1 worker (hereinafter the “minimum monthly wage”) for participation in meetings held in person;
- one minimum monthly wage for participation in meetings held by absentee voting.

Remuneration payable to the Chairman of the Committee
 is **50%** higher

Remuneration is not paid out to members who are also members of the Company's Management Board

Remuneration paid out to members of the Board's Committees, RUB '000 incl. PIT

Committee	2019	2020	2021
Audit Committee	No remuneration was paid because only members of the Board of Directors are members of the Committee		22
Personnel and Remuneration Committee	No remuneration was paid because only members of the Board of Directors are members of the Committee		260
Strategy Committee	1,368	1,532	2,042
Reliability Committee	848	392	635
Grid Connection Committee	517	337	178

REMUNERATION FOR THE MEMBERS OF THE MANAGEMENT BOARD AND GENERAL DIRECTOR

GRI 102–36

By resolution of the Company’s Board of Directors, members of the Management Board are classified as senior managers. The senior managers are awarded in accordance with the Regulations on Financial Incentives and the Social Package of Senior Managers of Rosseti Centre, approved by the Board of Directors of the Company.

Components of remuneration for the members of the Management Board:

- constant component:
 - monthly remuneration in the amount of RUB 15,800;
 - salary of the members of the Management Board who are employees of Rosseti Centre, in accordance with the terms of employment contracts;
- variable component – is paid based on the results of key performance indicators and depends on the degree of KPIs for the reporting year (in 2019–2020 – for the reporting quarter and year).

The list of KPIs is approved annually by the Company’s Board of Directors and is formed taking into account the specifics of the industry in which the Company operates, the priorities set out in the Development Strategy of the Rosseti Group of Companies until 2030, and also takes into account the factors of sustainable development and ESG risks.

The performance of each KPI affects the size of the variable component depending on the following: the degree of performance of the KPI, as well as the specific weight of a particular KPI in the amount of bonuses paid, annual bonuses are made subject to the fulfilment of the corresponding KPIs.

Total remuneration paid to members of the Management Board, RUB '000 incl. PIT

Type of remuneration	2019	2020	2021
Remuneration for service on a management body	591	918	826
Salary	54,101	66,163	74,834
Remuneration accrued under short-term incentive programmes (based on the results of the company's activities for a period of no more than three years)	33,793	95,491	164,594
Remuneration accrued under long-term incentive programmes (based on the results of the company's activities for a period of no more than five years)	0	0	0
Reimbursement of expenses related to service on the Management Board	0	0	0
Deferred remuneration	0	0	0
Remuneration adjusted based on the results achieved (amount (volume) of remuneration adjustments)	0	0	0
The amounts returned to the Company that were paid as a variable component of the remuneration	0	0	0
Other types of remuneration	0	0	0
Total	88,485	162,572	240,254

Property (financial) benefit: In 2019–2021, the Company did not issue loans to members of the Management Board, did not enter into other civil contracts under the terms that differ significantly from market conditions, with members of the Board of Directors.

Remuneration to the General Director

GRI 102–36

The remuneration to the General Director is formed from a constant component (salary in accordance with the terms of the employment contract) and a variable component (remuneration paid based on the results of key performance indicators and depending on the degree of KPIs for the reporting year (in 2019–2020 – for the reporting quarter and year)).

The total remuneration of the Management Board's members includes the remuneration of the General Director, who chairs the Management Board.

REMUNERATION OF THE CORPORATE SECRETARY

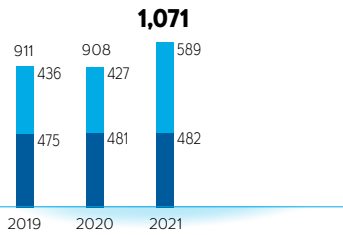
The Board of Directors determines the amount and procedure for payment of remuneration of, and bonus scheme for, the Corporate Secretary taking into account recommendations of the Personnel and Remuneration Committee.

The General Director of the Company enters into an employment contract with a person whose candidacy has been approved by the decision of the Board of Directors of the Company, on the terms determined by the decision of the Board of Directors of the Company.

Under the terms and conditions of the employment contract, monthly remuneration payable to the Corporate Secretary of Rosseti Centre amounts to RUB 40,000 (incl. PIT).

Pursuant to the Regulations on Remuneration and Compensation of Members of the Board Committees, remuneration is also payable for the provision of secretary services to the members of the Board Committees for each meeting of the relevant Committee in the amount equivalent to 0.5 minimum monthly wage as of the meeting date.

Remuneration paid to the Corporate Secretary¹, RUB '000 incl. PIT



- Corporate Secretary
- Secretary of the Board Committees

Prevention of Conflict of Interest

GRI 102–16

GRI 102–25

The Company's conflict of interest resolution policy is based on compliance with the following principles



- a personal example of the management in the formation of a culture of intolerance towards corruption and the creation of an intra-organisational corruption prevention and counteraction system



- employee commitment: Company's employees' awareness of anti-corruption laws and active participation in the development and implementation of anti-corruption standards and procedures



- adequacy of anti-corruption procedures to potential damage and probable occurrence of the Company's corruption risk



- efficiency of anti-corruption procedures: anti-corruption measures, which are simple to implement and yield the significant result



- responsibility and inevitability of punishment for the Company's employees, irrespective of the position held, work experience and other conditions in case they committed corruption offences in connection with their labour duties



- transparency of business operations: communication of information to the partners, counterparties, and community about the business anti-corruption standards adopted in the Company

¹ The amount of remuneration is disclosed with the consent of Svetlana Lapinskaya.

GRI 102-17

In 2021, the Company has the following local organisational, regulatory and normative documents:

- the Guideline "Procedure for Receiving and Reviewing Applications Received by the Hotline from Applicants (Employees, Contractors of IDGC of Centre, PJCS and IDGC of Center and Volga Region, PJSC, Other Individuals and Legal Entities) about Possible Facts of Corruption and Fraud";
- The Company has updated the regulations on the Commission on Compliance with Corporate Ethics Standards and Settlement of the Conflict of Interests of the Company; the Guidelines (Regulation) On settlement of the Conflict of Interests in IDGC of Centre, PJCS and IDGC of Center and Volga Region, PJSC; the membership of the Commission on Compliance with Corporate Ethics Standards and Settlement of the Conflict of Interests of the Company has been changed.

These documents are available on the Company's website.

The Company informs its employees and members of the management bodies about approval of said documents and mandatory compliance with their requirements.

Management of conflicts of interest is carried out with the participation of the Committee on Corporate Ethics Compliance and Conflict of Interest Resolution. In 2021, three meetings were held; as a result of which 15 pre-conflict situations were identified and resolved on four issues.

Measures to resolve the conflict of interest

To prevent the conflict of interest, candidates to vacant positions and the Company's employees shall declare the conflict of interest according to a relevant procedure:

- under the 2020 Declaration campaign, 4,451 conflict of interest declarations of the Company's employees were collected and checked. Declaration results were reviewed by the Committee on Corporate Ethics Compliance and Conflict of Interest Resolution of the Company;
- the data declared by candidates to fill the vacancy were checked and resolutions on candidate approval/disapproval were made, the Company keeps a register of candidates (in 2021, 1,114 persons were checked, negative resolutions were made for three candidates).

Disclosures made by the Company's management and their close relatives about their income and property liability are checked annually. In 2021, 79 declarations of the Company's management and their close relatives about their income and property liability for 2020 were checked (17 – the Company's officials and 62 – their close relatives). The checks have shown no signs of the conflict of interest and pre-conflict situation related to the job duties of the above-mentioned parties.

The employees shall notify the Company about any occurrence of a conflict of interest.

Members of the management bodies shall notify the Company upon the occurrence of circumstances due to which such persons can be recognised as related parties to the Company's transactions, as well as about changing of such information.

In line with the Regulation on the Board of Directors, Corporate Governance Code, members of the Board of Directors or Management Board, the General Director agree to refrain from actions that can lead to a conflict of interest between them and the Company. If such a conflict of interest occurred, the member of the Board of Directors or Management Board, the General Director shall inform the Board of Directors and hold back from voting on respective issues.

Measures to resolve the conflict of interest

- Exercising of powers, functions and official duties by employees for the benefit of the Company only
- Rejection of any interactions with the Company's business partners by managers/employees, except for handling matters in the name and on behalf of the Company
- Prevention of cases of influencing the decisions of the Company's business unit leaders with the aim of facilitating the employment or promotion of an employee
- Refusal to carry out activities competitive with the interests of the Company
- Timely resolution of each emerging pre-conflict situation and others

In line with Order of PJSC Rosseti No. 244r dated 20 June 2016 on setting-up a working team for improvement of anti-corruption methodological support, employees of the Anti-Corruption Compliance Procedure Unit regularly take part in working teams, offsite seminars/meetings regarding current issues.

Internal Control, Risk Management and Internal Audit

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

GRI 102-11

The Company has in place a risk management system (hereinafter – RMS) and an internal control system (hereinafter – ICS) integrated into the Company's overall management system.

The task of the RMS is to develop a risk-oriented corporate culture.

The Company's executive bodies and management ensure the following:

- dissemination of knowledge and skills in the field of risk management in the Company, involvement of employees in the risk management process, as well as ensuring the effective exchange of information within the framework of RMS;
- achieving an optimal balance between preferred risk (appetite risk) and development strategy. The Company evaluates the preferred risk at the stage of choosing from strategic alternatives when setting goals that correspond to the chosen strategy, as well as when developing appropriate risk management mechanisms;
- improving the decision-making process to respond to emerging risks. The risk management process determines which method of responding to risk in the Company is preferable: risk rejection, risk reduction, risk transfer or risk acceptance. The RMS ensures the cost-effectiveness of risk management measures. The Company

makes decisions to reduce risks based on economic feasibility;

- reduction of the number of unforeseen events and losses in the course of the Company functioning. RMS allows one to identify potential events and take appropriate measures to reduce the number of such events and associated costs and losses;
- identification and management of the entire set of risks arising in the course of the Company's functioning. The risk management process contributes to an effective response to various impacts and an integrated approach to multiple risks.

Internal control is an integral part of the Company's RMS. The Internal Control System (ICS) aims to provide reasonable assurance that the objectives in the following areas are achieved:

- operational efficiency and strong performances of the Company including achievement of financial and operating results, protection of the Company's assets;
- compliance with the applicable laws and local regulations in the Company's commercial activities and financial accounting;
- reliability and timeliness of financial statements and other types of statements.

List of internal documents regulating the internal control system and risk management system

In order to ensure the effective operation of the ICS and RMS in accordance with generally recognised practices and standards of activity in the field of internal control and risk management, as well as with the requirements of regulators, the Board of Directors approved the updated Internal Control Policy of the Company¹ and a new version of The Company's Risk Management Policy² (hereinafter referred to as the Policies).

The Policies define the objectives, principles and components of the Company's ICS and RMS, main functions and responsibilities of ICS and RMS participants, and ICS and RMS performance assessment procedure.

The Company has the Procedure to fulfil requirements of the Internal Control Policy, defining the aspects of applying the rules under the Internal Control Policy³.

The manual on the description of the internal control procedure within the Company's Internal Control System⁴ defines the model (scheme), objectives, results, responsibilities of participants, control procedures, and contains a description of the internal control procedure.

¹ Minutes No. 04/16 dated 1 March 2016.
² Minutes No. 05/21 dated 26 February 2021.
³ Order of Rosseti Centre, PJSC dated 16 June 2021 No. 257-TsA.
⁴ Order of Rosseti Centre, PJSC dated 22 March 2019 No. 108-TsA.

¹ Approved by Order of PJSC IDGC of Centre No. 350-TsA dated 3 August 2021.

Control procedures for processes and sub-processes of the main and supporting activities, as well as governance processes of the Company are recorded in control and risk matrices.

As for the risk management, the Company has the following methodological framework in place¹:

- The Company's risk tree model and its description;
- Guidelines "Risk Management of the Company";
- The model of the Company's risk management system maturity.

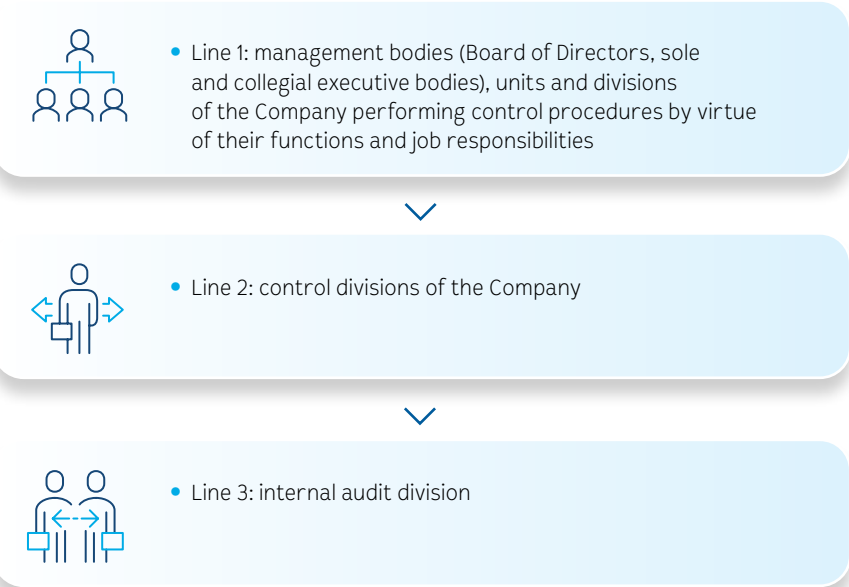
The principles and approaches to determining the level of the Company's preferred risk are fixed by the Guidelines "Procedure for Determining the Preferred Risk (Appetite Risk) and Rosseti Centre and Rosseti Centre and Volga region"².

The Company annually forms a report on the organisation, functioning and effectivity of the Company's ICS and RMS and submits it to the Board of Directors for consideration.

The main participants in the risk management and internal control process, their functions and tasks

The ICS covers all areas of the Company's activities; control procedures are adhered to at all times across all the processes at all levels of control according to the three lines of protection model.

ICS: 3 lines of protection



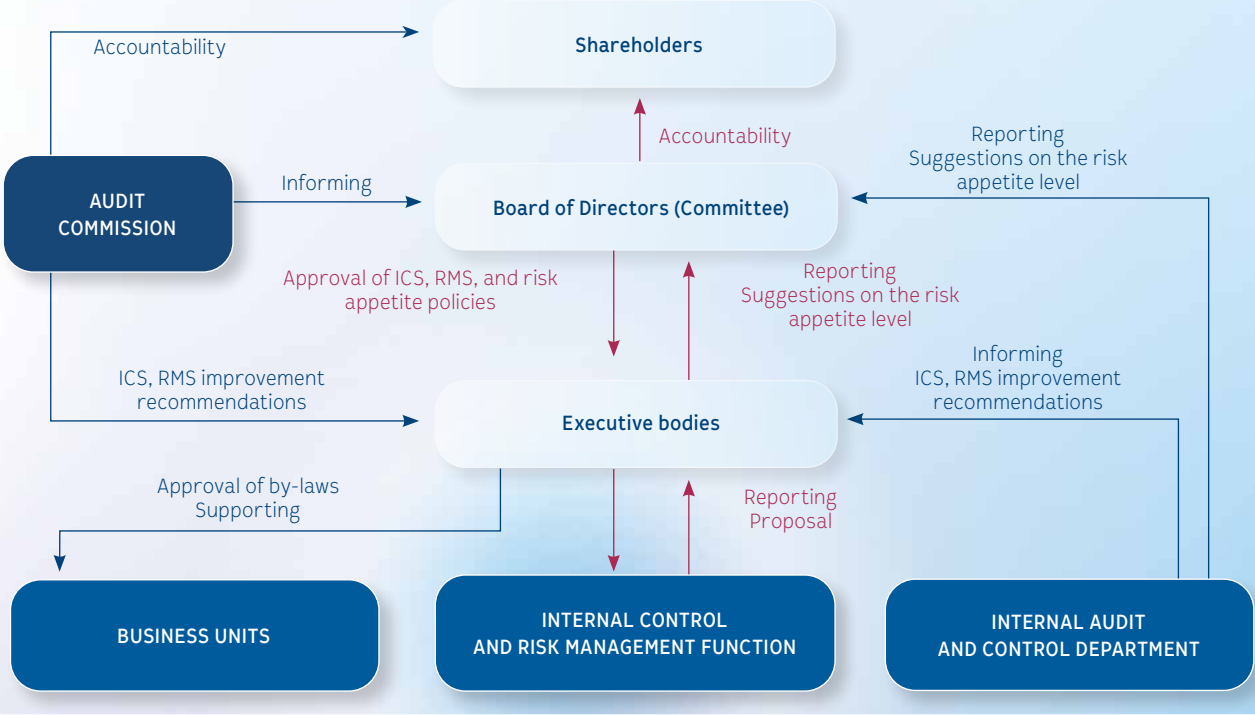
The main participants of the Company's ICS and RMS:

- The Board of Directors of the Company;
- Audit Committee of the Board of directors;
- other Committees of the Board of Directors;
- Audit Commission of the Company;
- executive bodies (Management Board of the Company, General Director of the Company);
- collective work bodies established by the Company's executive bodies for performing certain functions (commissions, work groups etc.);
- risk owners, heads of the Company's units and structural units;
- employees of the Company's structural units performing control procedures as part of their professional duties;
- persons in charge of risk management activities;
- Quality Management Department, organisation of internal control and risk management;
- Internal Audit and Control Department.

The functions of the ICS and RMS participants are fixed by the Company's Internal Control Policy, the Company's Risk Management Policy, regulations on structural divisions, and job descriptions; for more details, please see **Appendix 3** to the Annual Report and **on the Company's website** <https://www.mrsk-1.ru/en/about/management/information/>.

The Internal Control and Risk Management Sector of Rosseti Centre (since 2022 – the Department of Quality Management, Internal Control and Risk Management) is responsible for coordinating activities in the ICS and RMS.

The scheme of interaction between the participants of the ICS and the RMS



Information on the results of the internal audit evaluation of the effectiveness of the internal control system and the risk management system

GRI 102-30

The Company monitors the effectiveness of ICS and RMS and verifies their compliance with objectively changing requirements and conditions, for which the Company's internal auditor conducts regular assessments of ICS and RMS.

The Internal Auditor Report on the assessment of the effectiveness of the Company's ICS and RMS by the end of 2021 was considered at a meeting of the Board of Directors (Minutes No. 19/22 dated 15 April 2022) with a preliminary discussion of this issue by the Audit Committee of the Board of Directors (Minutes No. 07/22 dated 11 April 2022). According to the results of 2021, the maturity level of the ICS is estimated as "Optimal". According to the results of 2021, the maturity level of the RMS is estimated as intermediate between

the "Moderate" level of maturity and the "Optimal". Due to the change in the methodology for assessing the ICS and RMS in 2021, information on the dynamics of the maturity level compared to the previous year is not provided.

Enhancement of RMS and ICS

In 2021, in accordance with the decision of the Board of Directors¹, the Company implemented an Action Plan to maintain the effectiveness and development of the internal control system and risk management system. It included the following key measures aimed at improving the ICS and the RMS:

- the heads of structural divisions conducted a self-assessment of the effectiveness of control procedures and ICS of the Company's business processes supervised by the respective divisions;
- implementing a mechanism for linking the functions and tasks of structural units with the Company's goals, as well as with the goals of the processes:
 - a Programme was put in place to transfer IDGC of Centre and IDGC of Center and Volga Region to the basic (reference) business process model of the top-level subsidiaries of Rosseti²;
- the new edition of the Risk Management Policy has been approved³;
- the Procedure for Implementing the Requirements of the Internal Control Policies of IDGC of Centre, PJSC and IDGC of Center and Volga Region, PJSC has been updated⁴;
- the Guidelines "Preparation of a Report on the Organisation, Functioning and Effectiveness of the Internal Control System and Risk Management System of Rosseti Centre and Rosseti Centre and Volga region were approved⁵;
- The Procedure for Determining the Preferred Risk (Appetite Risk) of Rosseti Centre and Rosseti Centre and Volga region has been approved⁶;
- the Register of Functional Risks and Business Process Risks for 2020 and the Risk Management Action Plan for 2022 were approved⁷;
- the mechanism for monitoring financial stability, supporting the procedures for liquidation and bankruptcy of counter-parties has been under implementation;
- training event for the management and employees on the organisation and functioning of the ICS and RMS has been conducted.

¹ Approved by Order of IDGC of Centre, PJSC dated 7 April 2020 No. 173-TsA.
² Order of Rosseti Centre, PJSC No. 605-TsA dated 27 December 2021.

¹ Minutes No. 11/21 dated 7 April 2021.
² Order No. 503-TsA dated 10 November 2020, Order No. 206-TsA dated 12 May 2021.
³ Minutes of the Board of Directors of the Company No. 05/21 dated 26 February 2021.
⁴ Order No. 257-TsA dated 16 June 2021.
⁵ Order No. 519-TsA dated 15 November 2021.
⁶ Order of Rosseti Centre No. 605-TsA dated 27 December 2021.
⁷ Minutes of the Board meeting No. 45/21 dated 29 November 2021.

In 2022, the Company intends to continue improving the internal control system and risk management system. In this regards, the plans include the following:

- Updating the regulatory and methodological framework in the field of internal control and risk management;
- Integrating the existing anti-corruption compliance system into the common ICS and RMS;
- Conducting training events for the management and employees on the organisation and functioning of the ICS and RMS;
- Developing a mechanism for monitoring financial stability, supporting the procedures for liquidation and bankruptcy of counterparties.

INTERNAL AUDIT

Internal audit functions in the Company are performed by the Internal Audit Department. It is accountable to the Board of Directors of the Company. The Board of Directors controls and organises the activities of the internal audit division; in particular, the board performs the following:

- approves:
 - internal audit activity plan;
 - report on the implementation of the internal audit activity plan;
 - budget of the internal audit division;
 - terms of the employment contract and remuneration of the head of internal audit;
- preliminarily approves the decisions of the sole executive body of the Company on the appointment, dismissal (not on the initiative of the employee) of the head of internal audit, the application of disciplinary penalties to him/her;
- reviews the results of the quality assessment of the internal audit function.

The objective of the internal audit is to assist the Board of Directors and executive bodies of the Company in improving the efficiency of the Company’s management and improving its financial and economic activities. The internal audit division achieves this objective by systematically and consistently analysing and evaluating risk management, internal control and corporate governance systems, which allows for reasonable confidence in the Company’s achievement of goals.

The goals and objectives, basic organisational principles, functions and powers of the Internal Audit Department are set out in the updated Internal Audit Policy of Rosseti Centre¹.

As of 31 December 2021, the actual number of employees performing the internal audit function was 7 people.

- Documents regulating the internal audit function in the Company:
- Updated Internal Audit Policy of the Company BP 1/02-04/2021 and the Code of Ethics of Internal Auditors²;
 - The Regulation on the Internal Audit³;
 - Internal Audit Assurance and Quality Improvement Programme of IDGC of Centre – RK BP 1/08-01/2016⁴;
 - Internal Standards for the internal audit functions and the practical application standards elaborated in compliance with the International Standards for the Professional Practice of Internal Auditing.

The Head of the Internal Audit of the Company receives feedback in various forms during interaction with the Audit Committee, analyses the decisions and recommendations of the Audit Committee on issues related to his/her competence, and also questionnaires the members of the Audit Committee.

Evaluation of the effectiveness of Internal Audit

Satisfaction quotient of the Audit Committee of the Board of Directors of the Company with the results of the work of the Internal Audit Unit (average weighted score on the questionnaires of the members of the Audit Committee to the number of members of the Committee voted) according to the results of 2021 is estimated as “Consistent” (1.03 points) according to the Internal Audit Quality Assurance and Improvement Programme of the Company⁵.

Audit Commission

The Audit Commission of the Company is a control authority; its main tasks include controlling the financial and economic activities of the Company and to independently assess the reliability of the data contained in the Company’s annual report and annual financial statements, the report on related-party transactions.

The competence of the Audit Commission is defined by Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies, as well as the Articles of Association and Regulations on the Audit Commission of the Company.



The Regulations can be found on [the Company's website](#).

The Audit Commission is annually elected by the General Meeting of Shareholders. The quantitative membership of the Audit Commission is determined by the Articles of Association of Rosseti Centre and consists of five people.

In 2021, there were two memberships of the Audit Commission.

The members of the Audit Commission do not have shares in the authorised capital (shares of any type) Rosseti Centre and in the authorised capital of subsidiaries of affiliated companies of Rosseti Centre.

There were no transactions between the Company and the members of the Audit Commission in 2021. Rosseti Centre did not file claims against members of the Audit Commission.

- Based on the questionnaires provided by the members of the Audit Commission, the Company considers:
- the members of the Audit Commission have no family ties (spouses, parents, children, adoptive parents, adopted children, siblings, grandparents, grandchildren) with members of the Board of Directors, members of the collegial executive body, a person holding the position (performing functions) of the sole executive body of Rosseti Centre;
 - the members of the Audit Commission were not held administratively liable for violations in the field of finance, taxes and fees, securities market, or criminally liable (including record of conviction) for economic and (or) public-order crimes;
 - the members of the Audit Commission did not hold positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under Article 27 of the Federal Law No. 127-FZ dated 26 October 2002 On Insolvency (Bankruptcy) laws were initiated against those organisations.

In the period from 29 May 2020 to 31 May 2021, the Company’s Audit Commission operated in the following membership: Sergey Kiryukhin, Marina Lelekova, Elena Kabizskina, Svetlana Kim, Artem Kirillov.

The personal history of the members of the Audit Commission of the Company, elected by the decision of the Annual General Meeting of Shareholders dated 29 May 2020 (Minutes No. 01/20), is included in [the Annual Report of the Company for 2020](#).

¹ BP 1/02-04/2021, approved by the Board of Directors of Rosseti Centre (Minutes No. 36/21 dated 23 August 2021). This document can be found on the Company’s website https://www.mrsk-1.ru/upload/documents/Internal_Audit_Policy_2021_en.pdf.

² Approved by the decision of the Board of Directors (Minutes No. 36/21 dated 23 August 2021).

³ PSP TsA/18/06-2019, approved by the Board of Directors of IDGC of Centre (Minutes No. 10/19 dated 22 March 2019), approved by Order of PJSC IDGC of Centre No. 123-TsA dated 5 April 2019.

⁴ Approved by the decision of the Board of Directors (Minutes dated 13 December 2016 No. 33/16).

The current membership of the Audit Commission of Rosseti Centre was elected by the Annual General Meeting of Shareholders of the Company on 31 May 2021¹.

Svetlana Kovaleva

Chairman of the Audit Commission

Born in 1980.

In 2002, she graduated from the Academy of Civil Aviation with a degree in Law, a Lawyer qualification. In 2019, she underwent professional retraining of the Federal State Educational Institution of Higher Education National Research University “Moscow Power Engineering Institute” under the programme of training of managerial personnel Production Management and Project Management.

Positions over the past five years

2020 till present – Director of Internal Audit – Head of the Internal Audit Department of PJSC Rosseti (part-time).

2017 till present – Director of Internal Audit – Head of the Internal Audit Department of PJSC FGC UES.

First elected on 31 May 2021.

Viktor Tsarkov

Born in 1977.

In 2005, he graduated from the Moscow Institute of Economics, Management and Law with a degree in Finance and Credit, Economist qualification, and in 2007 – the Russian Academy of Public Administration under the President of the Russian Federation with a degree in State and Municipal Administration, a Manager qualification.

Positions over the past five years

2020 till present – First Deputy Head of the Internal Audit Department of PJSC Rosseti (part-time).

2017 till present – First Deputy Head of the Internal Audit Department of PJSC FGC UES.

First elected on 31 May 2021.

Svetlana Trishina

Born in 1979.

In 2001, she graduated from Amur State University with a degree in Finance and Credit, Financial Economist, a Bank Specialist qualification. In 2018, she underwent professional retraining in Internal Audit and Control in Commercial Organisations, in 2021 – Internal Audit at the International Academy of Expertise and Evaluation.

Positions over the past five years

2020 till present – Deputy Head of the Internal Audit Department – Head of the Corporate Audit and Control Department to the Internal Audit Department of PJSC Rosseti (part-time).

2017 till present – Head of the Financial Audit Department; Head of the Financial Audit, Methodology and Reporting Department; Head of the Subsidiaries Corporate Audit and Control Department; Deputy Head of the Internal Audit Department, Deputy Head of the Internal Audit Department – Head of the Subsidiaries Corporate Audit and Control Department of the Internal Audit Department of PJSC FGC UES.

First elected on 31 May 2021.

According to clause 24.5 of the Articles of Association of Rosseti Centre, the competence of the Audit Commission of the Company includes:


- inspection (audit) of the financial, accounting, payment and settlement and other documentation of the Company related to the Company's financial and economic activities for the compliance with the legislation of the Russian Federation, the Articles of Associations, and internal documents of the Company;
- checking and analysis of the financial condition of the Company, its solvency, the functioning of the internal control system and the risk management system, liquidity of assets, the ratio of own and loaned funds, correctness and timeliness of accruals and payment of interest on bonds, income on other securities;
- control over the expenditure of the Company's funds under the approved business plan and budget of the Company;
- control over the raising and expenditure of the reserve and other special funds of the Company;
- verification of the timeliness and correctness of settlement transactions with counterparties and the budget, as well as settlement transactions for remuneration, social insurance, accrual and payment of dividends and other settlement transactions;
- monitoring compliance with the established procedure for writing off debts of insolvent debtors to the Company's losses;
- verification of the Company's business operations carried out under the concluded agreements;
- verification of the compliance with the use of material, labour and financial resources, financial and economic activities of current agreements, norms and standards,

approved estimates and other documents regulating to the activities of the Company;

- control over the safety and use of fixed assets;
- checking the cash account and property of the Company, the efficient use of assets and other resources of the Company, identifying the causes of non-production losses and expenses, identifying reserves for improving the financial condition of the Company;
- verifying the compliance with the requirements to eliminate violations and deficiencies identified by the Audit Commission of the Company;
- developing recommendations for the governing bodies of the Company;
- taking other actions (measures) related to the audit of the financial and economic activities of the Company.

Results of the activities of the Audit Commission in 2021

In 2021, the Company's Audit Commission held 3 meetings, considering the issues related to the planning of the work of the Audit Commission, the election of the Chairman and Secretary of the Commission, as well as issues directly related to the conduct of audit.



The resolutions of the Company's Audit Commission are available on [the Company's website](#).

In 2021, an audit of the Company's financial and economic activities for 2020 was conducted.

The audit programme of the Company's financial and economic activities included the following aspects:

- assessment of the reliability of the financial statements of Rosseti Centre, formed as of 31 December 2020;

- assessment of the reliability of the Annual Report of Rosseti Centre for 2020;
- verification of the activities of Rosseti Centre in the field of organising interim and price audits of reports on the implementation of the investment programme of Rosseti Centre, as well as measures aimed at eliminating violations and deficiencies contained in the conclusions of expert organisations prepared based on the results of interim and price audits of reports on the implementation of the investment programme of Rosseti Centre;
- assessment of the financial condition of Rosseti Centre as of 31 December 2020;
- assessment of the reliability of the data contained in the Report on related-party transactions concluded by Rosseti Centre in 2020;
- verification of certain issues related to corporate governance of Rosseti Centre;
- other issues related to the circumstances identified during the audit.

The conclusion of the Audit Commission was approved by the Audit Commission of the Company (Minutes No. 3 dated 15 April 2021), according to which an opinion was expressed on the reliability of the data contained in the annual report for 2020, the financial statements of the Company for 2020, in all material respects. There were no facts of distortion of the information contained in the report on interested party transactions concluded in 2020. This Conclusion was included in the materials provided to the Company's shareholders in preparation for the Annual General Meeting of Shareholders of the Company in 2021.

¹ Data on the members of the Audit Commission is provided as of 31 December 2021.

REMUNERATION OF MEMBERS OF THE AUDIT COMMISSION

Remuneration to a member of the Audit Commission is paid based on the results of work for the corporate year on the basis of the **Regulations on Payment of Remuneration and Compensation** to members of the Audit Commission and depends on the degree of his participation in the work of the Audit Commission, as well as the amount of the basic remuneration.

The basic amount of remuneration is determined based on the Company's revenue calculated according to RAS for the past financial year.

The degree of participation is calculated based on the number of calendar days in the corporate year during which a member of the Audit Commission performed his/her duties, and the coefficient of personal participation. The specified coefficient is determined for each member of the Audit Commission and reflects the participation of a member of the Audit Commission in meetings, as well as the performance of additional

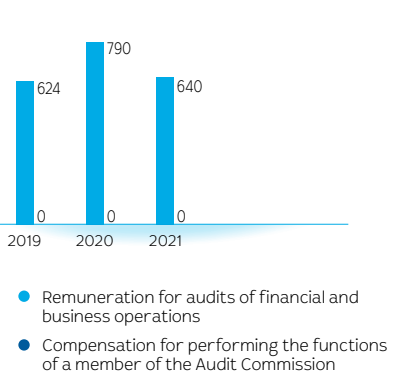
duties by him/her as Chairman or Secretary of the Audit Commission.

No remuneration is paid to a member of the Audit Commission who has not participated in more than half of the meetings held during his/her membership in the Audit Commission.

In case of active participation of a member of the Audit Commission in additional audits of the Audit Commission or control measures, the Chairman of the Audit Commission has the right to petition the General Meeting of Shareholders to increase the actual amount of remuneration.

The Company also compensates documented expenses related to participation in the activities of the Audit Commission of the Company, in case of visits to the Company's facilities, participation in meetings of the Audit Commission of the Company held at the actual location of the Company, as well as performing other tasks of the Audit Commission of the Company.

Remuneration paid to members of the Audit Commission in 2019–2021, RUB '000, incl. PIT



RUB
640,000
remuneration to the Audit Committee in 2021

5 members
on the Audit Committee

External Auditor

The audit of the annual financial statements of Rosseti Centre for 2021 according to Russian Accounting Standards (RAS), as well as the consolidated financial statements for 2021 according to International Financial Reporting Standards (IFRS) is carried out by an independent auditor – Ernst & Young LCC.

Choosing an auditor

The auditor's candidacy was approved by the Annual General Meeting of Shareholders on 31 May 2021. The candidate was previously considered by the Company's Audit Committee. Guided by the recommendation of the Committee, on 28 April 2021, the Company's Board of Directors decided to recommend to the Annual General Meeting of Shareholders to approve the candidacy of Ernst & Young LLC as the Company's auditor in 2021 (the leader of the collective participant).

The auditor's candidacy was selected through a competitive procedure, which ensured the independence and objectivity of the selection. The independence and objectivity of Ernst & Young is also ensured by the following factors:

- Ernst & Young has implemented performance standards; according to those, this company strives to be an independent auditor and have a reputation as an independent auditor;
- In accordance with the provisions on ethics and independence of Ernst & Young, all partners and employees of Ernst & Young annually confirm compliance with those provisions, including the absence of prohibited financial investments in their investment portfolio.

Remuneration to auditor

The remuneration to auditor for the audit of financial statements for 2021 (according to RAS and IFRS) was determined by the Company's Board of Directors in the amount of RUB 7.5 mn, including VAT.



Details of the Auditor

Official name:
Limited Liability Company Ernst & Young (Ernst & Young LLC)

Location:
77/1 Sadovnicheskaya naberezhnaya St., Moscow, 115035

Primary State Registration Number (OGRN):
1027739707203.

Tax Payer ID (INN): 7709383532

Tel: +7 (495) 755-97-00, +7 (495) 755-97-01

It is a member of the Self-Regulating Organisation of Auditors Association Commonwealth (SRO AAC) and is included in the register of auditors and audit organisations of SRO AAC under the main registration number 12006020327.

There are no business relationships between Ernst & Young and Rosseti Centre (participation in the promotion of products (services), participation in joint business activities, etc.), in addition to auditing the Company's financial statements. Rosseti Centre has no family ties with the officials of Ernst & Young LLC.

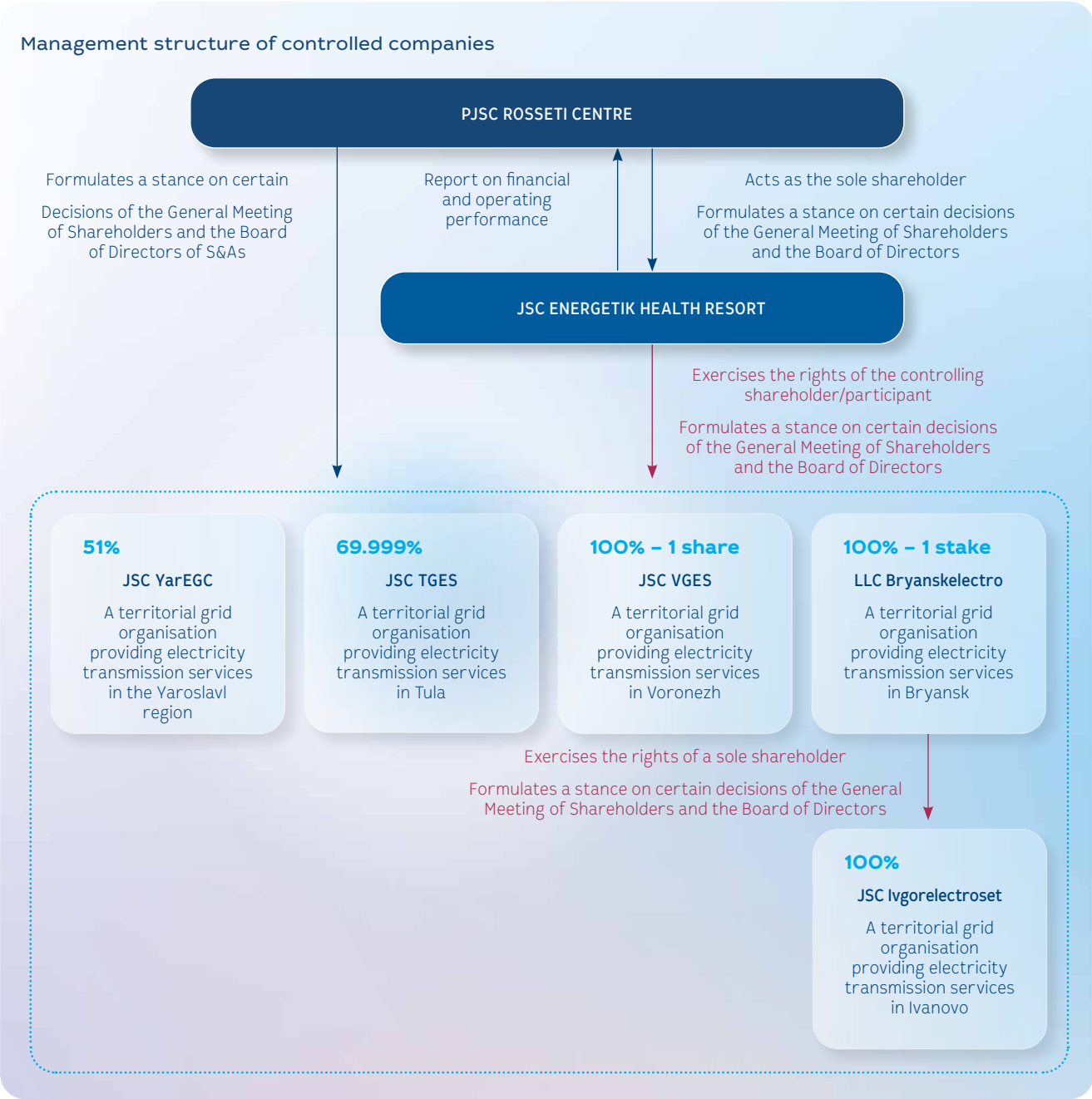
Assessment of the effectiveness of internal audit

The results of the Audit Committee's assessment of the effectiveness and quality of the external audit process conducted upon the results of 2020 were reviewed at an in-person meeting of the Audit Committee on 22 April 2021. Based on the results of the review, the Committee recommended that the Board of Directors include an opinion on the level of efficiency and quality of the external audit process in the list of materials provided for the Annual General Meeting for the results of 2020.

The Auditor does not provide Rosseti Centre with any related or non-audit services.

Management of Controlled Companies

There is one company under the direct control of Rosseti Centre – JSC Energetik Health Resort. Five more companies are under the indirect control of the Company.



In 2021, the Company did not conclude contracts for the purchase and sale of stocks, shares, and units of business partnerships and companies. However, there was a change in the Rosseti Centre's Group of companies in reporting year: on 6 April 2021, LLC Bryanskelectro has acquired ownership of 100% of the authorised capital of JSC Ivgoroelectroset.

The Company's corporate interaction with controlled companies is carried out in accordance with the norms of the Civil Code of the Russian Federation, the Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies, the Federal Law No. 14-FZ dated 8 February 1998 On Limited Liability Companies, as well as the Articles of Association of Rosseti Centre and the Procedure for Interaction of IDGC of Centre, PJCS with business entities whose shares (stocks) are owned by IDGC of Centre, PJCS; the said Procedure was approved by the Board of Directors in 2019.

- Corporate control and interaction are affected via the following:
- exercise of the shareholder's rights in relation to the company under direct control (JSC Energetik Health Resort), when making decisions by the sole shareholder represented by the Management Board of Rosseti Centre;
 - formulation of the position of Rosseti Centre (its representatives) for voting on the most significant issues on the agenda of General Meetings of Shareholders/Participants, meetings of the Boards of Directors of controlled companies:
 - for JSC Energetik Health Resort: issues of reorganisation, liquidation, increase and decrease of the authorised capital, determination of the quantitative composition of the management and control bodies of subsidiaries, nomination, election of their members and early termination of their powers, nomination, election of the sole executive body of subsidiaries and early termination of its powers; consent to major transactions, acquisitions, alienation and encumbrance of shares and stocks in the authorised capitals of organisations, amendments to constituent documents, transactions with electric grid property and other issues;
 - for JSC YarEGC, JSC TGES, JSC VGES, LLC Bryanskelectro: issues of reorganisation, liquidation, increase of the authorised capital, transactions with the electric grid property of those companies.

The organisation of the activities of the Company's representatives and corporate interaction are conducted by the Property Management Department of the Company.

For more details on major transactions and related-party transactions made by controlled companies in 2021, please see **Appendix 3** to the Annual Report.

Information about controlled companies, the membership of their management bodies, as well as key indicators of their activities can be found on **the Company's website**.

Share Capital

SHAREHOLDING STRUCTURE

As of 31 December 2021, the authorised capital of Rosseti Centre is RUB 4,221,794,146.80. It consists of 42,217,941,468 ordinary shares with a par value of 10 kopecks each. The Company did not place any preferred shares.

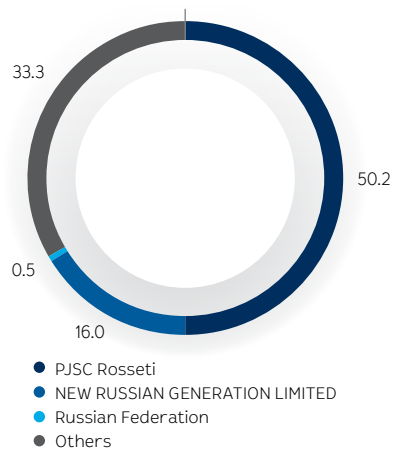
The Articles of Associations of Rosseti Centre makes provisions for the declared shares – 258,532 ordinary shares with a par value of 10 kopecks each. No additional shares were issued or placed in 2021.

The Company does not have cross-owned shares, is not the owner of its own shares and did not acquire them in 2021. Legal entities controlled by the Company are not owners of its shares.

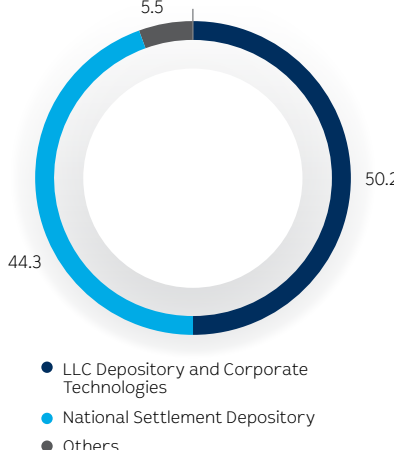
As of the date of determining (fixing) the persons entitled to participate in the Annual General Meeting of Shareholders for the 2020 reporting year – 6 May 2021 – 29,012 persons were registered in the register of shareholders of Rosseti Centre. The largest shareholders are:

- PJSC Rosseti (50.2%); 88.0% of shares PJSC Rosseti belong to the Russian Federation represented by the Federal Agency for State Property Management;
- NEW RUSSIAN GENERATION LIMITED (16.0%).

Major shareholders as at 6 May 2021, %



Major shareholders as at 31 December 2021, %



In 2021, there were no changes in the composition of persons who have the right to directly or indirectly dispose of at least 5% of the votes attributable to the voting shares of the Company.

In accordance with the Order of the Federal Property Management Agency No. 449-r dated 27 September 2021, 192,182,773 ordinary shares of Rosseti Centre, which are federally owned, were privatised by making additional shares of the Joint Stock Company Far Eastern Energy Management Company – UNPG as a contribution of the Russian Federation to the authorised capital of the specified company (based on the information available on the website of JSC DVEUK – UNPG at <http://dveuk-enes.ru/protocol>). In this connection, the state's share decreased from 0.45521588% of the Company's authorised capital to 0.00000010%.

Special right to participation of the Russian Federation in the management of the company ("golden share"): none.

Rosseti Centre annually analyses the register of shareholders, during which the main groups of holders of ordinary shares are identified. The key minority shareholder of the Company is Prosperity Capital Management Limited. The fraction of shares that this company directly or indirectly has the right to dispose of was 21.0%.

Rosseti Centre does not have information about the following:

- the existence of shares of ownership exceeding 5%, in addition to those already disclosed by the Company;
- the possibility of acquiring or fact of acquiring a degree of control by some shareholders that would be disproportionate to their shareholdings in the Company's authorised capital, including under shareholder agreements.

Shareholding structure

Type of shareholder	% of outstanding shares	
	as of 31 December 2021	as of 6 May 2021 ¹
Owners as individuals	4.2	15.7
Owners as legal entities	1.0	82.4
Nominee holders	94.8	0.9
Trustees	0.0	1.0
Total	100	100
Residents of the Russian Federation	99.9	72.7
Non-residents of the Russian Federation	0.1	27.3
Total	100	100

The breakdown of the share capital in the context of the geography of shareholders as of 6 May 2021

Country	Number of shareholders	% of total number of shareholders	Number of shares	% of the authorised capital
Russia	28,891	99.58	30,688,103,294	72.6897
Cayman Islands	4	0.01	8,520,104,268	20.1812
Norway	1	0.00	1,111,141,317	2.6319
Luxembourg	3	0.01	713,271,910	1.6895
Switzerland	6	0.02	465,522,274	1.1027
Estonia	4	0.01	236,882,127	0.5611
United Arab Emirates	1	0.00	172,197,866	0.4079
Cyprus	20	0.07	111,996,949	0.2653
Canada	1	0.00	63,140,732	0.1496
Germany	5	0.02	59,925,254	0.1419
The United States of America	8	0.03	37,880,949	0.0897
United Kingdom of Great Britain and Northern Ireland	11	0.04	6,969,073	0.0165
Denmark	1	0.00	4,916,484	0.0116
Ukraine	22	0.08	3,699,774	0.0088
Ireland	1	0.00	2,305,718	0.0055
Others	33	0.11	19,883,480	0.0471
Total	29,012	100.00	42,217,941,468	100.00

¹ The date on which the persons entitled to participate in the Annual General Meeting of Shareholders are determined (fixed).

REGISTRAR

The register of shareholders of Rosseti Centre is maintained by an independent specialised registrar – Joint Stock Company VTB Registrar.

Information about the Registrar’s licence: licence of the Bank of Russia to carry out activities on maintaining the register of securities holders dated 21 February 2008 No. 045-13970-000001 without limitation of validity.

The address of the Registrar’s location: 23 Pravdy st., Moscow, 127015.

Registrar’s website address: <https://www.vtbreg.ru/en/>.

VTB Registrar has more than 25 years of licensed activity experience and ensures high reliability of maintaining and storing registers and a professional approach in working with issuers and shareholders, including thanks to qualified personnel and the electronic services used. VTB Registrar uses a modern and effective system of protection against most risks.

VTB Registrar maintains registers of shareholders of more than 7,000 issuers. The structure of VTB Registrar includes more than 50 branches and regional divisions located in all federal districts of the country. The full list of the registrar’s regional divisions is available at: <https://www.vtbreg.ru/company/regional/>.

Shareholders and their representatives can also contact the branches of Rosseti Centre concerning the introduction of changes to the shareholder register and acquisition of information from the shareholder register. The authorised specialists of relevant branches execute some functions of the Registrar. For shareholders, the contact details of Rosseti Centre’s branches are available on the Company’s website at <https://www.mrsk-1.ru/en/investors/contacts/>.

EXCHANGE LISTINGS

Basic identification codes and tickers of shares

Name within the Exchange or information systems	Code/ticker
State registration number and date of registration	1–01–10214-A, 24.03.2005
ISIN (International Security Identification Code)	RU000A0JPPL8
Moscow Exchange	MRKC
Bloomberg	MRKC RX
Reuters	MRKC.MM
Interfax EFIR	MRKC.MICEX

Information about indices, the calculation base of which includes shares of Rosseti Centre as of 31 December 2021

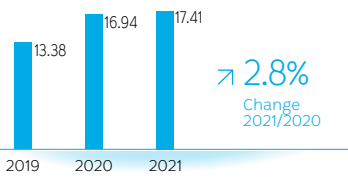
Indices	Code (in RUB/USD)	Share of Rosseti Centre in the index, %
Electric Power Industry Index (industry index)	MOEXEU/RTSEU	2.41
Index for Mid- and Small-cap Stocks	MCXSM/RTSSM	0.49
Broad Market Index	MOEXBMI/RUBMI	0.03
Regulated Company Index	RCI	1.34

Stock trading results for 2021

Price and capitalisation as of 31 December 2021	RUB	USD USA
Share price (at close)	0.4150	0.0056
Share price (market price)	0.4124	0.0056
Capitalisation (at market price), mn	17,410.7	234.4

MARKET CAPITALISATION

Market capitalisation profile in 2019–2021, RUB bn

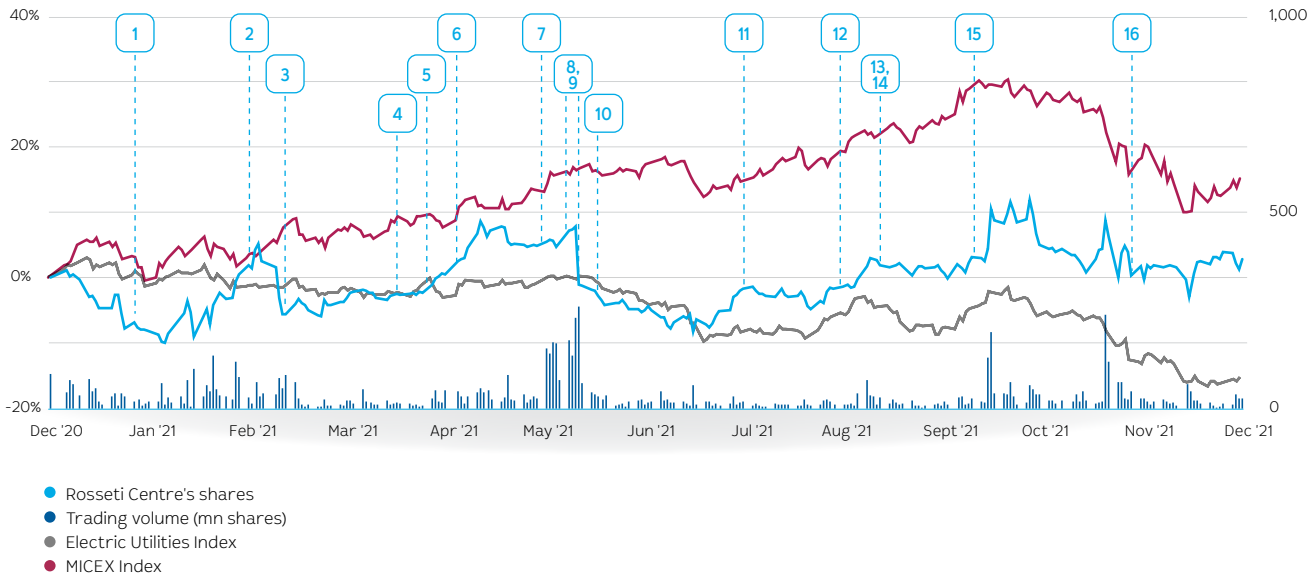


The dynamics of the share price of Rosseti Centre in 2021 was restrained; stock quotations were mainly at the level of the previous year without significant volatility. The main impact on the share price was the publication of financial statements for 2020, 3M 2021, 6M 2021 and 9M 2021. Also, the share price was strongly adjusted in June 2021 after the closing of the register for the payment of dividends. The shares were able to close this fall only by the end of September. The decline in stocks in November was due to the general correction of the Russian market. Despite the modest result at the end of the year, the Company’s shares showed better dynamics than the Electric Power Industry Index.

Rosseti Centre’s share performance against stock indices, RUB

Indicator	Shares of Rosseti Centre		MICEX Index (IMOEX)		Electric Utilities Index (MOEXEU)		Regulated Company Index (RCI)	
31 December 2021 (market price)	0.4124		3,787.26		1,943.87		1,596.13	
31 December 2020 (market price)	0.4012		3,289.02		2,292.46		1,642.40	
Change, %	2.8		15.1		–15.2		–2.8	
MAX (at the market price)	26 October 2021	0.4490	20 October 2021	4,287.52	11 January 2021	2,361.85	N/A	N/A
MIN (at the market price)	3 February 2021	0.3614	29 January 2021	3,277.08	20 December 2021	1,910.43	N/A	N/A

Chart of capitalisation dynamics in comparison with the Moscow Stock Exchange Index (IMOEX) and the Electric Power Industry Index (MOEXEU), with respect to stock trading volume



8.5 bn shares

the stock trading volume for 2021

Trading volumes in 1H 2021 were marked by increased fluctuations. The spikes in trading volumes occurred in February and June. So, in February, a strong surge in trading volumes was recorded, which could be associated with the publication of reports for 2020 according to RAS. In June, the increase in trading turnover could be due to the decision to pay dividends for 2020. In October and November 2021, there was also an increase in trading volumes, which could be a consequence of the publication of good financial results for 9M 2021, as well as expectations for changes in legislation for network companies. In total, the trading turnover for 2021 amounted to 8.5 bn shares.

Key events that determined the price dynamics marked on the chart

No. on the chart	News / Details	Date	Source	Influence
1	The composition of the Board of Directors of TNS Energo Group has been completely updated, it includes representatives of the largest creditors – VTB Bank and PJSC Rosseti	21 January 2021	External	Neutral
2	RAS financial statements of Rosseti Centre for 2020 were published, net profit increased to RUB 2,829.7 mn	25 February 2021	Internal	Positive
3	The audited consolidated financial results of Rosseti Centre for 2020 were published, the profit for the period decreased by 29%	10 March 2021	Internal	Negative
4	The head of the Rosseti Group reported to the Board of the Ministry of Energy of Russia on the results of 2020 and the tasks of 2021	12 April 2021	External	Neutral
5	The Russian Ministry of Energy considers the privatisation of Rosseti's Group of companies premature	20 April 2021	External	Neutral
6	RAS financial statements of Rosseti Centre for the 1st quarter of 2021 were published, net profit increased by 39.7%	27 April 2021	Internal	Positive
7	IFRS results of the activities of Rosseti Centre for 3 months of 2021 have been published, the profit for the period amounted to RUB 2.4 bn	24 May 2021	Internal	Neutral
8	The Annual General Meeting of Shareholders of Rosseti Centre was held, a decision was made to pay dividends for 2020	31 May 2021	Internal	Positive
9	The Government has approved a plan for the implementation of the Energy Strategy	7 June 2021	External	Positive
10	The new dividend rules for state-owned companies on the payment of dividends, approved by the Government, do not apply to the Rosseti Group	16 June 2021	External	Negative
11	RAS financial statements of Rosseti Centre for the 1st half of 2021 were published, net profit increased by 248.9%	27 July 2021	Internal	Positive
12	IFRS results of the activities of Rosseti Centre for 6 months of 2021 have been published, profit for the period increased by 131.3%	25 August 2021	Internal	Positive
13	First Deputy Prime Minister Andrei Belousov generally supported the idea of PJSC Rosseti to include estimated business profits in the tariff for electricity transmission services, limiting its growth to the level of inflation	6 September 2021	External	Positive
14	The Ministry of Energy stands for accelerating the consolidation of TGO	6 September 2021	External	Positive
15	Vladimir Putin held a meeting on energy development via video-conference	6 October 2021	External	Positive
16	IFRS results of Rosseti Centre's activities for 9 months of 2021 have been published, profit for the period increased by 32.4%	23 November 2021	Internal	Positive

Key securities market data for the Company in 2019–2021

Indicators	2019	2020	2021	Δ 2021/2020, %
Number of transactions	115,501	265,162	294,427	11.0
Trading turnover, mn shares	4,239.4	9,771.2	8,463.9	-13.4
Trading turnover, RUB mn	1,215.3	2,869.0	3,440.6	19.9
Trading turnover, % of Free float ¹	29.5	68.1	59.0	-9.1 p.p.
Average daily number of transactions	458	1,061	1,155	8.9
TSR ² , %	18.3	32.9	11.1	-21.8 p.p.

In 2021, LLC IC VELES Capital provided market maker services to Rosseti Centre, while the volume of transactions attributable to it amounted to 1.6% of the total turnover for the year.

¹ According to the Index Committee of the Moscow Exchange, the free float ratio as at 31 December 2021 stood at 34%.
² Calculated per the formula: (Market price of shares at the end of period – Market price of shares at the beginning of period + Dividend paid per share in the reporting period approved by the resolution of the General Meetings of Shareholders) / Market price of share at the beginning of period) * 100% (Company's methodology).

DIVIDEND POLICY

The Dividend Policy of Rosseti Centre is aimed at increasing the investment attractiveness of the Company and increasing its market capitalisation, while based on the balance of interests of the Company and its shareholders.


In accordance with the Company's Articles of Association, the Annual General Meeting of Shareholders will decide on the distribution of profits based on the results of 2021.

In its activities, Rosseti Centre is guided by the Regulation on the Dividend Policy, which corresponds to the leading Russian practices. The Regulation specifies key principles and criteria of the dividend pay-out. This Regulation is aligned with the Resolutions of the Government of the Russian Federation (dated 29 May 2017 No. 1094-r, dated 7 March 2018 No. 393-r) and recommendations of the Corporate Governance Code of the Bank of Russia regarding the determination of the dividend amount as equal to 50% minimum of the net profit under the IFRS financial statements including consolidated ones, calculated according to the procedure established by the Regulation.

The distribution of Rosseti Centre's profits based upon the results of 2018, 2019 and 2020 is in line with the Company's dividend policy.

Profit distribution according to RAS for 2018-2020, RUB '000

Indicator	For 2018 (2019 Annual General Meeting of Shareholders) ²	For nine months of 2019 (2019 Extraordinary General Meeting of Shareholders) ³	For 2019 (2020 Annual General Meeting of Shareholders) ⁴	For 2020 (2021 Annual General Meeting of Shareholders) ⁵
Retained profits	1,405,372	882,947	214,681	2,829,650
including:				
• Reserve fund	0	x	0	0
• Profit for development	529,210	x	0	1,415,311
• Dividends	876,162	847,099	0 ⁶	1,414,339
• Recovery of losses of prior periods	0	x	0	0



The Regulations on Dividend Policy are available on [the Company's official website](#).

¹ Approved by the decision of the Board of Directors of the Company (Minutes No. 27/18 dated 10 August 2018).
² Minutes of Annual General Meeting of Shareholders No. 01/19 dated 31 May 2019.
³ Minutes of Extraordinary General Meeting of Shareholders No. 02/19 dated 31 December 2019.
⁴ Minutes of Annual General Meeting of Shareholders No. 01/20 dated 29 May 2020.
⁵ Minutes of Annual General Meeting of Shareholders No. 01/21 dated 31 May 2021.
⁶ In accordance with the decision of the Extraordinary General Meeting of Shareholders of the Company (Minutes No. 02/19 dated 31 December 2019), it was decided to pay dividends on ordinary shares of the Company from the Company's net profit for the first 9 months of 2019 in the amount of RUB 0.0200649 per ordinary share in cash (RUB 847,099 ths). On 29 May 2020, the General Meeting of Shareholders decided not to pay dividends on the Company's ordinary shares based on the results of 2019, taking into account the payment of dividends based on the results of 9 months of 2019.

DIVIDEND HISTORY

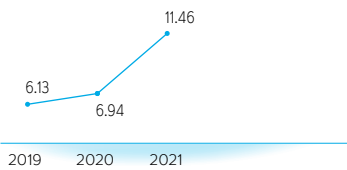
Indicator based on RAS data	Dividends for			
	2018	9 months of 2019	2019	2020
Dividend per share, RUB	0.0207533	0.0200649	–	0.0335009
Dividend yield ¹ , %	6.13	– ²	6.94 ³	11.46
Amount of declared dividends, RUB ‘000	876,162	847,099	–	1,414,339
Dividends paid out ⁴ , RUB ‘000	864,762	836,081	–	1,391,936
Share of dividends paid as of 31 December 2021, %	98.70	98.70	–	98.42
The date for listing the persons entitled to receive dividends	10 June 2019	13 January 2020	–	11 June 2021
Date of resolution on dividend pay-out / non-payment	30 May 2019	30 December 2019	29 May 2020	31 May 2021
Terms of payment of dividends (under the Law)				
to nominee holders and trustees being a professional securities market participant	no later than 25 June 2019	no later than 27 January 2020	–	no later than 28 June 2021
to other stockholders of record	no later than 16 July 2019	no later than 17 February 2020	–	no later than 19 July 2021
Terms of initial payment of dividends (actual) ⁵				
to nominee holders and trustees being a professional securities market participant	24 June 2019	27 January 2020	–	28 June 2021
to other stockholders of record	10 July 2019	11 February 2020	–	13 July 2021



Information about the Company’s dividend policy, dividend history, and tax issues can be found on [the Company’s website](#).

The amount of dividends transferred to the federal budget in 2021 (dividends for 2020) is RUB 6,438,294.45. There is no debt on payment of dividends to the federal budget.

Dividend yield in 2018-2020, %



3.1 RUB bn

allocated for dividend payments in 2019–2021

100%

compliance with dividend payment deadlines

6.4 RUB mn

of dividends transferred to the federal budget in 2021

0 RUB

outstanding dividends to the federal budget

INTERACTION WITH SHAREHOLDERS AND INVESTORS

Rosseti Centre undertakes a set of continuous measures aimed at informational interaction with shareholders, investors and other interested parties, respecting the legitimate rights and interests of the latter. Being in constant contact with representatives of the investment community, the Company appreciates the trust placed in it and always tries to anticipate the needs for additional information and new communication formats. All these efforts are aimed at improving the Company’s image and increasing its reputation in the eyes of all stakeholders.

- In 2021, the following results were achieved:
- The coefficient of positive perception of the Company by representatives of the investment community increased from 94.9% in 2020 to 96.1% in 2021;
 - By the end of 2021, the total number of contacts with representatives of the investment community has increased.



A full list of the IR events held in 2021, as well as the IR events planned in 2022, can be found on the Company’s website in the [Investor’s Calendar](#) section.

Tools for interaction with shareholders and investors

In 2021, the Company organised online events and virtual meetings with investors. In addition to the General Meeting of Shareholders, which was held in absentia for the second year in a row, the Company continued a series of audio podcasts dedicated to the release of annual and quarterly financial statements. Last year, the Company took part in an online meeting with clients of IC FINAM,

thus responding to the increasing demand of private investors for closer cooperation with issuers. Rosseti Centre will continue the successful experience of communication with private investors, using the most convenient formats for that.

Throughout the year, the Company responds to requests on the current Company’s activities submitted by analysts, investors, and shareholder.

The Company’s website continues to be one of the most popular sources for obtaining information. Its functionality allows one to quickly find the necessary information, which significantly reduces the burden on the IR department to prepare answers to questions about current activities.

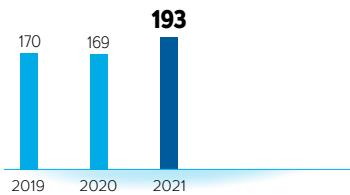
Analytical coverage of the Company

In 2021, 3 analysts provided the coverage of the Company’s operation with the publication of updated recommendations. The consensus forecast for the value of the shares as of 31 December 2021 assumed a growth potential of 21%.



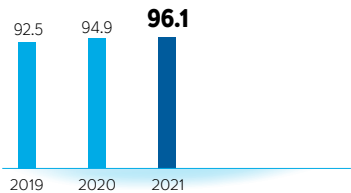
The history of recommendations regarding the Company’s shares is available at this [link](#). For more details on Rosseti Centre’s interaction with the analysts, please see the [Analytical Support](#) section on the Company’s website.

IR-events with representatives of the investment community (meetings, calls)



Results of the annual Perception Study of the investment community representatives

Positive investor perception, %



In order to study the qualitative and quantitative characteristics of the perception of the Company by analysts and investors, Rosseti Centre annually conducts a perception study of representatives of the investment community. The perception study results are an important element in assessing the effectiveness of IR activities and allow us to prepare measures to improve the communication system with external target audiences. The final coefficient of positive perception is calculated on the basis of weighted assessments of respondents on such parameters as “competence”, “accessibility”, “honesty” and “response time”.

Results of the perception study of investors and analysts

- Growth of the overall IR service quality score: from 9.49 to 9.61¹.
- More and more analysts believe that the Company’s shares are undervalued.
- Weak predictability of financial results, tariff regulation and the amount of capital expenditures negatively affect the investment attractiveness of the Company.
- Assessment of the Company’s management’s accessibility to communicate with investors and analysts: “High” and “Above average”.
- Possible areas for increasing the investment attractiveness of the Company’s shares:
 - clear and predictable dividend policy;
 - optimisation of operational costs;
 - reduction of capital expenditures.

¹ According to the Moscow Exchange ([Calculation Method](#)).

² According to the calculation methodology of the Moscow Exchange, the dividend yield is calculated only on the date of the decision on the amount of annual dividends. The amount of annual dividends is defined as the amount of accrued dividends for the first quarter, six months, nine months and the corresponding year. In this connection, the dividend yield for 9 months of the reporting year is not calculated.

³ As a result of the decision of the General Meeting of Shareholders of the Company to pay dividends for 9 months of 2019.

⁴ The information is provided as of 31 December 2021, taking into account the returns to the Company of previously paid dividends, as well as taking into account the repeated payment by the Company of dividend arrears on the claims of shareholders who did not receive dividends at their initial payment due to the lack of accurate data in the register of shareholders necessary for the payment of dividends.

⁵ The last actual dates of the initial payment of dividends for each of the categories of recipients of income in the form of dividends are indicated.

¹ In comparison with the results of the study for 2020.

Additional Information

GRI 102-3

GRI 102-53

Joint stock company details

Number and date of issue of the certificate of state registration as a legal entity: Certificate dated 17 December 2004 series 69 No. 000939502

Location: Moscow, Russia

Constituent entity of the Russian Federation where the Company is registered: Moscow

Legal address: 15 Malaya Ordynka St., Moscow, 119017, Russia

Tel: +7 (495) 747-92-92
Fax: +7 (495) 747-92-95

<https://www.mrsk-1.ru/en/>

posta@mrsk-1.ru

Rosseti Centre, PJSC is not included in the list of strategic enterprises and strategic joint-stock companies

IR Service contact details

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ir@mrsk-1.ru

Contacts of the person charged with disclosure

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Naumova.YD@mrsk-1.ru

Auditor

[LLC Ernst & Young](#)
77/1 Sadovnicheskaya naberezhnaya St., Moscow, 115035
+7 (495) 755-97-00
+7 (495) 755-97-01
moscow@ru.ey.com
Self-Regulatory Organisation of Auditors Association "Sodruzhestvo"
LLC Ernst & Young is included into the check copy of the Auditors' Register under primary state registration number 12006020327.

Registrar

[JSC VTB Registrar](#)
23/10 Pravdy St., Moscow, 127015, Russia
+7 (495) 787-44-83
<https://www.vtbreg.ru/en/info@vtbreg.ru>
uot@vtbreg.ru
Licence of the Bank of Russia to carry out activities on maintaining the register of owners of securities
Number: 045-13970-000001
Date of issue: 21 February 2008
Validity period: unlimited validity period

Depository

[Non-Banking Credit Organization Closed Joint Stock Company National Settlement Depository \(NPO CJSC NSD\)](#)
12 Spartakovskaya St., Moscow, 105066, Russia
+7 (495) 234-48-27
+7(495) 956-09-38
<https://www.nsd.ru/en/>
Licence of the Federal Financial Markets Service of Russia to maintain register No. 177-12042-000100, issued on 19 February 2009 with no expiry date

GRI 102-1

GRI 102-21

GRI 102-45

GRI 102-46

DISCLAIMER

The Annual Report contains forward-looking statements that reflect expectations of the Company's management. The forward-looking statements are not based on actual circumstances and include all statements of intentions, opinions or current expectations of the Company regarding the results of its operations, financial position, liquidity, growth prospects, strategy and sector Rosseti Centre operates in. By their nature, such forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

We generally use words such as 'intends', 'aims', 'expects', 'estimates', 'plans', 'believes', 'anticipates', 'may', 'should', 'will', 'continues' and other similar to identify the predictive nature of such looking statements, and assume that the occurrence of specified events is dependent on various factors. Therefore, future performance may

differ from current expectations, and users of the Report should not rely exclusively on the information presented therein.

In addition to official data on Rosseti Centre's performance results, this Annual Report contains information received from third parties. Such information has been received from sources the Company believes to be reliable. However, the Company does not warrant that third-party information is accurate, complete or comprehensive.

Rosseti Centre cautions that forward-looking statements do not guarantee future performance. The Company's actual performance results, financial position, liquidity, and evolution of the sector it operates in may significantly differ from those contained in the forward-looking statements set forth herein. Furthermore, even if the above indicators are consistent with the forward-looking statements contained herein, the said results and developments may not be indicative of similar results or developments in future.

The Company makes no warranties or representations, whether express or implied, and bears no liability for any losses incurred by individuals or entities for any reason, whether directly or indirectly, as a result of using the forward-looking statements contained herein. These individuals and entities should not rely solely on the forward-looking statements contained herein, as they do not represent the only possible scenario.

Save as provided for by the Russian laws, the Company undertakes no obligation to update or confirm its expectations and estimates, or publish updated and revised forward-looking statements contained herein as a result of future events or new information.

Information about net assets

Indicator	2019	2020	2021
The amount of the Company's net assets at the end of the reporting period, RUB	56,948,794,831	58,593,786,263	61,335,321,099
The amount of the authorised capital of the Company at the end of the reporting period, RUB	4,221,794,146.80	4,221,794,146.80	4,221,794,146.80
Information about the ratio of net assets and authorised capital	As of 31 December 2019, the Company's net assets exceed the amount of the authorised capital	As of 31 December 2020, the net assets of the Company exceed the amount of the authorised capital	As of 31 December 2021, the Company's net assets exceed the amount of the authorised capital

LIST OF ABBREVIATIONS

Abbreviations	
CDP	City Dispatch Point
DGC	Distribution Grid Company
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EnMS	Energy management system
ERP	Enterprise Resource Planning System
FAS	Federal Antimonopoly Service
FGC	Federal Grid Company
FOCL	Fibre-Optic Communication Line
Free-float	Percentage of the Company's shares that can be publicly traded, i.e., are not held by the controlling shareholder or strategic shareholders
FZ	Federal Law
GCC	Grid Control Centre
HV	High voltage (110 kV)
ICS and RMS	Internal Control System and Risk Management System
IDP	Innovative Development Programme
IFRS	International Financial Reporting Standards
Investor Relations (IR)	The Company's activities to promote effective interaction between the Company and its shareholders and investors, as well as with other stakeholders that may have an effect on the market value of the Company, focused on providing most accurate and reliable information about the current state of the Company and its outlook
ITT	Information Technologies and Telecommunications
KPI	Key Performance Indicators
LAN	Local Area Network
LLC	Limited Liability Company
MUE	Municipal Unitary Enterprise
NCGR	National Corporate Governance Rating
OHL	Overhead Line
OJSC	Open Joint Stock Company
PAMS	Production Asset Management System
PGR	Power Grid Region
PIT	Personal Income Tax
PTL	Power Transmission Line
R&D	Research and Development
R&R	Retrofitting and Renovation
RAB (Regulatory Asset Base)	Rate of return on invested capital – the key principle of the methodology is to provide for payback of investments into the Company's assets within a fixed period, and for a fixed return on such investments

Abbreviations	
RAS	Russian Accounting Standards
REC	Regional Energy Commission
RES	Renewable Energy Sources
RGR	Required Gross Revenue
ROE	Return on Equity is an amount of the Company's net income returned as a percentage of shareholders' equity
RPA	Relay Protection and Automatics
S&A	Subsidiaries and Affiliates
SAIDI	System average interruption duration index, which serves to measure the average time during which consumers are not served
SAIFI	System average interruption frequency index, which serves to estimate the number of service outages that consumers face
SME	Small and Medium-Sized Enterprises
SS	Substation is an electric facility through which electric energy is passed for transformation, transmission and distribution
SSIW	Self-Supporting Insulated Wire
SW	Software
TGO	Territorial Grid Organisation
TSS	Transformer Substations
UNPG	Unified National Power Grid of Russia
VHI	Voluntary Health Insurance

Units of measurement	
bn	billion
km	kilometre
kWh	kilowatt-hour Unit of measurement of electricity produced or consumed
l	litre
mn	million
MVA	megavolt-ampere Unit of measurement of electrical capacity
MWh	megawatt Unit of measurement of electrical capacity
p.p.	percentage point
RUB	Russian Rouble
t	tonne
TFOE	tonne of fuel oil equivalent
ths	thousand

GRI INDEX

GRI 102–55

GRI	Omission/Comment	Page number (or reference)
GRI 102 General Disclosures		
GRI 102 Organisational profile		
GRI 102–1 Name of the organisation		Endsheet 1
GRI 102–2 Activities, brands, products, and services		p. 4, 10
GRI 102–3 Location of headquarters	15 Malaya Ordynka St, Moscow, 119017, Russia	–
GRI 102–4 Location of operations		p. 4, 6
GRI 102–5 Ownership and legal form	Public Joint stock company “Rosseti Centre”	–
GRI 102–6 Markets served		p. 25
GRI 102–7 Scale of the organisation		p. 6, 14, 95
GRI 102–8 Information on employees and other workers		p. 95, Appendix 3
GRI 102–9 Supply chain		p. 46, 134
GRI 102–13 Membership of associations		p. 91, Appendix 3.13
GRI 102 Strategy		
GRI 102–11 Precautionary Principle or approach		p. 197
GRI 102–14 Statement from senior decision-maker		p. 18, 20
GRI 102–15 Key impacts, risks, and opportunities		p. 31, 38, Appendix 3.2
GRI 102 Ethics and integrity		
GRI 102–16 Values, principles, standards, and norms of behaviour		p. 83, 138, 195, Appendix 3.18
GRI 102–17 Mechanisms for advice and concerns about ethics		p. 196
GRI 102 Corporate Governance		
GRI 102–18 Governance structure		p. 146
GRI 102–19 Delegating authority		p. 146
GRI 102–20 Executive-level responsibility for economic, environmental, and social topics		p. 146
GRI 102–21 Consulting stakeholders on economic, environmental, and social topics		Endsheet 1
GRI 102–22 Composition of the highest governance body and its committees		p. 152
GRI 102–23 Chair of the highest governance body		p. 152
GRI 102–24 Nominating and selecting the highest governance body		p. 152
GRI 102–25 Conflict of interest		p. 187, 195
GRI 102–26 Role of highest governance body in setting purpose, values, and strategy		p. 18, 153
GRI 102–28 Evaluating the highest governance body's performance		p. 166
GRI 102–30 Effectiveness of risk management processes		p. 199
GRI 102–31 Review of economic, environmental, and social topics		p. 18, 20, 72, 82
GRI 102–35 Remuneration policies		p. 189
GRI 102–36 Process for determining remuneration		p. 191, 193, Appendix 3.21
GRI 102 Stakeholder engagement		
GRI 102–40 List of stakeholder groups		p. 90
GRI 102–41 Collective bargaining agreements		p. 103
GRI 102–43 Approach to stakeholder engagement		p. 91, 92
GRI 102–44 Key topics and concerns raised		Endsheet 1, p. 91, 224

GRI	Omission/Comment	Page number (or reference)
GRI 102 Reporting practice		
GRI 102–45 Entities included in the consolidated financial statements		Endsheet 1
GRI 102–46 Defining the report content and topic boundaries		Endsheet 1
GRI 102–47 List of material topics		Endsheet 1
GRI 102–50 Reporting period	Reporting period – 2021 calendar year	–
GRI 102–51 Date of most recent report	The Company published the ESG Report for 2016–2017	–
GRI 102–52 Reporting cycle	The Company published the ESG Report for 2016– 2017. In 2019, 2020 and 2021, ESG information is included in the Integrated Report	–
GRI 102–53 Contact point for questions regarding the report		p. 216
GRI 102–54 Claims of reporting in accordance with the GRI Standards	This Report has been prepared in accordance with GRI standards: Core Disclosure	–
GRI 102–55 GRI content index	The present Appendix	p. 221
GRI 200 Economic		
GRI 201 Economic Performance		
GRI 201–1 Direct economic value generated and distributed		p. 76
GRI 201–3 Defined benefit plan obligations and other retirement plans		p. 104
GRI 203 Indirect economic impact		
GRI 203–1 Infrastructure investments and services supported		p. 62
GRI 204 Procurement Practices		
GRI 204–1 Proportion of spending on local suppliers		p. 137, Appendix 3.17
GRI 205 Anti-corruption		
GRI 205–2 Communication and training about anti-corruption policies and procedures		Appendix 3.18
GRI 205–3 Confirmed incidents of corruption and actions taken		p. 139, Appendix 3.18
GRI 207 Tax		
GRI 207–1 Approach to tax		p. 128
GRI 207–2 Tax governance, control, and risk management		p. 128
GRI 207–3 Stakeholder engagement and management of concerns related to tax		p. 93
GRI 300 Environmental		
GRI 302–1 Energy consumption within the organisation		Appendix 3.27
GRI 302 Energy		
GRI 302–4 Reduction of energy consumption		p. 48, 125
GRI 303 Water and effluents		
GRI 303–1 Interactions with water as a shared resource		p. 120
GRI 303–3 Water withdrawal		p. 121
GRI 303–4 Water discharge		p. 121
GRI 304 Biodiversity		
GRI 304–1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		p. 123

GRI	Omission/Comment	Page number (or reference)
GRI 304–3 Habitats protected or restored	PJSC Rosseti Centre does not perform works for protection and restoration of habitats as the Company's activities do not result in habitat destruction or negative environmental impact.	p. 123
GRI 305 Emissions		
GRI 305–1 Direct (Scope 1) GHG emissions		p. 119
GRI 305–2 Energy indirect (Scope 2) GHG emissions		p. 120
GRI 305–5 Reduction of GHG emissions		p. 120
GRI 305–7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions		p. 119
GRI 306 Waste		
GRI 306–1 Waste generation and significant waste-related impacts		p. 121
GRI 306–2 Management of significant waste-related impacts		p. 121
GRI 306–3 Waste generated		p. 121
GRI 307 Environmental Compliance		
GRI 307–1 Non-compliance with environmental laws and regulations		p. 116
GRI 400 Social		
GRI 401 Employment		
GRI 401–1 New employee hires and employee turnover		Appendix 3.14
GRI 401–2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits under the Collective Bargaining Agreement are applicable to all the Company's employees and depend on the status and terms of employment relations	–
GRI 403 Occupational Health and Safety		
GRI 403–5 Worker training on occupational health and safety		p. 109
GRI 403–6 Promotion of worker health		p. 88, 106, 108, 109
GRI 403–7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		p. 109, 110
GRI 403–9 Work-related injuries		p. 110, 112, 113
GRI 403–10 Work-related ill health		p. 113
GRI 404 Training and Education		
GRI 404–1 Average hours of training per year per employee		p. 96
GRI 404–2 Programmes for upgrading employee skills and transition assistance programmes		p. 96
GRI 405 Diversity and Equal Opportunity		
GRI 405–1 Diversity of governance bodies and employees		p. 95, 96, 155, Appendix 3.14
GRI 406 Non-discrimination		
GRI 406–1 Incidents of discrimination and corrective actions taken		p. 94
Elements of the industry-related application for electric power sector		
Standard		
EU1 Organisation installed capacity by power sources and regulation mode		p. 10, 14
EU3 Number of consumers by categories		p. 11

GRI	Omission/Comment	Page number (or reference)
EU4 Length of power grids by type		p. 10, 44
Economic		
EU8 (ex) R&Ds to improve power supply reliability and ensure sustainable development of the Company		p. 64
	EU12 Transmission and distribution losses as a percentage of the total energy transmitted	p. 48
Social		
G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		p. 123
EU14 (ex) Programmes and measures for skills availability		p. 96
EU18 Safety Training and (or) briefing of contractor employees.		p. 114
EU21 (ex) Contingency planning, emergency response training programmes, capacity recovery planning in case of damage in emergencies		p. 129
EU23 (ex) Programmes, including those implemented in partnership with the state, to improve and support access to electricity and customer services		p. 15, 18
EU24 (ex) Practices to address language, cultural and literacy-related and disability-related barriers to obtaining and safely using electricity and customer services		p. 15
EU25 Number of injuries to non-employees involving company assets during the reporting period		p. 113, 115
EU28 System average interruption frequency index per point of supply		p. 30
EU29 System average interruption duration index per point of supply		p. 30

STAKEHOLDER SURVEY ON PJSC ROSSETI CENTRE'S 2021 INTEGRATED ANNUAL REPORT

GRI 102-44

Survey form:

- online questionnaire

Survey date:

- June 2022

Number of respondents:

- 10 (internal – 60%, external – 40%)

Purpose of the survey:

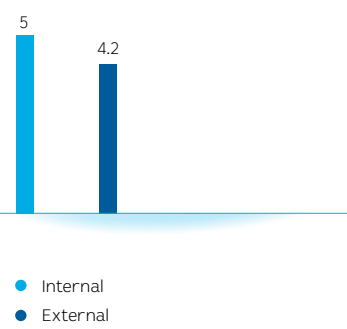
- Evaluating the quality of the disclosure of material topics in the 2021 Integrated Report
- identifying priority topics for disclosure in the next reporting period and gathering recommendations for adjustments to the structural elements of the Report.

Evaluating the quality of the disclosure of material topics in the 2021 Integrated Report

The following conclusions can be drawn from an analysis of the respondents' views.

1. The rates of internal stakeholders who shaped the technical requirements for the design do not fully match the expectations of external stakeholders.

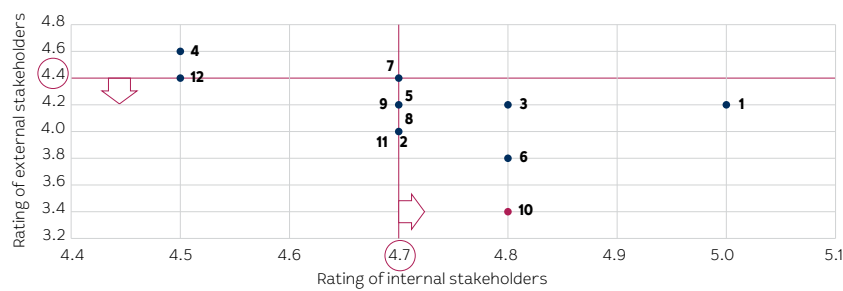
Design relevance to current trends on a five-point scale



2. Most respondents (with the exception of one) felt that the information in the 2021 Integrated Report was disclosed to the extent sufficient to provide an assessment of the Company's performance and development.
3. The disclosure of most of the material topics is of a high quality standard. However, the overall evaluation rating of internal stakeholders is slightly higher than that of external respondents. Thus, the quality rating only matches on two topics: (4) the achievement of human resources

and social policy targets; and (12) supplier and contractor management. The largest disparity in ratings was recorded for indicator (10) 'motivational programme for management'; external stakeholders rated the quality of disclosure thereof below average.

Quality of material topics disclosed in the 2021 Report



Ranking of material topics by quality of disclosure for all stakeholder groups

S.	Topic	Average grade
1	Improved customer focus (promoting channels of interaction and feedback from service users)	9.2
7	Consolidation of Power Grid Assets	9.1
4	HR and social policy targets	9.1
3	The Company's contribution to the UN SDGs	9
5	Reduced impact of climate and environmental risks on the Company	8.9
8	Digitalisation	8.9
9	Response to COVID-19 and impact of the epidemic on the achievement of targets	8.9
12	Supplier and contractor management	8.9
2	Diversification of activities (development of additional (non-tariff) services and increase in the share of non-tariff revenue)	8.7
11	Transparency of the dividend policy	8.7
6	The Company's information security stability enhancement	8.6
10	Management incentives schemes	8.2

4. Respondents highlighted the following the relevant topics that were not sufficiently covered in the 2021 Integrated Report:
- Impact of the 2022 events on the achievement of 2022 KPIs

Description of climate risks and an approach to dealing therewith

Respect for human rights

Significant areas of philanthropic and charity funding

Promising material topics for disclosure in the 2022 Integrated Annual Report

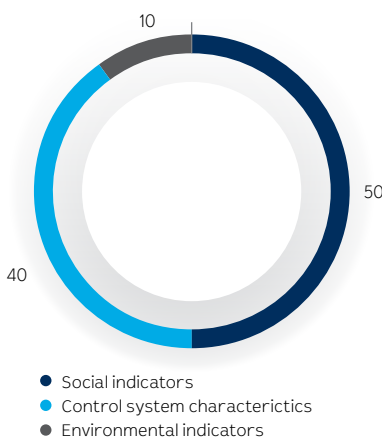
Respondents identified the following initiatives that could make significant adjustments to the Company's current activities and be included in the 2022 Report as a description of key trends:

- E-commerce

- Development strategy of PJSC Rosseti and its subsidiaries and affiliates (S&As of Rosseti Group) until 2030
- A bill for a single-pot TGO in the region
- Import substitution technologies
- Grid connection
- Imposition of sanctions
- Further improvement of the legal and regulatory framework for biodiversity conservation by businesses

There is a request from stakeholders to expand/detail the social and corporate governance information. However, respondents find the scope of the existing environmental disclosure almost entirely satisfactory.

Share of requests for more information in ESG areas, %



In addition, it is suggested that the following be disclosed:

- Environmental (E)

Amount of used hazardous materials to be disposed of
- Social (S)

Accessibility of services and facilities – availability of all types of services

Number of activities with local community representatives
- Governance (G)

(no suggestions)

Internal stakeholders do not recommend adding new sections to the structure of the Report. However, the study captures a clear demand for such a development of the existing structure. In particular, it is suggested that consideration be given to including the following sections in the Report:

- climate risks
- human rights
- ESG risks

Respondents noted the following topics to be moving from the 2021 Integrated Report to the 2022 Report.

Overall opinion	<div>Progress on the development strategy of PJSC Rosseti and its S&As</div> <div>Impact of digital technologies on production performance</div> <div>Enforcement of security and safety of power grid facilities</div> <div>Development of the risk management system</div> <div>Compliance of the Company's dividend policy and practices with legislation and best practice</div> <div>Mainstreaming of ESG disclosures in non-financial reporting (Bank of Russia's initiative)</div>
Internal stakeholders	<div>Establishment of criteria for subsidised grid connections for the 15 to 150 kW consumer category</div>
External stakeholders	<div>Mainstreaming of non-financial performance and sustainability principles in investor relations</div> <div>Adaption of the Company's technologies to climate change</div>

The following irrelevant topics have been identified for the 2022 reporting period:

- 2021 – The Year of the Customer (2022 – The Year of Occupational Safety and Health)
- Response to COVID-19 and impact of the epidemic on the achievement of targets (due to an improvement in the epidemiological situation)