



Annex 1.
to the minutes of the Annual General Meeting
of Rosseti North-West, PJSC
No. ____ of _____.2022

APPROVED:
by the Annual General Meeting of Shareholders
Rosseti North-West, PJSC of _____.2022
(Minutes No.____ of _____.2022)

PRELIMINARY APPROVED:
By the Board of Directors
Rosseti North-West, PJSC of 12.05.2022
(Minutes No.425/26 dated 16.05.2022)

**RELIABILITY OF DATA CONTAINED IN
THE ANNUAL REPORT IS CONFIRMED:**
By the Auditing Commission
Rosseti North-West, PJSC of 25.04.2022
(Minutes No.3 of 25.04.2022)

ANNUAL REPORT

Rosseti North-West, PJSC

2021

General Director
Rosseti North-West, PJSC

_____ A. Yu. Pidnik

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INTEGRATED ANNUAL REPORT 2021 of Rosseti North-West, PJSC

Overview of the Report

This 2021 Annual Report of Rosseti North-West, PJSC (hereinafter referred to as the Annual Report or the Report) was compiled using the information available to the Company at the time of its preparation.

This Report shows the performance of Rosseti North-West, PJSC and its branches, subsidiaries, and affiliates.

Within this Report, Rosseti North-West, PJSC is also referred to by the terms “Rosseti North-West”, “we”, “the Company”, “the Issuer”, and “the Public Company”.

The Report discloses the production and financial performance results, as well as presents an overview of the corporate, social and environmental responsibility activities in 2021. Unless otherwise specified, the financial indicators in the Annual Report are provided and calculated based on the consolidated financial statements under IFRS. The performance data herein represent consolidated data of the Rosseti North-West Group.

The Report was prepared in line with international and Russian standards and regulations, as well as the reporting requirements of PJSC ROSSETI for its subsidiaries.



Furthermore, the Report reflects the activities aimed at achieving the UN Sustainable Development Goals.

For more information about the Report, its preparation and materiality definition, as well as the responsibility for the information disclosed in the Report, see the “About the Report” section.

Key Focus

The key focus of this Report is “Energy in Details”. Our goal is to present Rosseti North-West as an advanced, progressing company that implements innovation projects aligned with the Digital Transformation 2030 concept and follows the principles of Lean Manufacturing. Besides, we would like to present the Company as a socially responsible organization with convenient services, reliable power supply, and complying with the highest sustainable development standards.

Some definitions and forward-looking statements

Some of the statements in this Annual Report may contain assumptions or forecasts in respect of future events in the Rosseti North-West Group. Such statements contain the following expressions: “plans”, “will be”, “is expected”, “will occur,” “estimates,” “will total,” “will happen” etc., as well as statements including negation and other similar expressions. These are merely assumptions, and the actual developments or results may differ significantly from those stated. There are numerous factors that may divert the actual results of the Rosseti North-West Group from those stated in the assumptions and forecasts. The Company shall not be liable for any losses that may be incurred by private or legal entities acting on the basis of the forward-looking statements. The Company makes no commitment to review or verify the expectations and estimates or to publish updates and changes to the forward-looking statements contained in the Annual Report subject to further events or new information received, unless otherwise specifically provided by law.

The information about the Company’s management is provided in accordance with the Federal Law No. 152-FZ On Personal Data of July 27, 2006.

Some values in the tables, graphs and charts in this Annual Report may differ from the sum of their components due to rounding.

Address by the Chairperson of the Board of Directors

[GRI 102-14]

Dear Shareholders, Partners, and Colleagues!

The projected changes in the economy of the Russian Federation will require an accelerated transition to a more efficient, flexible and sustainable energy industry to respond to new challenges and threats and overcome the current problems.

As an infrastructure company, Rosseti North-West, PJSC is the mainstay of the region's economic growth. The Company aims to create a solid and sustainable foundation for developing various activities in the region and providing a state-of-the-art living standards for the population.

During the country's economic recovery from the crisis caused by the COVID-19 pandemic, power consumption in the region has increased due to the unusually cold winter. In 2021, the Company increased the volume of its power transmission services above the plan thanks to prompt restoration operations during mass blackouts in many regions of the North-West caused by adverse weather conditions.

All branches of the Company maintained a high-quality power supply at the set level; in 2021, the reliability level of all branches was consistent with the indicators set by executive authorities of the Russian Federation regions in the area of state tariff regulation.

The Board of Directors is traditionally focused on maintaining the balance of interest of all parties, including the state, consumers, shareholders and investors. According to the Board of Directors' decisions, the Company seeks to reduce costs, improve investment efficiency, and develop its range of services.

Technological and innovative development, digital transformation are the demands of today's world. The digital transformation requires increasing the efficiency of the core business, while exploring new markets for services.

With sanctions imposed by foreign countries, it is important to accelerate transition to home-made electrical equipment, components, materials, devices, and software for the power grid system.

It became an urgent task to ensure the sustainability of the critical information infrastructure of the Rosseti Group's energy entities under cyber attacks, to prevent unauthorized access to the information being processed, its blocking, destruction, or modification.

Knowledge and competencies have become particularly important in the 21st century. We need trained personnel to operate in the digital power grid system.

**Sincerely,
Chairperson of the Board of Directors
Rosseti North-West, PJSC**

A. A. Polinov

Address by the General Director

Dear Shareholders!

In 2021, Rosseti North-West faced enormous challenges: on the one hand, the peculiarities and restrictions associated with the COVID-19 pandemic and, on the other hand, unusual weather conditions, including hurricanes, freezing rains, heavy snowfalls, and forest fires. All these factors required the company to mobilize its best efforts, and we managed to prevent power supply system interruptions in the operations area.

In 2021, Rosseti North-West allocated 4.9 billion rubles to repair the power grid system. We repaired 2.4 thousand kilometers of overhead lines, 442 substations of 35-220 kV, 1.2 thousand transformer substations and cleared 16.9 thousand hectares of power line routes.

In 2021, the investment program financing amounted to 5.3 billion rubles. The company commissioned 858 kilometers of power lines and 83 MVA of capacity.

We built the power grid infrastructure for decommissioning of Vorkutinskaya CHPP-1. These efforts significantly increased the reliability of power supply for 52,000 residents of the Vorkuta district of the Komi Republic.

In 2021, Rosseti North-West connected 17,500 consumers to power grid with a total capacity of 361 MW. This also includes the social infrastructure: 40 kindergartens and schools, 102 healthcare institutions, 14 heat supply facilities, and 24 cultural establishments, such as the Karelian Museum of Petroglyphs, listed as a UNESCO World Heritage Site, and the monument to Prince Alexander Nevsky and his Retinue in the Pskov Region, unveiled by Russian President Vladimir Putin in September 2021.

“As a socially responsible company, Rosseti North-West pays special attention to supporting its employees. In the reporting year, we preserved all current benefits and social guarantees. Considerable attention is paid to training and professional development of personnel. The safety consciousness principles are being implemented along with improvements to the occupational health and safety management system.

In 2022, the management of Rosseti North-West, with the support of its shareholders and the Board of Directors, will make every effort to address key challenges, the main of which is to ensure the reliable power supply to consumers under any conditions.

I am convinced that we will be able to increase our internal efficiency, further improve business processes and maintain sustainable results of the Company’s performance.

**Sincerely,
General Director
Rosseti North-West, PJSC**

A. Yu. Pidnik

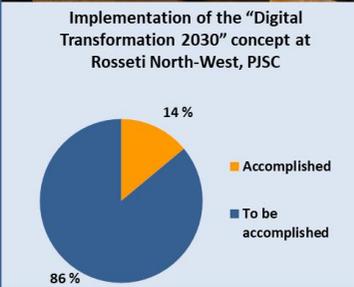
THEMED SPREADS

Digital transformation of the power grid system

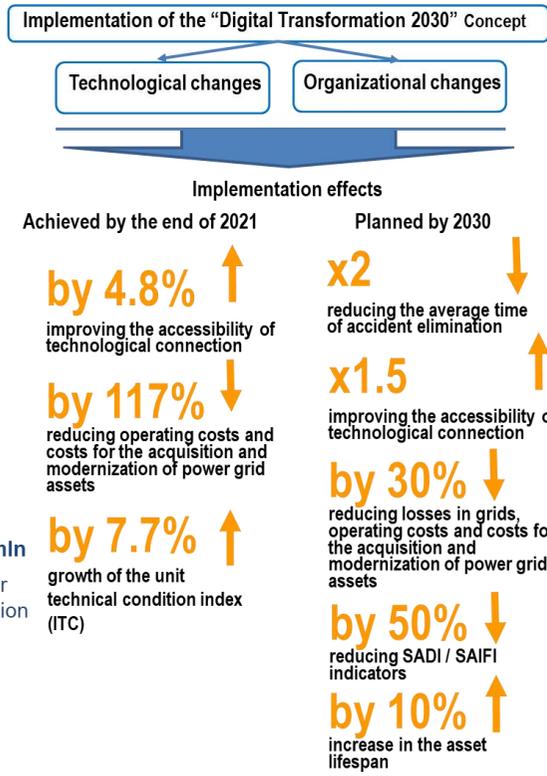


In December 2018, the PJSC ROSSETI Board of Directors approved the “Digital Transformation 2030” concept.

The concept involves a complete transformation of the power grid infrastructure of dependent companies by 2030 by implementing digital technologies and solutions.



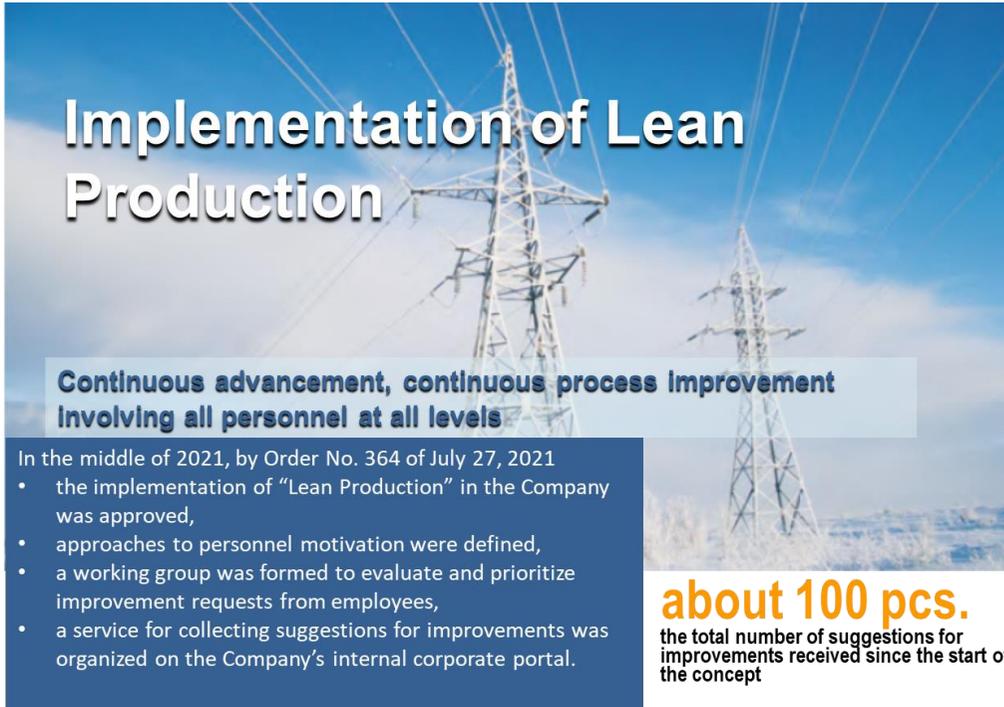
RUB 1,740.75 mln was allocated for the implementation of the “Digital Transformation Programme” at Rosseti North-West, PJSC in 2021



Achievements of Rosseti North-West, PJSC within the “Digital Transformation 2030” for 2018-2021

- 4 digital substations were put into operation (35 kV Molochnoye substation, 35 kV Balaton substation, 35 kV Potok substation, 110 kV Yuzhnaya substation).
- 2 digital PDZs were created (Valday and Borovich PDZ).
- 1 pilot project was implemented. 1 more is at the final stage.
- CIM profile in terms of general specifications and power accounting was formed, the CIM profile in terms of M&R and accounting is being formed.

Implementation of lean manufacturing principles



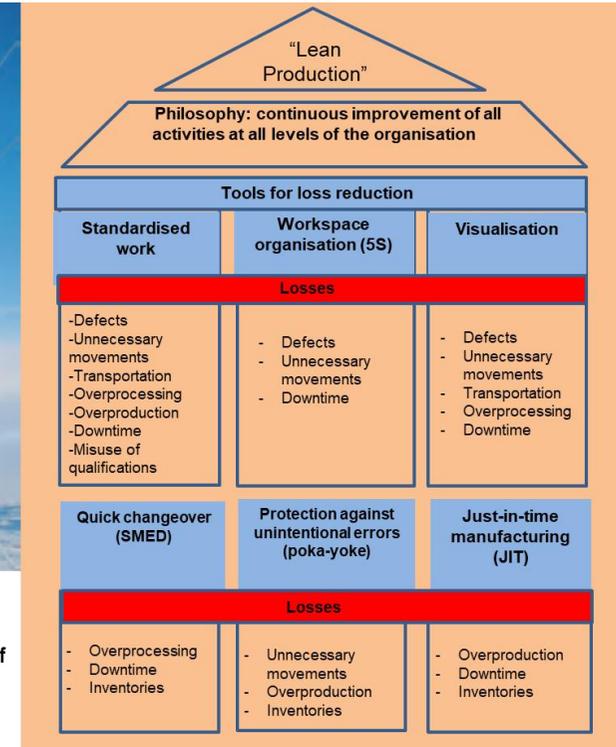
Implementation of Lean Production

Continuous advancement, continuous process improvement involving all personnel at all levels

In the middle of 2021, by Order No. 364 of July 27, 2021

- the implementation of “Lean Production” in the Company was approved,
- approaches to personnel motivation were defined,
- a working group was formed to evaluate and prioritize improvement requests from employees,
- a service for collecting suggestions for improvements was organized on the Company’s internal corporate portal.

about 100 pcs.
the total number of suggestions for improvements received since the start of the concept



Accepted for implementation:

- optimization of reporting of a certain type;
- point-to-point revision of information systems (APAMS);
- development of new contract templates as part of the improvement of contractual work and a selection mechanism for their authors;
- utilization of a temporary wooden quickly-mounted support on a surface foundation for rapid restoration of power supply for consumers in the event of damage to supports on 35-150 kV overhead lines in rocky soils, swamps and remote areas during the recovery works.

In development:

- unification of the regulations on departments and job descriptions of production personnel among affiliates;
- automation of the formation of regulations on departments and job descriptions on the basis of 1C Payroll and HR Management;
- improving the process of document collection for reimbursement of household energy costs to employees in accordance with the Collective Agreement (automation based on 1C Payroll and HR Management)

The expected effect of implementing the principles of “Lean Production” includes a reduction in labour costs of personnel engaged in tasks not directly related to production activities and saving labour time to perform the main activity, reliable power supply

Modern standards of sustainable development



Modern standards of sustainable development

Commitment to the UN Sustainable Development Goals (SDGs)

Rosseti North-West, PJSC contributes to the achievement of the following SDGs:



ISO Certification

In 2021, the Company successfully confirmed compliance with the following requirements:

- ISO 9001
- ISO 14001

The key priorities of Rosseti North-West, PJSC are:

- uninterrupted power supply to residents and enterprises in the operations area;
- open productive dialogue and cooperation with all stakeholders;
- taking care of both employees and residents in the operations area;
- injury mitigation among its own employees, employees of contractors, and residents of the area of operations.

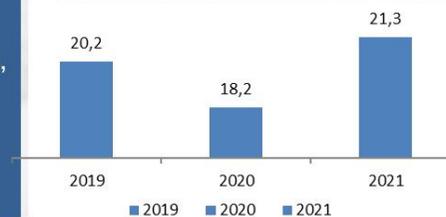
Collective agreement

The Collective agreement is in effect in the Company. It is the foundation for the provision of monetary stimulation, benefits, compensation, and guarantees for the employees of Rosseti North-West, PJSC.

100% of the Company's employees are covered by the collective agreement [GRI 102-41]

8.12% active turnover based on data for 2021

Expenditures and investments in environmental protection, RUB mln



Gender distribution of staff (men and women as a percentage)

91% / 9% - the Board of Directors

42.8% / 57.2% - the Management Board

78.4% / 21.6% - Staff

by 60% /
for 874 pcs.

an increase in the number of installed bird protection devices for 2021

20,000

number of trees planted in 2021

STRATEGIC REPORT

Company overview



History of the Company

The Company was founded in 2004 within the reform of the Russian power industry. Rosseti North-West became one of 14 interregional grid companies. A feature of the Company's operations is strong consumer demand in the regions of its footprint. The major shareholder is PJSC ROSSETI (55.38%). More detailed information on the Company's history can be found on the official website:

<http://www.mrsksevzap.ru/abouthistory>

Geographical scope of the activity

Rosseti North-West provides services in seven constituent entities of the Russian Federation with a total area of 1.4 million sq. km. (8.2% of the whole territory of Russia), with the population of nearly 5.5 million people (4% of the whole population).

Primary activities

The Company Rosseti North-West is the main operator rendering services of power supply and connection to power grids in the Arkhangelsk, Vologda, Murmansk, Novgorod, and Pskov regions, the Republic of Karelia and the Republic of Komi.

Fixed assets [EU4]

177,310.43 km the total length of the power transmission lines	1,191 pcs. the number of 35+ kV voltage substations	19,672.43 MVA the capacity of main substations
----------------------------------------------------------------------------	--------------------------------------------------------------	------------------------------------------------------------

For SWOT-analysis of Rosseti North-West, see page 29

Natural monopoly

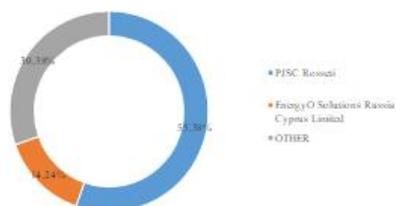
Rosseti North-West is a natural monopoly regulated and controlled by the government. The Federal Antimonopoly Service and regional energy commissions separately set tariffs and quality standards of the services in the constituent states of the Federation, protecting consumer interests.

Factors of investment appeal

Factors of investment appeal



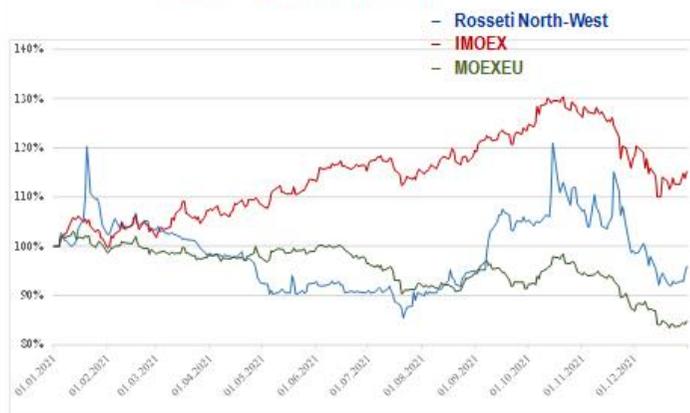
Equity structure



9,579
RUB
mln

**CHARTER
CAPITAL**

Securities market review



Key factors

Competitive advantages

- High level of the power supply reliability
- Low level of power loss
- Increase in capacity connected
- Productivity improvement

Market share

73%
market share in power
supply services in the
regions of operation

Free-float (the share of shares in free float)

30%

Capitalisation as of 31/12/2021

4,947
RUB mln

ACRA AA+ (RU), outlook "stable"

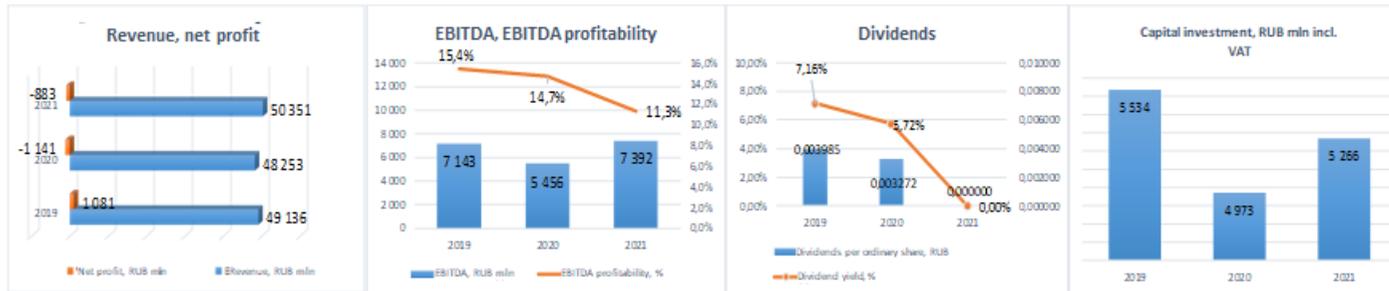
On 3 August, 2021 Analytical Credit Rating Agency (ACRA) confirmed the Company's credit rating as AA+ (RU), with the outlook "stable"

Key performance indicators

KEY PERFORMANCE INDICATORS

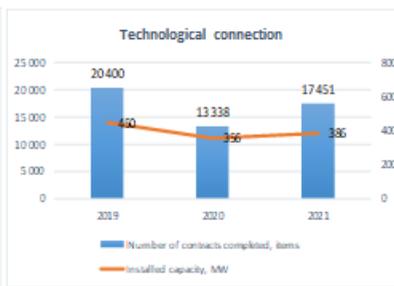
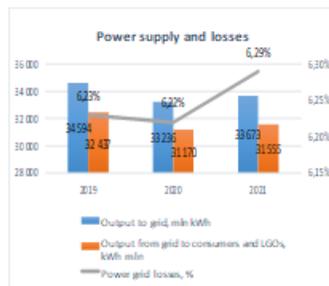
Finance Indicators

[GRI 102-7]

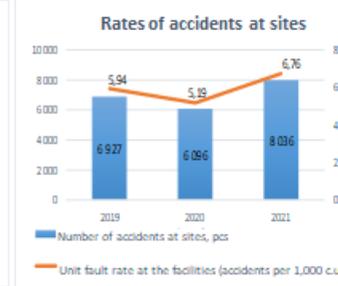
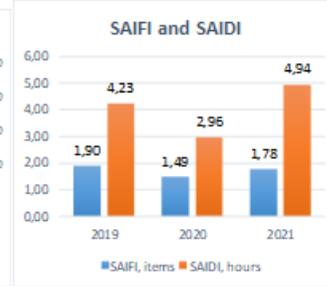


[EU12]

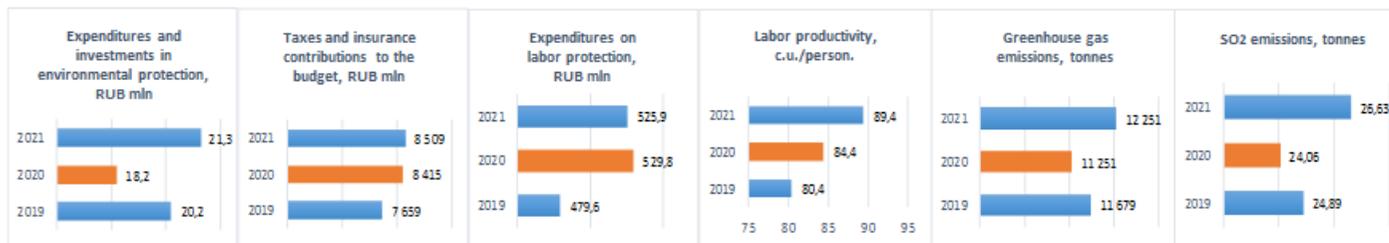
Operational indicators



Indicators of reliability

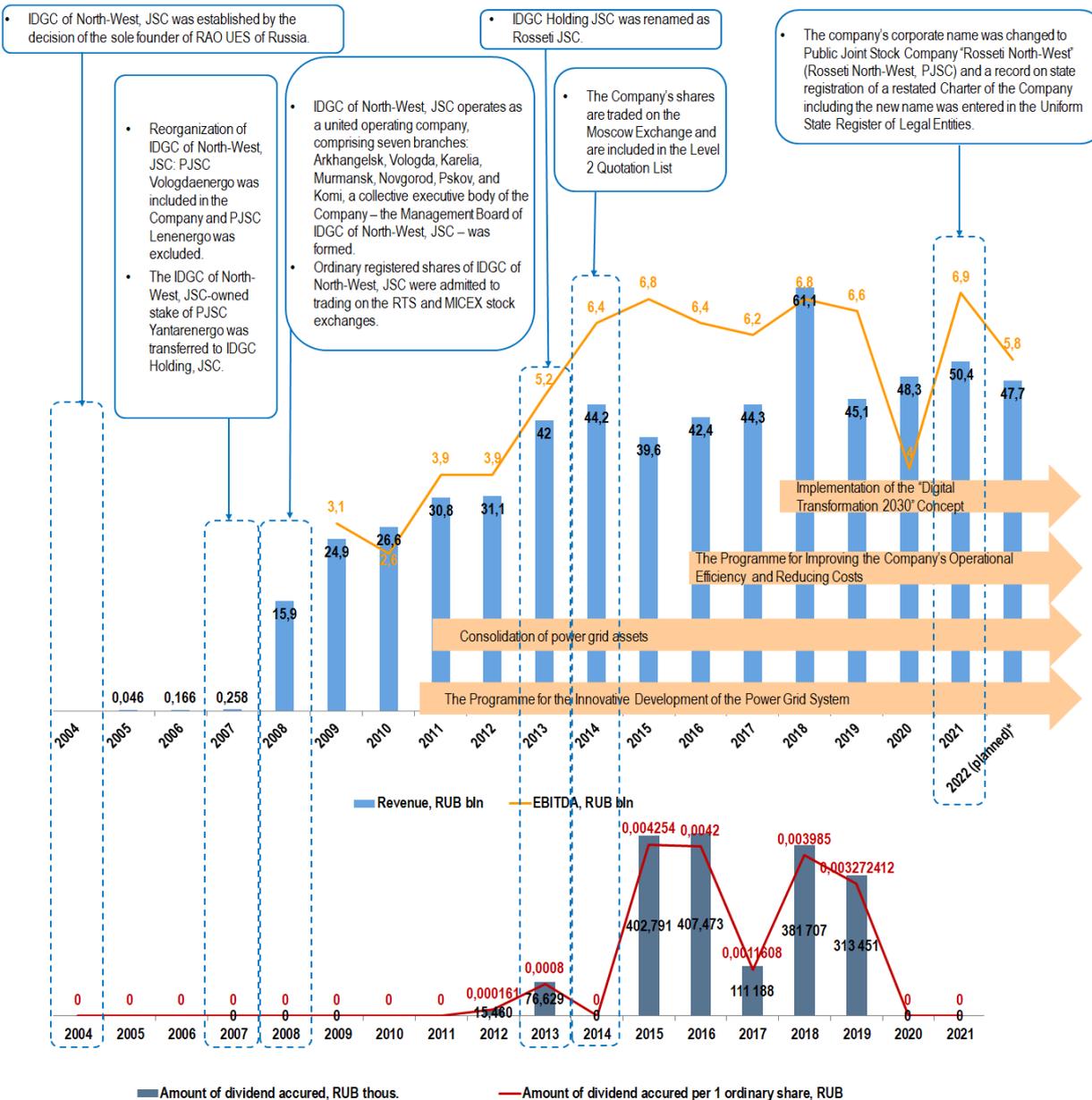


Indicators of sustainable development



History of the Company

Company History



* The forecast data are given in accordance with the Business Plan approved by the resolution of the Board of Directors of Rosseti North-West, PJSC (Minutes No. 412/13 dated December 29, 2021) and do not take into account the risks actually implemented in the period from the approval of the Company's Business Plan to the publication of this Integrated Annual Report for 2021.

Highlights of the year



Highlights of the year

Investment projects

- Rosseti North-West, PJSC provided power to a new fish processing plant under construction in the Murmansk region. Power engineers provided 150 kW of power by building a 10 kV transmission line and installing a mini-substation.
- In the Novgorod region, two cryogenic refueling stations that are being built on the M-11 “Neva” expressway have been connected to the power grid. For this purpose, two 0.4 kV power transmission lines and a transformer substation for 160 kVA were built, and the facilities were provided with 300 kW of power.
- To improve the reliability of power supply for 11 thousand residents of the Komi Republic, the Ukhta airport and oil industry facilities, 35-110 kV substations “Dzhyer”, “Nizhny Odes” and “Dalnyaya” are equipped with remote control systems.
- Specialists of the Arkhangelsk branch of Rosseti North-West, PJSC connected the new building of the Vinogradovskaya Central District Hospital in the village of Bereznik to the power grid, providing the clinic with 272 kW of power.
- As part of the decommissioning of coal-fired TPP No. 1 in Vorkuta, steps were taken to ensure reliable power supply for the consumers of the Vorkuta power district: a 6 kV distribution center was established, 3.5 km of 6 kV transmission lines were built, and a 9.92 km section of 35 kV overhead line was reconstructed.

Agreements with regions [GRI 413-1]

In 2021, Rosseti North-West, PJSC signed the following agreements with the regions of operation:

- Agreement with the Murmansk region on cooperation in tariff regulation for 10 years;
- Agreement with the Republic of Komi on cooperation to ensure reliable power supply and consolidation of the power grid complex of the region and the implementation of investment projects in the Arctic zone of the Russian Federation;
- 5-year Agreement with the Arkhangelsk Region on cooperation between the grid company and the region.

Cooperation in the field of efficiency and “Lean Production”

- In 2021, Rosseti North-West, PJSC and the North-West Macro-Regional Branch of Rostelecom, PJSC signed an agreement to exchange experience in Lean Production.
- In 2021, Rosseti North-West, PJSC entered into a cooperation agreement with Kaspersky Lab and implemented a comprehensive cybersecurity system that allows for early detection of anomalies and cyberattacks.

Corporate governance



The AK&M rating agency raised the Rosseti North-West, PJSC ESG reporting rating to RESG1, representing the highest level of sustainability disclosure in public reports.

Unified brand architecture

As part of the transition to a unified brand architecture, IDGC of North-West, PJSC changed its corporate name to Rosseti North-West, PJSC.

Annual Reports Contests for 2020

The annual report of Rosseti North-West for 2020 was awarded by the Moscow Exchange and presented with the LACP and the ARC Award.

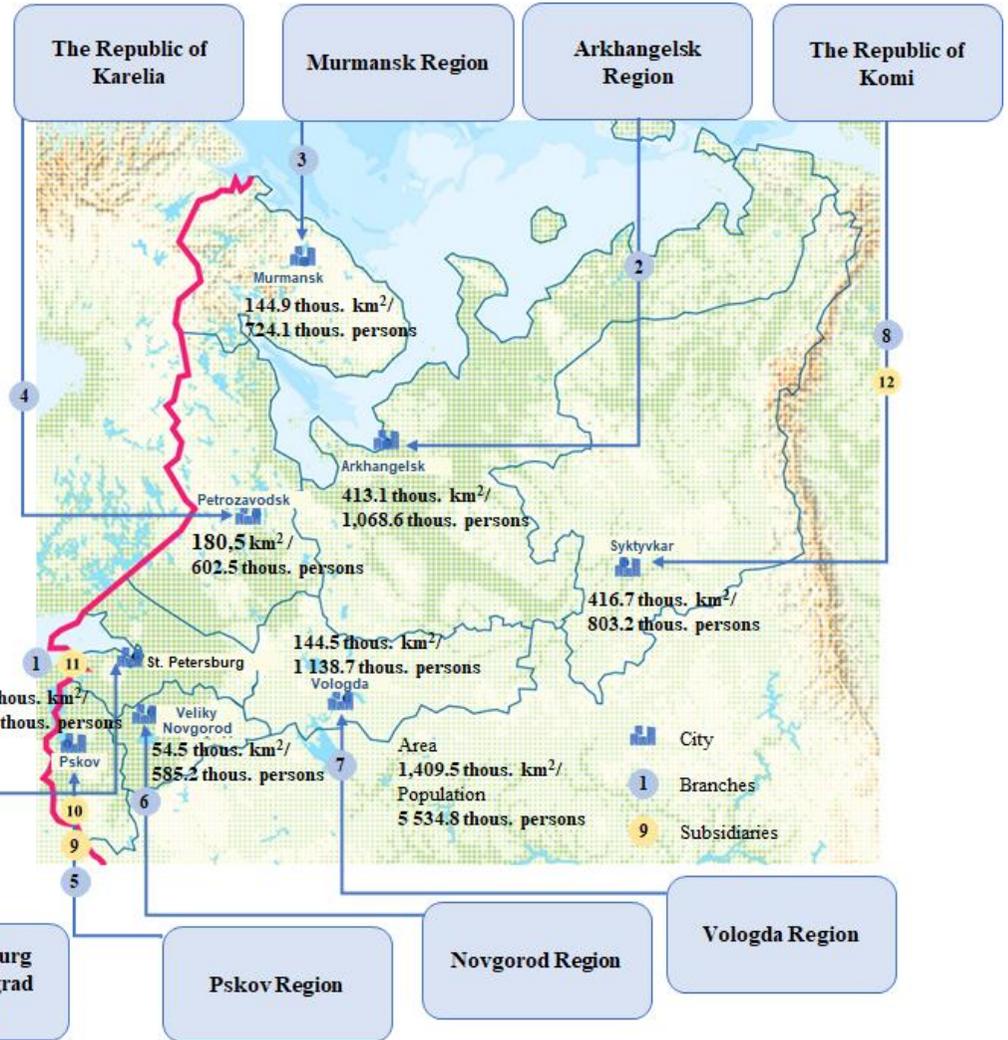


Structure, fixed assets and geographical footprint

Branches
Core business:
- Power transmission and distribution
- Technological connection

[GRI 102-4; GRI 102-6; GRI 102-7]

	PL length, km	Substation capacity, MVA	Average headcount
1 Executive body			385
2 Arkhangelsk Branch	25,939.00	2,278.19	2,091
3 Vologda Branch	38,678.30	2,723.60	2,563
4 Karelia Branch	13,006.93	1,845.33	1,308
5 Murmansk Branch	6,542.46	5,252.70	1,087
6 Komi Branch	22,830.10	3,520.70	2,574
7 Novgorod Branch	24,128.60	2,041.10	1,450
8 Pskov Branch	46,185.04	2,010.80	2,015



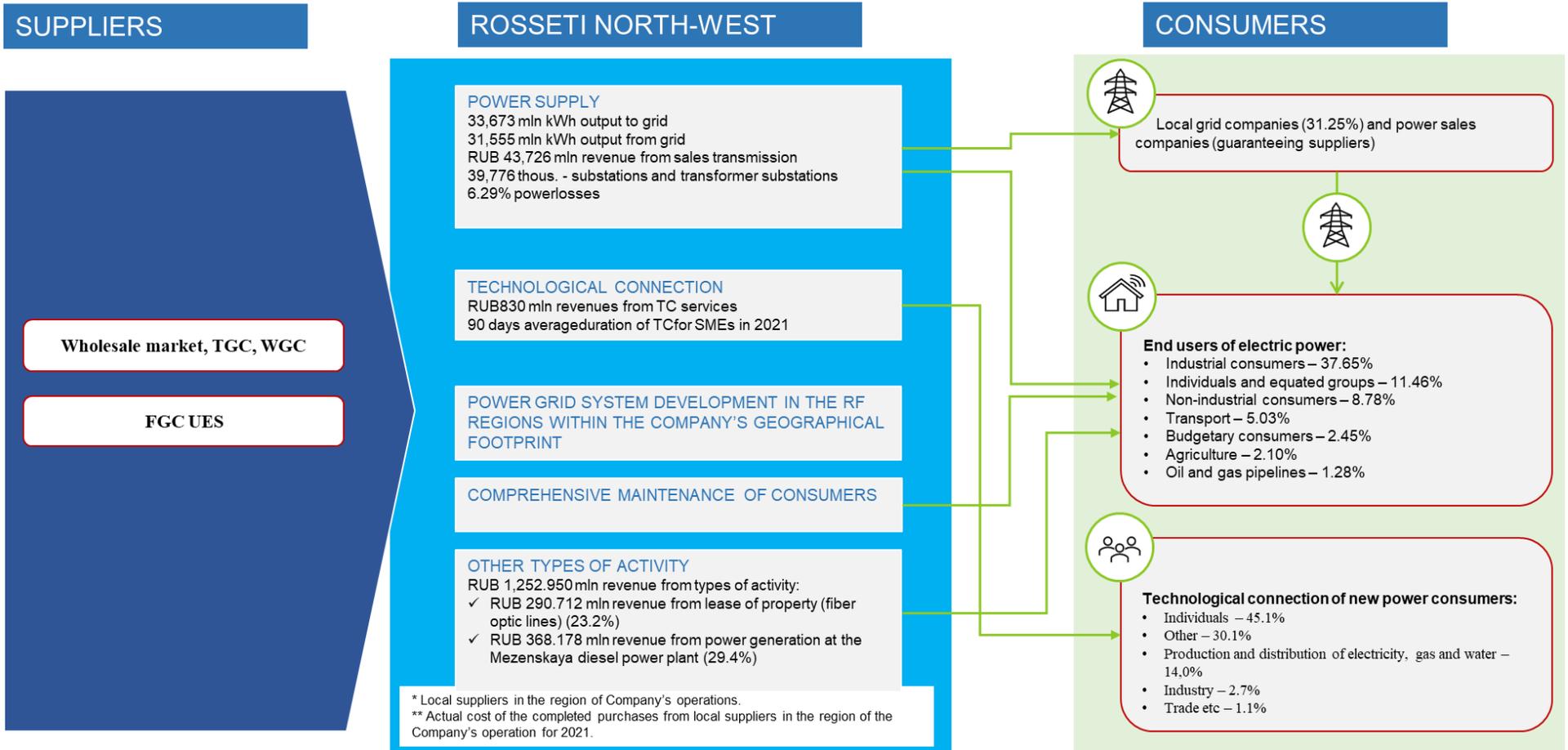
- 9 JSC PSKOVENERGOAGENT
Power sales
Core business: agent's services for power sales
- 10 JSC PSKOVENERGOSBYT
Power sales
Core business: power sales
- 11 JSC ENERGOSERVICE OF THE NORTH-WEST
Power sales
Core business: power facilities servicing
- 12 OJSC LESNAYA SKAZKA
Other types of business
Core business: renting property for health and recreation services

Subsidiaries

* More detailed information on involvement of Rosseti North-West, PJSC in the subsidiary business enterprises and other organisations can be found in Annex 4 in the full version of the Annual Report on the Company's website. <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.
** Information on the main productive assets can be found in Annex 5 in the full version of the Annual Report on the Company's website <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Company standing in power market

Company Standing in Power Market



Business model

Business model

OUR RESOURCES

	2019	2020	2021
Productive capital	9		
PL length, thous. km	10	177.1	178.2
Transformer capacity, MVA	12	26,823.4	26,987
Substations (>35 kV), pieces		1,180	1,182
Intellectual capital			
Intangible assets, RUB 000		17.4	5.9
Investments to R&D, RUB mln excluding VAT		9.61	23.77
Financial capital	3		
Total Equity, RUB mln	6	19,811	18,584
Borrowed capital, RUB mln		15,295	16,831
Human Capital	11		
Average number of employees, persons		14,595	14,108
Including those with professional education		87.6%	88.0%
Natural capital			
Water use, thous. m ³		142.34	130.8
Social and reputational capital			
Credit rating of ACRA	13	AA+(RU), outcome stable	AA+(RU), outcome stable
Customer satisfaction level (on a five-point scale)	6	4.8	4.8

OUR VALUES

<ul style="list-style-type: none"> Reliability Human Resources Efficiency Safety Social Responsibility 	SHAREHOLDERS' INTERESTS* Improving operational and investment efficiency Human resource development and labour productivity improvement Business diversification Improving the image of the Company in the media and efficient GR Increasing investment appeal and shareholder value Ensuring efficient corporate governance	EFFICIENCY GROWTH Streamlining of the logistics system and centralization of the procurement Reducing of power losses	DEVELOPMENT INTERESTS Arriving at the necessary level of tariffs to ensure the Company's development Digital transformation of operations Technological and innovative development Standardization of business processes and improvement of the functional organization Increasing the share in the grid services market	SUSTAINABLE DEVELOPMENT Ensuring reliable, high-quality and safe power supply to consumers Preventing the increase in the number of accident victims Ensuring comprehensive security of the Company operations Legal compliance, including the laws on preventing and combating corruption and antimonopoly laws
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STRATEGIC PRIORITIES

ENSURING VALUE FOR THE STAKEHOLDERS

SHAREHOLDERS 4 89.4 c.u. / person labor productivity -4.97% decrease in Company's capital since 2020	CONSUMERS 14 0.850 thous. km of PL put into service 31,555 mln kWh the amount of productive power supply from the grid 17,451 thous. pieces of implemented agreements 386 MW of connected capacity
FINANCIAL ORGANISATIONS RUB 989 mln payments of interest on the borrowed capital	STATE BODIES AND LOCAL COMMUNITIES RUB 8,509 mln is the amount of taxes and insurance premiums transferred to the budget RUB 141 mln of investments to the social infrastructure
SUPPLIERS AND CONTRACTORS 13 1,431 is the amount of procurement RUB 22,590.88 mln is the total amount of procurement**	EMPLOYEES 11 RUB 10,414 mln costs of salaries RUB 506 mln costs on the social field

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

We ensure power supply through interregional lines and provide services on technological connection to energy grids*. Our major consumers are population, industrial companies, government and social facilities.

TECHNOLOGICAL CONNECTION Revenues from TC services Average duration of TC for small and medium businesses in 2021	RUB 830 mln 90 days	POWER SUPPLY The greatest part of our revenue is financed by the energy sales.	RUB 43,726 mln 1 2 3 9 6 10
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HOW WE MANAGE OUR ACTIVITIES

Occupational health and safety (p. 116) 10 Reduction of the level of staff injuries at each stage of the production process is the Company's priority.	Personnel training and development, talent pool (p. 165) 4 We promote the staff's professional development, in order to increase operational efficiency and motivation.	Risk management (p. 187) 4 We continually monitor the risks connected to our activities.
Environmental protection (p. 119) 13 We undertake all possible measures to minimise negative impact on the environment.	Corporate governance (p. 108) 4 We aim to stick to higher standards of governance and follow best international practices.	Interaction with stakeholders (p. 55) 5 For compliance with mutual interests there is a continual interaction with the stakeholders.
Corporate values (p. 126) 13 Our corporate values motivate the employees to achieve best results without prejudice to safety, ecology, and without violation of ethical principles.		6 7 8

EXPOSURE TO RISKS (CRITICAL AND SIGNIFICANT)

Professional risks (occupational health and safety) 11	Risk of a decrease in the volume of power transmission services to consumers 1	Risk of counterparties' failure to fulfil the obligations on the payment for power transmission services 5	Natural and climatic risk 9
Risk of involvement in corruption activities 13	Risk of changes in the structure of power transmission services on voltage, tariff options, consumer groups 2	Risk of absence of power meters, their obsolescence and physical deterioration 6	Risk of outside impact on the power grid facilities 10
Risk of appeal of concluded transactions 14	Risk of an increase in prices for the power purchased to compensate losses 3	Risk of unpreparedness of the applicant's facilities for technological connection 7	Risk of the lack of investment programme funds to implement innovative solutions 12
	Risk of provision of dividend assignment 4	Risk of counterparties' failure to fulfil the obligations on the payment for power transmission services 8	

For more information on risks, see "Information about key risk management" section

Strategic development guidelines

“In 2021, Rosseti North-West faced enormous challenges: on the one hand, the peculiarities and restrictions associated with the COVID-19 pandemic and, on the other hand, unusual weather conditions, including hurricanes, freezing rains, heavy snowfalls, and forest fires. All these factors required the company to mobilize its best efforts, and we managed to prevent power supply system interruptions in the operations area.”

General Director of Rosseti North-West, PJSC A. Yu. Pidnik

Market overview

Macroeconomic performance in 2021

The recovery growth of the Russian economy continued in 2021. According to Rosstat, the GDP is estimated to have grown by 4.7% by the end of 2021¹.

As compared to 2020, the dominating growth was shown by the hotel and restaurant business (+24.1%), culture and sports (+8.4%), and wholesale and retail trade (+8.1%), primarily due to the recovery effect as quarantine restrictions were being eased.

Within the production GDP for 2021, the largest growth in value added was observed in manufacturing activities (+4.6%) and mineral extraction (+4.2%).

In 2021, **industrial production** increased by 5.3%² (after a 2.1% decline in 2020). In 2021, the main drivers of industrial production growth were the growth of coal and metal ore mining, the increased amount of services delivered in mining, as well as an expansion of waste collection and disposal activities and water supply and wastewater disposal systems³.

The production recovery was accompanied by growing demand for services of the banks and insurance companies, resulting in an increased value added in finance and insurance (+9.2%).

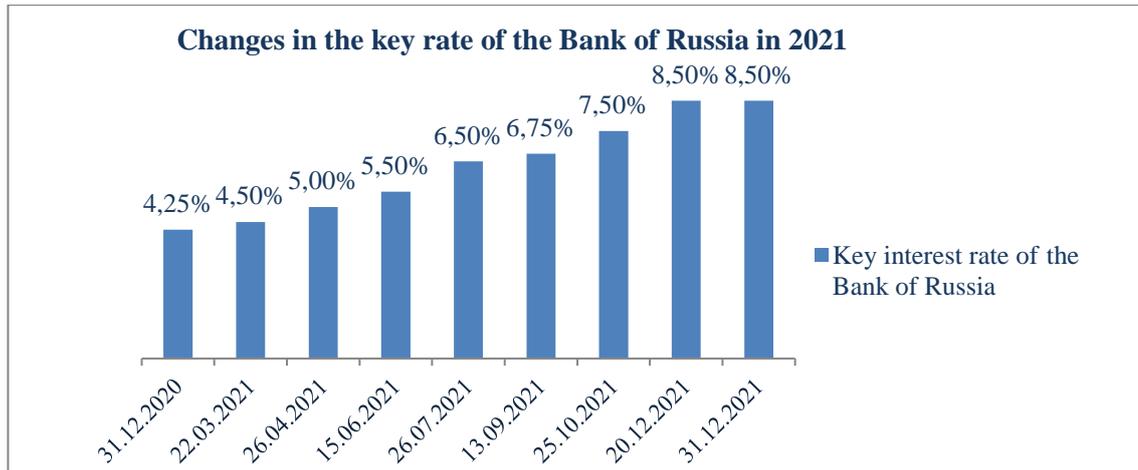
By the end of 2021, the inflation equalled 8.4%, the highest rate since 2015 (when it was 12.9%). Food inflation was the main contributor to the growth in consumer prices with 10.6% increase in food prices in 2021, which is 1.6 times higher than in 2020 (6.69%). Non-food items also significantly contributed to inflation in 2021 (8.58%), while in 2020 their prices rose by 4.79%. The weakening ruble produced a moderate effect in March-April, but in October-December it had a more pronounced impact on the inflation dynamics due to the recovery of consumer demand. However, the most rapid increase in prices was registered for goods with a significant import component. In December, year-over-year price growth in the services sector remained moderate for 2021 versus 2020.

The Bank of Russia regulation of the key rate is one of the tools to curb and slow down inflation. In order to reduce inflation risks and consolidate the national currency, the Bank of Russia tightened its monetary policy in 2021 and raised its key rate during the year from 4.25 to 8.5% per annum.

¹ Rosstat presents its first assessment of the GDP for 2021 - <https://rosstat.gov.ru/folder/313/document/154254>

² Industrial production in 2021 <https://rosstat.gov.ru/folder/313/document/151988>

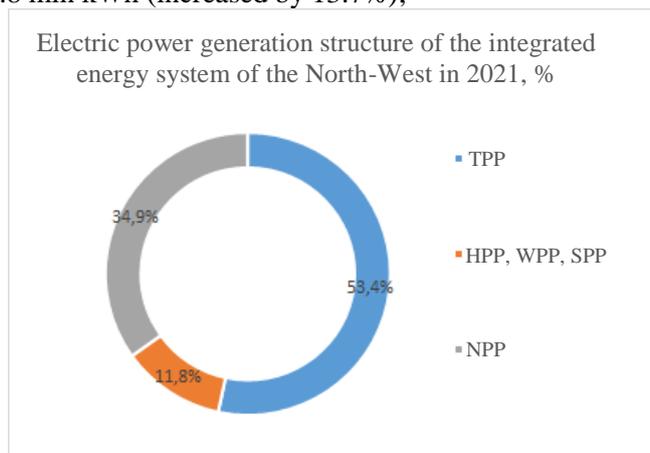
³ Manufacturing of main types of products by volume - https://gks.ru/free_doc/new_site/business/prom/natura/god.htm



Electric power generation and consumption in the industry and forecasted electric power generation and consumption⁴

In 2021, power generation by Russian UES power plants amounted to 1,114.6 billion kWh, or increased by 6.4% as compared to 2020. The distribution of the annual power generation within the UES of Russia by type of power plant was as follows:

- TPPs – 676,908.0 mln kWh (increased by 9.1%);
- HPPs – 209,519.8 mln kWh (increased by 1%);
- NPPs – 222,244.8 mln kWh (increased by 3.0%);
- WPPs – 3,621.7 mln kWh (increased by 161.7%);
- SPPs – 2,253.8 mln kWh (increased by 13.7%);



In 2021, power consumption volume within the UES of Russia amounted to 1,090.4 billion kWh, which is 4.7% higher than in 2020, given the comparable temperatures of the previous year and excluding the effect of a leap year. In 2021, the integrated energy system of the North-West showed an increase in power consumption by 5.85% up to 97.6 billion kWh compared to 92.2 billion kWh in 2020.

⁴JSC System Operator: a Performance report of the Unified Energy System of Russia for 2021- [A Performance report of the Unified Energy System of Russia for 2021 \(so-ups.ru\)](https://so-ups.ru)



Source: JSC System Operator

In 2021, the growth of annual power consumption in the UES of Russia due to the temperature factor is estimated to be 11.4 billion kWh (+1.1%) as a result of the 1.5°C decrease in the yearly average temperature in the energy system compared to the previous year. The most significant impact of temperatures on the power consumption dynamics was observed in Q1 2021, when deviations from the monthly average temperatures were at their highest.

The lack of a significant impact of quarantine measures in 2021 became another driver of power consumption growth in Q2 2021 as compared to the previous year, when they were imposed on a large scale in the same period of 2020. Since Q2, the partial lifting of oil industry restrictions also has affected the growth of power consumption by enterprises associated with the production and transportation of oil.

There was also an increase in power consumption in 2021 at major enterprises in metal production, mechanical engineering, chemical and wood processing industries, as well as electrified railway lines.

The growth of power generation volume in the UES of Russia also affected the power consumption volume for the in-house industrial and economic needs of power plants, which increased by 4.6 billion kWh compared to the previous year.

Tariff indexation up to 2024

In 2022, the increase in the regulated tariffs of grid companies for consumers other than individuals will increase by 3.8% on average nationwide. While consumption is growing, this solution will allow grid companies to compensate for significant cost inflation caused by increased prices of materials and equipment. In 2023-2024, the indexation parameters will be in line with earlier long-term decisions and will not exceed 3.0% a year. In order to reduce the amount of cross-subsidization in the power grid system, tariffs of grid companies for individuals are to be annually indexed, on average, at 5.0% in Russia. The regulated electric power tariffs for residents will increase at the same rate.

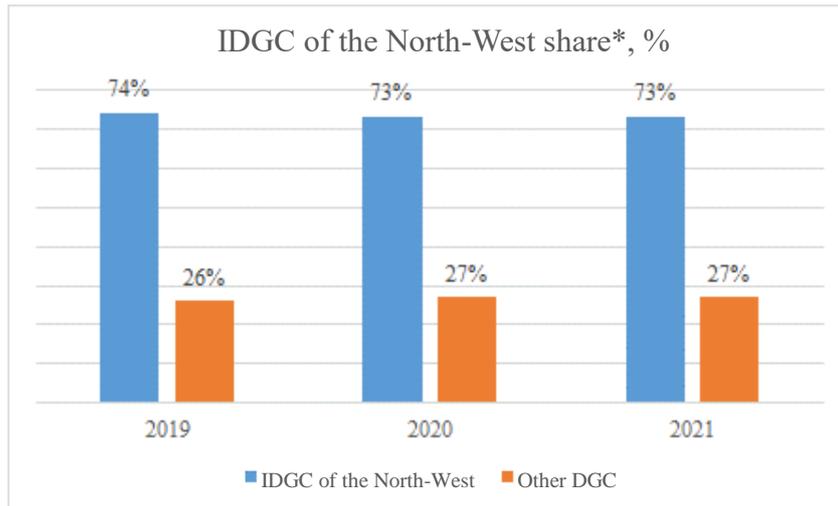
The average non-regulated price dynamics for end-users, excluding residents, will be at 4.7% the retail market in 2022. In 2023-2024, it will not exceed the target inflation parameters included in the scenario and will amount to 2.1%. At the same time, tariff indexation for the forecast period may be adjusted/revised taking into account the current geopolitical uncertainty and economic constraints.

Market position of the Company

Rosseti North-West, PJSC operates in seven constituent entities of the Russian Federation in the North-Western region, being the largest power grid company in the operations area.

The Company's core business is electric power transmission. In accordance with the FTS of Russia decision (Order No.191-E of June 03, 2008), Rosseti North-West, PJSC was included under No.47.1.116 in the register of natural power transmission monopolies.

The Company's share in the power transmission market within its footprint totals approximately 73%, including electric power, including the power partially transferred through the grids of the local grid operators (LGOs – payees).



* Market share was calculated on the basis of the tariff and balance decisions on setting uniform boiler tariffs for a given constituent entity of the Russian Federation.

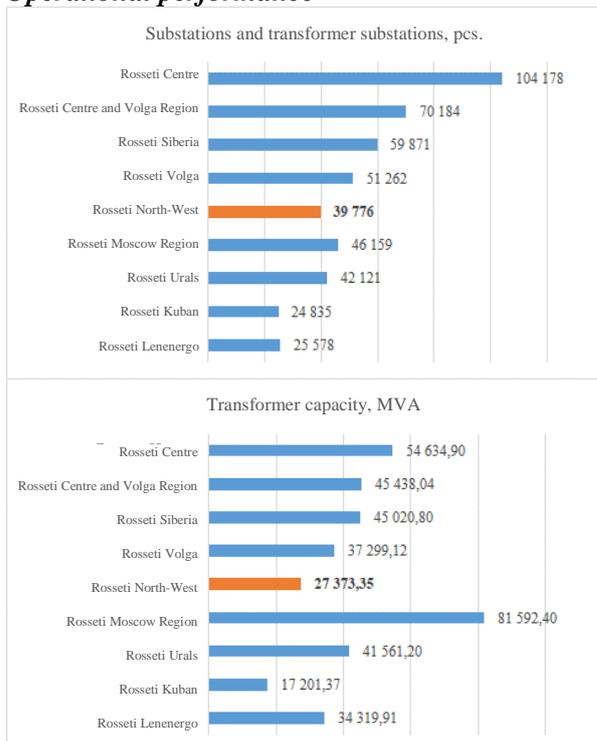
Competitive environment

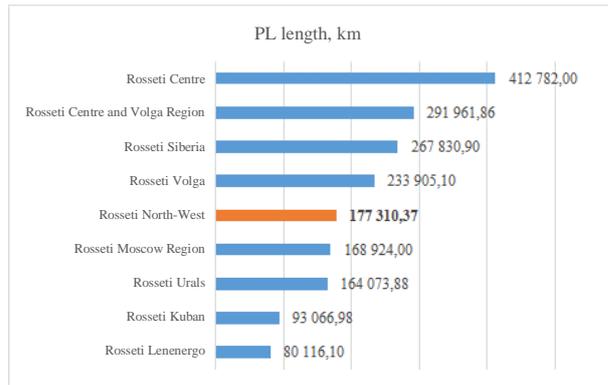
To estimate the investment attractiveness of the Rosseti North-West, PJSC shares at the stock market, the Company is usually compared to other IDGCs, although those companies are essentially not competitors and, moreover, they are all subsidiaries to PJSC ROSSETI.

In terms of assets and volume of services provided, Rosseti North-West, PJSC has comparable indicators against the average values among the subsidiaries of PJSC ROSSETI, which makes it a sectoral “benchmark” among other IDGCs regarding some operational and financial indicators. The Company is also among the best IDGCs in the industry by the amount of power losses (%) due to the upgrading of its electric power metering system, introduction of a single customer base, provision of data communication devices to electricians, and a number of other measures. Moreover, the Company shows a steady downward trend in the System Average Interruption Duration Index (SAIDI) and the System Average Interruption Frequency Index (SAIFI).

Comparison with the Russian power grid companies in the reporting year

Operational performance





Source: Company data

Strategic priorities and development prospects

The mission of Rosseti North-West, PJSC is ensuring reliable, high-quality, uninterrupted, and accessible power supply for comfortable life of the people and growth of the Russian economy, shareholders' stable income, and professional development of employees through efficient management of the distribution grid based on the unified strategic approaches to business, digital transformation, the expertise gained and the use of innovative technologies.

The Development Strategy of the Rosseti Group for the period up to 2030

In accordance with the strategy of the Rosseti Group, which defines the goals and development areas up to 2030, the essential change in the operations of the Rosseti Group is the transition to the business model of the modern innovation infrastructure. The key strategic priorities include ensuring further efficiency improvement in day-to-day operations aimed at the industry development, ensuring reliability, quality and access to infrastructure in the new digital environment. Special attention is paid to maintaining the balance of interest of all parties, including the state, consumers, shareholders and investors, as well as the development of new business areas.

The stated aims are to be achieved by implementing the key strategy areas: technological and innovative development, digital transformation, business diversification, improvement of operational and investment efficiency, endorsement of legislative proposals, human resources development.

Strategic Priorities

[GRI 103-2]

Strategic priorities are at the apex of the target-setting hierarchy of the Company. In accordance with the Company's Order No. 362r dated July 22, 2020, the Company sets the following strategic priorities:

1. Ensuring reliable, high-quality and safe power supply to consumers.
2. Improving operational and investment efficiency.
3. Arriving at the required level of tariffs to ensure the Company's development.
4. Digital transformation of operations. Technological and innovative development.
5. Business diversification.
6. Standardization of business processes and improvement of the functional organization.
7. Ensuring integrated security of the Company operations.
8. Streamlining of the inventory and logistics management system and centralization of procurement activities.
9. Power losses reduction.
10. Human resource development and labour productivity improvement.
11. Preventing the increase in the number of accident victims.
12. Increasing the share in the grid service market.
13. Promoting a positive image of the Company in the media and ensuring effective cooperation with the authorities.
14. Increasing investment attractiveness and shareholder value.
15. Ensuring efficient corporate governance.
16. Complying with the law, including the anti-corruption and anti-monopoly laws.

Compliance of the Company’s strategic priorities with the UN Sustainable Development Goals. Performance results for 2021
[GRI 103-3]

Strategic Priorities	Key performance indicators	Risks affecting the implementation of the strategy ⁵	Long-term targets for 2030 ⁶	Performance results for 2021
Focus Area - Shareholders’ interests <div style="display: flex; justify-content: space-around; align-items: center;"> <div data-bbox="1048 427 1236 619" style="background-color: #c00000; color: white; padding: 5px; text-align: center;"> 4 QUALITY EDUCATION  </div> <div data-bbox="1236 427 1429 619" style="background-color: #ffc000; color: white; padding: 5px; text-align: center;"> 7 AFFORDABLE AND CLEAN ENERGY  </div> <div data-bbox="1429 427 1621 619" style="background-color: #800000; color: white; padding: 5px; text-align: center;"> 8 DECENT WORK AND ECONOMIC GROWTH  </div> </div>				
<ul style="list-style-type: none"> Improving operational and investment efficiency Human resource development and labour productivity improvement Business diversification Promoting a positive image of the Company in the media and ensuring effective cooperation with the authorities. Increasing investment attractiveness and shareholder value Ensuring efficient corporate governance 	<ul style="list-style-type: none"> Consolidated profits on operations (EBITDA) Consolidated net debt/EBITDA 	<ul style="list-style-type: none"> Strategic risk Investment risks Legal risks 	<ul style="list-style-type: none"> Increase in labour productivity by 40% as compared to the base value as of the end of 2018⁷. The non-tariff revenue from other activities is at least 20%. Reduction in unit OPEX by 30% as compared to the base value as of the end of 2018¹⁰ Reduction in unit CAPEX by 15% as 	<ul style="list-style-type: none"> The Company continually carries out planned activities aimed at improving labour productivity. The Model Power Distribution Zone (PDZ) Project was one of the key activities that had a positive effect on improving this indicator in 2021 and was aimed at bringing branch organizational structures in line with the standard “On the model power distribution zone”. Thus, the business processes transformation, standardization of branch staffing structures by functional areas, as well as harmonization of organizational structures resulted in improvement of operational processes and labour productivity, while reducing HR costs.

⁵ For more information about risks, see section the Risk management system in the 2021 Integrated Annual Report.

⁶ Key performance indicators for the development strategy of PJSC ROSSETI and its SDCs (the Rosseti Group) for the period up to 2030 (approved by decision of the Board of Directors of PJSC ROSSETI, Minutes of the Meeting No. 388 of December 26, 2019)

⁷ The target values are estimated based on the assumption that a decision will be made to introduce a power grid capacity reserve, differentiate tariffs of grid companies in the Unified National Power Grid (UNPG), revise the technological connection fees, fix long-term tariffs and maintain the effects gained.

			<p>compared to the base value as of the end of 2018¹⁰</p>	<ul style="list-style-type: none"> • The structured interaction with the Office of the Plenipotentiary Representative of the President of the Russian Federation in the Northwestern Federal District has been established. • Through the interaction with the Commission for the Prevention and Elimination of Emergencies and Ensuring Fire Safety under the Plenipotentiary Representative of the President of the Russian Federation in the Northwestern Federal District, the agreement was reached on the process of reviewing critical issues of Rosseti North-West, PJSC power grid system operation and cooperation between the relevant authorities and services in emergency response across the regions of the District. • Issues related to the safe operation of the Rosseti North-West, PJSC power grid system, as well as measures to improve its reliability, are being prepared for consideration by the Council under the Plenipotentiary Representative of the President of the Russian Federation in the Northwestern Federal District in Q1 2022. 			
Focus Area: Efficiency Growth		<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>13 CLIMATE ACTION</p> 	
<ul style="list-style-type: none"> • Streamlining of the inventory and logistics management system and centralization of procurement activities. • Power losses reduction 	<ul style="list-style-type: none"> • Reduction in unit operating expenses (costs) • Improving the capacity utilization rate of the power grid equipment • Labour productivity improvement 	<ul style="list-style-type: none"> • Industry-specific risks • Legal risks 	<ul style="list-style-type: none"> • Power losses level is 6.29% 	<ul style="list-style-type: none"> • An automated information system for managing financial and economic activity was introduced 			

Focus Area: Development Interests			
		 7 AFFORDABLE AND CLEAN ENERGY	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
<ul style="list-style-type: none"> • Arriving at the required level of tariffs to ensure the Company’s development • Digital transformation of operations. Technological and innovative development • Standardization of business processes and improvement of the functional organization • Increasing the share in the grid service market 	<ul style="list-style-type: none"> • Compliance with the commissioning schedule • Efficiency of innovation activities • Power losses level • Reduction in unit investment costs • Implementing an action plan to reduce the Company’s accounts receivable 	<ul style="list-style-type: none"> • Country- and region-specific risks • Investment risks • Operational risks 	<ul style="list-style-type: none"> • Market share by MRR is >90% • Digital transformation index is 0.95-1.0 • R&D costs are at least 0.25% of own revenue <ul style="list-style-type: none"> • In 2021, the Company implemented a project aimed at bringing the functional organization of the production facilities and power distribution zones in line with the standards. It was done to improve the organizational structure of Rosseti North-West, PJSC branches, ensure a balanced distribution of labour resources, and optimize operational processes in order to meet the requirements of Order No.158 of PJSC ROSSETI dated April 15, 2020 based on decisions of the Reliability Committee of the Board of Directors of IDGC of North-West, PJSC (Minutes No. 6 dated December 29, 2020) and the HR and Remuneration Committee of the Board of Directors of IDGC of North-West, PJSC (Minutes No. 4 dated December 29, 2020). • This project resulted in full-fledged operational units to operate power grid facilities and to provide for the development of PJSC ROSSETI power grid system, as well as to improve performance of its branches and ensure a reliable and safe power supply to consumers. • The achieved Digital transformation index is 0.279, with a plan of 0.26. The Digital Transformation Programme of Rosseti North-West, PJSC for 2020-2020 was updated and approved by the Board of Directors of the Company (Minutes No. 403/4 dated August 4, 2021).

			<ul style="list-style-type: none"> • Phase 2 of the pilot project “Digital Overhead Line” was completed and the scaling up of its results will allow us to achieve the following results in the future: <ul style="list-style-type: none"> - increase the frequency of overhead line inspections from 1 to 2 years, thereby reducing the labour overheads for this activity. - speed up inspections and M&R, eliminate data loss during data migration. - be able to use predictive process-based development models when planning, estimate the technical condition index, and assess and evaluate risks of technological disturbances for each overhead line element separately. - implement maintenance systems for overhead power line components based on their condition rather than frequency rate. - investments in the development of advanced production technologies and management practices amounted to 5.3% of the total costs of the Company’s investment program, while the planned value was at least 4.6%. • R&D project “Development of staff training method in safe works conduct at the existing power facilities with the application of virtual training means for Rosseti North-West, PJSC”. Virtual training means will minimize the occupation injury rate and reduce the incidence of switching errors, thereby improving the reliability of the power grid system operation. Only AWP will be required for training in the procedures for the safe operation. • Research project “A study of the increment speed of the main types of forest-forming tree species depending on climatic zones
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				<p>and the condition of the soil in the route areas of the current OL, creation of regional maps for the frequency of OL route clearing and issuing recommendations on the working technique”. The GIS layers under development will make it possible to visually assess information about the rate of overgrowth of OL forest corridors when developing the Company’s repairs plan. Based on the results of the study, it is possible to prepare a list of OLs with information about the necessary frequency of their clearing, which will ensure rational planning of work and maintenance of routes in standard condition.</p> <ul style="list-style-type: none"> • In order to increase the share in the grid service market in its operations area, the Company takes measures to consolidate power grid assets on an ongoing basis. In 2021, the Company carried out 27 transactions to consolidate the power grid assets; the total increase in the power grid assets under the above mentioned transactions amounted to more than 1,000 c.u. • Moreover, in 2021, a major campaign was initiated by the Government Commission on Electricity Supply Security (Federal Headquarters) in cooperation with PJSC ROSSETI and the executive authorities of constituent entities of the Russian Federation to improve the operations of LGOs and liquidate ownerless power grid facilities, involving long-term measures to consolidate the facilities of power grid organizations that are stripped of their LGO status and ownerless power grid facilities in the operations area.
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				<ul style="list-style-type: none"> • During the reporting period, the Company reduced the turnover period of accounts receivable from 60 to 51 days.
Focus Area: Sustainable Development				<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> </div>
<ul style="list-style-type: none"> • Ensuring reliable, high-quality and safe power supply to consumers • Preventing the increase in the number of accident victims. • Ensuring integrated security of the Company operations. • Complying with the law, including the anti-corruption and anti-monopoly laws 	<ul style="list-style-type: none"> • Achievement of the reliability level of rendered services • Compliance with technological connection deadlines • Zero increase in major accidents • Zero increase in the casualty toll 	<ul style="list-style-type: none"> • Legal risks 	<ul style="list-style-type: none"> • SAIDI is 1.61 hours • SAIFI is 1.04 units • Taking into account the voltage level network of 0.4-20 kV, grid observability is 90%-100% 	<ul style="list-style-type: none"> • Preventing the increase in the number of accident victims. • No work-related diseases were recorded. • In order to ensure a prompt response and reduce the time of emergency recovery operations (hereinafter referred to as ERO) in the Company’s power grid system, a set of measures was developed, including: <ul style="list-style-type: none"> - amendments were made to the organization’s standard “Rules for Preventing and Responding to Emergencies at Power Grid Facilities of Rosseti North-West, PJSC” in terms of defining the procedure and methodology for engaging additional resources for ERO and reducing their mobilization time; - in order to relieve production personnel (repair and operating personnel), additional involvement of personnel for ERO (from the staff of structural divisions of the Branches and POs) was ensured: - 1,236 people to perform rounds/inspections of power lines; - 405 people for deployment, accounting, delivery and refueling of redundant power supply sources (RPSS);

			<ul style="list-style-type: none"> - 660 people as informants, for consumer and media relations; - 213 people to provide food and accommodation; - 236 people as mentors and attendants. • In accordance with the Multi-Year Procurement Program for RPSS (hereinafter referred to as the Program) with a capacity of 30 kW and above, the 2021 RPSS procurement plan was fulfilled. In 2021, 7 RPSSs were purchased. As of December 31, 2021, a total of 31 RPSSs with a total capacity of 6.68 MW were purchased under the Program. Through direct involvement (initiative) of employees of the security unit, the Company saved RUB 83.463 mln (in terms of project activities) and about RUB 39 mln by eliminating procurement of unnecessary, superfluous products (goods and services). • Thanks to the methodological guidelines for organizing inspections and the lists of investment and repair facilities developed by the Security Department, the activities carried out by the branches resulted in an economic effect in the form of prevented and reimbursed damage in the amount of over RUB 30 mln with recorded damage in the amount of RUB 15 mln. • Measures were taken to mitigate risks associated with mass delays in providing preferential technological connections due to insufficient funding for purchasing the requisite power meters (the damage averted amounted to RUB 6 mln). The issue of abuse in the process of TC of major facilities was also elaborated, thus preventing the risk of damage to the Company in the amount of more than RUB 201 mln.
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			<ul style="list-style-type: none"> • An algorithm for performing inspections of SMIT was developed, the implementation of which allowed to prevent damage in the amount of RUB 61 mln. • Inspections of the use of power for commercial purposes were organized, which revealed 159 cases of using electricity for commercial purposes at the tariff for individuals. The calculation of the economic effect is ongoing. • Inspections of overhead line repairs for compliance with contract terms of the equipment and materials used by contractors, accounting for dismantled materials and equipment revealed losses exceeding RUB 4 mln. Based on the findings of inspections in the Murmansk branch, criminal proceedings were initiated on the grounds of a crime under Article 260 of the Criminal Code of the Russian Federation. • Recovery of accounts receivable for 12 months of 2021 reached RUB 805.502 mln; the KPI indicator (60%) for enforcement documents received in 2021 was 60.44%. • In 2021, a centralized contract for the site protection of the branches' facilities resulted in savings of RUB 13 mln. Due to the reduction of the payroll in 2021, the above funds were optimized. • The successful implementation of the "Implementation of an Information Protection System (IPS) against unauthorized access (UAA)" in a cost-effective way saved more than RUB 4 mln. • The "OpenVAS" safety scanner was implemented in the executive unit. Scanning of the corporate data network of the executive office and all branches of the company is conducted on a weekly basis.
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				<ul style="list-style-type: none">• Kaspersky Anti-Spam protection system has been implemented in the executive office and all branches of the company, thereby minimizing the threat of phishing distributions.• An agreement has been executed with Kaspersky Lab. Cooperation on the Kaspersky Unified Monitoring and Analysis Platform SIEM system has begun. Kaspersky Lab's security solutions cover 100% of the Company's computers and servers.
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SWOT analysis

SWOT analysis is a strategic planning method that involves the identification of internal and external factors and grouping them into four categories: strengths, weaknesses, opportunities, and threats. The Company's SWOT analysis can be presented as follows:

Internal context

Strengths

- Natural monopoly
- High level of power supply reliability
- Investments in the Company's power grid infrastructure
- Low level of power losses
- Stable financial situation and balanced loan portfolio
- High level of corporate governance
- Qualified workforce and management
- Vast sectoral expertise
- Positive business reputation in the operations area
- Leadership on the market of the services rendered
- Competitive salary level in the operations area
- The ability to provide a versatile response to unpredictable and unfavourable events (e.g., the rapid transition of all the personnel into the remote working mode) while maintaining the quality

Weaknesses

- Inadequacy of the existing legal framework for tariff regulation
- High deterioration level of grids and equipment
- Influence of the industrial infrastructure development in the regions of presence on the financial results
- Influence of seasonal, climatic and geographical conditions on the operational performance
- The financial load is too high to fulfil obligations in occupational therapy within the existing legal framework

External context

Opportunities

- Achievement of competitive tariffs
- Business diversification (including the rearrangement of heat generation services using inefficient fuels through concession agreements and energy service contracts)
- Energy-saving technologies
- Boosting the Company's governance efficiency
- Reduction in operating expenses
- The improvement and standardization of operational processes, the load levelling for the personnel in production facilities and power distribution zones
- Attracting new electrical power consumers
- Improving reliability through the consolidation of the power grid assets
- Expanding the activities to reduce accounts receivable
- Increasing revenues from preferential technological connection based on the perspective changes of the regulatory and legal framework.
- Building a positive image by direct consumer communication at the portal "The Light Country"

Threats

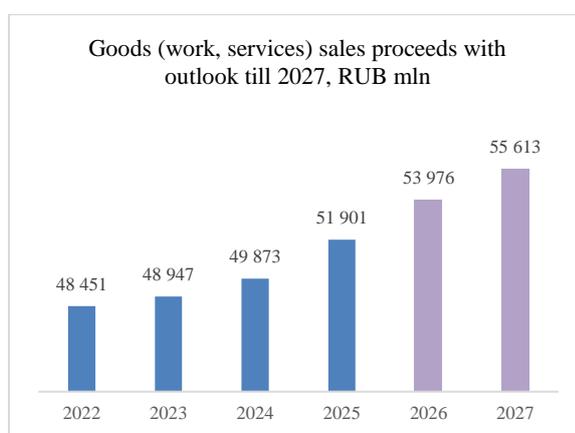
- The increased popularity of in-house generation as a more convenient and cheaper power supply option among large consumers, and the reduction of power consumption due to macroeconomic factors
- Competition (UNPG/LGO)
- Dependence of the regional investment climate on the international agenda, sanctions, and unfavourable shifts in exchange rates
- Changes in the areas of legislation regulating the power industry
- Natural disasters
- Misconduct of suppliers and contractors
- The reduction of the consumer demand and production, the reduction of business activity due to the COVID-19 pandemic

Company development prospects*

The Company’s development strategy is implemented primarily through the investment programme, which is formed in accordance with the requirements of the RF Government Resolution No. 977 On Investment Programs of Power Sector Entities dated December 1, 2009.

The Company’s current investment programme was approved by Order of the Russian Ministry of Energy No. 33@ dated December 24, 2021 and, in accordance with the established procedure, was published on the website of the Russian Ministry of Energy. The approved investment programme of the Company provides for the capital investment financing sufficient to ensure uninterrupted power supply to consumers and maintain the operability of the fixed assets.

Taking into account the results of tariff and balance decisions of regulatory authorities in 2022 on the Company’s core activity “Power Transmission”, the Company drafted an adjustment of the investment programme for the period 2022-2027 (disclosure year 2022), which will be made available for public review and approval on the website of the Russian Ministry of Energy after it gets approved by the Company Board of Directors. According to the financial plan to the draft IP adjustment, the Company expects to achieve the following forecast performance indicators:



* Information about the investment programme:

- <https://www.mrsksevzap.ru/infodisclosure/2standartdisclosure/21kapitalplans/#tab2>
- <https://minenergo.gov.ru/system/download/4193/173357>

Key Projects of Digital Transformation

Digital substations

A digital substation is an automated substation equipped with digital information and control systems interacting in real time and without the presence of personnel on site.

In 2021, design documentation was developed, including key technical solutions for the architecture of the digital substation as part of the renovation of the 110/10 kV Krasnozatonetskaya SS in Syktyvkar, the Komi Republic: the renovation will involve the use of relay protection and automation devices to support all-digital data exchange. The substation corresponds to the “Digital Transformation 2030” concept, the equipment used is Russian-made. The advanced technological solutions are being implemented to ensure the observability and remote control of all equipment.

Digital PDZ

A digital power distribution zone (PDZ) is a cutting-edge section of a power grid, which uses digital and innovative solutions to reduce operational costs of power transmission while increasing quality, reliability and availability of power supply to end-users.

Two digital power distribution zones within the geographical footprint of Rosseti North-West, Valdai and Borovichi PDZs Districts in the Novgorod Region, have been launched and are successfully operating. The digital automation solutions implemented in 2018-2020 and the qualitative improvement of conditions for centralized operational dispatch management allowed for the expansion of these PDZs to neighboring districts. Thus, Borovichi PDZ includes Okulovo PDZ, and Valdai PDZ includes Krestetsky, Demyansky and Marevsky PDZs.

The Company's Digital Transformation Programme for 2022-2026 provides for using available investment programme funds to implement digitalization projects for six PDZs (one in each branch of the Company, except for the Murmansk branch, where the organizational structure does not include any power distribution zones).

Digital Overhead Power Line

Digital overhead power line is an innovative concept aimed at developing business processes to operate 110 kV OLs utilizing 3D models of line and the area, study them with unmanned and robotic drones, as well as systems of online monitoring in accordance with the concept of "Digital Transformation 2030".

The project was launched in 2019 and in 2020 it was awarded the prize at the international competition of innovative solutions aimed at the exploration of the Arctic. As part of the project, inspections were carried out using high-resolution cameras and laser and magnetic scanning. Remote real-time control over technological parameters of 110 kV OLs in the Karelia branch, Murmansk branch and Arkhangelsk branch was ensured. In 2021, Phase 2 of the project was completed, 14 RUB mln were invested into the project.

Key results of the project:

- the equipment for remote control over technological parameters of the power lines in real time and under real operating conditions was tested, the advantages and disadvantages were identified, the criteria for the optimal installation were determined, and the technical requirements for sensors, devices and systems were developed;
- a comparative analysis of the implemented systems and technologies for inspection of overhead power lines with conclusions on their applicability for specific types of operations and detection of defects was performed; a conclusion on features and methods of using the tested technologies and systems to improve the observability and control of the power grid equipment, including the control over condition and technological parameters, failure forecasting and accident prevention was made.

In the future, development and implementation of the results of the pilot project will allow:

- To change the methodology of visual and instrumental inspections of lines by controlling only those parameters that cannot be identified at the current level of technology through the analysis of aerial photographs, 3D models, and methods of big data analysis.
- To reduce the labour overheads for M&R, prevent the loss of information when duplicating data from inspection sheets and certificates of work completed to the operating logs.
- To be able to use predictive process-based development models when planning, estimate the technical condition index, and assess and evaluate risks of technological disturbances for each overhead line element separately.

Key investment projects



Future development

In the period 2022-2025, the approved investment program provides for the implementation of 3 priority investment projects in 3 regions of the Company's operation with a total value of RUB 1.65 bln inclusive of VAT. The priority projects include 1 project on the SS renovation, 1 project on the construction of a new 32 MVA SS, as well as 1 project on the construction of 110 kV OL with a length of 26 km. In total, within the approved investment program for 2022-2025, the company plans to put into operation 3,757 km of power lines and more than 361 MVA of substation capacity. Financing of the investment program is planned in the amount of RUB 22 bln inclusive of VAT.

2022-2025
RUB 22 bln inclusive of VAT
is the total cost of the investment program financing

Target results:
3,757 km of power lines
more than 361 MVA of substation capacity

Development projects



Construction of 110 kV OL No. 103 Vorkutinskaya CHPP No. 2 — 110/10 kV SS Oikhovey

Project description

The largest project, the total cost of the project is more than RUB 2 bln inclusive of VAT. It is implemented under the agreement with PJSC Gazprom for technological connection of CS-5 Usinskaya, CU-2 as part of the "Bovanenkovo-Ukhta GTS" construction project. In the approved investment program, commissioning of the project was previously planned for 2021, however, in accordance with the additional agreement of November 29, 2021 No. 5 to the contract of January 26, 2015 No. 56-01885B/14, the commissioning of the project was postponed to 2022.

Location

Inta District
the Republic of Komi

Implementation period

2015-2022

Commissioning

2022

Construction of 110 kV SS

Prionezhskaya

Project description

The project is implemented within the long-term development schemes and programmes for the power industry of the Republic of Karelia for the period up to 2025 in the Prionezhsky District of the village of Shuya. The cost of the construction project is RUB 0.64 bln inclusive of VAT. Commissioning of the facility is scheduled for Q4 2024.

Location

Prionezhsky District
the Republic of Karelia

Implementation period

2013-2025

Commissioning

Q4 2024

Construction of two 110 kV OLs from the newly installed cells of 110 kV SS 110/10 kV No. 35 to the Applicant's 110/10 kV GPP, Murmansk Region, near the Olenegorsk town

Project description

The project is implemented under the agreement for technological connection with the Ministry of Defence of the Russian Federation. The total cost of the project is RUB 0.51 bln inclusive of VAT. Commissioning is scheduled for Q2 2022.

Location

Olenegorsk
Murmansk Region

Implementation period

2020-2022

Commissioning

Q2 2022

Renovation of 110/10 kV Krasnozatskaya SS: replacement of 2x10 MVA power transformers with 2x16 MVA ones.

Project description

The project is being implemented to improve the reliability of consumers, as well as to enable the technological connection of new consumers in Syktyvkar and the south of the Komi Republic. The cost of the renovation project is RUB 0.5 bln inclusive of VAT. Commissioning of the facility is scheduled for Q4 2023.

Location

the Republic of Komi

Implementation period

2019-2024

Commissioning

Q4 2023

Key projects on power losses reduction



Reduction of power losses

2. Modernization of IT infrastructure and development of technological automated information analytical systems for the formation of electricity transmission volumes and analysis of electricity balances (AIS "Electricity Transport" and (TL DPS on the "Grid Pyramid" platform), including:

Introduction of new technologies for planning, quality control and processing of the results of work on the maintenance of electricity metering systems using the mobile version of the AIS "Transport of Electricity" (AWP "Dispatcher", AWP "Controller").
Integration with the consumer's personal account (CPA) in terms of the functions of receiving meter readings from consumers or applications for verification, installation and admission of meters into operation.
Integration with external systems (asset management system, technological connection system) in terms of the efficiency of updating consumer databases and network schemes.

1. Implementation of projects to create automated intelligent electric power metering systems, including:

By attracting private investments

In 2020-2021, the Company allocated investments to implement measures to equip branches with a high level of losses with power metering systems in the distribution network areas – RUB 709.2 mln exclusive of VAT. In 2021, the total number of replaced smart commercial electric power metering devices amounted to 187.822 thousand meters.

In 2022, the Company plans to attract funds in the amount of RUB 0.7 bln inclusive of VAT for the implementation of measures to equip the Company's branches with a high level of losses with power metering systems in the distribution network areas, and reduce losses by RUB 488.8 mln exclusive of VAT.

As part of the Company's investment activities

The approved investment program of Rosseti North-West, PJSC for 2022-2025 (order of the Ministry of Energy of Russia No33@ dated December 24, 2021) provides for the implementation of projects for the installation of smart power meters, including projects aimed at fulfilling the requirements of the Federal Law dated December 27, 2018 No. 522-FZ "On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Development of Electric Energy (Power) Metering Systems in the Russian Federation", it is planned to install 207.7 thousand pcs of smart power meters with the total amount financing of RUB 5 bln inclusive of VAT. For 2022, it is planned to install 20.5 thousand smart electricity meters with the total amount of financing of RUB 0.7 bln inclusive of VAT.

In 2021, 28,895 thousand smart commercial electric power metering devices in total were installed and replaced, including 21,990 thousand smart power meters installed and replaced as part of the implementation of the requirements of Federal Law No. 522-FZ dated December 27, 2018.

3. Advanced training and retraining of personnel in accordance with modern requirements and challenges

- The introduction into practice of performing work with electricity losses of mobile tablet devices, new types of power metering devices for monitoring the correctness of switching on and accuracy of operation, as well as new models of smart metering devices and data collection and transmission devices requires constant improvement of the level of theoretical knowledge of personnel and practical skills in using modern technical means and applied software.
- Rosseti North-West, PJSC is constantly working to improve the level of competence of operational staff in electricity metering. Personnel training programs have been developed and are being implemented, competitions of professional skills of personnel in electricity metering have been organized on an ongoing basis.
- In the context of the development of smart electricity metering technologies, the methods of electricity theft used by unscrupulous consumers are also being improved. The Company carries out their constant monitoring, generalization, and introduction into the practice of advanced methods of combating "charged metering devices"*.

* Charged metering device is an electricity metering device, whose design (scheme) is intentionally modified, which is not authorized by the manufacturer, in order to distort the volume of electricity accounted for.

Key performance indicators

Achievement of the Company's priority development goals is assessed using the key performance indicators (KPI) system.

The system of the General Director's KPIs was established based on the following documents:

- Clause 15.1 of Article 15 of the Company's Articles of Association;
- Decision of the Company's Board of Directors dated December 08, 2020 (Minutes of December

08,

2020)

No.382/18).

Target values of key performance indicators were approved by the decision of the Company's Board of Directors dated February 24, 2021 (Minutes No. 387/23 dated February 24, 2021).

In accordance with the above decisions of the Company's Board of Directors, the following list of key performance indicators was established in 2021:

KPI description	Calculation procedure
Total shareholder return	Comparison of accrued dividends of the reporting year with the average value of a similar indicator of the previous three years and with the value provided by the business plan of the Company
Return on invested capital	Ratio of profit before taxes and interest to the amount of capital, long-term loans and borrowings
Profit from operating activities (EBITDA)	Section 1. Increase in the actual EBITDA ratio year-on-year at least in line with the average annual tariff growth rate Section 2. In case of a failure to meet the indicated condition, the achievement of the EBITDA ratio is assessed in respect to the target ratio estimated on the basis of the approved business plan
Reduction in unit operating expenses (costs)	Reduction in the ratio of unit operating expenses to the volume of serviced equipment (c.u.) in the reporting year compared to the level of the previous year
Power losses level	Ratio of electricity release to the grid minus electricity released from the grid and consumption for business needs to the release to the grid minus internal power exchange balances
Labour productivity improvement	In accordance with the Order No. 748 of the RF Ministry of Economic Development of December 28, 2018: ratio of value added to the number of insured persons
Efficiency of innovation activities	Integral indicator of efficiency of innovation activities evaluates the degree of fulfillment of three composite indicators: R&D costs, innovative product procurement, quality of FEED development (actualization)/implementation
Reduction in accounts receivable	Reduction in the actual value of overdue accounts receivable for all SDCs (excluding moratorium and restructured debts, as well as debts of counterparties with no status as a wholesale electricity market participant and/or guaranteed supply company)
Compliance with technological connection deadlines	Composite indicator that evaluates the quality of the technological connection to the network of PJSC ROSSETI SDCs, consisting of three components: TC application processing quality; quality of execution of contracts on the TC of applicants, compliance with the antimonopoly laws of the Russian Federation
Debt/EBITDA	Section 1. Assessed using the results of achieving the required proportion of debts to the EBITDA value. If the Company is financially stable, the target is ≤ 3.0 . Otherwise, the improvement must be at least 10% compared to the actual values of the previous year but not less than 3.0. Section 2. If this condition is not fulfilled, the achievement of the planned debt/EBITDA value calculated using the approved business plan is assessed
Compliance with the commissioning schedule	The proportion between the total actual fixed asset acceptance for accounting (in monetary terms applied to completed facilities accepted as fixed assets in the reporting year with quarterly breakdown) to the planned value according to the approved Company investment programme and its implementation schedules
Readiness for operation in the heating season	The indicator assessing the Company's readiness for operation in the heating season based on the monthly monitoring of Russia's Ministry of Energy
Implementing the Company's Development Plan	The bonus reduction indicator calculated depending on the number of the Company Development Plan actions approved by the Board of Directors of PJSC ROSSETI that were not fulfilled during the reported period

Achievement of the reliability level of rendered services	The indicators of the average duration of power outages per point of delivery and the average frequency of power outages per point of delivery (SAIDI, SAIFI), as well as the number of major accidents against the annual average values for 3 years
Zero occupational accidents	The number of the Company's employees injured in accidents (minor, severe or fatal) in the reporting year due to officials' failure to perform their duties

KPI targets and performance results

Indicators set	Weight in the bonus system for 2021, %	Actual value 2020 // assessment of achievement for 2020	Target value for 2021	Actual value 2021 ⁸ // % to the actual value of 2020 ⁹	Assessment of achievement for 2021 // reasons for deviation	Target value for 2022
Total shareholder return	10	0 rubles (<the average value for three years)// not achieved; 0 rubles (< the value approved by the business plan) // not achieved	≥ the arithmetic average amount of funds allocated to pay 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 provided for paying dividends in the reporting period, in accordance with the Company's business plan	The indicator achievement will be assessed following the decisions of the General Meeting of Shareholders of the Company concerning the distribution of Company profits according to the results for 2021		≥ the arithmetic average amount of funds allocated to pay 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 provided for paying dividends in the reporting period, in accordance with the Company's business plan
Return on invested capital	20	97% // achieved	≥ 95.0%	310% // 320%	achieved	≥ 95.0%
Profit from operating activities (EBITDA)	15	attained // achieved	attained	attained //100%	achieved	attained
Reduction in unit operating expenses (costs)	10	6.7% // achieved	≥ 2%	7.2% // 107%	achieved	≥ 2%
Power losses level	10	6.2% // achieved	≤ 6.11%	6.51% // 95%	Not achieved // ⁻¹⁰	≤ 6.05%
Labour productivity improvement	5	2.07% // achieved	≥ 5%	16.26% // ⁻¹¹	Achieved	≥ 10%

⁸ For 2021, the expected level of KPI achievement is given, taking into account the timing and procedure for reporting, which is the source of data for calculating KPIs. The resulting actual values are approved by the Board of Directors of Rosseti North-West, PJSC.

⁹ The comparison of the expected values for 2021 is performed using the target values for 2021 and the actual results for 2020 for the indicators with comparable calculation methods.

¹⁰ The factors that contributed to the failure to achieve the set value for the indicator "Power losses level" in the current year were as follows:

- The actual power losses level for 2021 was higher than the planned value.
- An increase in actual losses for the amount of power loss disputes settled in the current year other than in favor of the Company for the preceding years.

¹¹ No comparison is made due to changes in the KPI calculation methodology.

Efficiency of innovation activities	20	97% // achieved	$\geq 90\%$	- ¹²		$\geq 90\%$
Reduction in accounts receivable	10	98% // achieved	$\leq 100\%$	100% // 98%	Achieved	$\leq 100\%$
Compliance with technological connection deadlines	-10	1.1 // achieved	\leq the actual indicator value for the previous year multiplied by 0.85 but no less than 1.1 (1.1)	1.4% // 78%	Not achieved //- ¹³	\leq the actual value of the indicator for the previous year multiplied by 0.85, but not less than 1.1
Debt/EBITDA	-10	attained // achieved	attained	attained //100%	achieved	attained
Compliance with the commissioning schedule	-10	Q1 96%; Q2 101%; Q3 90%; Q4 86% Year 94% // not achieved	$\geq 90\%$ (in each quarter)	Q1 118%//123% Q2 110%//108%; Q3 83%//92%; Q4 91%//105% Year 95%//101%	Not achieved//- ¹⁴	$\geq 90\%$ (in each quarter)
Readiness for operation in the heating season	-10	Concurrently: 1) 0.98 2) failure to achieve the set value for the specialized indicator // achieved	Concurrently: 1) $\geq 0.95\%$ 2) Failure to achieve the set value for the specialized indicator “Some Unfulfilled Actions to Ensure the Readiness of a Power Industry Entity”	Concurrently: 1) 0.95 2) attained //97%	achieved	Concurrently: 1) $\geq 0.95\%$ 2) Failure to achieve the set value for the specialized indicator “Some Unfulfilled Actions to Ensure the Readiness of a Power Industry Entity”
Implementation of the Company’s Development Plan	-70	not set	not set	not established ¹⁵		not set
Achievement of the reliability	-10	Concurrently: 1) 0.80; 0.92	Concurrently: 1) $K_i \leq 1$	Concurrently: 1) 1.67; 1.19	Achieved in view of the objective factors //- ¹⁶	Concurrently: 1) $K_i \leq 1$

¹² KPI “Efficiency of innovation activities” KPI results will be presented in a separate decision of the Board of Directors of the Company in accordance with the Methodology for Calculating and Assessing the Achievement of KPIs for the General Director of PJSC ROSSETI on 08/12/2020 (approved by the Board of Directors dated 11/12/2020 (Minutes No. 382/18).

¹³ Failure to achieve the set value is due to the following reasons:

- Failure to provide the required funding source to cover the need for occupational therapy in 2021. The additional funding source for occupational therapy was agreed upon with a significant delay (from September 2021) which resulted in the failure to use this additional source in its full extent in 2021.

- Violation of the current legislation by the Committee on Tariffs and Energy of the Pskov Region and the Committee on Tariff Policy of the Novgorod Region (hereinafter referred to as the Committees), when setting tariff and balance decisions for 2021 including the shortfall in income, as well as when setting technological connection fees for 2021. The Company initiated legal proceedings to amend the relevant Resolutions. As of January 3, 2022, the courts of first instance have ruled in favor of all cases, while appeals from the Committees on the revenue shortfall are pending in the Court of Appeals;

- Untimely delivery of power meters (PM) due to the long approval of the purchase by the Central Procurement Commission (CPC) (delivery of PM in excess of the approved IP began in December 2021);

- Adverse weather conditions, which caused massive damage of the power grid facilities in the operations area of Rosseti North-West, PJSC, a significant number of cases of introducing High-Alert (HAM) and Special Operation (SOM) Modes, and the diversion of all personnel to perform recovery work.

¹⁴ Failure to achieve the target indicator “Compliance with the commissioning schedule” is due to the following reasons:

- Failed technical design assignment (lack of potential contractors and suppliers);

- Prolonged technical design assignment for the supply of metering devices (due to the high load of manufacturers).

¹⁵ The target value is not set because the Company has no Development Plan for 2020, 2021.

¹⁶ Failure to achieve the indicator “Achievement of the reliability level of services rendered” is due to a general increase in the accident rate in 2021 as a result of measures taken by Rosseti North-West, PJSC to upgrade the system for recording outages of electric power grid facilities (reducing the number of unreported technological disturbances) and to improve the

level of rendered services		2) No significant deterioration in the indicators set by the tariff regulation authorities 3) 0 (Zero increase in major accidents) // achieved	2) No significant deterioration in the indicators set by the tariff regulation authorities 3) Zero increase in major accidents	2) No significant deterioration in the indicators set by the tariff regulation authorities 3) 0 (Zero increase in major accidents)		2) No significant deterioration in the indicators set by the tariff regulation authorities 3) Zero increase in major accidents
Zero occupational accidents	-10	Concurrently: 1) 0 casualties; 2) 0 // achieved	Concurrently: 1) Not more than two casualties; 0	Concurrently: 1) 1 casualty; 2) 2	Not achieved // ¹⁷	Concurrently: 1) Not more than two casualties; 0

The Company's system of key performance indicators correlates to the variable part of the management remuneration – each of the indicators has a specific weight in the amount of incentives paid, quarterly and annual bonuses are paid on condition of the respective KPI achievement.

transparency and management of technological processes and the reliability of recorded parameters used to calculate indicators of the reliability level for services rendered. Moreover, growth of the power supply reliability indicators in 2021 as compared with 2020 was influenced by the events (SOM) that occurred in the Pskov branch in January 2021, the Novgorod and Pskov branches in May-June and October-December 2021 due to adverse weather conditions, which resulted in consumer power supply interruptions due to technological disturbances.

¹⁷ Due to 3 accidents caused by officials' failure to perform their duties, two of which were fatal

Performance results

Investment activities



Cost and physical parameters of investment activity [GRI 103-3]

	2019	2020	2021 (target)	2021 (actual)	2022 (target)
Financing, RUB mln (inclusive of VAT)	5,534	4,973	5,830	5,266	5,527
Implemented capital investments, RUB mln (exclusive of VAT)	4,832	4,224	5,804	4,720	4,871
Commissioning of fixed assets, RUB mln (exclusive of VAT)	4,892	4,111	6,427	3,856	5,108
Commissioning of fixed assets, transformer capacity, thsd MVA	179	159	84	83	77
Commissioning of fixed assets, power lines	1,316	1,113	989	858	960

In 2021, the investment program of Rosseti North-West, PJSC was developed taking into account the aims and objectives of the Unified Technical Policy in the Power Grid System and approved by Order of the Russian Ministry of Energy of December 24, 2021 No. 33@.

[GRI 103-2] Company annually builds new and renovates existing power grid infrastructure facilities. Particular attention is paid to modernization and improvement of the power grid infrastructure reliability to ensure uninterrupted power supply to consumers. In order to improve the investment efficiency, the Company carries out supervision of reconstructed and constructed facilities, including independent supervision with the involvement of contracting organizations for 35–110 kV facilities. Simultaneously, the Company monitors that the actual unit investment expenses do not exceed the planned levels. So, in 2021, with the target index of unit investment expenses reduction being ≤ 1 , the actual index was 0.96.

Parameters of investment activities

The investment programme of Rosseti North-West, PJSC was developed for the period 2016–2025 in line with the aims and objectives of the Unified Technical Policy in the Power Grid System and was approved by Order of the Russian Ministry of Energy No. 906 dated November 30, 2015, as amended by Order of the Russian Ministry of Energy No. 33@ dated December 24, 2021 in terms of the planning period 2021–2025.

Capital investments financing breakdown for 3 years, RUB mln incl. VAT

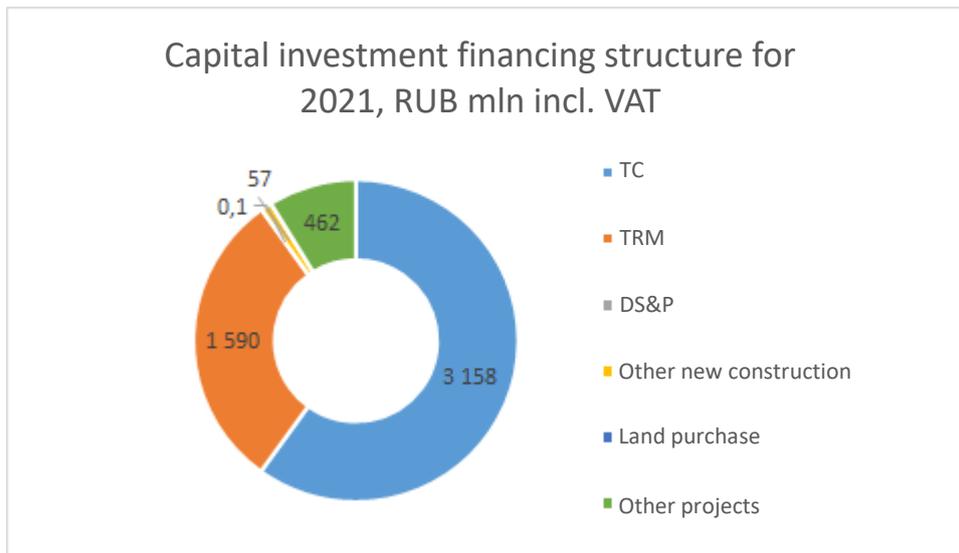
	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Technological connection	2,631	2,763	3,231	3,158	1,842
Renovation, modernization, technical re-equipment	1,729	1,639	2,078	1,590	2,904
Investment projects conditioned by the power industry long-term development schemes and programmes	204	46	11	0.1	0.1
Other new construction of power grid facilities	18	6	65	57	60
Purchase of land plots for the purposes of investment projects implementation	-	-	-	-	-
Other investment projects	952	518	445	462	722
Total	5,534	4,973	5,830	5,266	5,527

In 2019–2021, the Company’s investment programme was mostly financed from the entity’s own funds (the share of borrowed funds amounted to 2.9% in 2019, 8.5% in 2020 and 23.1% in 2021).

Sources of the Company’s investment programme financing for 3 years, RUB mln

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Sources of the investment programme financing, total including:	5,534	4,973	5,830	5,266	5,527
Own funds total, including:	5,374	4,547	4,566	4,051	4,505
Profits allocated to investments	849	662	1,043	712	413
Fixed assets depreciation	3,793	3,134	2,276	2,159	2,835
VAT refund	549	425	379	448	758
Other own funds	184	325	868	733	500
Borrowed funds	160	425	1,264	1,215	1,022

Overall, the total financing of Rosseti North-West, PJSC increased by 5% in 2021 as compared to 2020.



In the total financing, 60% was allocated for technological connection projects, 30% — for technical re-equipment and renovation, 9% — for other IP projects, 0.002% — for investment projects, the implementation of which was conditioned by long-term development schemes and programs for the power industry, and 1% — for other new power grid facilities construction.

While the total amount of the Company financing increased by 6% in 2021, the share of financing allocated to technological connection projects increased from 56% to 60% due to the necessity to implement preferential technological connection contracts in 2021. At the same time, the share of financing allocated to technical re-equipment and renovation projects (hereinafter — TR&R) in 2021 decreased from 33% to 30% as compared with the previous year. At the same time, in 2021 the share of financing for other IP projects decreased from 10% to 9% as compared with the previous period.

The Company has no investment projects implemented with contributions from the federal budget in its investment programme.

Results of the investment programme implementation in 2021

[GRI 103-3] Information on the results achieved in 2021 due to the implementation of projects included in the investment programme, in accordance with the Order of the Russian Ministry of Energy No.177 dated March 14, 2017:

- estimate of the changes in the average duration of the consumer power supply interruption — -1.656318;
- estimate of the changes in the average frequency of the consumer power supply interruption — -0.635938;
- total number of technological connection obligations fulfilled under the investment programme of the grid company — 14,894;
- maximum capacity of the connected electric power consumers, power generating facilities, power grid facilities owned by other grid companies or other persons — 259.80 MW.

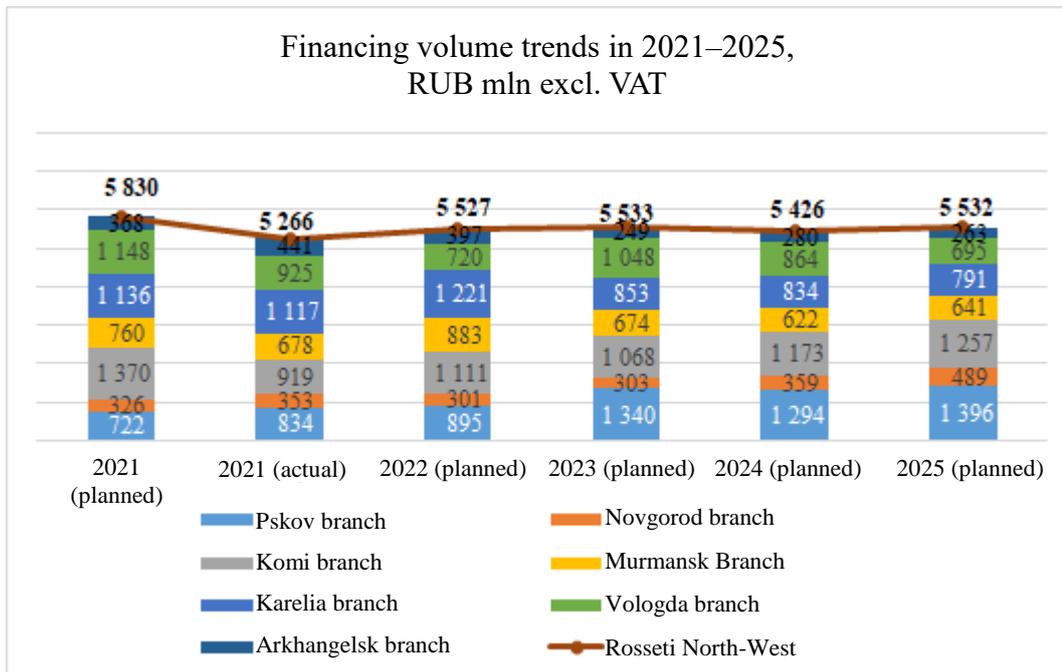
Long-term investment programme

The long-term investment programme of Rosseti North-West, PJSC for the period 2016–2025 was approved by the Order of the Russian Ministry of Energy No. 906 dated November 30, 2015, as amended by the Order of the Russian Ministry of Energy No. 33@ dated December 24, 2021¹⁸.

The investment program is designed in line with the plans of territorial development, the technical condition of power grids, the significance of power supply facilities and the current trends in the economic development of the Russian Federation. The decisions taken during the development of the investment programme meet the aims and objectives of the Unified Technical Policy of the Power Grid System and the applicable legislation.

The Company’s investment activities are aimed at enhancing reliability and performance improvement of the power grid system, as well as reducing grid losses. Achievement of the investment goals will enable the Company to reduce operating expenses, provide extra capacities for connecting new consumers, and eliminate power shortage.

Capital investment dynamics



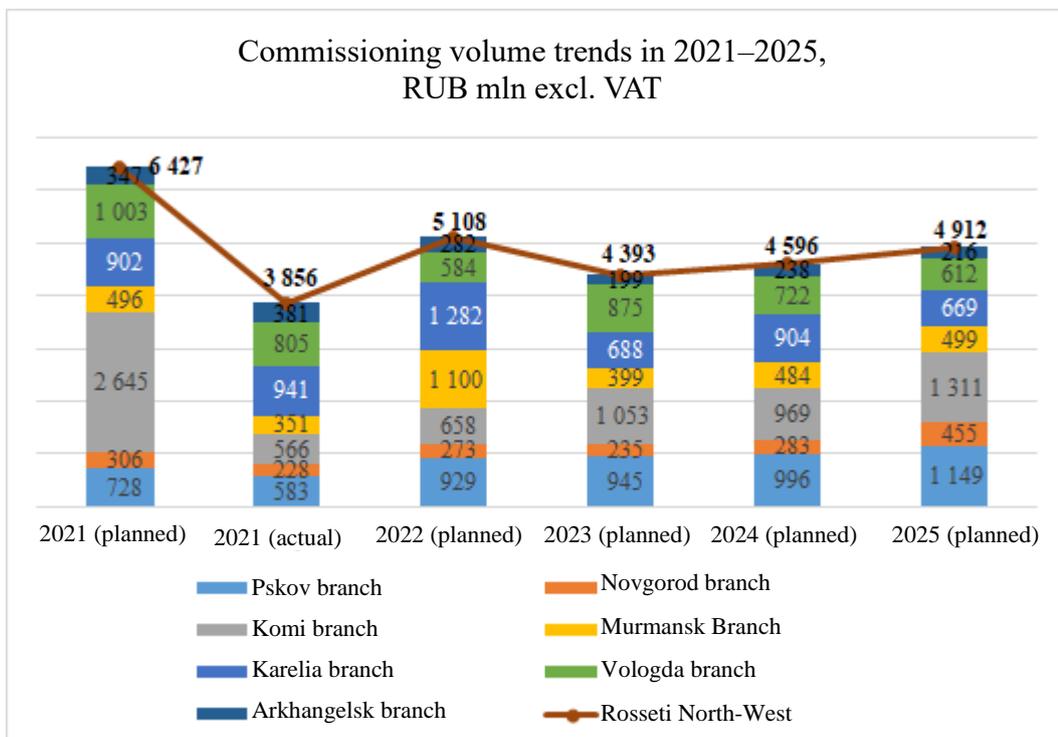
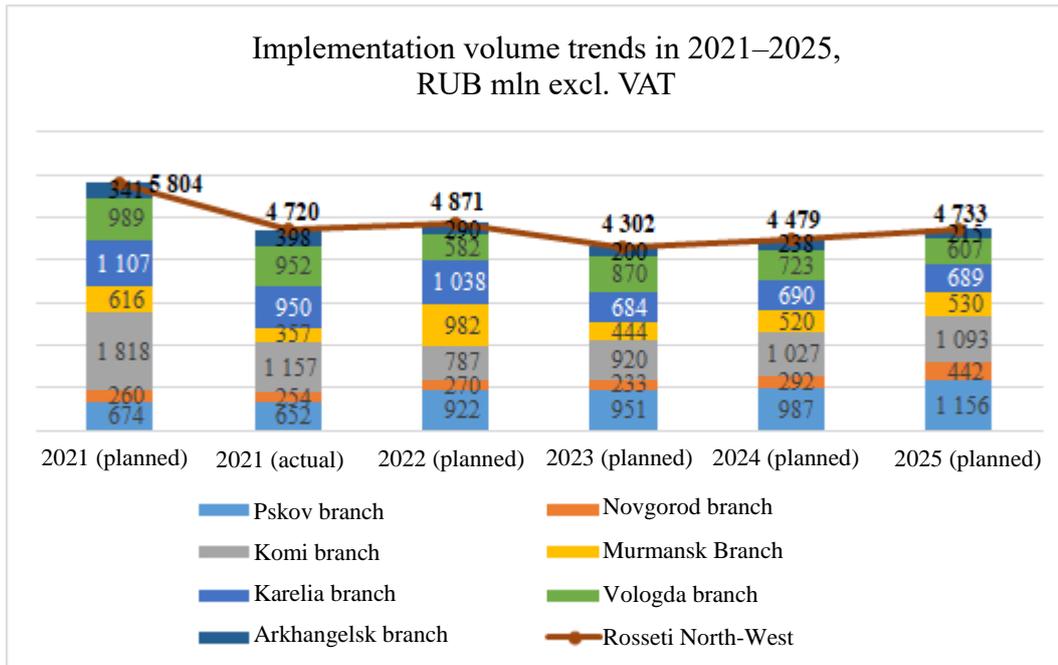
Sources of financing of the Company’s investment programme for 2022–2025 were formed based on the tariff and balance decisions of the tariff regulation authorities of the constituent entities of the

¹⁸ Information on the key projects of IDGC of North-West, PJSC is provided in Annex 6 to the full version of the Annual Report available on the Company’s web-site <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

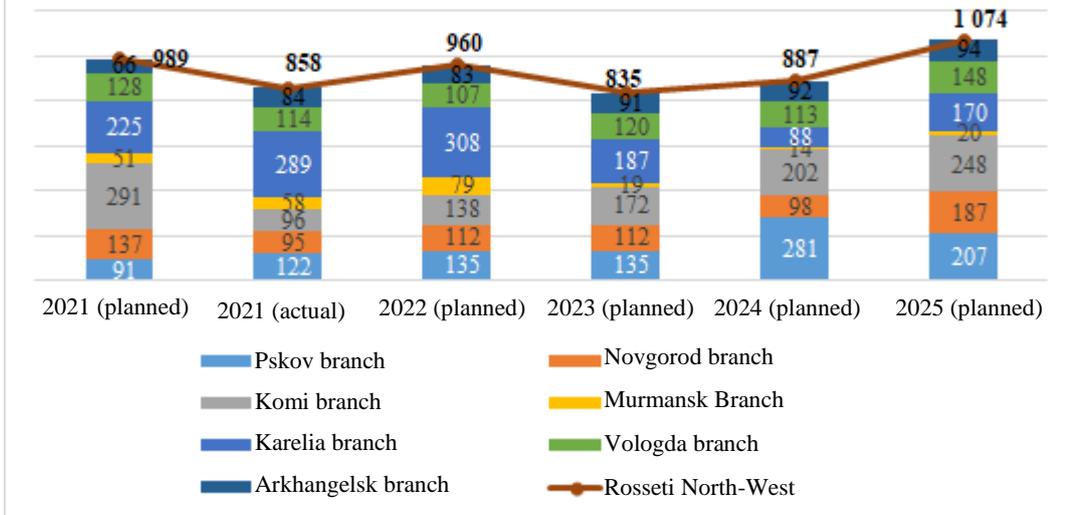
Russian Federation being the Company’s operations area, taking into account the financial standing of Rosseti North-West, PJSC.

Financing of the long-term investment programme in 2022–2025 is planned in the amount of 22 RUB bln.

The largest financing volume of 13.5 RUB bln is directed to the renovation, modernization, technical re-equipment of fixed assets, including 5 RUB bln for the installation of metering devices as per the Federal Law No. 522-FZ dated December 27, 2018. Financing of technological connection is determined by the existing requests of consumers, as well as the forecast until 2025 and amounts to 5.5 RUB bln. The remaining financing in the amount of 3 RUB bln is intended to implement investment projects of new construction and purchase equipment and vehicles.



Power lines commissioning volume trends in 2021–2025, km



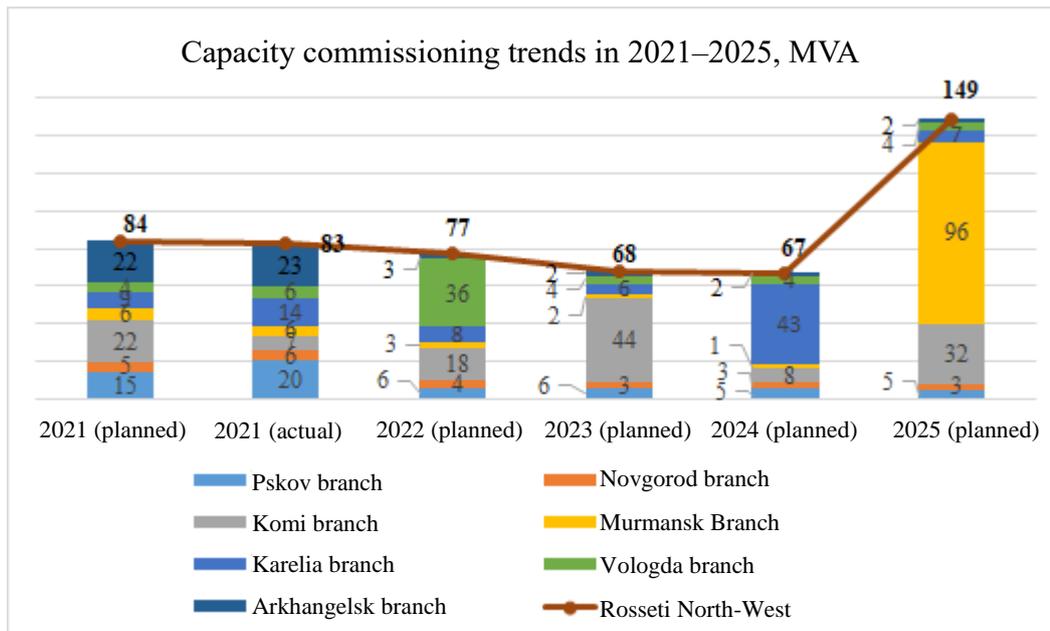
The total volume of power lines commissioning in the planning period 2022–2025 is planned at 3,757 km. The main activities related to the power lines commissioning are those for the preferential technological connection with a total volume of power lines commissioning at 2,492 km and for the wire replacement with SSIW with the commissioning volume at 976 km.

The increase in the length of power lines to be commissioned in 2022 vs. 2023–2024 is due to the launch of the following investment projects scheduled in the approved investment programme:

- construction of two 110 kV OLs from the newly installed cells of 110 kV SS 110/10 kV No. 35 to the Applicant’s 110/10 kV GPP, Murmansk Region, near the Olenegorsk town (TC Contract No. 43-004442/18 dated August 19, 2019 with the Ministry of Defence of the Russian Federation) (approximate length of 110 kV — 26 km);
- renovation of 150 kV OL No. L-163/164 with circuits distributed between poles No. 79-92, 113-131, 302-306, 338-341 in Verkhnetulomsky urban settlement and Zapolyarny town (10.56 km);
- renovation of 110 kV OL No. L-151 SS No.44 Kotozero — SS No.45 Chupa with replacement of wood poles with metal ones, conductor and ground wire, as well as with widening of OL route along the entire length of the OL, the line length — 10,224 km, the routes’ widening — 30.83 ha.

Also, significant fluctuations in the length of power lines to be commissioned by branch over the period 2022–2025 are due to the start-up of projects of wire replacement with SSIW:

- 256 km in 2022;
- 143 km in 2023;
- 215 km in 2024;
- 362 km in 2025.



The total volume of transformer capacity for commissioning in the planning period 2022–2025 is planned at 361 MVA.

The increase in the transformer capacity for commissioning in 2022 at the Vologda branch relates to the scheduled launch of the investment project implemented under technological connection contract No. 26-04407V/19 dated April 24, 2020, concluded with Plitwood LLC:

- Renovation of 110/10kV SS Vokhtoga substation in the Gryazovetsky District: replacement of 2x10 MVA power transformers with 2x16 MVA ones.

The increase in the transformer capacity commissioning volumes in 2023 at the Komi branch relates to the scheduled launch of the priority investment project:

- Renovation of 110/10 kV Krasnozatskaya SS No.335 (32 MVA).

The increase in the transformer capacity for commissioning in 2024 at the Karelia branch relates to the scheduled launch of the priority investment project:

- Construction of 110 kV Prionezhskaya SS (32 MVA).

The significant increase in the transformer capacity for commissioning in 2025 at the Murmansk and Komi branches relates to the scheduled launch of the following investment projects:

- Renovation of 35/6 kV SS No. 335 (32 MVA);
- Technical re-equipment of 150/10 kV SS No. 11A (63 MVA);
- Technical re-equipment of 110/35/6 kV Knyazhpogost SS (16 MVA).

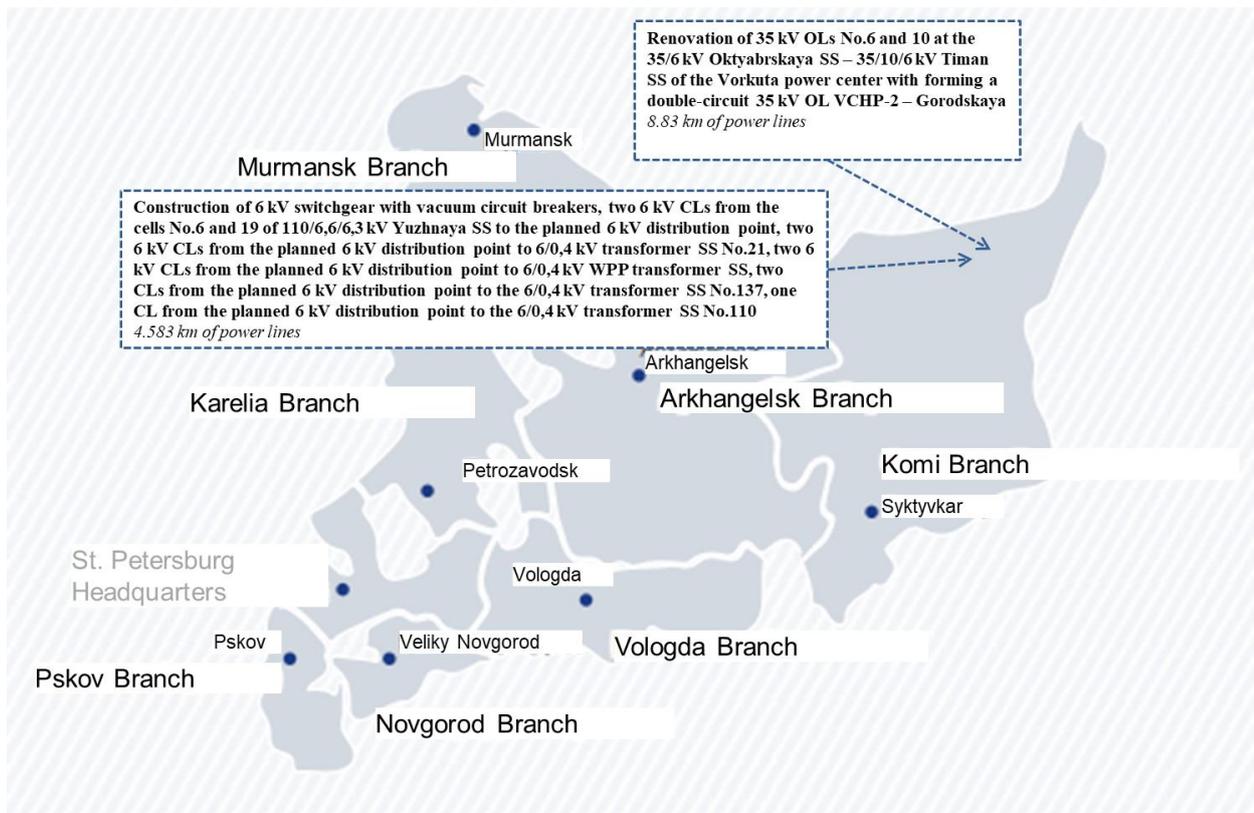
Priority investment projects completed in 2021¹⁹

Implementing the Decree of the Government of the Russian Federation No. 468 dated June 21, 2010 “On the procedure of construction compliance monitoring in building, renovation and overhaul of capital construction facilities”, the Company performs construction control to certify that the works performed during building, renovation and overhaul of capital construction facilities comply with the requirements of the design documentation, technical regulations, site development plans, engineering survey findings.

In 2021, the independent construction control covered 26% of the capital construction projects under the Company’s investment programme.

¹⁹ The capital construction quality assurance report is included in Annex 7 to the full version of the Annual Report available on the Company’s web-site <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

In accordance with the Company’s investment programme, the following key projects were completed in 2021:



[GRI 203-1] In 2021, the Company commissioned 2 priority facilities:

- Renovation of 35 kV OLS No.6 and 10 at the 35/6 kV Oktyabrskaya SS – 35/10/6 kV Timan SS of the Vorkuta power center with forming a double-circuit 35 kV OL VCHP-2 – Gorodskaya (8.83 km) to decommission Vorkutinskaya CHP-1 of Vorkuta CHP LLC (Vorkuta, Komi Republic)

- Construction of 6 kV switchgear (1 pcs.) with vacuum circuit breakers (10 pcs.), two 6 kV CLs from the cells No.6 and 19 of 110/6,6/6,3 kV Yuzhnaya SS to the planned 6 kV distribution point (2 km), two 6 kV CLs from the planned 6 kV distribution point to 6/0,4 kV transformer SS No.21 (1 km), two 6 kV CLs from the planned 6 kV distribution point to 6/0,4 kV WPP transformer SS (0.8 km), two CLs from the planned 6 kV distribution point to the 6/0,4 kV transformer SS No.137 (0.05 m), one CL from the planned 6 kV distribution point to the 6/0,4 kV transformer SS No.110 (0.5 km) to decommission Vorkutinskaya CHP-1 of Vorkuta CHP LLC

The fixed assets commissioning amounted to 260,679 RUB mln, and 13,413 km of power lines were put into operation. The facilities were completed in the Komi branch of Rosseti North-West, PJSC as part of the decommissioning of Vorkuta CHP-1 of Vorkuta CHP LLC to provide reliable power supply to consumers in the Vorkuta power district.

Power transmission and losses²⁰



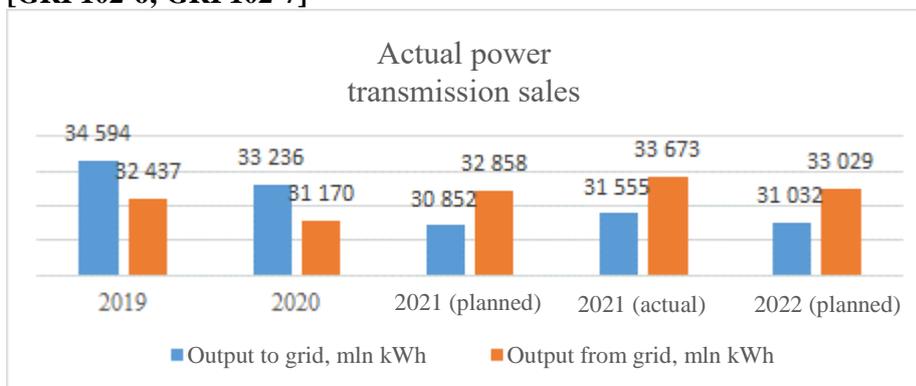
Key performance indicators

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Output from grid, mln kWh	32,437	31,170	30,852	31,555	31,032
Output to grid, mln kWh	34,594	33,236	32,858	33,673	33,029

Power transmission services sales volume²¹

In 2021, the volume of power output from the grid to consumers and related LGOs within the balance and operational responsibility totalled 31,555 mln kWh, which is 384.5 mln kWh (or 1.23%) higher than in 2020 (31,170 mln kWh).

[GRI 102-6; GRI 102-7]



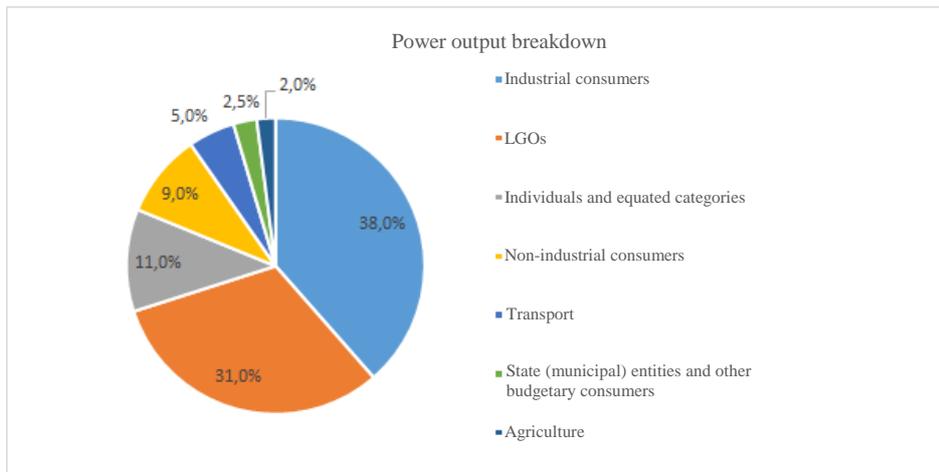
The main factors affecting the growth in consumption (supply from the grid) within the Company's balance inventory scope excluding the productive supply for the "common pot" by 384.5 mln kWh, or 1.23%:

- Increase in consumption due to extremely cold outside temperatures in Q1 and Q4 2021 and the removal of quarantine measures related to COVID-19 (+1,265 mln kWh, or 4.06%);
- Increase in consumption by large consumers (+109 mln kWh, +0.35%):
 - PJSC Acron (+85 mln kWh) — repair of its own generation facilities;
 - LLC Rusenergoresurs (+25 mln kWh) — growth of oil pumping volume.
- Decrease in power consumption by large consumers (-992 mln kWh, or -3.18%):
 - JSC Kola MMC (-677 mln kWh) — due to modernization of production at the mining and processing facilities in the Murmansk Region.
 - PJSC Severstal and JSC Severstal-Metiz (-201 mln kWh). In 2021, the consumer carried out a complete transfer of consumption to its own generation. Since May 2021, there has been no consumption from the Rosseti North-West, PJSC grids.
 - JSC Rusal Kandalaksha — due to lower aluminum demand (-95 mln kWh).

²⁰ Production results broken down by branch are shown in Annex 8 to the full version of the Annual Report available on the Company's web-site <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

²¹ The regulatory framework for power transmission services is available on the Company's website <https://clients.mrsksevzap.ru/regulations>

- LLC Komi Kommunalniye Technologyiy (-19 mln kWh) — due to the reduction of oil production volumes by the Lukoil Group of Companies in the Komi Republic.



Largest consumers and LGOs

Largest industrial consumers and transport

	2019 mln kWh	2020 mln kWh	2021 mln kWh
LLC Rusenergosbyt	2,080	2,008	2,080
LLC Khibinskaya Energosbytovaya Kompaniya	1,749	1,748	1,729
JSC RUSAL Kandalaksha	1,254	1,221	1,126
LLC EuroChem-Energo	821	824	839
PJSC Acron	1,048	785	871
JSC Kondopoga	498	486	516
LLC MTS Energo	414	432	427

Largest LGOs

	2019 mln kWh	2020 mln kWh	2021 mln kWh
JSC KKT	1,228	1,073	1,054
JSC Murmanskaya Oblastnaya Elektrosetevaya Kompaniya	1,087	1,026	1,062
JSC Vologdaoblenergo	1,052	1,023	1,072
JSC Novgorodoblektro	1,008	989	1,030
MUE Elektroset	334	271	318

Power losses [EU12]



Key performance indicators

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Power losses, mln kWh	2,156	2,066	2,006	2,119	1,998

Power losses in 2021 amounted to 2,119 mln kWh, or 6.29%, which is higher than in 2020 (2,066 mln kWh, or 6.22%) by 53 million kWh in absolute terms and by 0.07 p.p. in relative terms.

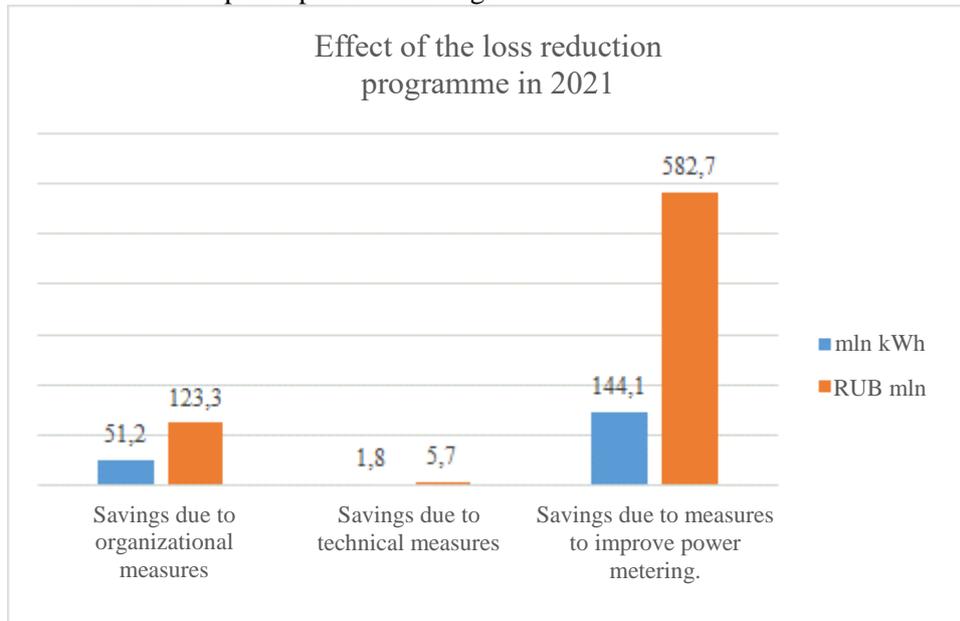
The increase as compared to 2020 indicators is caused by the growth of load losses due to a 437 mln kWh (1.31%) increase in supply to the grid caused by consumption growth (extremely cold temperatures in Q1 and Q4 2021).

Power losses reduction activities

Rosseti North-West, PJSC is implementing the 2021 and 2025 Programs of Measures to Reduce Power Losses in the grid facilities of Rosseti North-West, PJSC as a matter of priority.

[GRI 302-4] The implementation of the power loss reduction programme in 2021 resulted in saving 197 mln kWh (711.7 RUB mln in value terms) due to:

- organizational measures;
- technical measures;
- measures to improve power metering.



Technological connection²²



More than 17 thousand facilities were connected to power networks in 2021

Total capacity — 386 MW

The number includes medical facilities, kindergartens, schools, cultural facilities, boiler houses

Key performance indicators

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Capacity connected, MW	450	356	372	386	487

Due to the COVID-19 pandemic in 2020, a number of regions introduced travel restrictions, which caused a part of the staff to be transferred to remote work. A significant number of applicants refused to visit their facilities for the actual connection, which affected the quantitative indicators of the TC contract activation in the middle of the year.

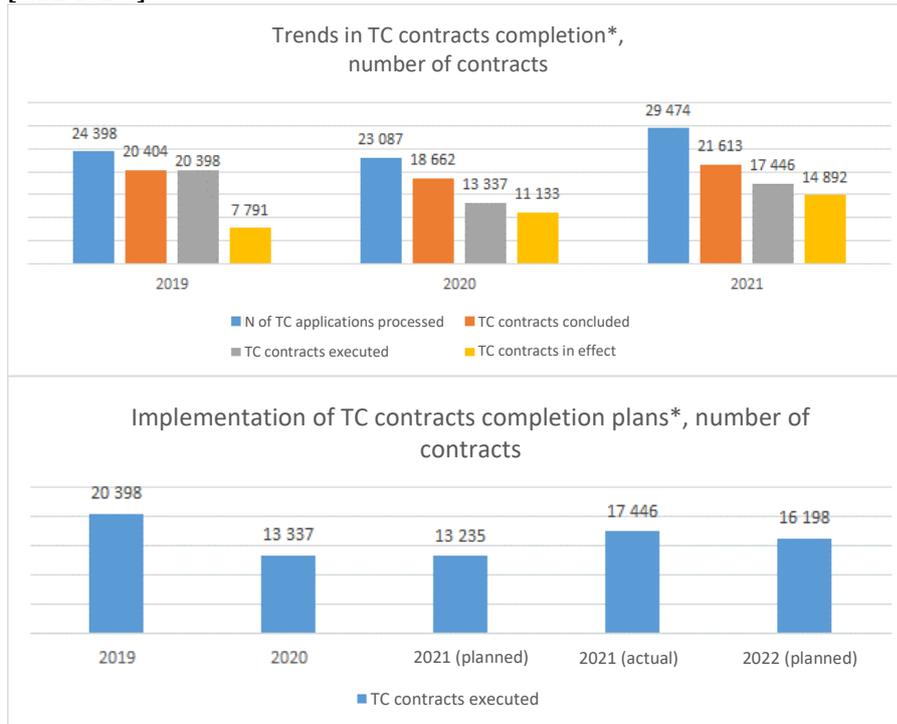
²² The methodology of tariff regulation regarding the technological connection services can be found on the Company's website: https://clients.mrsksevzap.ru/gc_commoninfo.

To eliminate the impact of the COVID-19 pandemic, large-scale measures were taken at the end of 2020 to bring the applicants' intentions up to date, obtain feedback and activate the TC contracts.

In 2021, the situation had changed, the demand for technological connection increased by 28%. The number of executed TC contracts increased by 31% compared to 2020.

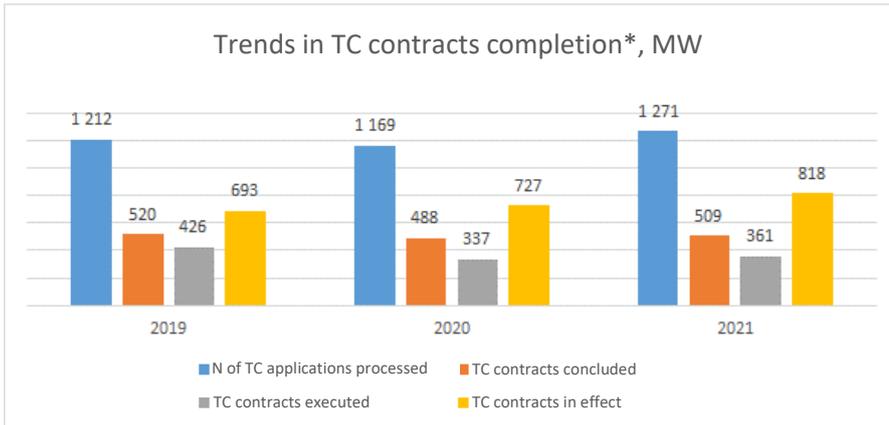
The company provides comprehensive services for connection of consumers' power receivers, power production facilities and power grid facilities to the power grids of Rosseti North-West, PJSC²³. The service includes receiving an application for technological connection, development of technical specifications, contract signing, receiving permission from the federal state energy supervision authorities for operation of the applicant's facilities, issue of connection certificate²⁴.

[GRI 102-6]



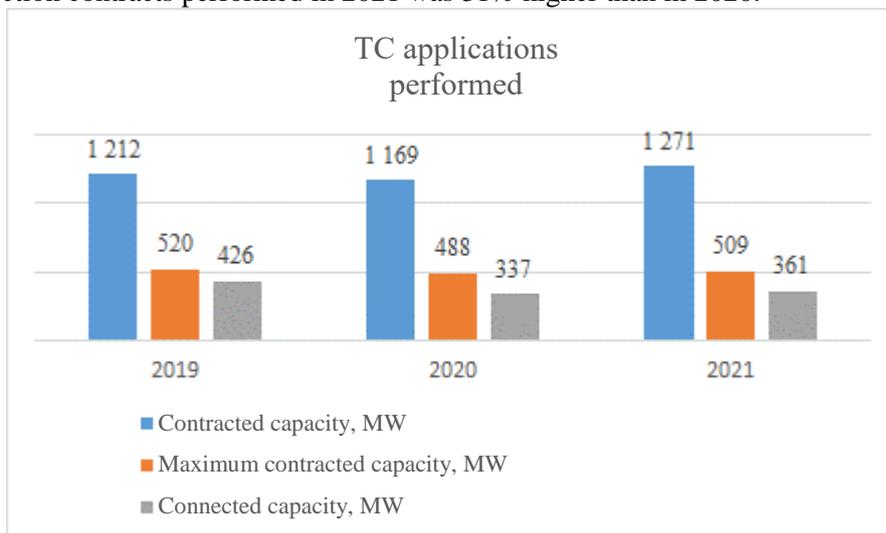
²³ The regulatory framework for technological connection activities is available on the Company's website: https://clients.mrsksevizap.ru/gc_regulations.

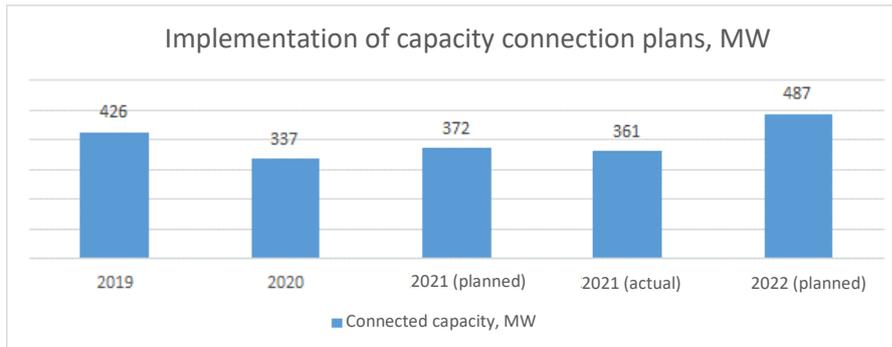
²⁴ The procedure of technological connection is available on the Company's website: https://clients.mrsksevizap.ru/gc_method.



* Net of power generating facilities.

The total number of technological connection applications received and contracts concluded in 2021 increased by 28% and 16%, respectively, compared to 2020. The number of technological connection contracts performed in 2021 was 31% higher than in 2020.





Over 2021, Rosseti North-West, PJSC connected:

- 102 medical facilities
- 40 kindergartens and schools
- 24 cultural facilities
- 14 boiler houses

As part of the implementation of the Target Model for Simplifying Business Procedures and Improving Investment Attractiveness of Constituent Entities of the Russian Federation “Technological connection to power grids” approved by Resolution No. 147-r of the Russian Government dated January 31, 2017, the following measures were taken:

- services for the conclusion of TC contracts are provided electronically through the Personal Account on the portal портал-тп.рф;
- customer offices are equipped with automated consumer workplaces with unrestricted access to the Company’s interactive platforms;
- applicants are offered to perform the technological connection operations according to the applicant’s competence using the grid organization’s resources.

By the end of 2021, the average period of technological connection activities for small and medium-sized businesses is 90 days.

The following largest socially significant facilities were connected in 2021

By the Arkhangelsk branch:

Technological connection of the kindergarten building for 220 places in the settlement of Urdoma to the State Public Institution of the Arkhangelsk region “Main Department of Capital Construction” with the capacity of 154.6 kW and LLC Stroy center with the capacity of 136 kW.

By the Vologda branch:

Technological connection of the building of the Vologda Region’s Budgetary Health Care Institution “Velikiy Ustyug Central Regional Hospital” with the capacity of 40 kW.

By the Karelia branch:

Technological connection of LLC Sigma RC sports and recreation centre with the capacity of 4,900 kW.

By the Komi branch:

Technological connection of the building of the children’s development center — Municipal Institution of Additional Education “G.A. Karchevsky Creativity Center” with the capacity of 159kW

By the Novgorod branch:

Technological connection of the building of the LLC Mezhhregiongaz Technologies multifunctional sports center with the capacity of 550 kW.

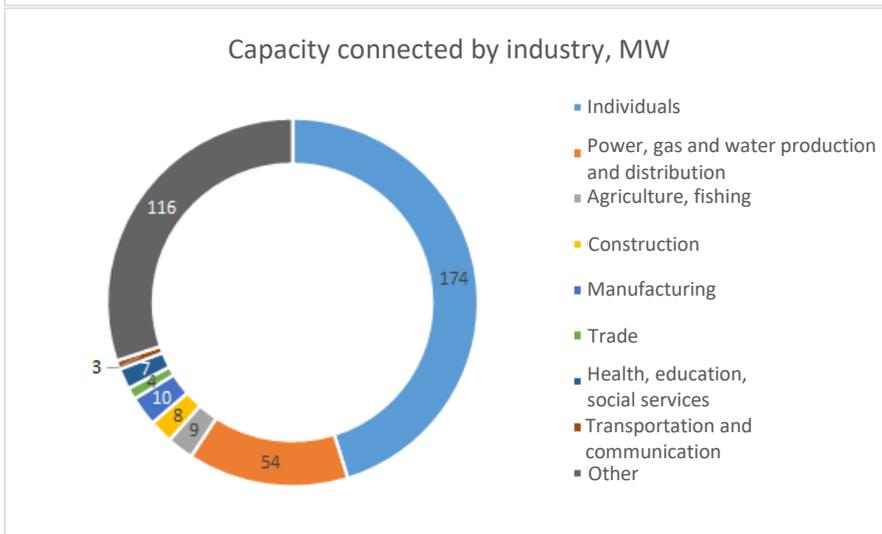
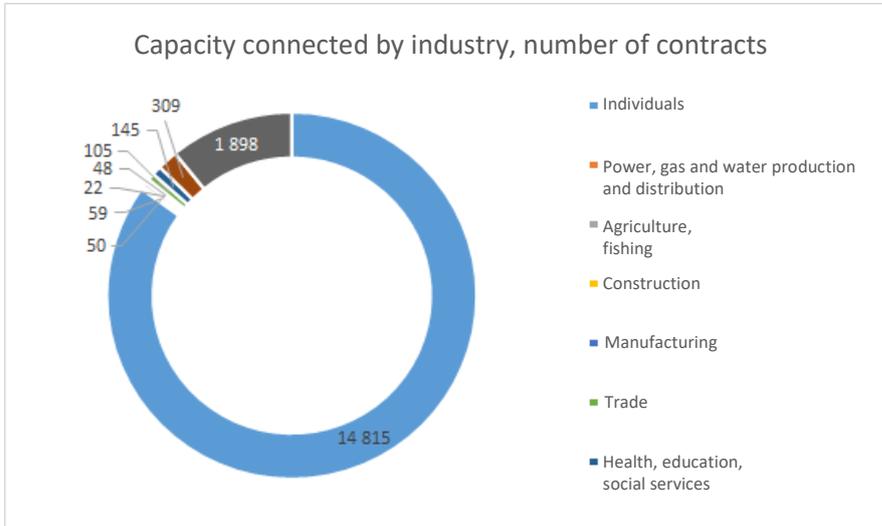
By the Pskov branch:

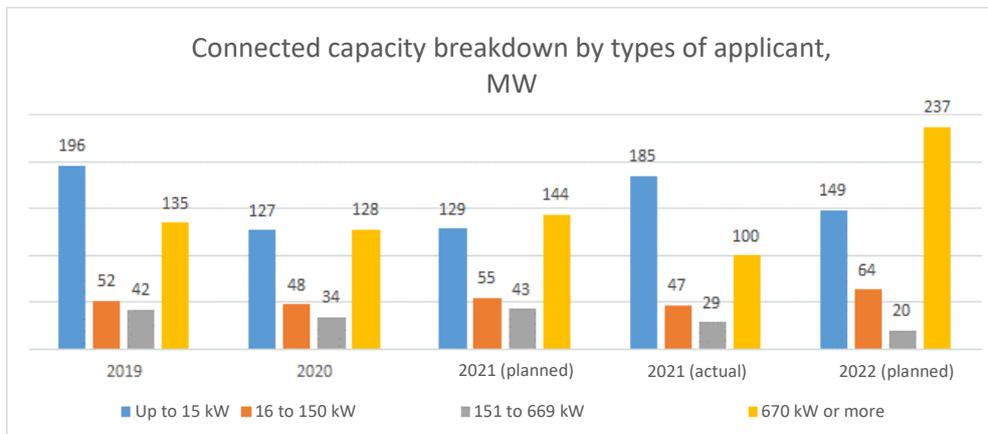
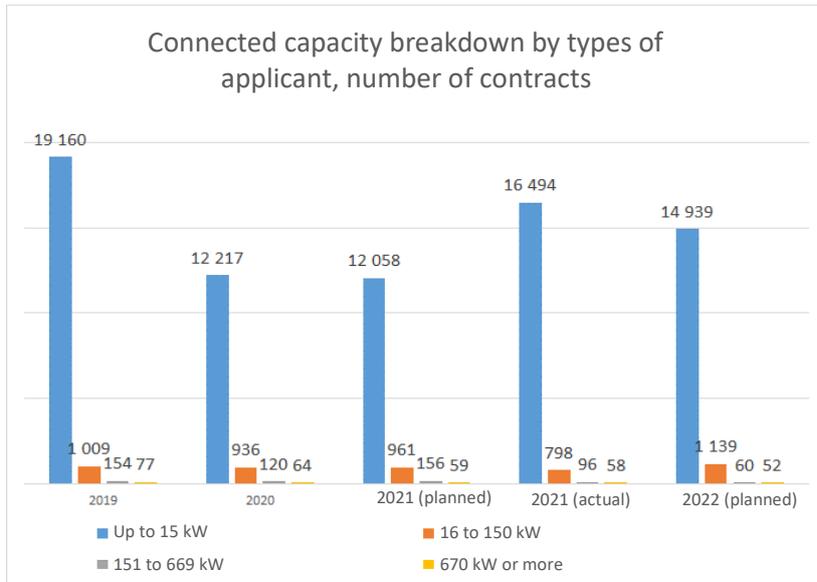
Technological connection of the “Pogankin Chambers” architectural museum-reserve in Pskov with the capacity of 407 kW.

Technological connection of the Memorial Complex Prince Alexander Nevsky and his Retinue (in terms of the Property Management for Special Projects of the Ministry of Defence of the Russian Federation) with the capacity of 109 kW.

The largest applicants of the Company in 2021

- LLC Velikoluksky Pig-Breeding Complex: contract of 05.12.2019 No. 76-02173/19 to perform technological connection of 10/0.4 kV CCTS to ensure power supply of industrial elevator with storage capacity of 152,700 tonnes with feed production lines (with the capacity of 2.3 MW in the amount of 24 RUB mln);
- JSC Kovdorsky GOK: contract of 16.12.2019 No. 43-0030742/19 to perform technological connection of 150 kV SS No.40B to ensure power supply of Kovdorsky GOK consumers (with the capacity of 18 MW in the amount of 44.1 RUB thsd).



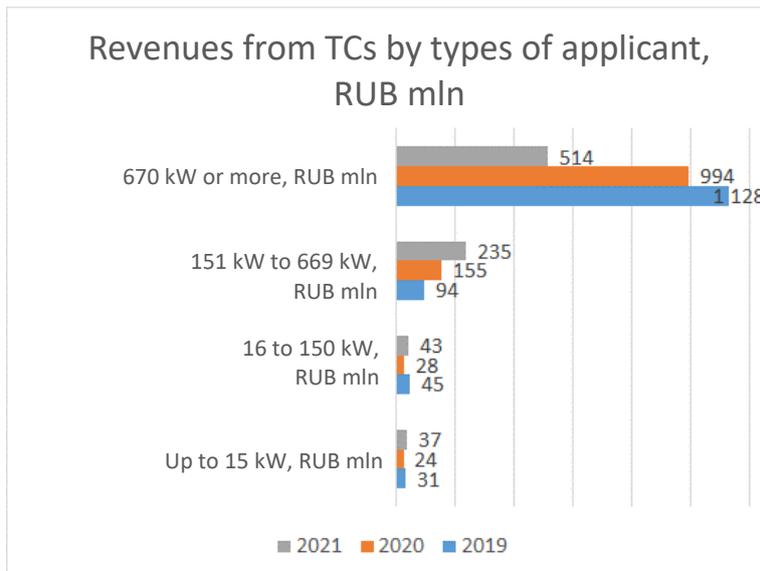


Applications breakdown in 2019–2021 (including power generation facilities)²⁵

	2019		2020		2021	
	total capacity, MW	pcs.	total capacity, MW	pcs.	total capacity, MW	pcs.
Individuals	197	18,617	206	17,491	272	22,578
Legal entities	1,050	5,783	981	5,604	1,088	6,916
Total	1,248	24,400	1,187	23,095	1,360	29,494

The total number of applications received in 2021 increased by 28% compared to 2020.

²⁵ TC demand and satisfaction volumes are provided in Annex 9 to the full version of the Annual Report available on the Company's web-site <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.



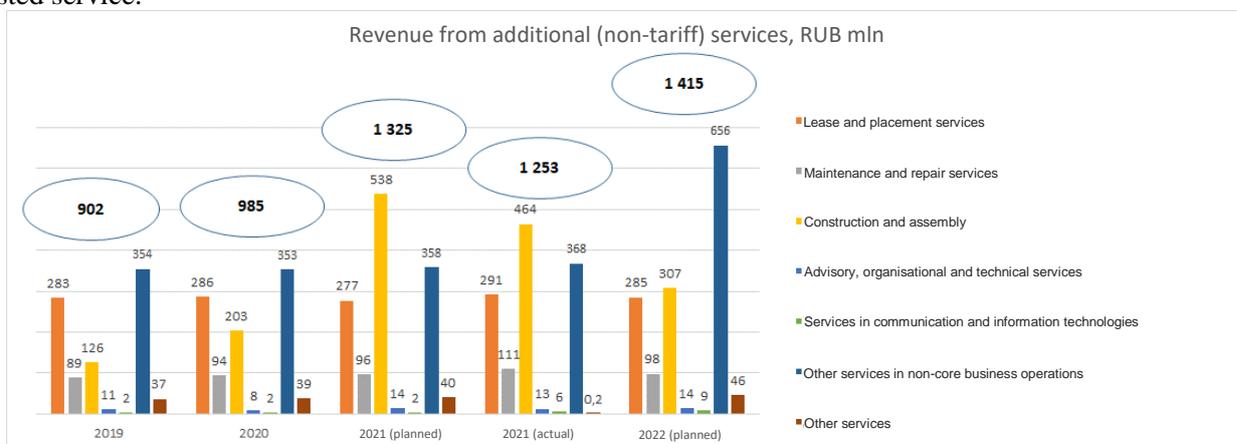
Other activities

Key performance indicators

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Additional (non-tariff) services of the Company, RUB mln	902	985	1,324	1,253	1,415

The Company's operations as a power grid company are based on its core businesses, namely power transmission services and technological connection to power grids. However, a significant part of the Company's income comes from the so-called non-tariff activities in terms of additional chargeable services.

Currently, the trend in interactions with clients is associated with the reduction of on-site customer communication in the offices and service centres of the Company and the increase in customer service on applications received via interactive platforms. PJSC ROSSETI introduced an integrated online service that allows for the organisation of customer interaction both in terms of technological connection and the entire broad list of additional services by operations area: the power grid services portal at the website портал-тп.рф. At the power grid services portal, the consumers can not only see the current cost of typical non-tariff services, but also, by submitting a request, receive a calculation of the individual cost of the requested service.



The development of additional (non-tariff) services of Rosseti North-West, PJSC is a priority for the Company as one of its core business areas of development. The monopoly part of this activity is characterized by steady demand for technological connection services, the ability to maintain consumers' power grid facilities, and the reconstruction of the Company's own power grid facilities at the consumers' request to remove power grids from the construction footprint when building new infrastructure facilities.

In the process of providing technological connection services, the Company offers a turnkey TC service: the construction of the consumer's power grid facilities in terms of its commitments to comply with technical specifications.

In order to determine uniform approaches to additional (non-tariff) services, the Rosseti Group approved the Unified Consolidated List of Additional Non-Tariff Services for Consumers:

- Lease.
- Maintenance and repair services.
- Construction and assembly.
- Advisory, organizational and technical services.
- Agency services.
- Services in communications and information technologies.
- Other services in non-core business activities.
- Other services.

Within the framework of the main development areas of non-tariff services, the Company constantly performs a territory-based analysis of the markets in terms of the competitive business environment, as well as upon requests of the regional executive authorities; it identifies potential areas for joint activities in order to implement joint projects in the following modes of interaction:

- lifecycle contract, implementation of projects funded through budgetary sources;
- concession agreements, public-private initiative;
- energy service contracts.

Consolidation of power grid assets

The activities of Rosseti North-West, PJSC on the consolidation of power grid assets are aimed at the implementation of the Strategy for the Power Grid Complex Development of the Russian Federation — ensuring reliable, high-quality and affordable power supply to consumers in the territory of the Company's presence by organizing the most efficient world-class grid infrastructure and is determined by the Company's priority area of activity.

The consolidation of power grid assets is based on the consideration of incoming proposals for the transfer of power grid facilities under the control of Rosseti North-West, PJSC, as well as on the identification of power grid facilities having the potential for consolidation by the Company, and the subsequent interaction with the owners of such facilities to determine mutually beneficial transactions conditions. The priority is given to projects for the acquisition of power grid assets held by LGOs as well as other owners of power grid facilities, including those who have lost their LGO status, as part of collection of their debt to the Company.

To date, cooperation agreements on measures to consolidate the Power Grid Complex have been signed with executive state authorities of all seven constituent entities of the Russian Federation where the Company operates. The above-mentioned Agreements provide for joint efforts to implement projects featuring the consolidation of the regional and municipal power grid assets by the Company, as well as gaining control over the unclaimed power grid facilities to ensure the required level of reliability and quality of power supply to consumers in the regions of presence.

Moreover, in 2021, a major campaign was initiated by the Government Commission on Security of Electric Power Supply (Federal Headquarters) in cooperation with PJSC ROSSETI and the executive authorities of the constituent entities of the Russian Federation to improve the operations of LGOs and liquidate unclaimed power grid facilities involving the long-term measures to consolidate the power grid facilities of organisations losing their LGO status and unclaimed power grid facilities in the regions of presence.

In 2021, the expenditures of Rosseti North-West, PJSC associated with power grid assets consolidation measures (VAT included) amounted to RUB 242 mln, including RUB 0.3 mln for the purchase of power grid assets and RUB 241 mln for leasing.

Rosseti North-West, PJSC power grid asset consolidation volume monitoring

Indicator	2019	2020	2021
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	MVA	km	c.u.	MVA	km	c.u.	MVA	km	c.u.
Acquisition of power grid facilities	31	30	588	3	23	79	2	9	48
Lease of power grid facilities	89	585	2,031	174	1,251	8,832	436	1,467	10,200
Total	120	616	2,619	177	1,274	8,911	438	1,476	10,248

The largest power grid assets consolidation projects implemented by Rosseti North-West, PJSC in 2021

Project name	PL, km	Transformer substations, MVA	c.u.
Lease of power grid assets owned by MUE Ustyuzhinskie Seti located in the Vologda Region	151	8	509
Lease of power grid assets owned by LLC Invest Trade located in the Republic of Komi	2	4	168
Lease of power grid assets owned by JSC NW Pskovzhilstroy located in the Pskov Region	17	13	72

Automated system of projecting prospective changes in the grid load and power consumption

To provide complete information on the current state and the development of the power grid facilities in the regions of operation, in late 2012, Rosseti North-West launched the publishing subsystem “Power Facilities Display on the Interactive Map”. The project was based on the standard functional specifications for visualisation of the current load of 35+ kV power supply centres. The system contains information about the power supply centres and grid structure – the automatically processed information enables to understand future changes of load at the power supply centres and to obtain a comprehensive view of the situation. The electronic map shows parameters of the power facilities: overloads, available capacities and planned renovation of power centres.

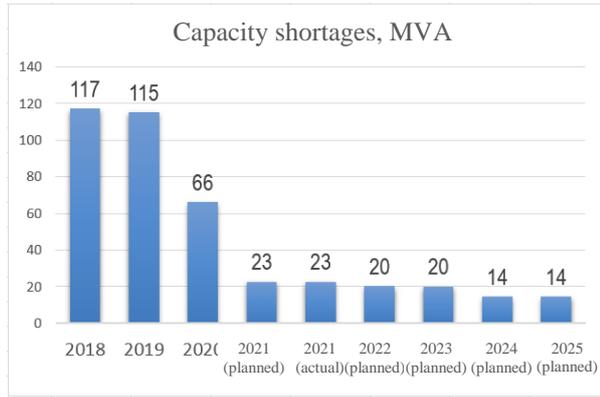
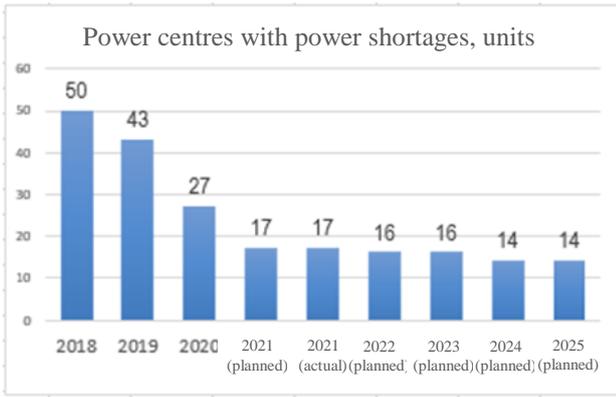
Capacity deficit reduction

For Rosseti North-West, PJSC, as well as for other grid distribution companies, power capacity deficit and its correction remain one of the relevant areas of prospective development. Such deficit is caused, among other things, by the presence of power distribution centres in the regions of the Company’s footprint with limited possibilities of technological connection for the power substations working at one hundred percent load. Decommissioning for repairs or emergency shutdowns of one of the transformers at such substation results in overloading of the remaining equipment, as well as the need to transfer the load to other substations or to limit the power supply to consumers. Thus, it is impossible to connect new consumers, as well as perform any repair works on such substations.

The Company takes measures to reduce the number of energy-deficient power distribution centres, and as of December 31, 2021²⁶ there were 17 power 35 kV+ power distribution centres (1% of the total number) with a power deficit of 22.5 MVA. Since 2015, the number of such distribution centres with power deficit is being steadily reduced as a result of the implementation of projects under the Company’s investment programme. By 2025, the number of power-deficit centres is planned to be reduced down to 14 (18% less compared to 2021).

By 2025, the capacity deficit of 14.4 MVA, a 36% reduction compared to 2021, is expected to be reached.

²⁶Taking into account the concluded contracts for technological connection.



Power grid system development in the RF regions within the Company’s geographical footprint

In order to systemise and aggregate proposals on power grid infrastructure development for sustainable socio-economic growth of the RF regions, to enhance accessibility of the energy infrastructure, boost competition on the power (capacity) market and align the development of backbone and distribution power grids, the Company annually works out (updates) comprehensive programmes of 35+ kV power grids development on the territory of the Russian Federation regions for the period of five years (hereinafter – CDP) engaging specialised engineering company.

The resulting CDPs are used as supporting materials in drafting investment programmes of the Company branches, working out long-term development schemes and programmes of the RF regions (DS&P),²⁷ and the programme of technical re-equipment of power grid facilities.

The power industry development schemes and programmes of the Russian constituent entities are prepared by Russian regional executive authorities for a five-year period taking into account the Development scheme and programme of the Unified Energy System of Russia. They cooperate with JSC SO UES, Rosseti North-West, PJSC and LGOs. Representatives of Rosseti North-West, PJSC are engaged in working groups on DS&P development and contribute to investment activities committees under regional administrations of the operations area.

The approved investment programmes of Rosseti North-West, PJSC branches take into account the activities reflected in DS&P.

Approved power industry development schemes and programs of the Russian Federation

RF region	Development year	Projected DS&P implementation period	Details of the document adopting the DS&P of the RF region
Arkhangelsk Region	2021	2021–2025	Decree of the Arkhangelsk Region Governor of 28.04.2021 No. 58-u
Vologda Region	2020 ²⁸	2021–2025	Decree of the Governor of the Vologda Region of 30.04.2020 No. 116
Republic of Karelia	2021	2021–2025	Order of the Head of the Republic of Karelia of 30.04.2021 No. 240-r
Murmansk Region	2021	2021–2025	Order of the Governor of the Murmansk Region of 30.04.2021 No. 133-RG
Republic of Komi	2021	2021–2025	Order of the Head of the Republic of Komi of 30.04.2021 No. 123-r
Novgorod Region	2021	2021–2025	Decree of the Novgorod Region Governor of 13.04.2021 No. 156
Pskov Region	2021	2021–2025	Decree of the Pskov Region Governor of 30.04.2021 No. 54-UG

Comprehensive servicing of customers

Client orientation is currently a core indicator of a company’s effective governance system. A client-oriented approach in the activities of Rosseti North-West, PJSC means building all business processes in such a way that the focus of achieving strategic objectives and sustainable profitability is to ensure satisfaction and loyalty of the Company’s customers.

Employees of the client relations department conduct on-site customer communication in 8 offices of customer service. All customers can receive expert advice about technological connection, quality and

²⁷ In accordance with the Decree of the Government of the Russian Federation No. 823 “On the prospective development schemes and programs for the power industry” dated October 17, 2009.

²⁸ In 2021, the Vologda Region DS&P was not approved.

supply of power; lodge a complaint, apply for technological connection, apply for concluding a contract for power transmission or for additional chargeable services.

Consumer workplaces were arranged at customer service branch offices allowing customers to use open Internet access and document scanning.

In order to improve the efficiency of interaction with consumers, all branches approved schedules for regular office hours when individual customers can visit heads of the branches, production divisions and PDZs.

Throughout the reporting period, the Company provided 24/7 centralized hotline number 8-800-220-0-220 with toll-free calls across the Russian Federation. This hotline allows receiving all customer feedback on the Company's activities, including communications on power blackouts, malfunctions of grid facilities, unlawful or inappropriate power consumption.

The hotline phone number is displayed at customer service offices, the Company's website at <http://www.mrsksevzap.ru> (hereinafter – the Company's website), is included in all regional reference books, as well as the Reference Book on Hotlines and Service Desks in the RF regions.

Remote customer servicing is fulfilled using the following interactive tools:

- Website of Rosseti North-West, PJSC allowing to inquire about the Company's activity area, send an appeal, fill in the consumer's profile data, see the answers to the most frequently asked questions, apply for personal appointments, see the information about planned power shutdowns for the current month.

- Interactive consumer's personal account at the PJSC ROSSETI's single Internet portal for power grid services (Portal портал-тп.рф), which enables customers to apply for technological connection, as well as to track all stages of their technological connection application from submission to the actual connection and signing of the technological connection act. In addition, the портал-тп.рф website allows sending appeals to the grid company, submitting applications for the metering devices installation and see the planned power shutdowns.

- Interactive service "Personal account" of "The Light Country" website allows the consumers to directly appeal on the following subjects: power shutdowns, quality of power supply and power equipment defects.

In 2021, the following measures were taken to improve the consumer service quality:

1. Channels of electronic interaction with service consumers were expanded: interaction with service consumers was ensured through the mobile application of the Rosseti Group's portal for power grid services available in Google Play and App Store.

2. The portal for power grid services launched an extra option to apply for additional (non-tariff) services (placement and lease of equipment, maintenance and repair, construction and assembly, etc.).

3. In the Novgorod Region, applications for technological connection can be submitted through the Multifunctional Centre.

In 2022, Rosseti North-West PJSC intends to work further on the improvement of the customer-centre approach, creating comfortable environment for consumers, and improving the service quality.

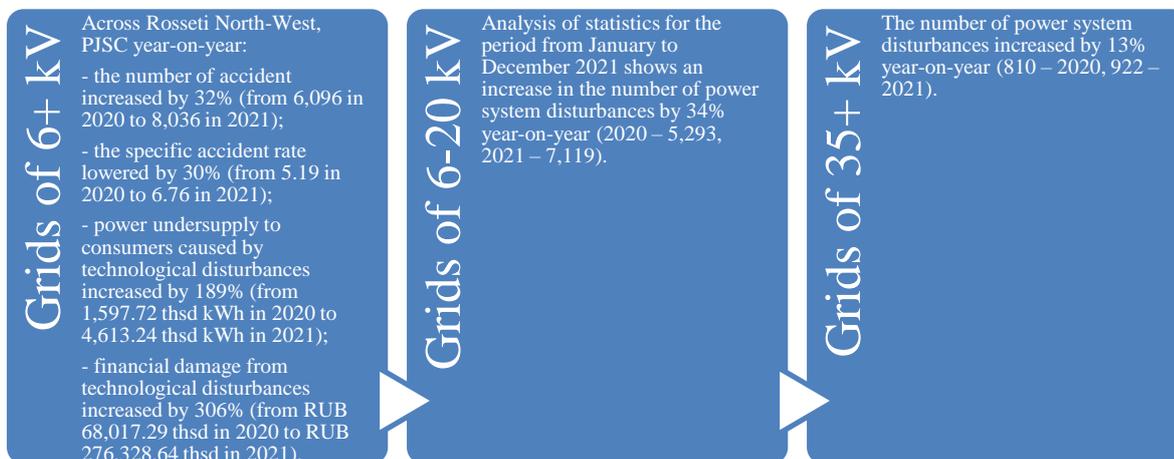
Improving power supply efficiency, reliability and quality



Key performance indicators

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
System average interruption frequency index per point of delivery (Psai fi), units	1.90	1.49	1.51	1.78	1.41
System average interruption duration index per point of delivery (Psai di), hours	4.23	2.96	3.19	4.94	2.95

Key technical areas of enhancing reliability and efficiency of the Company’s power grid facilities are stipulated by the Unified Technical Policy in the Power Grid System²⁹ approved by the Board of Directors of PJSC ROSSETI (Minutes No. 252 dated February 22, 2017).



According to the research conducted after the accidents, their main reasons are as follows:

- inconsistency of the adopted corridor (clearing) widths of 6–110 kV OL with the modern operation requirements, falling of trees from outside the protective zone with the height significantly exceeding the clearing widths, long operation period for the majority of OL (60.9% of OLs have been in operation over 35 years) are the main reasons for technological disturbances at 35, 110 kV OLs and in the 6-10 kV distribution grids. Outages caused by falling trees due to atmospheric phenomena amount to 39% (3,096 technological disturbances) of the total number in 2021;

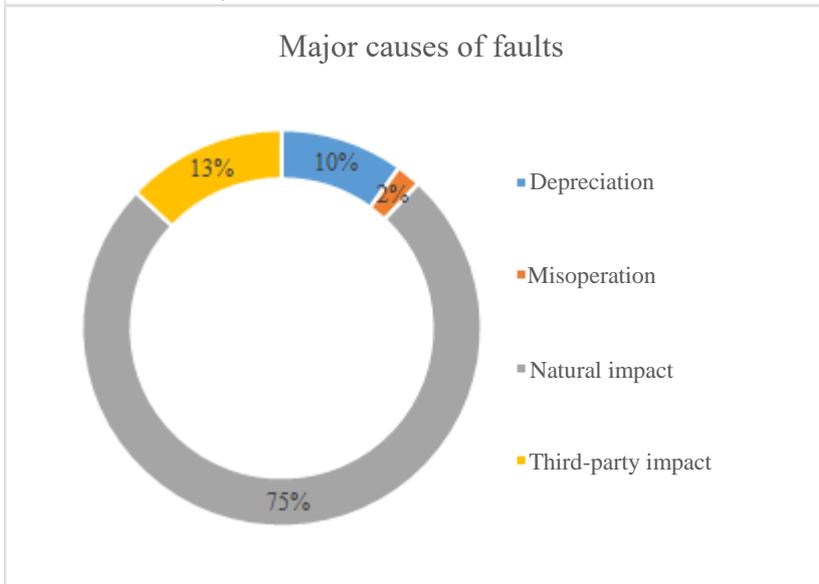
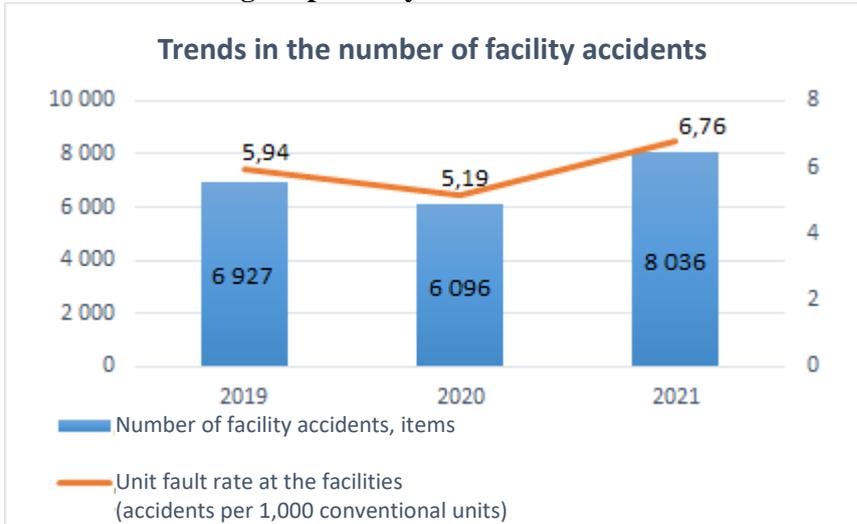
- high physical depreciation of the equipment, where the operation period exceeds the standard service lifetime (requires renovation of the power equipment at 35-110 kV SS, distributing SS and transformer SS);

- significant number of 6 kV+ OL disturbances was due to equipment depreciation. The number of disturbances with the signs of events described in 3.4.7.5 “Unsatisfactory technical condition of the equipment (insulation ageing, loss in mechanical strength of wires, changes in material properties, etc.)” accounts for 8% (611 power outages) of the total disturbances on 6 kV OL in 2021;

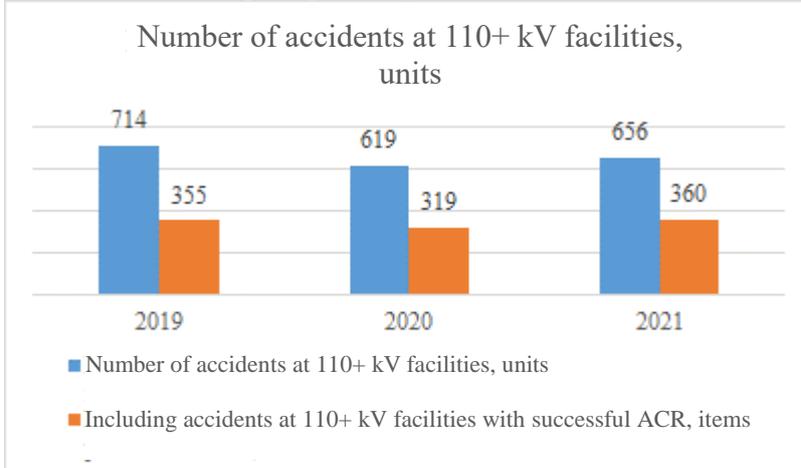
²⁹ See the regulation on the Unified Technical Policy in the Power Grid System at <http://www.mrsksevzap.ru> under [About Company/Articles of Association and Internal documents/Policies](#)

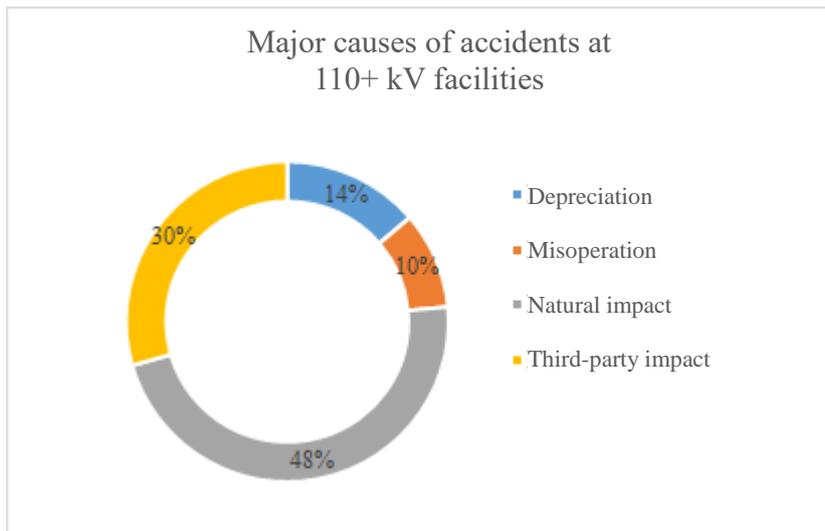
- disturbances due to thunderstorms (337 disturbances) in the period from May to September account for 4% of the total number of disturbances in 2021.

Trends in technological power system disturbances



Trends in technological power system disturbances in 110+ kV grids





To reduce the number of emergency power outages caused by breakdown of the equipment with expired service life, the Company updated a programme for the upgrade (renovation) of its power grid facilities for the period of 2021-2030 (approved by the Board of Directors of Rosseti North-West, PJSC, Minutes No. 390/26 of March 25, 2021).

To increase efficiency, reliability and safety of power generation and reduce the number of disturbances caused by falling trees, the widening of clearings is implemented within the approved investment programme.

To decrease the number of emergency power outages of 0.4-20 kV OL due to overlapping wires, fall of foreign objects on wires, fall of trees and recurrent natural disasters, a programme aimed at renovation of power lines of 0.4-20 kV with replacement of uninsulated wire with SSIW is implemented at Rosseti North-West, PJSC branches. Replacement of uninsulated wires with SSIW helps to reduce the number of technological disturbances and the costs of maintenance.

Readiness for possible power system disturbance response

Regardless of the time of year and weather conditions, employees of Rosseti North-West, PJSC are ready to eliminate any possible grid disturbances. The forces and funds of Rosseti North-West, PJSC are well-prepared for the prevention and elimination of emergency situations on power grid facilities. The emergency stock of materials and equipment is 100% full.

725 crews, 3,544 persons of production personnel and 1,555 units of automotive and special vehicles are prepared for any possible emergency and restoration operations.

To restore the power supply to consumers, a park of reserve power supply sources is available in the amount of 298 units with a total capacity of 48,427 kW, including 262 mobile sources (20,957 kW).

Contracts and agreements have been concluded, that allow recruiting forces and funds of contractors totalling 128 crews comprised of 1,007 persons and 448 units of automotive and special vehicles.

To work out practical skills of emergency situations elimination, 7 joint drills with the headquarters were held for ensuring the protection of the power supply of the constituent entities of the Russian Federation, the territorial authorities of the executive power and local self-government, the Ministry of the Russian Federation for Civil Defence, Emergency Situations and Elimination of Emergency Disasters, housing and public utilities, as well as contractor organizations.

The Company created, outfitted and commissioned mobile units intended for emergency and restoration works on both the Company's territory and at the facilities of other branches and subsidiaries of PJSC ROSSETI. In total, 47 mobile units, which include 273 persons and 122 units of automotive and special vehicles, were formed. The mobile units are reviewed and tested for readiness at least 2 times per year.

Subject to Order of PJSC ROSSETI dated 01.06.2018 No. 89, Rosseti North-West, PJSC has developed and is implementing a multi-year (up to 2022) programme for the purchase of reserve power supply sources (RPSS).

The medical and infrastructure facilities are specifically monitored to ensure the reliable power supply.

The technical condition of power installations, which ensure the power supply of 74 medical institutions powered from the facilities of Rosseti North-West, PJSC, was checked, and 68 emergency trainings on restoring the power supply of these facilities were held.

7 diesel generators with a capacity of 1.7 MW were installed to provide the redundant power supply to medical institutions that do not have their own autonomous power sources.

[EU28; EU29] Average interruption frequency and duration

Indicator	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
System average interruption frequency index per point of delivery (Psaifi), units	1.90	1.49	1.51	1.77	1.41
System average interruption duration index per point of delivery (Psaidi), hours	4.23	2.96	3.19	4.94	2.95

Reaching the reliability level of the rendered services

In 2021, the indicators of services reliability and quality levels set by executive authorities of the Russian Federation regions in the area of state tariff regulation subject to regulatory documents were achieved by all branches of Rosseti North-West, PJSC.

Branch	Indicator	2021	
		Planned	Actual ³⁰
Arkhangelsk branch IDGC of North-West, PJSC	System average interruption duration index per point of delivery (Psaidi), hours	3.351	3.953
	System average interruption frequency index per point of delivery (Psaifi), units	1.249	1.571
	quality level		Not set
	TC quality level	1.0000	1.1141
Vologda branch IDGC of North-West, PJSC	System average interruption duration index per point of delivery (Psaidi), hours	4.789	4.444
	System average interruption frequency index per point of delivery (Psaifi), units	2.052	1.675
	quality level		Not set
	TC quality level	1.0000	1.335
Karelia branch IDGC of North-West, PJSC	System average interruption duration index per point of delivery (Psaidi), hours	7.060	3.274
	System average interruption frequency index per point of delivery (Psaifi), units	1.999	2.056
	quality level		Not set
	TC quality level	1.0000	1.2153
Murmansk Branch IDGC of North-West, PJSC	System average interruption duration index per point of delivery (Psaidi), hours	0.335	0.333
	average interruption frequency per point of delivery	0.148	0.164
	quality level		Not set
	TC quality level	1.0000	1.0791
Branch Komi branch of IDGC of North-West, PJSC	System average interruption duration index per point of delivery (Psaidi), hours	3.662	3.094
	System average interruption frequency index per point of delivery (Psaifi), units	1.568	1.818
	quality level		Not set
	TC quality level	1.0000	1.2616

³⁰ By the end of 2021, the quality indicator for TC was achieved and was within tolerance limits in all regions, except for the Vologda branch.

Novgorod branch IDGC of North- West, PJSC	System average interruption duration index per point of delivery (Psaidd), hours	5.884	7.537
	System average interruption frequency index per point of delivery (Psaifi), units	1.709	1.990
	quality level		Not set
	TC quality level	1.0110	1.2051
Pskov branch IDGC of North- West, PJSC	System average interruption duration index per point of delivery (Psaidd), hours	4.784	6.118
	System average interruption frequency index per point of delivery (Psaifi), units	1.479	1.879
	quality level		Not set
	TC quality level	1.0000	1.1538

Repair and maintenance programme

The Company maintains and repairs power facilities to keep up substations and high-voltage lines equipment in good working order.

In 2021, Rosseti North-West, PJSC fully completed the scheduled maintenance and repair activities.

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Overhaul of OL, km	10,450	1,322	2,301	2,303	1,766
Clearing OL routes, ha	15,841	15,829	16,336	16,905	16,872
Repair of switching units, units	2,566	2,640	3,313	3,406	2,402
Actual M&R, RUB mln	4,495	4,200	4,394	4,860	4,452

* in 2020, taking into account the changes in the repaired OL calculation methodology.

All measures required for maintaining the power grid system equipment in good technical condition, successful operation during the autumn and winter periods, as well as reliable power supply to consumers were implemented by Rosseti North-West, PJSC within the technical repairs and maintenance plan for 2021.

Implementation of the technical repairs and maintenance plan accounted for RUB 4,860 mln (with RUB 4,394 mln planned), or 111%.

Power supply safety

In accordance with the regulations on implementing the uniform communications policy of Rosseti North-West, PJSC (the latest version approved by Decision of the Company's Board of Directors dated 12.05.2020, Minutes No. 363/40), the Company performs information exchange with related electric power entities and divisions of the EMERCOM of Russia. The Company's representatives participate in interagency working groups consumer councils, operation of regional headquarters to ensure safe power supply for executive authorities of the constituent entities of the Russian Federation.

Special operation periods

Rosseti North-West, PJSC implemented organisational and technical measures to prepare the power grid system for operation during special periods. Regulatory administrative documents were developed, commissions were created, and inspections were carried out to control proper implementation of main and additional measures for ensuring operational readiness of the power grid system for special operation periods. Based on the results, the commissions drafted acts regarding operational readiness for the 2021 high-water period, as well as the heating season of 2021–2022. By Decision of the RF Ministry of Energy (Order dated 03.11.2021 No. 1191), the Company received a Certificate of operational readiness for the heating season of 2021–2022. Full completion of the organizational and technical measures enabled the Company to ensure reliable power supply to consumers in the context of special operation modes.

Technical policy³¹



The technical solutions implemented in the projects of new construction and renovation included in the investment programme of Rosseti North-West, PJSC for 2021 comply with the Unified Technical Policy correspond to the requirements of the Unified Technical Policy (approved by Decision of the Board of Directors of Rosseti North-West, PJSC dated 06.07.2021 No. 402/3).

In 2021, in accordance with the programme for the upgrade (renovation) of the Company's power grid facilities for 2021-2030 (approved by the Board of Directors of Rosseti North-West, PJSC, Minutes No. 390/26 of March 25, 2021), Rosseti North-West, PJSC carried out stipulated gradual replacement of 6 (10) kV and 35-220 kV switching devices and worn-out power transformers of 6+ kV with the new ones, renovation of power lines of 0.4-20 kV with replacement of uninsulated wire with SSIW, replacement of support and rod insulation at substations and porcelain insulation at OL. Moreover, the Programmes for improving the reliability (PIR) of the entity's power grid complex for 2022-2025 were developed in 2021 for each constituent entity of the Russian Federation within the Rosseti North-West, PJSC territory (the PIRs of the Pskov and Novgorod branches for 2022-2024, and the PIRs of other branches for 2023-2025) and are currently awaiting approval of the Ministry of Energy of the Russian Federation.

The maintenance, repair, renovation and new construction operations were performed using certified equipment, materials and systems, while the bid documentation was monitored for compliance with the requirements. The new purchased equipment and materials were assessed for compliance with the requirements of the Unified Technical Policy, including in terms of import substitution.

Key, special or crucial projects of Rosseti North-West, PJSC using innovative, advanced, forward-looking technical solutions, technologies, materials and equipment in line with PJSC ROSSETI Regulation "On the Unified Technical Policy in the Power Grid System" in the reporting period

Branch	Object name
Arkhangelsk branch	Reconstruction of the automated process management systems (ATMS) communication channels at the Grid Control Centre (GCC) of "Arkhenargo -Arkhangelsk Regional Dispatch Office (RDO)", Arkhangelsk, Arkhangelsk Region" (1 set)
Vologda branch	Modernization of ATMS telemetry systems in the Kaduysky, Vashkinsky and Kirillovsky power distribution zones (PDZ) (14 complexes)
Karelia branch	Pilot operation of PASS 50/8,0*2 wire at 35 kV L-36P OL of poles Nos.8-26. L= 4.235 km
Karelia branch	Pilot operation of "Proryv-Alfa" power quality metering devices (PQM) with a built-in artificial neural network (ANN) The devices were installed at six control points 1. Vedlozero SS-39, cell of 4, 6/10kV; 2. Vedlozero transformer SS-49, 0.4kV; 3. Berezovka SS-36, cell of 3, 6/10kV; 4. Konchezzero-Chupa transformer SS-3422, 0.4 kV; 5. Pertozero transformer SS-188, 0.4kV; 6. Kivach Sanatorium transformer SS-197, 0.4kV.
Karelia branch	Installation of metering devices in accordance with the Federal Law № 522-FZ dated December 27, 2018, 0.22 (0.4) kV voltage class and 6 (10) kV voltage class.

³¹For information on the technical guidance documents in the field of technical regulation, see Annex 10 to the full version of the Annual Report available on the Company's web-site <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Novgorod branch	
Murmansk Branch	
Pskov branch	Creation of a DMR digital radio network unit on the basis the Northern Power Grids PD software (97 units)

The implementation of the above and other projects served to enhance reliability and improve the quality of power supply to socially significant and other major facilities.

Research and Development Board³²

In order to enhance the Company's technical activities and implement the Unified Technical Policy during the development, engineering, construction, renovation and operation of the power grid facilities Rosseti North-West, PJSC created the Research and Development Board (hereinafter — the RDB). The meetings of RDB are devoted to issues of research and development activities, experimental operation of equipment and materials, use of equipment, finding solutions to the theoretical and technical issues of the Company's power grids and other subjects.

In 2021, 7 RDB meetings (2 in-person, 5 absentee) were held, it addressed 22 issues.

In 2021, the Development Boards operated in all branches of the Company and were chaired by First Deputy Directors, Chief Engineers of the branches.

Innovative development



Key performance indicators

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Implemented innovations volume, RUB mln	552.89	276.89	308.52	251.09	407.22
R&D implementation volume, RUB mln	9.16	23.77	29.0	28.33	30.97

The Company's Innovative Development Programme is aimed at developing the Company as a high-tech Russian company and achieving a balanced development of the energy complex in the Company's operations area by improving the reliability, quality and efficiency of power supply to consumers through modernization of power grids using innovative technologies and turning them into the intelligent core of the technological infrastructure of the energy industry.

The aims of the programme in the mid-term and long-term perspective up to 2030 is the transition to a power grid of a new technological paradigm with entirely new indicators of reliability, efficiency, accessibility, manageability and client focus of the Russian power grid complex as a whole.

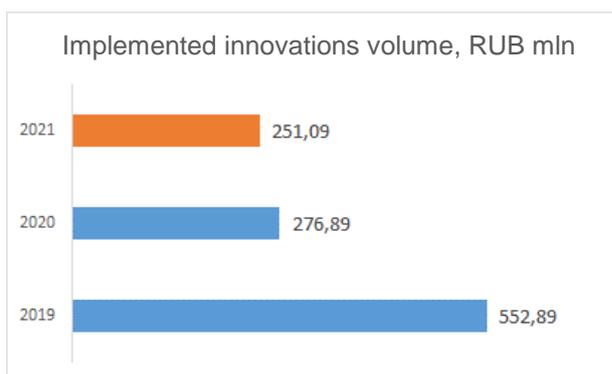
The 2020-2024 innovative development programme with the outlook until 2030 taking into account the top-priority areas outlined in the policy of innovative development of PJSC ROSSETI was approved by Decision of the Company's Board of Directors of February 24, 2022 (Minutes No. 416/17).

The programme aims to achieve the strategic goals of the Company through transition to a power grid of a new technological paradigm with entirely new indicators of reliability, efficiency, accessibility, manageability and client focus at the power grid facilities of the Company taking into account the aims and objectives of PJSC ROSSETI "Digital Transformation 2030" concept.

The following top-priority areas of the Company's innovative development for the period of D&S implementation up to 2030 were outlined:

1. Transition to and large-scale deployment of digital substations of the voltage class 35-110(220) kV.
2. Transition to digital smart active adaptive grids with the distributed intelligent system of automation and management.
3. Transition to comprehensive efficiency of business processes and automation of management systems.
4. Utilization of new technologies and materials in the power industry.

³²For more details of the Report of the Research and Development Board for 2020, see Annex 11 to the full version of the Annual Report available on the Company's web-site <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.



Main comprehensive innovative projects implemented in 2021

Transition to digital substations of the 35–110 (220) kV voltage class

Implementation of the measures covered by this area involves key business processes:

- operational and process management by automation of collection, processing and decision-making on facility management;
- repair and maintenance by monitoring the technical condition and the remaining equipment service life;
- rendering power transmission services by automation of remote data collection from power meters.

In 2021, the major innovative projects of Rosseti North-West, PJSC included the implementation of the digital substation architecture within the framework of upgrading the 110/10 kV Krasnozatonkaya SS in Syktyvkar, the Komi Republic: design documentation was developed and relay protection and automation devices will be used to support overall digital data exchange.

It is planned that by upgrading the 110/10 kV Krasnozatonkaya SS, it will be provided with a high level of operational process management automation, equipped with advanced information technology, controlling systems and devices (DCTS, AMIS for ECA, RPA, automatic emergency response system, fault localization, etc.) enabling all the processes of information exchange among the SS components and the external systems, as well as the general SS process management to be performed digitally using the IEC 61850 protocol.

Transition to comprehensive efficiency of business processes and automation of management systems

In 2021, in line with the innovative development area “Transition to comprehensive efficiency of business processes and automation of management systems”, the developers of Rosseti North-West, PJSC were engaged in developing and implementing a number of IT systems to support the Company’s business processes in order to improve its operational performance and optimize its financial costs (using its own resources).

1. In accordance with the technological register for the main innovative development areas approved by the Order No. 568r of PJSC ROSSETI dated December 24, 2018 (Clause 38), one of the key technologies is the introduction of ERP systems as the basis of the IT landscape that provides for the automation of business processes at the power grid facilities. Taking into account this innovation criterion, Rosseti North-West, PJSC implements the Development plan for the production assets management system of Rosseti North-West, PJSC (hereinafter – the PAMS) for 2020-2022, which was approved by the Company’s Board of Directors on September 4, 2020 (Minutes No. 374/10).

In 2021, the development of the production asset management system involved the following activities:

- Automation of equipment maintenance scheduling, including integration of equipment maintenance schedule with the real-time information system (RTIS), Automated Power Equipment Repair Management System (AMS PER) (PC Application, PC Repair);

- Automation of long-term and annual planning, scheduling and diagnostic reporting based on the requirements of the Company’s centralized regulatory documents on diagnostic procedures (in terms of creating long-term and annual plans, schedules and reporting forms for diagnostic activities) and the OS 34.01-23.1-001-2017 “Scopes and standards of tests of electrical equipment”;
- Finalizing the PAMS functions for certifying secondary equipment and planning M&R for secondary equipment in accordance with the standard ToR: the functional requirements were developed;
- Integration of the Company’s PAMS with the automated HR management system;
- Establishment of automated transport management systems in accordance with the standard ToR for automation;
- Integration of the production asset management system with the digital information systems (industrial safety and production control unit, unified automated information accounting system (UAIAS), PC Emergency, the data collection and processing system for the technical condition of electric power facilities and their equipment of the Ministry of Energy (ADCS) (in accordance with the requirements of Order No. 123 of the Russian Ministry of Energy);
- Automation of the calculation method of the planned standard production rate for RDZ (bulk-power system facility) and the report on the labor productivity of M&R personnel based on the standard rate.

2. In order to improve the corporate information system (CIS), reduce the cost of its maintenance, and increase the reliability of the information obtained, the single platform was used to define the architectural concepts and target model of a unified CIS. The existing functional blocks for automating business processes are superimposed on the target model, and the projects have been developed and launched for the transition of individual functional blocks to the unified corporate information platform for the following information systems:

- 1S Accounting Software Package: ERP APAMS;
- ZUP 3.1 (Salary and Personnel Management);
- Budgeting and planning;
- AIS, Financial and Economic Activity (FEA);
- AIS TC (Automated Information System for Technological Connections) ;
- AIS Investments.

In 2021, the development of the Company’s automated business processes included implementation of the AIS “Personnel Management” based on the software product “1S: “Salary and Personnel Management 8, Edition 3.1” for comprehensive automated payroll calculation at facilities of Rosseti North-West, PJSC.

The system provides for all branches to operate within a single base and be adaptable to run on a different hardware or software platform, apply new system features and function in the updated telecommunications infrastructure environment.

In 2021, the Company also updated the AS “Budgeting” subsystem of the automated system for managing financial and economic activity to include the income and expense budgeting function in 1S: ERP.UH.

Automated Management System for Financial and Economic Activities (AMS FEA) is designed to organize accounting processes and manage the activities of the enterprise under the “Procurement Management” and “Contract Management” procedures.

The main aim is to improve the facility management in the fields of inventories management, procurement planning and execution, and logistics contract management.

The project “Development and implementation of an automated system for short-term financial planning and treasury operations based on 1S:ERP (AS Financial Management)” was also launched.

The project is aimed at improving the Company’s financial management and consists of three stages:

Stage 1: Automation of short-term financial planning processes;

Stage 2: Automation of operational financial planning processes;

Stage 3: Automation of payment execution processes.

The AS “Financial Management” is integrated with other accounting systems and blocks (ASs Budgeting; Contract Management) in accordance with the plans for developing these systems.

3. According to the decision of the Board of Directors of PJSC ROSSETI of April 18, 2019 (Minutes No. 349), Rosseti North-West, PJSC is implementing a comprehensive pilot project “Digital Electrician”. The main part of the pilot project is the implementation and improvement of the operational control system using mobile and portable devices and web-interface of users’ automated workplaces integrated with the production asset management system on the platform of “1S: Enterprise 8.3” in the “ERP Enterprise Management 2” configuration.

As part of the project, the following functions were prepared for trial operation:

- keeping employee personnel cards on file with all their privileges and permissions;
- keeping a schedule of employees’ working hours (availability for work, recording work hours upon M&R requests);
- electronic management of work orders/directives at power facilities with electronic signature in accordance with the requirements of the Federal Law No. 63-FZ “On electronic signature” of April 6, 2011, and transfer of all information to the PAMS;
- recording and changing the geographical coordinates of facilities, preparing applications to change the parameters in the PAMS;
- creating various reporting forms for the listed functions.

In 2021, the contract for implementation of the automated mobile solution functions of the PAMS was executed with the purpose of further implementation of the project. In accordance with the contract, in 2022, it is planned to improve and implement information systems, which will allow to start commercial operation of the above mentioned functions with the following amendments:

- filling out equipment inspection sheets;
- recording defects;
- drawing up test and measurement protocols;
- recording the tangible assets and labour costs;
- recording and changing the geographical coordinates of facilities, preparing applications to change the parameters in the PAMS;
- preparing various reporting forms for the listed functions, transmitting all essential information to the PAMS.

The implementation of the project will significantly improve occupational safety and labour productivity, qualitatively increase the amount, speed and accuracy of data on personnel performance and equipment condition.

The implementation cost for the 2020–2024 innovative development programme with an outlook up to 2030 amounted to RUB280.21 mln in 2021.

Planned and actual costs by key areas of innovative development

Key areas, RUB mln (VAT excluded)	2021 planned	2021 actual	Deviation		Deviation reasons
			abs.	%	
Innovations, including key areas:	343.85	280.21	-63.64	-18.51	
Transition to smart substations of 35-110 (220) kV voltage class	2.72	2.72	0	0	
Transition to active adaptive grids with the distributed smart system of automation and management	288.31	223.21	-79.82	-22.58	Savings from trade and procurement procedures; significant increase in the cost of certain nomenclature items
Transition to comprehensive	6.89*	20.28*	13.39	194.34	Additional measures were

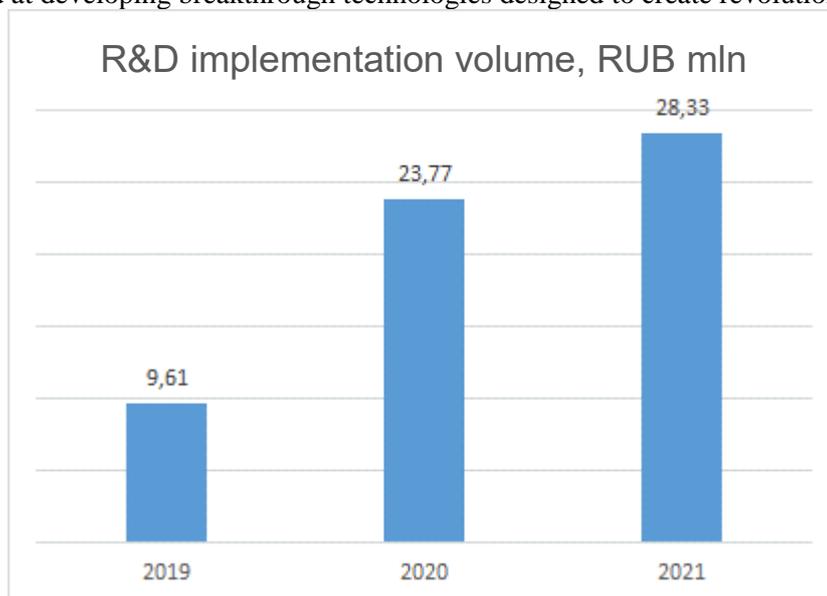
efficiency of business processes and automation of management systems					taken that were not addressed during the plan development
Utilization of new technologies and materials in the power industry	3	0.40	-2.60	-86.67	The project was postponed until 2022 due to the revision of technical solutions, which led to an increase in cost

* planned costs under the development plan for the PAMS are not included, the actual costs for the PAMS implementation in 2021 in the amount of RUB 11.89 mln (VAT excluded) are included on the payroll of software developers from the information technology function.

The efficiency of implementing the innovative development programme of Rosseti North-West, PJSC is assessed and monitored using the corresponding values — programme efficiency indicators.

R&D [G4-DMA (previously EU8)]

A key priority within the innovative development of the power grid system is carrying out R&D, aimed at developing breakthrough technologies designed to create revolutionary solutions and methods.



In 2021, Rosseti North-West, PJSC implemented the following research and development projects (hereinafter — R&D):

1. Research project “A study of the increment speed of the main types of forest-forming tree species depending on climatic zones and the condition of the soil in the route areas of the current OL, creation of regional maps for the frequency of OL route clearing and issuing recommendations on the working technique”

Bringing the OL routes into standard condition is a priority of the Company aimed to ensure reliable operations.

To organise long-term planning of OL routes clearing while taking into consideration their actual condition and the prospects of tree and shrubbery vegetation (hereinafter – TSV) growth, it is necessary to divide the operations area of the power grid company into districts and identify the frequency of TSV cutting. Thus, in 2021, the Company continued the research on the subject.

The economic effect of the study consists in the reduced damage from technological faults caused by OL outage due to obstruction of the clearance between the wires and the TSV, as well as a reduction in OL maintenance cost at the stage of OL routes maintenance scheduling.

The research was completed in 2021.

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2. Research project “Development of algorithms and methods to monitor power transformers in 35-110 kV distribution grids on the basis of synchronized phasor measurements”

The integration of synchronized phasor measurements (hereinafter – SPM) technologies into the automated control systems (operative information complexes – SCADA/OMS/DMS) with a subsequent transition to the automated new generation process management systems (Wide Area Control Systems – WACS) will provide new opportunities in power system control. The key advantage of this technology is the opportunity to calculate about a hundred parameters of the power system on the main harmonics based on six current PMUs and specific voltage connection at any control level. The use of PMUs from various connections allows for the identification of the power system parameters. This brings about new opportunities for controlling power system modes and allows developing new-generation emergency control and mode-setting systems.

One of the examples of SPM application is power equipment monitoring using the SPM data in the calculation of parameters for the controlled objects’ equivalent circuits. The data obtained from PMUs can be applied to calculate the parameters (equivalent circuits) of the various equipment models. More specifically, SPMs allow conducting the verification of current and voltage measurement transformers as well as performing online monitoring for the state of power transformers.

In 2021, at the second stage of the research project mathematical models of power transformers and algorithms for automated monitoring and detection of potential defects in power transformers based on the SPM were developed.

The activities resulted in a draft methodology for monitoring 35-110 kV power transformers with HV winding based on the SPM.

The third and fourth stages and the completion of the research project are scheduled for 2022.

3. Research project “Extension of a CIM profile in power transmission and distribution and equipment maintenance and repair”

Subject to Order of PJSC ROSSETI No. 86, based on of the research project "A study of the information field at Rosseti North-West, PJSC and creation of a CIM basic profile in line with the standards IEC 61968 and IEC 61970”, the Company is implementing the research project “Extension of a CIM profile in part of power transmission and distribution and equipment maintenance and repair”.

In 2021, at the second stage of the research project the CIM basic profile package and the network model profile for the technological process of power accounting, transmission and distribution at PJSC ROSSETI were expanded.

At third stage of the research project it is planned to expand the basic profile of CIM with a detailed description of new elements and their attributes of the equipment maintenance and repair process, as well as recommendations for the implementation of the unified CIM model tools in terms of digitalisation of power transmission and distribution and equipment maintenance and repair processes.

The project completion is scheduled for 2022.

4. The research project “Development of staff training method in safe works conduct at the existing power facilities with the application of virtual training means for IDGC of North-West, PJSC”

The R&D project is aimed at improving:

- staff training quality in occupational safety, first aid, fire and electric power safety;
- operational supervision level at the stage of staff training;
- instruction efficiency.

As a result of the work done in 2021, the list of 3D simulators under development was revised to add requirements for 3D model scenarios, the required software finalisation based on the results the experimental software operation and software commissioning were made.

The introduction of the developed software is aimed at a decrease in the occupation injury rate and the Company’s damage incurred due to the power supply disturbances via the reduction in the number of technological disturbances caused by the Company’s personnel as well as cutting down the costs associated with staff training.

The R&D project was completed in 2021.

5. The research project “Providing technical and economic justification for the economic efficiency of power storage systems (PSS) application in power grids”

In 2021, the research project was carried out to develop the methodological recommendations providing the economic justification for the application of PSS at the electric grid facilities of PJSC Rosseti. These recommendations are to be applied both to solve the conventional tasks a distribution grid company faces in power transmission, distribution and technological connection, and to form new commercial tasks of Rosseti along with increasing the non-tariff revenue.

In 2021 the following activities were performed:

- The promising areas of PSS use in the power grid facilities of PJSC ROSSETI benchmarking against the world practices of their application were identified.
- The advantages and drawbacks of PSS technologies commercialized (solid-state, flow-through, hydrogenic storage systems) as applied to the PJSC ROSSETI tasks were identified.
- Key technical characteristics of PSS affecting the efficiency of their application for the developed set of business solutions were identified.
- Based on the selected business solutions, the method used to assess the technical and economic efficiency of PSS application in the subsidiaries and affiliates of PJSC ROSSETI was developed.

The analysis of experience and prospects for PSS application at PJSC ROSSETI facilitated the identification and description of the target markets with due regard for the necessary amendments to existing legislation. As a result, the method to assess the technical and economic efficiency of PSS application in the PJSC ROSSETI’s SDCs was developed. The evaluation of the method applicability for Rosseti North-West, PJSC and the project completion are scheduled for 2022.

6. The research project “Developing methodological guidelines for assessing the technical condition, calculating the failure probability for a functional component and unit of technological equipment and its consequences, technical risk for equipment and OL below 35 kV and certain types of equipment of 35+ kV. Developing text algorithms and algorithms for technical condition rating of equipment and OL below 35 kV, and certain types of equipment of 35+ kV”

In 2021, the first stage of the research project involved defining methodologies for assessing the technical condition, the probability of failure and the consequences of failure of processing equipment and OL.

It is planned to continue developing calculation models for the technical condition indices for the main processing equipment and OL, as well as testing algorithms on the basis of actual data on equipment available in the information systems.

The developed methods for assessing the technical condition of equipment and OL and calculating the probability of failure of a functional component and unit of processing equipment and OL, as well as assessing the consequences of such a failure are expected to be implemented in the process of updating and expanding the classes of equipment accounted for and described in the automated asset management systems of SDCs of PJSC ROSSETI.

The project is scheduled for completion in 2022.

Information Technologies



Results of the APMS development in 2021

In 2021, the Company performed the APMS development activities planned within the following approved programs:

1. Programmes for upgrade and extension of the systems of data collection and transfer from control units of the Company branches in the operations area of JSC SO UES of IDO North-West and IDO Centre.
2. Programmes of APMS development at branches of the Company.

Implementation of these programs enables to boost the level of observability of the control facilities and arrange remote control of switching units, comprehensively increasing the quality of operational dispatch management.

The number of SS fully controlled remotely is 113 items in 2021.

The number of SS where circuit breakers are fully controlled remotely is 382 items.

The remote-control devices upgrade was performed in 2021 fully.

To launch the VHF radio networks under the digital standard DMR, the second DMR radio network launch package was implemented by the Pskov branch; the coverage extension provided for integrating seven control facilities into the network.

The Company kept developing communications channels with the facilities using both its own resources and those of communications providers. Digital communications channels with 52 substations were established.

Renovation of communications channels and construction of new ones is based only on the advanced digital solutions providing greater capacity and quality.

Information security of the CIIO

5,879 automated facilities of the Company are provided with the access security tool.

The Company achieved an economic effect of RUB 102.8 mln through its involvement in the procurement procedure audit and information security measures using in-house capabilities.

In cooperation with the Federal Security Service of Russia, two (2) monitoring and technical measures were carried out in the Vologda and Murmansk branches of the Company.

The automated systems and premises allocated to top secrets management departments were upgraded.

The index of anti-virus protection of the automated facilities reached 99.99%.

Anti-spam tools have been deployed on the Internet's perimeter.

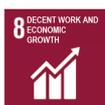
Security assessment systems were deployed in the corporate and technological networks.

An industrial cybersecurity system was implemented in the Valdai digital power distribution zone of the Valdai production department of the Company's Novgorod branch.

An agreement on cooperation in the field of information security was signed with Kaspersky Lab.

The Information Security Program of IDGC of North-West, PJSC was approved to set forth the mode and timeframe for ensuring the Company's cyber security.

Financial performance analysis



Financial performance indicators of Rosseti North-West, PJSC for 2019-2021.

Indicator name	2019	Period 2020	2021	Absolute deviation of 2021 from 2020
Net debt/EBITDA	2.0	2.8	2.0	-0.8
Current ratio	0.51	0.39	0.57	0.18
Financial leverage	1.49	1.62	1.82	0.20
Long-term borrowings	0.84	0.51	0.82	0.31
Net cash flow	1,420,312	143,568	-303,514	-447,082

Key financial and economic indicators of the Company under RAS³³

Key financial and economic indicators, RUB mln [GRI 102-7]

Indicator	2019	2020	2021	change 2021/2020, %
Revenues from sales of products (services), including:	45,131	43,936	45,809	4%
From power transmission	42,931	41,750	43,726	5%
From technological connection	1,298	1,201	830	-31%
From power sales	0	0	0	-
From other activities	902	985	1,253	27%
Cost of products (services) sold *	40,545	40,723	42,681	5%
Gross profit	4,586	3,213	3,128	-3%
Administrative expenses	1,274	1,253	1,243	-1%
Selling expenses	108	29	18	-39%
Sales profit (loss)	3,203	1,932	1,867	-3%
Interest receivable	43	40	45	12%
Interest payable	1,087	941	914	-3%
Profit from participation in other organisations	76	85	145	1.7 times
Other profit	1,326	1,293	2,167	1.7 times
Other losses	2,758	4,028	1,938	-52%

³³ The breakdown of the Group revenue and expenses under IFRS is shown in Annex “Key financial and economic indicators of the Group under IFRS”.

Profit (loss) before tax	804	-1,619	1,373	2 times
Profit tax and other payments	227	-248	298	2.2 times
Net profit (loss)**	577	-1,371	1,075	1.8 times
EBITDA***	6,585	4,034	6,908	71%

* Cost excluding administrative and selling expenses

** Net profit (loss) was adjusted in 2019 due to the changes in the accounting standards “Accounting Provisions” 18/02 “Profit tax accounting”

***EBITDA should be calculated as follows:

Profit before taxation + Interest payable + Depreciation = line 2300 form 2 – line 2330 form 2 + line 6514 form 2.1+ line 6554 form 2.1+ line 6564 form 2.1

In 2021, **revenues from sales of products (services)** amounted to RUB 45,809 mln, an increase by RUB 1,873 mln or 4% compared to 2020.

The revenue from power transmission accounts for the main percentage in the structure of revenues from sales of products (services) and amounts to 95%. In 2021, **the revenue from power transmission services** amounted to RUB 43,726 mln, which is higher than the actual 2020 figure by RUB 1,976 mln (5%), which is due to a 1% increase in power consumption (276 mln kWh), due to the temperature factor (cold winter) and growth of power consumption by major consumers.

Revenue from technological connection in 2021 amounted to RUB 830 mln, which is RUB 371 mln or 31% lower than in 2020, due to changes in the structure of major TC contracts. The major agreements include: 2020 – PJSC Gazprom CS Babayevskaya in the amount of RUB 294 mln, LLC East Siberian Gas Company for RUB 38 mln; 2021 – PJSC Gazprom at Maloperanskaya CS-9 for RUB 202 mln, the Gazprom Social Initiative Support Fund in the amount of RUB 42 mln;

Apart from the core business subject to state regulation (power transmission services and technological connection to power grids), the Company performs other activities: heat and power generation, property rent, relocation of power grid facilities etc. The share of other services accounts for 3% of the total revenue.

In 2021, **revenue from other activities** amounted to RUB 1,253 mln, according to the accounting statements, which is RUB 268 mln, or 27% higher against 2020.

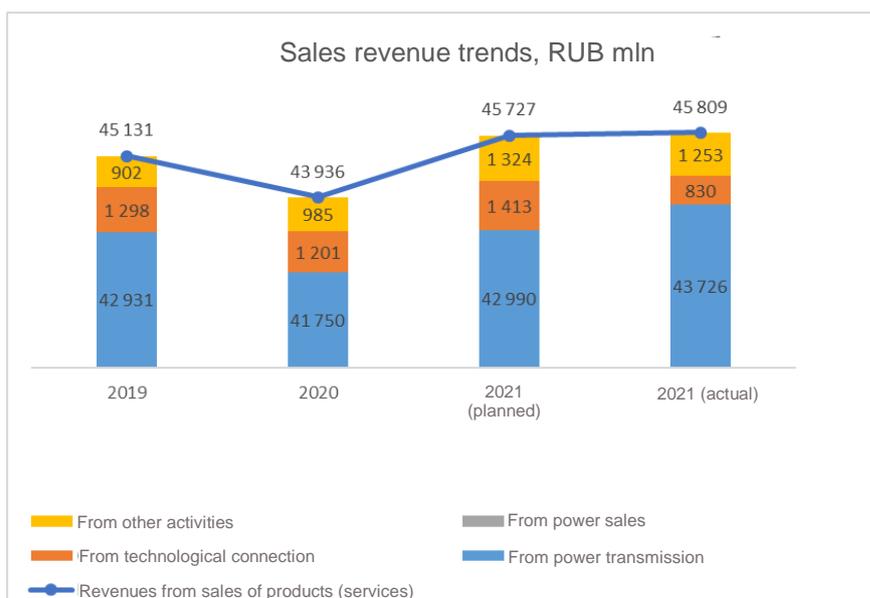
The largest share of revenues from other activities is attributable to:

- property rent (FOCL) – RUB 291 mln (23% of the revenue from other activities), the largest income was generated by the Karelia branch renting out property to OJSC Nadvoitsy Aluminium Smelter – a company of the RUSAL Group.

- power generation services at Mezenskaya diesel power plant (DPP) – RUB 346 mln (28% of the revenue from other activities), which is RUB 38 mln higher than in 2020;

- construction and assembly, including relocation of power grid facilities – RUB 462 mln (37% of the revenue from other activities), including RUB 438 mln on relocation of power grid facilities

- repair and maintenance services – RUB 111 mln (9% of the revenue from other activities), which is RUB 19 mln or 1.2 times higher than in 2020. This revenue item mainly records the revenues received from municipal authorities for line maintenance of outdoor lighting grids.



Income from sales of non-core assets³⁴

Subject to Decree of the Russian Federation President of 07.05.2012 No. 596 “On long-term state policy”, Directives of the Russian Government of 07.07.2016 No. 4863p-P13, Order of the Russian Government of 10.05.2017 No. 894-r, the Company Board of Directors Decision of 26.02.2018 (Minutes No. 269/24) adopted the programme for non-core assets disposal of IDGC of North-West, PJSC (hereinafter – the programme).

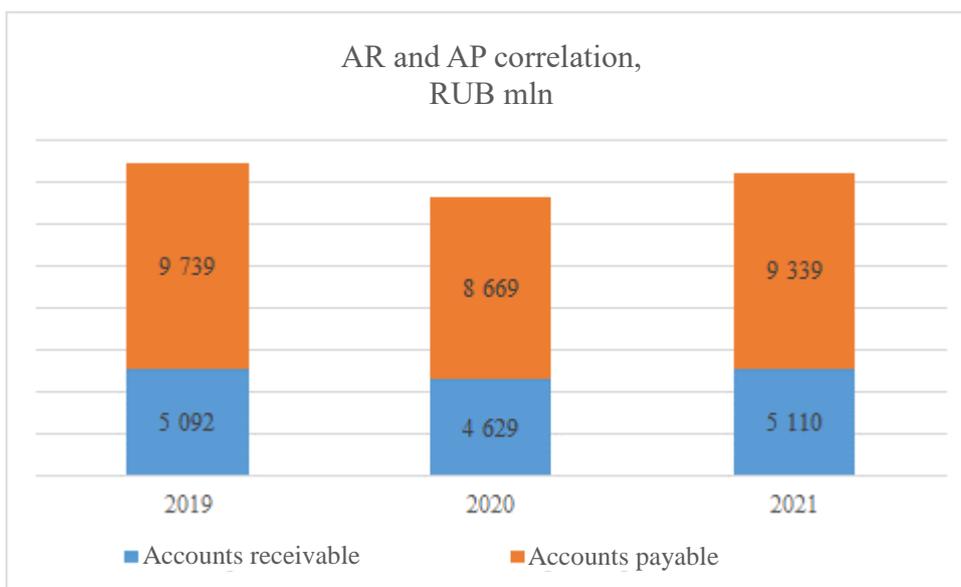
The programme specifies key approaches, principles and mechanisms for identification and sale of the non-core assets of the Company, establishes the criteria for classifying the Company’s assets as non-core, the procedure for maintaining the register of non-core assets and key provisions for disposal of non-core assets, as well as the procedure of reporting on the implementation of the register of non-core assets.

Decision of the Board of Directors of Rosseti North-West, PJSC of March 22, 2022 (Minutes No. 420/21) approved the register of non-core assets of Rosseti North-West, PJSC (hereinafter – the Register) as of December 31, 2021 formed under the requirements of the programme. The Register includes 30 non-core assets, 9 of which fall under the strategy of “sales”, 21 – “preservation”. A brief version of the current Register is available at the Company’s website: <http://www.mrsksevzap.ru/property>

In 2021, Rosseti North-West, PJSC sold 6 non-core assets, the sales income amounted to RUB 9,555.69 thsd.

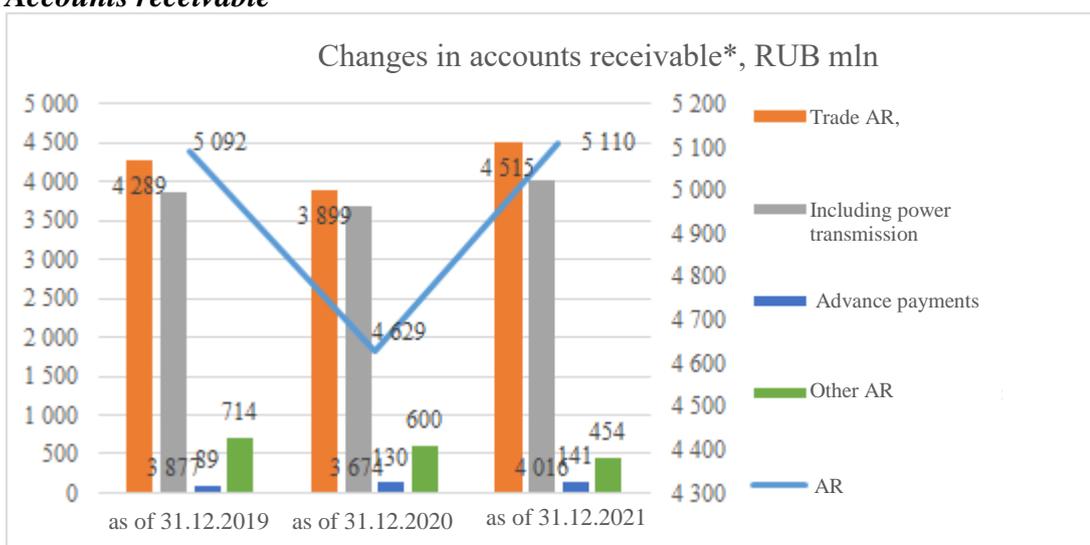
³⁴ For information on sales of non-core sales in 2021, see Annex 12 to the full version of the Annual Report, available of the Company’s web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Ratio of accounts receivable to accounts payable



In 2021, the growth rates of accounts receivable and accounts payable were lower than one, which shows their reduction against 2020.

Accounts receivable



* The indicators are shown in accordance with the Company's accounting statements for 2020.

The amount of accounts receivable of Rosseti North-West, PJSC at the beginning of the reporting period was RUB 4,629 mln, as of December 31, 2021 – RUB 5,110mln. The increase is due to an increase in the receivables from power transmission services by RUB 342 mln (from RUB 3,674 mln to RUB 4,016 mln) and from technological connection services by RUB 40 mln (from RUB 42 mln to RUB 82 mln).

Trade accounts receivable as of December 31, 2021 amounted to RUB 4,515 mln, which is RUB 616 mln higher than those of December 31, 2020.

Advanced paid as of the end of 2021 increased by RUB11 mln.

Other accounts receivable decreased by RUB146mln in 2021.

The bulk (78.6%) of the Company's accounts receivable was in the settlements for power transmission services rendered.

Measures to recover accounts receivable

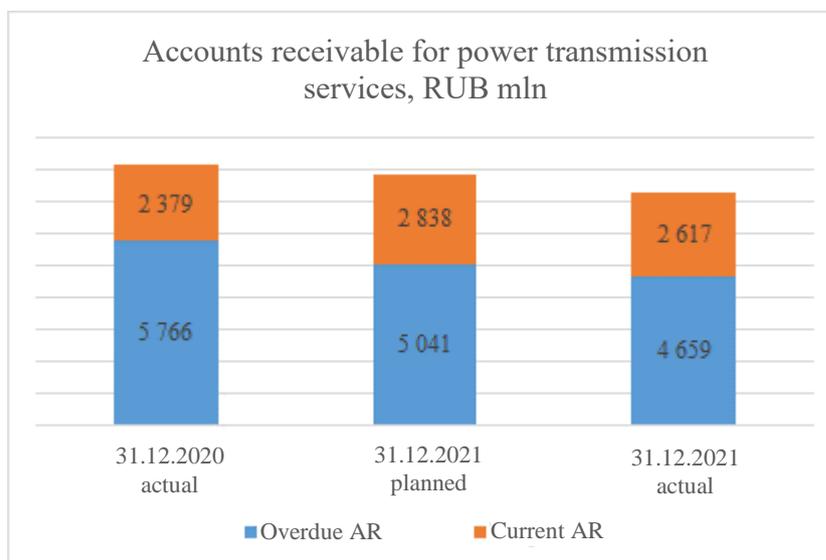
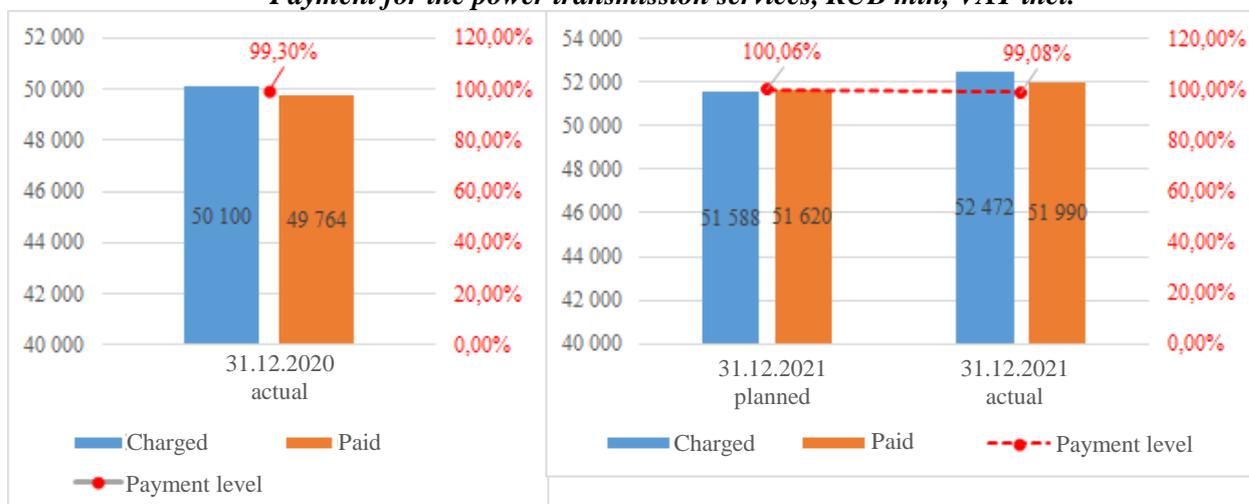
The Company works with the overdue accounts receivable from the power transmission services in accordance with the Regulation on managing accounts receivable from the power transmission services recorded Rosseti North-West, PJSC approved by Order of 23.07.2020 No. 429 (hereinafter – the Regulation), as amended by Order of 27.01.2022 No. 38.

In line with the schedules set by the Regulation, in 2021 the Company sent 567 lawsuits for the total amount of RUB 1,981.5 mln and conducted negotiations with debtors.

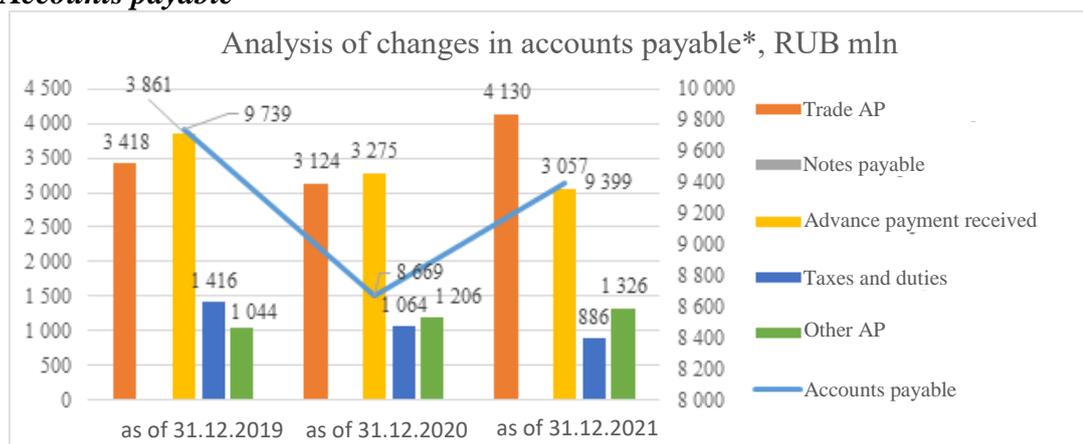
As a result of the Company's claims activities to recover overdue accounts receivable for the power transmission services in 2021, the court sustained 541 lawsuits in the total claimed amount of RUB 1,328.2 mln (including the penalties of RUB 101.6 mln), dismissed the claims for 20 lawsuits in the total amount of RUB 103.8 mln (including the penalties of RUB 5.3 mln). The share of Company's lawsuit requirements sustained amounted to 92.7%.

The coverage of the overdue accounts payable with activities aimed at its reduction has been consistently high, amounting to 99.9% as of December 31, 2021.

Payment for the power transmission services, RUB mln, VAT incl.



Accounts payable



* The indicators are shown in accordance with the Company's accounting statements for 2021, including the sum of balance sheet line codes "Other liabilities" 1450 and "Accounts payable" 1520.

The accounts payable as of December 31, 2021 amounted to RUB 9,339 mln, an increase by RUB 730 mln against 2020 (8%).

The following changes were noted:

1) trade accounts payable increased by RUB 1,007 mln (32%) against 2020, amounting to RUB 4,130 mln, including:

- payables for investment activities - increased by RUB 667 mln;
 - payables to local grid operators (LGOs)- increased by RUB 199 mln;
- 2) advances received amounted to RUB 3,057 mln, which is RUB 219 mln (7%) lower as compared to the end of 2020, including:
- relocation of power grid facilities – decreased by RUB 219 mln
- 3) taxes and duties amounted to RUB 886 mln, which is RUB 178 mln (17%) lower as compared to the end of 2020, including:
- for value added tax – decreased by RUB 187 mln;
- 4) other accounts payable amounted to RUB 1,326 mln, increasing by RUB 120 mln (10%) as compared to the end of 2020, including:
- payables to state non-budgetary funds - increased by RUB 61 mln;
 - payables to other creditors - increased by RUB 59 mln.

Bonds

Data on unplaced issues of exchange bonds

Bond issue, bonds of BO-02 series (ID of the issue and date of its assignment: 4BO2-02-03347-D of 12.03.2014)	
Type of securities	exchange-traded bonds
Number of securities issued, items	4,000,000
Face value, RUB	1,000
Volume of securities issued at face value, RUB	4,000,000,000
Status of the issued securities	placement has not started
Maturity date for the issued securities	3640th day from the beginning of placement
Bond issue, bonds of BO-03 series (ID of the issue and date of its assignment: 4BO2-03-03347-D of 12.03.2014)	
Type of securities	exchange-traded bonds
Number of securities issued, items	3,000,000
Face value, RUB	1,000
Volume of securities issued at face value, RUB	3,000 000,000
Status of the issued securities	placement has not started
Maturity date for the issued securities	3640th day from the beginning of placement
Bond issue, bonds of BO-04 series (ID of the issue and date of its assignment: 4BO2-04-03347-D of 12.03.2014)	

Type of securities	exchange-traded bonds
Number of securities issued, items	3,000,000
Face value, RUB	1,000
Volume of securities issued at face value, RUB	3,000 000,000
Status of the issued securities	placement has not started
Maturity date for the issued securities	3640th day from the beginning of placement

In 2016, the exchange bonds programme was registered in the total amount of RUB 25,000 mln (Decision of the Company Board of Directors of September 30, 2016, Minutes No. 220/11).

Exchange bonds programme of 001R series (ID of the programme and the date of its assignment: 4-03347-D-001P-02E of November 11, 2016)	
Maximum amount of the face values of exchange bonds to be placed within the exchange bonds program, RUB mln	25,000
Maximum maturity of the exchange bonds to be placed within the exchange bonds program, days	10,920
The period of the exchange bonds programme (from the date of ID assignment to the exchange bonds program)	Unlimited

Credit rating

Credit rating AA+(RU), outlook “Stable”



On August 03, 2021 Analytical Credit Rating Agency (ACRA) confirmed the credit rating of IDGC of North-West, PJSC as “AA+(RU)” with the outlook “Stable”.

Stable outlook means that there is the highest likelihood of the rating remaining unalterable for 12–18 months.

Positive rating action can be brought about by:

- reduction in regulatory and sales risks by implementing long-term transparent principles of tariff regulation;
- reduction of leverage to below 2,0x FFO before net interest payments with a simultaneous increase in FFO profit margin before interest payments and taxes above 15%;
- mainstreaming of the Company for Rosseti due to the presence in Rosseti’s debt obligations of the cross-default provision with Rosseti North-West.

Direct created and distributed economic value

The Company strives to inform the shareholders, employees, partners and other stakeholders on the economic value creation process and results in an open and transparent way.

The disclosure of this indicator allows our stakeholders to observe how the Company creates and distributes the economic value for the reporting period.

Direct created and distributed economic value is an indicator characterizing the value created in the course of activity and the subsequent profit distribution between stakeholder groups. In the course of the business activity the Company creates the values for a wide circle of stakeholders, including shareholders, investors, employees, suppliers and contractors, government authorities and local communities.

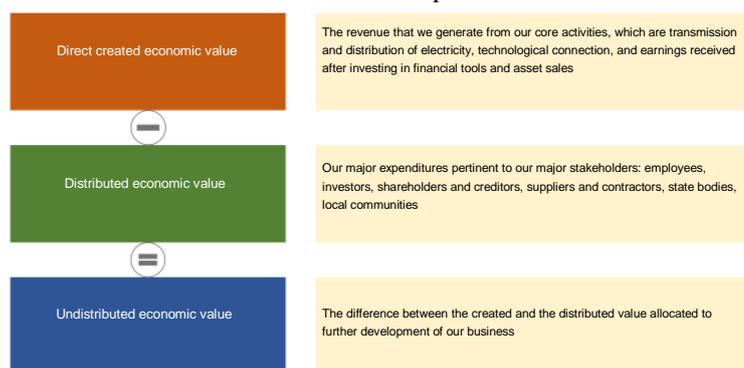
The difference between the created and distributed values is the retained economic value used for further business development. The group strives to increase the created and distributed value, maintain a high level of transparency and integrity of information disclosure.

The amount of the created and distributed value is provided in the table.

The value is formed by the data from the profit and losses report. The indicator was calculated with account to the individual sectoral adjustments:

1. the revenue does not include technological connection profits due to the time gap in the occurrence (creation) of this economic value source and its use (distribution) as they are used as advances for investments during the prior periods.

2. the amount of the distributed economic value is recovered for loan loss provisions as the amount reflects the volume of shortfall in the Group revenues.



[GRI 201-1] Direct created and distributed value of the Company, RUB mln

Stakeholder group		2019	2020	2021
Direct created economic value		48,445	47,684	50,653
Revenue from the main activities	A wide stakeholder group	49,136	48,253	50,352
<i>Exception: Revenue from technological connection services as it is used as advances for the investment activity</i>		-1,298	-1,201	-830
Net operational income / expenses		494	417	1,045
Financial income (interest income)		113	215	87
Distributed economic value		43,426	43,195	45,503
Operating expenses (except from asset depreciation, depreciation (amortization) and reserves for expected loan losses and estimated liability provisions), including:		40,681	41,243	43,816
<i>Salary and other payments related to employees</i>	Company employees	12,625	13,178	13,784
<i>Taxes other than profit tax</i>	Public authorities	418	414	405
<i>Other operating expenses</i>	Suppliers and contractors	27,639	27,651	29,628
Financial expenses (interest expenses)	Shareholders and investors, financial community	1,255	1,168	1,086
Dividend pay-outs to shareholders		313*	_*	_*
Accrual (recovery) of expected credit losses		858	916	200
Current income tax expenses	Public authorities	318	-132	-137
Undistributed economic value		5,019	4,490	5,689

* Profit allocation for 2019-2020 by the decision of the Annual General Shareholders' Meeting (AGSM)

Tariff regulation³⁵

Key performance indicators:

	2019	2020	2021
Average tariff for power transmission services, RUB/kWh	1,373	1,412	1,451

In 2021 the average tariff value grew by 2,7% in Rosseti North-West, PJSC while in 2020 the average tariff grew by 2,8%.

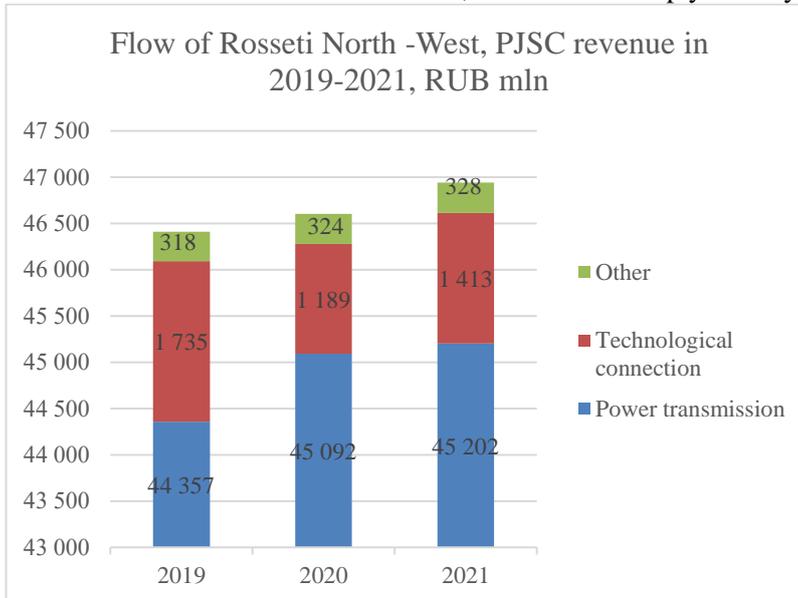
³⁵ Key regulatory documents stipulating the power transmission tariff setting for the Company are shown in Annex 13 to the full version of the Annual Report, available on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Methodology of the calculation of tariffs for power transmission services and technological connection is approved by the federal executive authority in the area of tariffs regulation; the functions of such are given to the Federal Antimonopoly Service (FAS of Russia)³⁶. Maximum rates of power transmission tariffs are set by the FAS of Russia.

Distribution grid power transmission services activity of Rosseti North-West, PJSC is regulated at the regional level by executive bodies of the constituent entities of the Russian Federation³⁷.

Power transmission tariffs

In 2021, the established power transmission tariffs enabled the Company to receive the revenue of RUB 45.2 bln for the rendered services which is 0.2% higher than in 2020, while the total revenue for all services rendered amounted to RUB 46.9 bln, which is 0.7% up year on year.



Power transmission services tariffs across the branches of Rosseti North-West, PJSC were based in 2021 on the established long-term parameters. The Company branches are regulated as follows:

Method of GRR long-term indexation	
Arkhangelsk branch of Rosseti North-West, PJSC	2019-2023
Vologda branch of Rosseti North-West, PJSC	2018-2022

³⁶ Decree of the Russian Federation President of July 21, 2015 No. 373 On certain issues of state regulation and control in antimonopoly and tariff regulation.

³⁷ The report on regulated activities broken down by Company branches is shown in Annex 14 to the full version of the Annual Report, available on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Karelia branch of Rosseti North-West, PJSC	2018-2022
Murmansk branch of Rosseti North-West, PJSC	2019-2023
Komi branch of Rosseti North-West, PJSC	2019-2023
Novgorod branch of Rosseti North-West, PJSC	2018-2022
Pskov branch of Rosseti North-West, PJSC	2018-2022

In 2021 the current long-term period in all Rosseti North-West, PJSC branches continued. All Rosseti North-West, PJSC branches are currently regulated under the method of long-term GRR indexation. The Company performed annual mandatory adjustment of all its branches' gross revenue requirement (GRR) stipulated by the effective legislation in the area of state tariff regulation.

Over 2021 the Company also revised the gross revenue requirement approved for 2021 due to the following factors:

- Subject to the FAS of Russia audit carried out as part of consistency control over parameters, considered during the establishment of tariffs and indicators in the forecast energy and power balance for 2021. Pursuant to the FAS of Russia Order of April 23, 2021 No. 388/21, the GRR of the Arkhangelsk branch of Rosseti North-West, PJSC was revised. The Branch GRR for maintenance was increased by RUB 0,02 mln.

- Subject to the decision on pre-trial dispute review at the FAS of Russia of July 23, 2021 No. SP/61877/21, the GRR of the Vologda branch of Rosseti North-West, PJSC was revised. The Branch GRR remained unchanged, but was re-allocated by items.

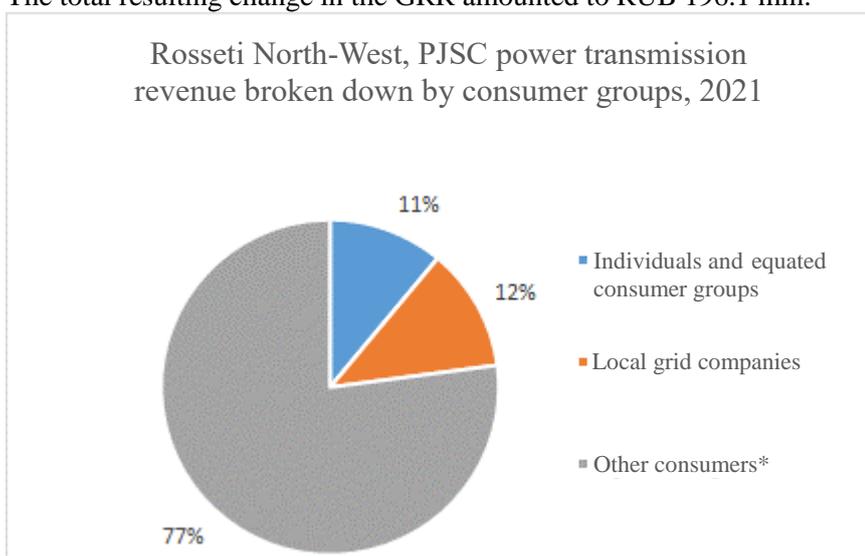
- Subject to the decision on pre-trial dispute review at the FAS of Russia of July 23, 2021 No. SP 61875/21 and the FAS of Russia decision of October 06, 021 No. CII/84238/21, the GRR of the Karelia branch of Rosseti North-West, PJSC was revised. The Branch GRR remained unchanged, but was re-allocated by items.

- Subject to the FAS of Russia audit carried out as part of consistency control over parameters, considered during the establishment of tariffs and indicators in the forecast energy and power balance for 2021. Pursuant to the FAS of Russia Order of April 23, 2021 No. 389/21, the GRR Komi branch of Rosseti North-West, PJSC was revised. The Branch GRR for maintenance was increased by RUB 74.3 mln.

- Subject to the FAS of Russia audit carried out as part of consistency control over parameters, considered during the establishment of tariffs and indicators in the forecast energy and power balance for 2021. Pursuant to the FAS of Russia Order of April 23, 2021 No. 386/21, the GRR of the Novgorod branch of Rosseti North-West, PJSC was revised. The Branch GRR for maintenance was increased by RUB 105.4 mln

- Subject to the FAS of Russia audit carried out as part of consistency control over parameters, considered during the establishment of tariffs and indicators in the forecast energy and power balance for 2021. Pursuant to the FAS of Russia Order of April 23, 2021 No. 393/21 the GRR of the Pskov branch of Rosseti North-West, PJSC was revised. The Branch GRR for maintenance was increased by RUB 16.4 mln.

The total resulting change in the GRR amounted to RUB 196.1 mln.



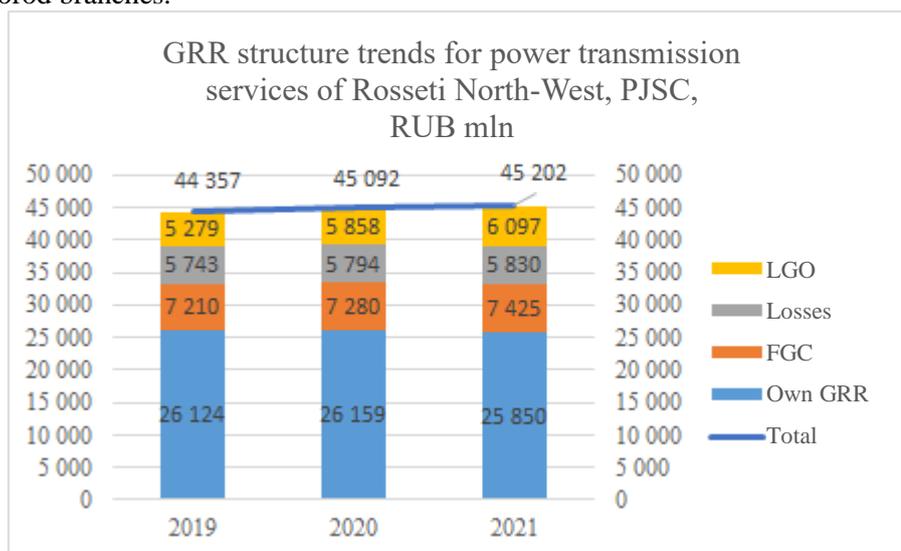
* "Other consumers" category includes consumers with direct contracts for power transfer services with the power grid company.

The group “Other consumers” accounts for the largest share of revenue from power transmission (77%) in Rosseti North-West, PJSC. This group includes regional power retail companies and large industrial consumers, the largest of which are PJSC Acron (30% in revenue of the Novgorod branch of Rosseti North-West, PJSC), JSC Kondopoga PPM JSC (11.9% in the revenue of the Karelia branch of Rosseti North-West, PJSC), OJSC SUAL (6.8% in the revenue of the Murmansk branch of Rosseti North-West, PJSC), JSC Vorkutaugol (13.1% in the revenue of the Komi branch of Rosseti North-West, PJSC); JSC “PO “Sevmash” (9.5% in the revenue of the Arkhangelsk branch of Rosseti North-West, PJSC).

The major share of the “Individuals and equated consumer groups” is attributable to Pskov branch of Rosseti North-West, PJSC (24.9%), Karelia branch of Rosseti North-West, PJSC (17.8%), and Arkhangelsk branch of Rosseti North-West, PJSC (14%).

Gross revenue requirement structure

In the reporting year own gross revenue requirement (GRR) dropped by 1.2%, mainly due to applying GRR adjustments in accordance with the RF Government Resolution of December 29, 2011 No. 1178 On pricing in the area of regulated prices (tariffs) in the electric power industry. Costs escalation by 2 % to pay for “FGC UES”, PJSC services was due to the decline in the capacity paid for, to the level of the actual capacity and the raise in the tariffs for “FGC UES”, PJSC maintenance by one index higher than determined by the forecast on the social and economic development of the Russian Federation. The 4.1% increase in expenses for local grid operators’ services in 2021 was mostly brought about by changes in the schemes and amounts of settlements between LGOs within the regional pot. Loss-related expenses growth amounted to 0.6 %, and was caused by a reduction in the total volume of losses on the Vologda, Murmansk, Karelia and Komi branches, and a lower price for power purchase to compensate for losses at Murmansk and Novgorod branches.



Trends in gross revenue requirement from power transmission services broken down by branch, RUB mln

Branch	2019		2020		2021	
	total	own	total	own	total	own
Arkhangelsk branch of Rosseti North-West, PJSC	5,601	3,942	6,014	4,213	6,404	4,335
Vologda branch of Rosseti North-West, PJSC	7,012	4,970	7,068	4,916	6,768	4,576
Karelia branch of Rosseti North-West, PJSC	7,049	3,213	7,354	3,301	7,301	3,033
Murmansk branch of Rosseti North-West, PJSC	7,815	3,129	7,809	3,002	7,733	3,081
Komi branch of Rosseti North-West, PJSC	7,058	4,857	7,267	5,166	7,320	5,133
Novgorod branch of Rosseti North-West, PJSC	5,144	2,917	4,840	2,459	4,803	2,534

Pskov branch of Rosseti North-West, PJSC	4,677	3,096	4,739	3,102	4,873	3,158
Total Rosseti North-West, PJSC	44,357	26,124	45,092	26,159	45,202	25,850

*Analysis of changes in the average tariff for power transmission services
broken down by branch, RUB/kW·h*

Branch	2019	2020	2021
Arkhangelsk branch of Rosseti North-West, PJSC	1,908	1,944	2,081
Vologda branch of Rosseti North-West, PJSC	1,512	1,529	1,481
Karelia branch of Rosseti North-West, PJSC	2,001	2,074	2,169
Murmansk branch of Rosseti North-West, PJSC	0,715	0,722	0,747
Komi branch of Rosseti North-West, PJSC	1,486	1,575	1,578
Novgorod branch of Rosseti North-West, PJSC	1,401	1,433	1,449
Pskov branch of Rosseti North-West, PJSC	2,526	2,559	2,650
Total Rosseti North-West, PJSC	1,373	1,412	1,451
Growth, %	100%	102.9%	102.7%

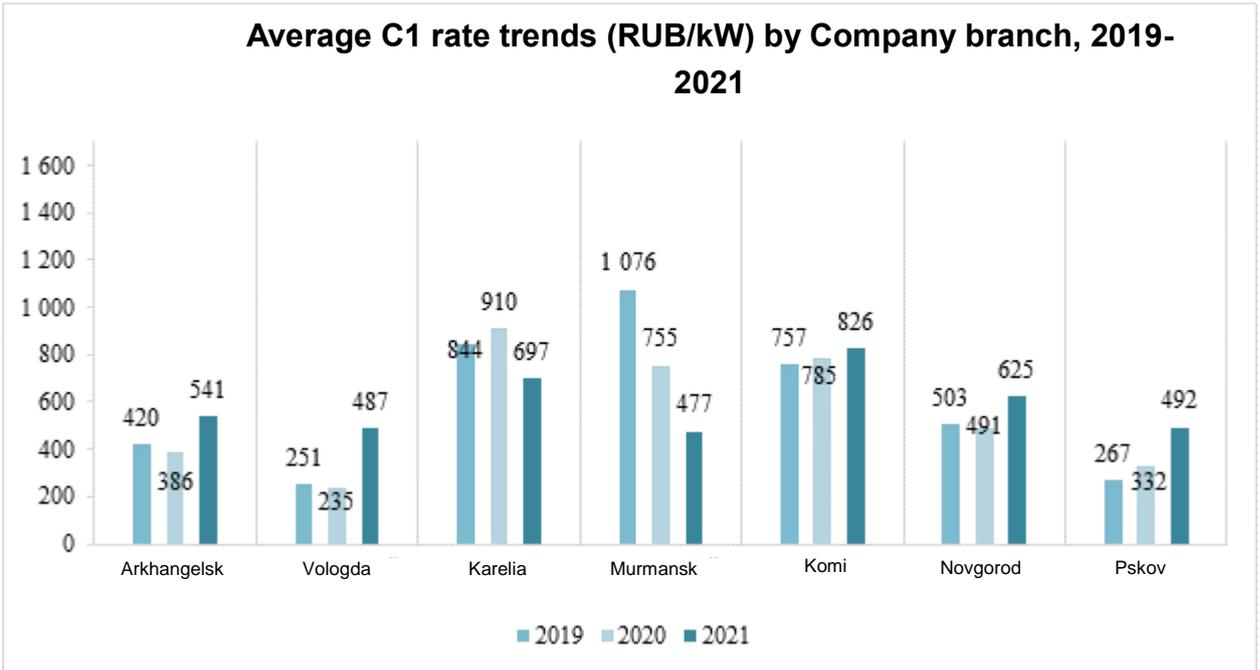
Power transmission services tariffs in 2021 materially differed by regions within Rosseti North-West, PJSC area of operations. Significant divergence is conditioned by varying breakdowns of consumers by voltage levels. Branches with the prevailing low-voltage networks, such as Arkhangelsk branch of PJSC Rosseti North-West, Karelia branch of PJSC Rosseti North-West and Pskov branch of PJSC Rosseti North-West, feature high tariffs, which is due to higher costs for power grid maintenance compared to the branches with the prevailing high-voltage networks, such as Vologda branch of PJSC Rosseti North-West, Murmansk branch of PJSC Rosseti North-West, Novgorod branch of PJSC Rosseti North-West. The largest growth in the average tariff (by 7%) in 2021 was shown by the Arkhangelsk branch, which is attributable to the reduction of the net electricity supply, to the growth of the branch own GRR, and expenses on payment for the services of LGOs. In the Pskov and Murmansk branches the average tariff growth amounted to 3.5% which is due to the growth of the branches' own GRRs and slight reduction in the net electricity supply. In the Karelia branch the average tariff growth was less than 4.5% which is due to the rise in expenses on LGO services and considerable reduction in the net electricity supply. In the Novgorod branch the average tariff growth amounted to 1.1% which is due to the rise in expenses on LGO services and slight reduction in the net electricity supply. In the Komi branch the average tariff growth amounted to 0.2% which is due to the decrease of the branch's own GRR. In the Vologda branch there was a 3% reduction of the average tariff, which is due to the decrease of the branch's own GRR in 2021. In the Karelia and Pskov branches, smoothing repayment, accrued in the amount of RUB 607.7 mln during the regulatory period with the use of the RAB method at these branches, was included into GRR, which is envisaged by the signed Agreements with the heads of the relevant regions.

Technological connection payments ^{38,39}

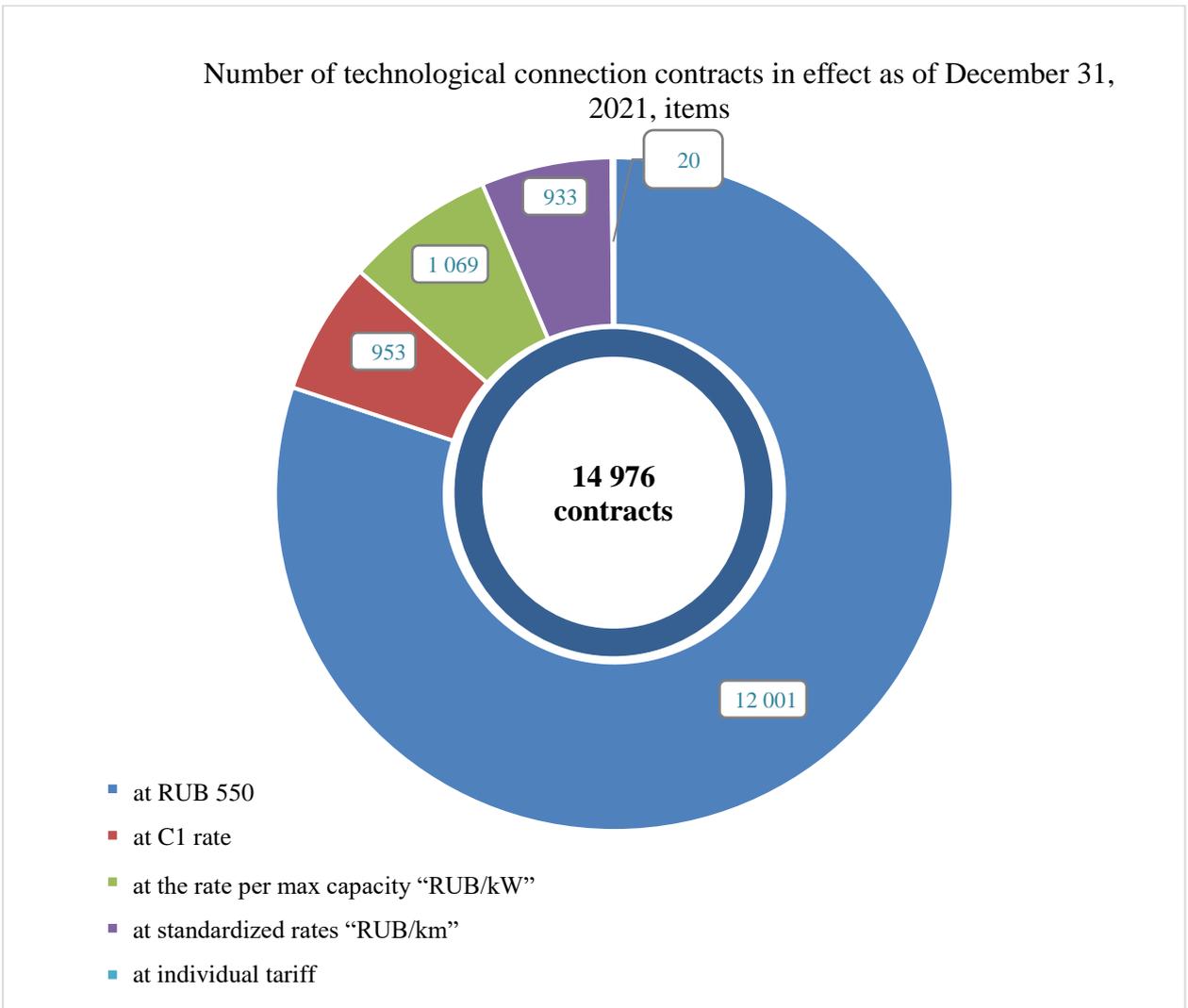
In 2021, the set tariffs permitted the Company to receive the revenue of RUB 830 mln from technological connection services.

³⁸ Technological connection payment rates 2018-2020 are listed in Annex 15 to the full version of the Annual Report, available on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

³⁹ Monitoring of cash-flows on technological connection agreements are in Annex 16 to the full version of the Annual Report, available on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.



The dynamics of the average C1 rate is based on the average total rate adopted by state tariff authorities for technological connection activities. The key reason for changes in the standardized tariff rate C1 for the technological connection activities is the growth in the consumer price index.



Availability of the approved standardized technological connection fees enabled the Company to reduce the number of contracts based on individual fees. The number of 2021 applications where contracts were based on individual rates amounted to 20 across the Company. The total number of effective technological connection contracts is 14,976. The largest share of the contracts signed represents subsidised technological connection up to 15 kW with the fee of RUB 550.

In 2021, the amount of technological connection fee for the individual project connection under the contract with JSC “Vologdaoblenergo” was established at RUB 711,015 mln exclusive of VAT. Number of individual project contracts in effect – 20, the fee for 19 contracts was approved in previous periods.

The amount of technological connection fees for the current technological connection contracts up to 15 kW was RUB 47.8 mln exclusive of VAT in 2021. The capital investment of 2021 into technological connection of the power units belonging to applicants of up to 15 kW was RUB 840.3 mln.

SUSTAINABLE DEVELOPMENT REPORT

Sustainable development management

The Company’s understanding of sustainable development

The Company’s understanding of sustainable development is in line with the definition provided by the UN: “Sustainable development— is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

In its activities, Rosseti North-West, PJSC sticks to the precautionary principle formulated in the UN Declaration on Environment and Development. This principle permeates the Company’s activities of environmental management on all stages of its projects.

The Company constantly strives to comply with the requirements of the environmental legislation, boost the level of occupational and environmental safety, ensure consistent and efficient reduction in the negative impact of its operations on the environment.

The Company’s Sustainable Development Agenda is based on international agreements, national charters as well as regulatory documents:

- Transforming our World: the 2030 Agenda for Sustainable Development, 2015 — UN
- Anticorruption Charter of the Russian Business, 2012 — Trade and Industrial Chamber of the Russian Federation
- Russia’s Energy Strategy until 2035, 2013 — the Government of the Russian Federation

Social responsibility and sustainable development issues are managed in accordance with legal and regulatory documents as well as internal regulations of the Company. The Company seeks to carry out its operations by ensuring the fulfilment of social interests and business tasks.

The Company adheres to the following standards in terms of Corporate social responsibility and sustainable development:

- International Standard ISO 14000:2015 “Environmental management systems”
- International Standard ISO 9001:2000 “Quality Management Systems”
- Occupational safety management system (the Rosseti Group’s policies on occupational safety⁴⁰)

⁴⁰ Approved by Order of PJSC ROSSETI No. 143 of August 30, 2018 On Approval of PJSC ROSSETI’s Occupational Safety Documents, adopted by Order of IDGC of North-West, PJSC No. 628 of September 19, 2018 On improvement of the occupational health and safety management system.

- Reporting standards (GRI Standards, <IR> Framework)

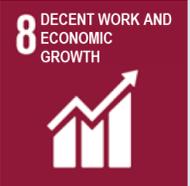
Rosseti North-West, PJSC activities and the UN sustainable development goals

On September 25, 2015, global leaders, including head of states and governments, gathered in the United Nations headquarters in New York to endorse the sustainable development agenda under the title “Transforming our World: the 2030 Agenda for Sustainable Development” for the period after 2015. The agenda includes 17 goals and 169 objectives.

The Company is guided by the UN sustainable development goals in its operations. In view of the nature of the Company’s operations, it helps achieve 8 out of 17 UN SDGs in its production and sustainable development activities on a daily basis.

UN goals and their brief description	Company's strategic and program documents aimed at UN SGDs achievement	Company's contribution to UN SGDs achievement		
		Activities	Principal outcomes and achievements in 2021	Plans for 2022
 <p>3 HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> Voluntary personal insurance program (VPI), including voluntary medical insurance (VMI) and insurance against industrial accidents and diseases (IAD) 	<ul style="list-style-type: none"> Employee social welfare, including VMI and sanatorium-resort treatment Observing the occupational safety and health regulations Safety of power facilities for persons who are not the Company's employees Corporate sports events Ensuring safety of persons who are not the Company's employees 	<ul style="list-style-type: none"> Prevention of the rise in the number of injuries at the workplace 99.7% of the employees are provided with personal safety equipment at the workplace. RUB 525.9 mln – expenses on employees' occupational safety. Mainstreaming of occupational safety issues among contractors – strict requirements to the work process arrangements and availability of personal safety equipment. 117 sports events were held. 	<ul style="list-style-type: none"> Advancing skills in Safety culture. Implementation of the risk-oriented approach. 150 sports events were held.
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Educational professional development programmes for management and key personnel:</p> <ul style="list-style-type: none"> “Electric power plants, grids and systems”; “International Financial Reporting Standards”; “Novation in accounting and taxation”; “The Company's contractual work management”; “Internal control 	<ul style="list-style-type: none"> Attraction and selection of qualified personnel for the Company Training and capacity building for the employees based on the priorities of the Company's development Cooperation with sectoral higher educational establishments and secondary vocational schools Organization and support of experience sharing with personnel from other sectorial companies 	<ul style="list-style-type: none"> 11,958 employees - 88.8% employees⁴¹ completed off-the-job training. RUB 58.9 mln – Company's expenses on employee training and qualification upgrade. 514 students from higher educational establishments and secondary specialized educational institutions (SSEIs) undertook internship in the Company. The Company participated in 8 career guidance activities with participation of HEE students (Open days, university-based career fairs covering 413 people; 77 students participated in the work of student teams at Company facilities. 	<ul style="list-style-type: none"> Training and qualification upgrade of 10.363 employees for the total amount of RUB 73.4 mln. Attraction to internship in the Company of up to 560 students from HEEs and SSEIs. Attraction to work in student teams at Company's facilities of up to 100 students from HEEs and SSEIs.

⁴¹ To average headcount.

	<p>and risk management system”;</p> <ul style="list-style-type: none"> • “Mobilization training at enterprises and organizations”; • “Ensuring official secrets” protection at organization” 			
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable, sustainable and modern energy sources for all</p>	<ul style="list-style-type: none"> • Uniform technological policy at integrated power grid • Energy saving & energy efficiency improvement programme • Policy for innovative development, energy saving and efficiency improvement 	<ul style="list-style-type: none"> • Reliable power supply for consumers • Rational tariff setting 	<ul style="list-style-type: none"> • Reduction in the weighted average period of applicant’s power receivers connection: from 94 to 90 days. • Compliance with ISO 14000:2015 и ISO 14000:2015 standard requirements. 	<ul style="list-style-type: none"> • Preservation of the weighted average period of applicant’s power receivers connection at last year’s level (90 days) • Certification on compliance with ISO 9001 and ISO 14001 standards.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • Code of Corporate Ethics • Occupational Safety Policy • HR and Social Policy 	<ul style="list-style-type: none"> • Creating jobs in the operations area • Competitive salaries • Social welfare for the employees 	<ul style="list-style-type: none"> • 15.15% - “general retention” factor growth. • 64.4 thousand rubles is an average salary. • 100% of the Company’s employees are covered by the Collective Agreement. • As of 31.12.2021, the Company employs 13,236 people in 7 constituent entities of the Russian Federation. 	<ul style="list-style-type: none"> • 10% - “general retention” factor reduction. • Increase in average salary by 7%.

 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<ul style="list-style-type: none"> • Digitalization program for the integrated power grid • Innovative development program • Policy for innovative development, energy saving and efficiency improvement 	<ul style="list-style-type: none"> • Connecting new facilities • Construction of new power grids, substations • Digital transformation • R&D and introduction of scientific developments results 	<ul style="list-style-type: none"> • 858 km – length of the power transmission lines set in operation • 83 MVA of connected capacity • Registration of 34,159 applications for technological connection, 21,622 contracts signed, 17,451 technological connection contracts completed. • 28.9 thousand smart electricity meters were installed and replaced • 280.21 million rubles were allocated for innovative solutions. 	<ul style="list-style-type: none"> • Construction of 960 km of power transmission lines. • Connection of 77 MVA of capacity. • 295.05 million rubles were allocated for innovative solutions. • 20.5 thousand smart electricity meters were installed.
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<ul style="list-style-type: none"> • Digital transformation programme • Energy saving & energy efficiency improvement programme • Investment programme • Maintenance programme • Electricity supply facilities' modernization (renovation) programme 	<ul style="list-style-type: none"> • Ensuring reliable electricity delivery to customers • Rational use of natural resources • Minimizing the negative impact on the environment 	<ul style="list-style-type: none"> • Actual capital investments in technological connection of socially significant facilities amounted to 138 million rubles. • Water consumption was reduced by 3.14%. • RUB 197 mln – was the effect of measures intended to reduce electricity losses. • RUB 4,495.25 mln – were spent on maintenance and repair costs. • 72.2% - SME purchase share. 	<ul style="list-style-type: none"> • Psaidi was reduced by 40.3%. • Psaiifi was reduced by 20.7%. • 121 mln kW·h – reduction in electricity losses •
 <p>Transfer to sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> • Integrated power grid environmental policy • Lean production programme • All-Russian programme of electric vehicle charging infrastructure development 	<ul style="list-style-type: none"> • Improving energy efficiency • Compliance with international standards 	<ul style="list-style-type: none"> • RUB 137 mln – savings in fuel and energy resources • 24.4% – ratio of waste disposal and treatment • Reporting in line with the GRI SRS standards. • Compliance with the requirements of ISO 9001 and 14001 standards. 	<ul style="list-style-type: none"> • 121 mln kW·h – reduction in electricity losses • RUB 3.95 mln – savings in fuel and energy resources. • Certification on compliance with ISO 9001 and ISO 14001 standards.

 <p>Taking urgent measures to combat climate change and its impacts</p>	<ul style="list-style-type: none"> Lean production programme All-Russian programme of electric vehicle charging infrastructure development 	<p>Greenhouse gas emission reduction through:</p> <ul style="list-style-type: none"> loss reduction during power transmission and distribution; charging infrastructure development; reduction in fuel-and-energy resources consumption for own needs; ensuring grid output and delivery to consumers of electrical power from low-carbon sources; land restoration and forest planting; improving integrated power grid reliability and suitability for dangerous climatic events; popularization of energy saving and energy saving life-style; implementation of energy saving and energy efficiency improvement activities. 	<ul style="list-style-type: none"> reduction in energy loss up to 6.29%. reduction in emissions of pollutants into the atmospheric air by 15.5%. increase in greenhouse gas emission by 8.8%. 	<ul style="list-style-type: none"> reduction in energy loss up to 6.05%.
 <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<ul style="list-style-type: none"> Integrated power grid environmental policy Uniform technological policy at integrated power grid 	<p>Biodiversity conservation</p>	<ul style="list-style-type: none"> Costs for installation of bird protective devices (BPD) amounted to 6,000.37 thousand rubles. 2,336 pcs – the total number of the installed BPDs. 0,67 ha – the area of the restored lands. 20 thousand pcs of green planting. 	<ul style="list-style-type: none"> 3,826.6 thousand rubles – planned expenses for BPD installation. 1,271 pcs – the total amount of BPDs to be installed. Vegetation planned to plant: 58.3 thousand plants.

Sustainable development management system

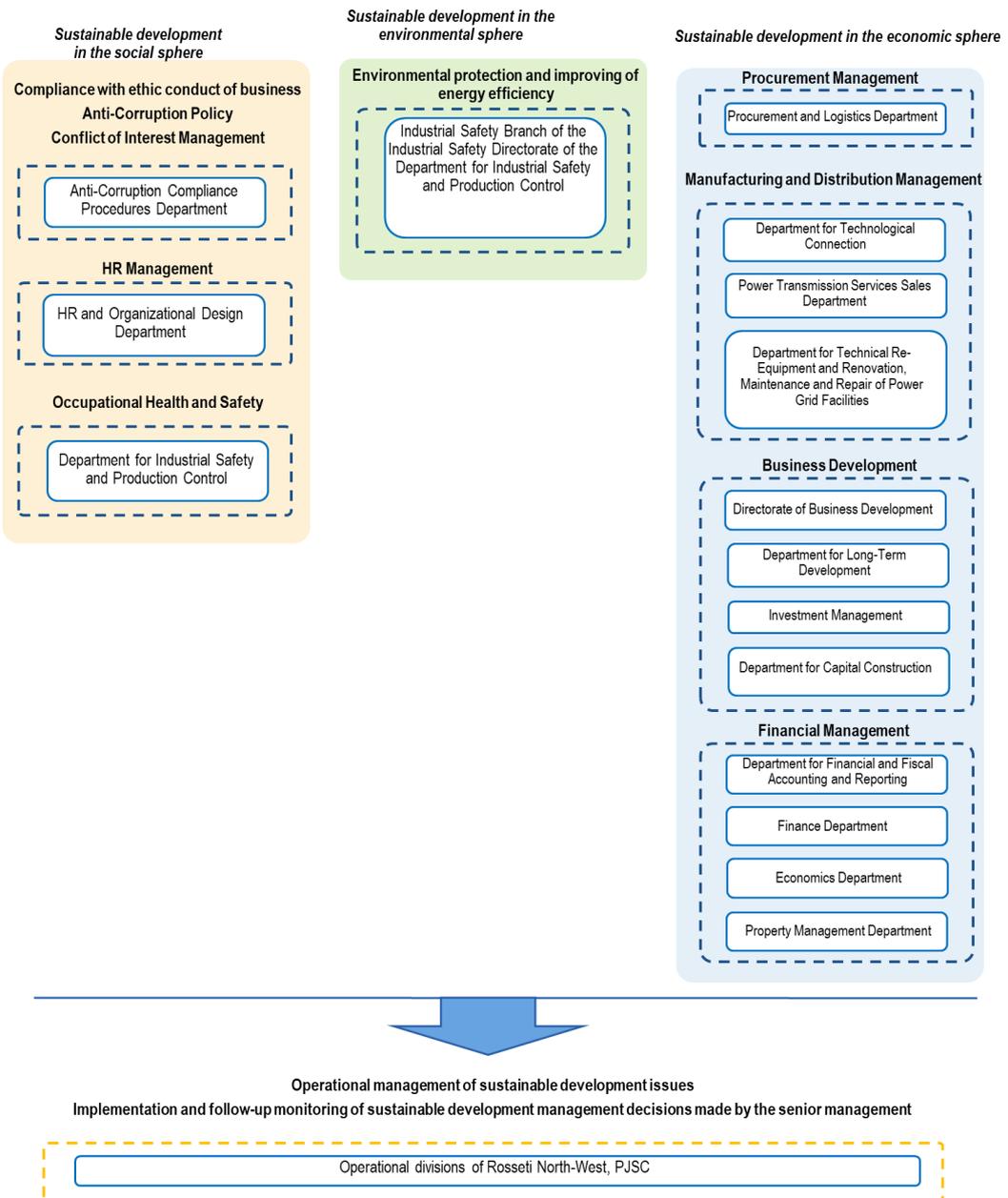
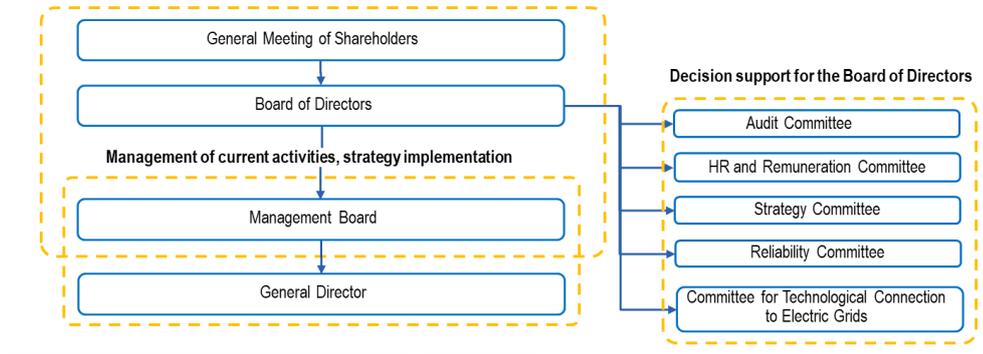
[GRI 102-18]

The main participants in Rosseti North-West, PJSC corporate and organizational management system are the Board of Directors, the Management Board, and the General Director. Therefore, they have the main authority to ensure the Company's sustainable development. They manage the Company's day-to-day operations and are responsible for the development and implementation of plans in all areas, including sustainable development. As part of Rosseti North-West, PJSC corporate organizational management system, functions are delegated and responsibilities for sustainable development in the economic, environmental and social spheres are reallocated.

Each of the deputy general directors is responsible for his/her area of responsibility. The Company's functional units are responsible for the operational management of the implementation of approved plans and programmes, as well as monitoring of their performance.

Sustainable Development Management

Strategy development, including in the field of sustainable development
Implementation and protection of shareholder rights
Monitoring of the executive bodies and the financial condition
Effective internal control and risk management systems



Management Systems

The following management systems have been implemented and used in the Company:

1. *Quality Management System (QMS).*

QMS is part of the Company’s overall management system with its organizational structure, processes, procedures and resources necessary for overall quality management.

2. *Environmental Management System (EMS).*

EMS is part of the Company’s overall management system with its own organizational structure, mechanisms, procedures and resources necessary to manage the environmental aspects of operations by developing and achieving environmental policy goals.

Management systems of the Company comply with the requirements of international and national standards ISO 9001 (GOST R ISO 9001), ISO 14001 (GOST R ISO 14001).

- In terms of ISO 9001 (quality management system):

In 2021, the Company successfully passed re-certification audit, obtained new certificates of QMS compliance with ISO / GOST R 9001 standards valid till 05.09.2024. The auditor – “Russian Register” Certification Association (one of the leading Russian certification and standardization bodies) – noted that the company typically shows a high level of QMS and is able to improve it. The auditor also mentioned that the company’s QMS system could, if necessary, be demonstrated during re-certification of the “Russian Register” itself by the international certification agency.

- In terms of ISO 14001 (environmental management system):

In 2021, the Company successfully passed an inspection audit. ISO/GOST R 14001 certificate was confirmed.

Information on certificates held by the Company’s branches

Management Level	Management Systems/Certificate Validity						Certification body
	ISO 9001			ISO 14001			
	GOST ISO 9001:2015	ISO 9001:2015	ISO 9001:2015 (in the IQNet certification system)	GOST R ISO 14001:2016	ISO 14001:2015	ISO 14001:2015 (in the IQNet certification system)	
Rosseti North-West, PJSC	No. 21.1601.026 dated 03.09.2021	No. 21.1601.026 dated 03.09.2021	No. RU-21.1601.026 dated 03.09.2021	No. 19.2565.026 dated 12.01.2022	No. 19.2564.026 dated 12.01.2022	No. RU-19.2564.026 dated 12.01.2022	Certification Association Russian Register
Arkhangelsk Branch	No. 21.1601.026-6 dated 03.09.2021	No. 21.1601.026-6 dated 03.09.2021	No. RU-21.1601.026-6 dated 03.09.2021				
Vologda Branch	No. 21.1601.026-5 dated 03.09.2021	No. 21.1601.026-5 dated 03.09.2021	No. RU-21.1601.026-5 dated 03.09.2021				
Karelia Branch	No. 21.1601.026-4 dated 03.09.2021	No. 21.1601.026-4 dated 03.09.2021	No. RU-21.1601.026-4 dated 03.09.2021				
Murmansk Branch	No. 21.1601.026-3 dated 03.09.2021	No. 21.1601.026-3 dated 03.09.2021	No. RU-21.1601.026-3 dated 03.09.2021				
Komi Branch	No. 21.1601.026-2 dated 03.09.2021	No. 21.1601.026-2 dated 03.09.2021	No. RU-21.1601.026-2 dated 03.09.2021				
Novgorod Branch	No. 21.1601.026-1 dated 03.09.2021	No. 21.1601.026-1 dated 03.09.2021	No. RU-21.1601.026-1 dated 03.09.2021				
Pskov Branch	No. 21.1601.026-7 dated 03.09.2021	No. 21.1601.026-7 dated 03.09.2021	No. RU-21.1601.026-7 dated 03.09.2021				

Note:

ISO 9001 – Quality Management System

ISO 14001 – Environmental Management System

The main participants in management systems are as follows:

- Board of Directors of the Company
- Executive bodies of the Company – General Director and Management Board;

- Representatives of the Company’s management on the relevant management system (DDG-Head of Administration for ISO 9001, first DDG-Chief Engineer for ISO 14001);
- structural units responsible for organizing the operation of the respective management systems (the DICRM for ISO 9001, the DOSPC for ISO 14001)
- structural divisions of the Company and SDCs involved in the operation of management systems.

Main outcomes of management systems:

a) increasing the reliability and quality of power supply;

Information provided in the “Improving power supply efficiency, reliability and quality” section on page 63.

б) increasing the security of power supply;

Information provided in the “Improving power supply efficiency, reliability and quality” section on page 63.

в) ensuring occupational safety and health protection during production, including fewer accidents and compliance with the requirements of labour and environmental protection legislation;

Information is provided in the “Occupational health and safety” section on page 121.

г) improving energy efficiency;

Information is provided in the “Energy saving and higher energy efficiency” section on page 126.

д) ensuring environmental safety;

Information is provided in the “Environmental protection” section on page 123.

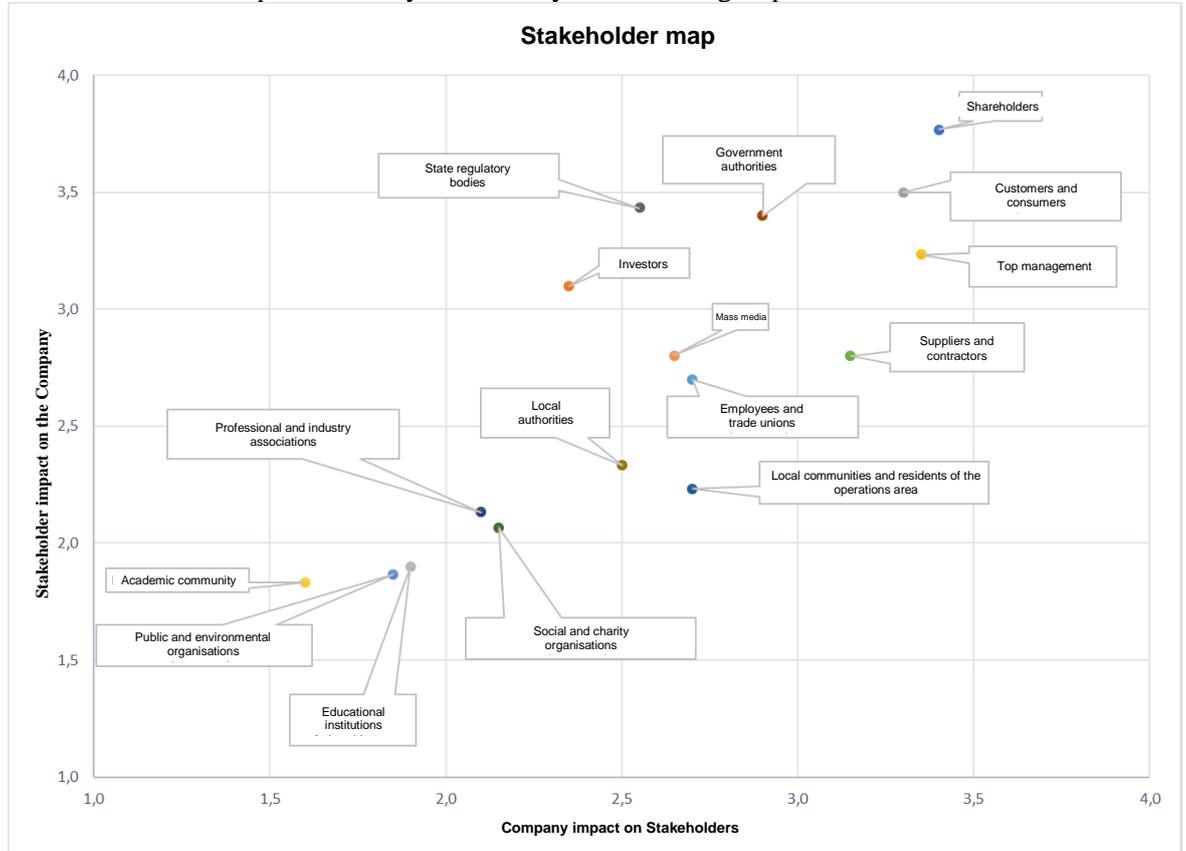
е) improving the quality of technological connection services.

Information is provided in the “Technological connection” section on page 51.

Stakeholder interaction

The sustainable development of Rosseti North-West, PJSC depends directly on the quality of stakeholders relations. The Company maintains responsible and open communication with all stakeholders and strives to ensure due consideration of their interests in decision-making.

[GRI 102-42] In drafting this Report, the Company carried out polling of the Company employees to upgrade the stakeholder map and identify a list of key stakeholder groups.



[GRI 102-43] The Company aims to build fruitful, trust-based and mutually beneficial long-term partner relations with stakeholders – shareholders and investors, customers and consumers, top management, employees and trade unions, suppliers and contractors, professional and industry associations, government authorities, state regulatory bodies, local authorities, local communities and residents of the operations area, social and charity organisations, public and environmental organisations, the mass media, educational institutions and the academic community.

A balanced system of efficient communication based on the principles of openness, mutual respect, responsible attitude encourages further development of the Company's business.

Company Stakeholders

[GRI 102-40; GRI 102-44]

Stakeholders	Topics of interest	Mechanisms of interaction	Interaction in 2021
Shareholders	Increasing shareholder value Transparency of management activities	Press releases within the framework of obligatory information disclosure Information disclosure in accordance with the Company's information policy Interaction within the Board of Directors Individual meetings with shareholders General Meeting of Shareholders Statutory reporting of the Company	The annual General Meeting of Shareholders was held. For more information, see "Information on General Meetings of Shareholders in 2021" Events held for shareholders in the reporting year are described in section "Shareholder and investor relations"
Investors	Increasing the Company' investment appeal Obtaining information about the development prospects Getting information about credit ratings	Obtaining and maintaining a credit rating and national corporate governance rating Meetings with representatives of banks and the investment community Quality disclosure, IFRS reporting	Loan interest paid amounts to RUB 989 mln Events held for investors in the reporting year are described in section "Shareholder and investor relations" Credit rating confirmed by Analytical Credit Rating Agency (ACRA). Credit rating AA+(RU), outlook "Stable" The rating of corporate governance quality confirmed by the rating agency "Expert RA" at the level of A++ GQ. "The highest level of quality management"
Customers and consumers	Ensuring reliable and uninterrupted power supply Innovative development to improve the quality of power supply Timely and affordable technological connection Open and flexible interaction with customers/consumers	Upgrade of power grid facilities Installation of smart metering devices Contracts on technological connection to power grids System of off-line (service centres) and online services for consumers (applications via cell phones or Internet) Consumer polls on the degree of satisfaction with the service quality	17,451 technological connection contracts were executed The Contact Center received 384,942 consumer applications 8 consumer service offices are in operation For more information, see the section "Comprehensive servicing of consumers"
Top management	Creating conditions for professional growth Achievement of strategic goals and KPIs	Interaction within the framework of the Company's operations	Training in accordance with the employee professional development plans for 2021.

Employees and trade unions	Fulfilment of employers' obligations towards the Company employees Creating conditions for professional growth Providing employment and decent rate of remuneration Social benefits and guarantees, voluntary medical insurance programs	Negotiations with the trade union Meetings with the personnel Collective agreement Compliance with the requirements of the Industry Tariff Agreement in the Electric Power Industry for the period 2019-2021 Social benefits and guarantees of employee voluntary medical and accident insurance (subject to the sectoral tariff agreement)	Meetings with employee representatives were held The results of the Collective Agreement implementation in 2021 were summarized Voluntary health insurance and accident insurance contracts for the new period are concluded
Suppliers and contractors	Creating a transparent competitive environment Using the market pricing mechanism Compliance with the standards of business ethics in interaction Anti-corruption policy	Competitive procurement procedures Signing agreements with Russian and foreign manufacturers Support for SMEs	In 2021, the Company held 1,431 procurement procedures for a total of RUB 22.59 bln.
Professional and industry associations	Obtaining information about the Company's development prospects Cooperation	Holding regular meetings Disclosures on the corporate website Communication with the business communities in the regions of presence Joint meetings, forums, exhibitions, conferences	Online forums, conferences Disclosure of relevant information on the official website and on social media
Government authorities	Ensuring reliable and uninterrupted power supply Support for power engineering in Russia and import substitution Contributing to the development of major international projects Participation in the implementation of state projects	Fulfilment of investment policy obligations Signing a number of cooperation agreements Contribution to preparations for national and international projects	The actual volume of capital investments allocated for the technological connection of socially significant facilities: schools, kindergartens, sports and social facilities - amounted to RUB 138 mln The share of procurement from local suppliers in the regions of activity of the organization amounted to 9.3% of the actual volume
State regulatory bodies	Compliance with the requirements of the Russian legislation	Regular inspections passing Regular meetings and cooperation Provision of statutory reporting	Information disclosure in accordance with the requirements of the regulatory bodies.

Local authorities	<p>Infrastructure development</p> <p>Contribution to social programs and charity</p> <p>Tax payment</p> <p>New jobs</p> <p>Obtaining information about the Company's development prospects</p>	<p>Agreements on cooperation</p> <p>Social and charity programs</p> <p>Public reporting</p> <p>Injury prevention events for the safety of residents</p>	<p>The actual volume of capital investment allocated for the technological connection of socially significant facilities: schools, kindergartens, sports and social facilities— amounted to RUB 138 mln</p> <p>The share of procurement attributable to local suppliers in the operations area was 9.3% of the actual volume</p>
Local communities and residents of the operations area	<p>Social infrastructure development</p> <p>New jobs</p> <p>Implementation of social and charity projects</p> <p>Mitigation of negative environmental and population impact</p>	<p>Media publications on technological connection, work of power employees, important changes in the effective legislation on power industry</p>	<p>Publication of 1,900 messages on social media</p> <p>Regional and federal media published 11,500 materials</p>
Social and charity organisations	<p>Social responsibility</p> <p>Efficiency of the Company's performance and development prospects</p> <p>Contribution to charity projects</p>	<p>Interaction in carrying out social projects</p> <p>Information disclosure on the corporate website</p> <p>Signing cooperation agreements</p>	<p>Investments in social infrastructure amounted to RUB 141 mln</p>
Public and environmental organisations	<p>Compliance with the established environmental legislation requirements</p> <p>Compliance with the established environmental impact standards</p> <p>Reduction in man-made impact on the environment</p>	<p>Consultations, explanations</p> <p>Public hearings</p>	<p>In 2017, the Company joined the implementation of the Environmental policy of power grid facilities of PJSC ROSSETI</p> <p>The environmental protection costs in 2021 amounted to RUB 21.26 mln.</p>
Mass media	<p>Transparency of business processes</p> <p>Providing prompt access to information about the Company's activities</p>	<p>Press events</p> <p>Prompt dissemination of information</p> <p>Processing media requests and communications</p>	<p>Publication of 1,900 messages on social media</p> <p>Regional and federal media published 11,500 materials</p>
Educational institutions	<p>Contribution to the development of industry education</p> <p>Training high potential staff and ensuring job continuity</p>	<p>Signing agreements with higher education institutions</p> <p>Organization of student teams</p> <p>Programs for young talent training</p> <p>Creating the talent pool</p> <p>Opportunities for hands-on training and internship</p> <p>Employee education and training</p> <p>Open days and career fairs</p>	<p>The Company has 16 partner higher education institutions in the operations area.</p> <p>77 students took part in the work of student teams at the Company's facilities.</p> <p>514 students of higher education institutions had internships with the Company.</p> <p>88.8% of the average staff headcount took part in off-the-job training in 2021.</p>

			<p>The company took part in 8 professional orientation events with the participation of university students (open days, career fairs at universities with the total coverage of 413 people).</p> <p>22 professional orientation events were held with high school students. The general coverage of the target audience amounted to more than 5,000 people.</p> <p>In 2021, 150 open lessons on electrical safety were held in the area of operations, including online lessons (more than 3,024 schoolchildren were involved).</p>
Academic community	<p>Contribution to industry-related research development</p> <p>Use of innovative technologies</p>	<p>Interaction with academic institutions and R&D order placemen</p> <p>Participation in forums, exhibitions</p> <p>Signing agreements</p>	Implemented R&D amounted to RUB 28.3 mln

Public, government and media relations

The Company develops stakeholder interaction on the basis of shared values, promptly responding to reputational risks in the public space and forming a positive image of both the company and the industry as a whole.

For the year 2021, the Company published more than 300 information items on its official website www.rosseti-sz.ru and arranged 11,500 publications in the regional and federal media.

The communication policy of the Company Rosseti North-West is based on the principles of openness, reliability, promptness and accessibility within implementation of a unified communications policy of the Rosseti Group.

In 2021, the Public Relations Department continued the project to promote the Company's accounts in major social networks and the Telegram messenger, working systemic target audience relations.

Important news, useful information and various kinds of digital content are provided on the corporate platforms. Besides, direct contact with subscribers has been established by means of discussions, personal communication, surveys and other interactive options.

The total number of subscribers to Rosseti North-West's social network accounts increased by 50% to 40,000. The company's posts had a total of 6.3 mln views last year.

The growth of these indicators is stimulated by the segmentation of the target audience and adjusting the content to fit it, the use of SMM-promotion tools (reposts in popular communities, hashtags, commenting), the generation of unique content, the implementation of region-specific projects.

99% of the company's audience has active accounts. Subscribers include government officials and regional opinion leaders.

One of the key forms of Rosseti North-West's business communications is participation in exhibitions and conventions. The Company's representatives take part in major congress and exhibition events, including scientific and practical conferences, fuel and energy sector industry exhibitions, economic and investment forums.

The company signed 7 agreements with the governors of the operations regions and with the largest enterprises:

In January 2021, Rosseti North-West General Director Artem Pidnik and Murmansk Region Governor Andrei Chibis signed an 10-year agreement on cooperation on tariff regulation.

On June 3, 2021, during the St. Petersburg International Economic Forum, Artem Pidnik, General Director of Rosseti North-West, and Alexander Loginov, Director of the North-West Macro-Regional Branch of PJSC Rostelecom, in the presence of Andrei Ryumin, General Director of PJSC Rosseti, and Mikhail Oseevsky, President of PJSC Rostelecom, signed a strategic partnership agreement.

On June 4, 2021, at the St. Petersburg International Economic Forum, Artem Pidnik, General Director of Rosseti North-West, and Vladimir Uiba, Head of the Komi Republic, signed agreements on cooperation to ensure reliable power supply and consolidate the region's power grid complex, as well as implement investment projects in the Arctic zone of Russia.

In July 2021, Artem Pidnik, General Director of Rosseti North-West, and Alexander Tsybulsky, Governor of Arkhangelsk Region, signed an agreement on cooperation between the grid company and the region.

On October 14, 2021, at the Russian Energy Week forum, Artem Pidnik, General Director of Rosseti North-West, and Roman Chichkanov, Deputy General Director for Investments, Far East and Arctic Development Corporation, signed an agreement and a road map for creating the power grid infrastructure for the residents of the Capital of the Arctic ADZ.

On October 14, 2021, Artem Pidnik, General Director of Rosseti North-West, and Mikhail Pribochy, Managing Director of Kaspersky Lab in Russia and the CIS, signed an agreement in the field of cybersecurity and information technology at the International Forum Russian Energy Week 2021.

Another important area of the Public Relations Department activities is prevention of electric injuries. In 2021, the Company held a number of lessons on this topic across its footprint area. Printed materials on prevention of electric injuries were distributed among the following target groups: children, drivers, fishermen, and air sport enthusiast.

HR and Social Policy



The key goals of the Company’s HR and social policy (hereinafter – the Policy) aimed to ensure achievement of the target indicators set by the Development Strategy of the Power Grid System are

- planning the staffing requirements —ensuring availability of reliable information on the current and projected number and qualities of employees required as necessary and sufficient to fulfil the tasks assigned to the Company;
- timely meeting the Company’s needs for personnel of required qualification;
- ensuring efficiency of personnel activities, labour efficiency improvement.

The above key goals of the HR and social policy are achieved by implementing a set of measures in a variety of business areas and by reaching the established targets:

- organizational design;
- staff procurement and personnel development;
- personnel performance management (personnel motivation);
- social benefits and guarantees;
- promoting safety of operations and work culture.

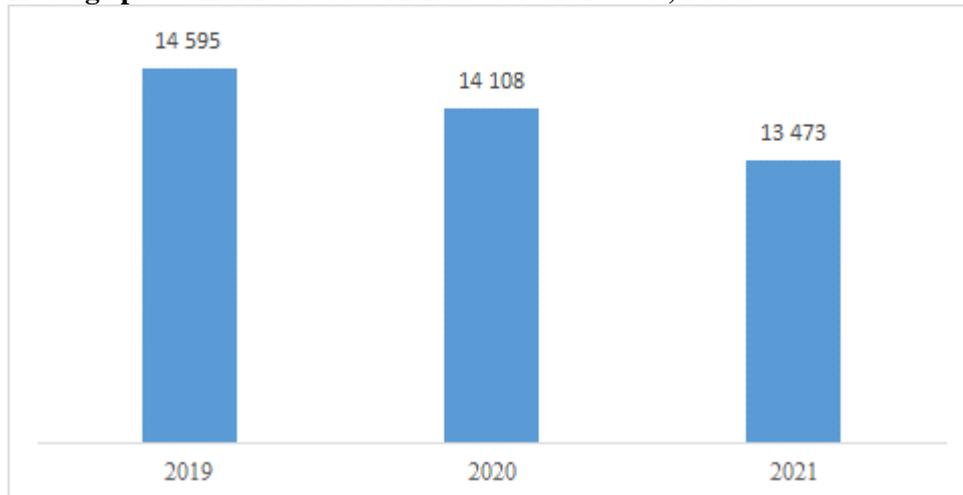
Personnel headcount and breakdown

The average staffing number of Rosseti North-West, PJSC in 2021 amounted to 13,473 persons, which is 4.5% lower than in 2020.

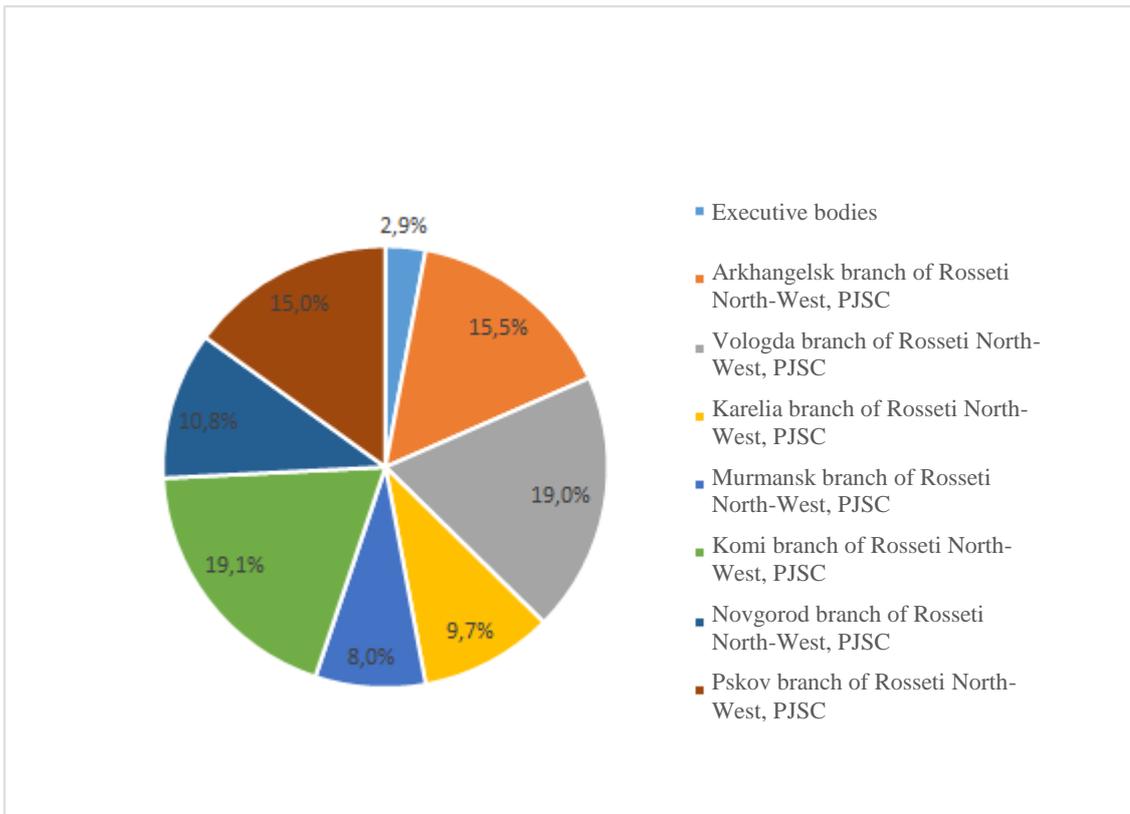
The decrease in the average staffing number of Rosseti North-West, PJSC in 2021 was due to the implementation of the Model PDZ project and measures to adjust the workload of the personnel of the main functional units of the company’s branches.

[GRI 102-7]

Average personnel headcount in Rosseti North-West, PJSC



Average personnel headcount in 2021

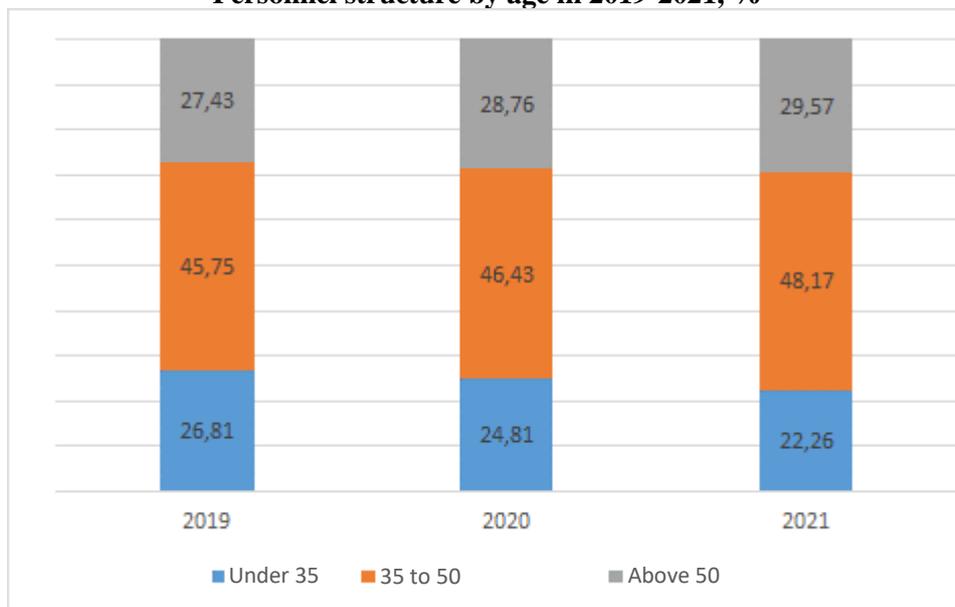


The staffing levels of the Company in 2021 was 90.9%
 The Company’s operational staffing levels are 90.7%.
 Active turnover in 2021 amounted to 8.1%.

The average age of employees of the Company has not changed over the past two years and was 43 years in 2021.

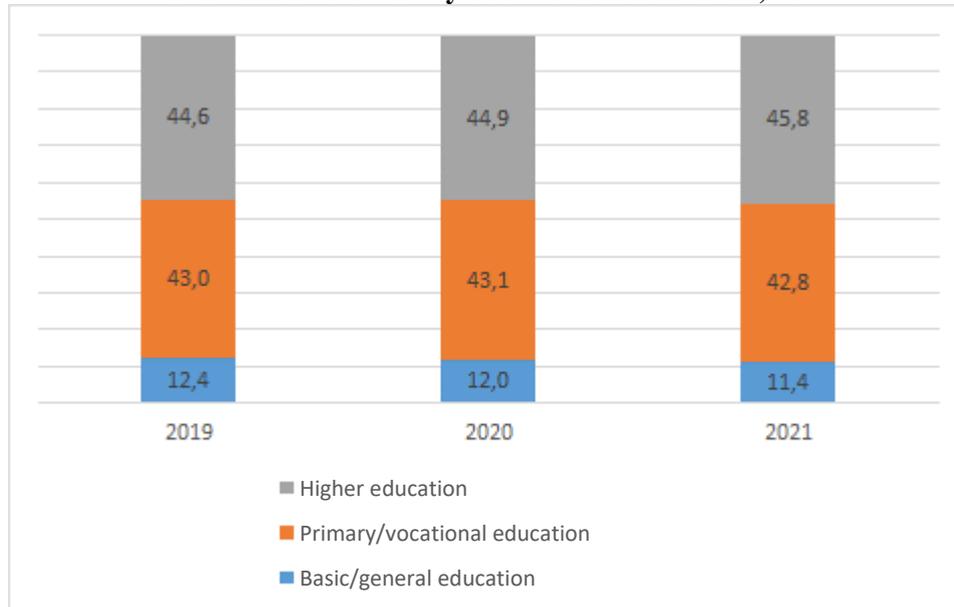
A significant proportion of the Company’s employees are between the ages 35 and 50 — 48.17%. 22.26% of employees are under 35. The share of employees under 50 is 70.43%.

Personnel structure by age in 2019-2021, %



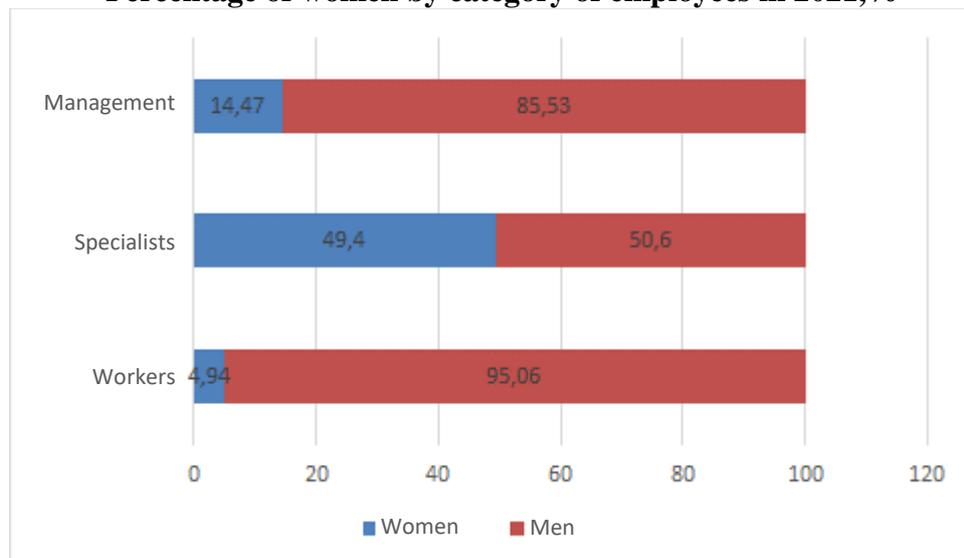
Rosseti North-West, PJSC employees possess considerably high qualification — 88.6% of employees have received professional education. This indicator has increased by 1 percentage point in the last three years.

Personnel structure by education in 2019-2021, %



The gender breakdown of staff has been stable throughout the years and corresponds to the nature of the Company's production activities: men – 78.4%; women – 21.6%.

Percentage of women by category of employees in 2021, %



[GRI 102-8]

Number of employees by type of employment contract and gender, number of persons

Type of employment contract	Number of employees					
	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
Permanent	11,383	3,008	11,115	2,935	10,383	2,768
Temporary	63	124	45	132	44	104

Number of employees by type of employment and gender, number of persons

By employment	Number of employees					
	2019		2020		2021	
	Men	Women	Men	Women	Men	Women

Full	11,395	3,113	11,112	2,942	10,387	2,758
Part-time	51	19	48	125	40	114

Total number of employees by type of employment contract and by division, number of persons.

	Permanent employment agreement			Temporary employment agreement		
	2019	2020	2021	2019	2020	2021
Executive bodies	390	389	397	21	21	20
Arkhangelsk Branch	2,267	2,169	2,034	18	23	14
Vologda Branch	2,682	2,637	2,507	40	29	22
Karelia Branch	1,370	1,351	1,283	15	10	11
Murmansk Branch	1,166	1,116	1,082	9	12	8
Komi Branch	2,835	2,756	2,432	28	30	27
Novgorod Branch	1,502	1,511	1,427	15	12	21
Pskov Branch	2,179	2,121	1,989	41	40	25

Personnel training and development, talent pool



Training is a priority area of HR and Social Policy at Rosseti North-West, PJSC. It is regulated by the Rules of HR management in power industry companies of the Russian Federation, the Regulation on continuous professional development of staff, the Procedures of HR management.

The share of employees who participated in full-time training events in 2021 is 88.8% (11,958 people) of the average staff headcount, which is 12.1 p.p. higher than in 2020 (in 2020 - 10,826 people, or 76.7% of the average staff headcount).

The largest share of the employees trained is attributable to operational personnel – 94.08% (11,250 people). This indicator amounted to 93.7% (10,146 people) in 2020.

The staff who took part in training events broken down into office and management personnel, operational personnel and supporting personnel is shown below:

Breakdown of personnel trained off-site by gender and employee category, %

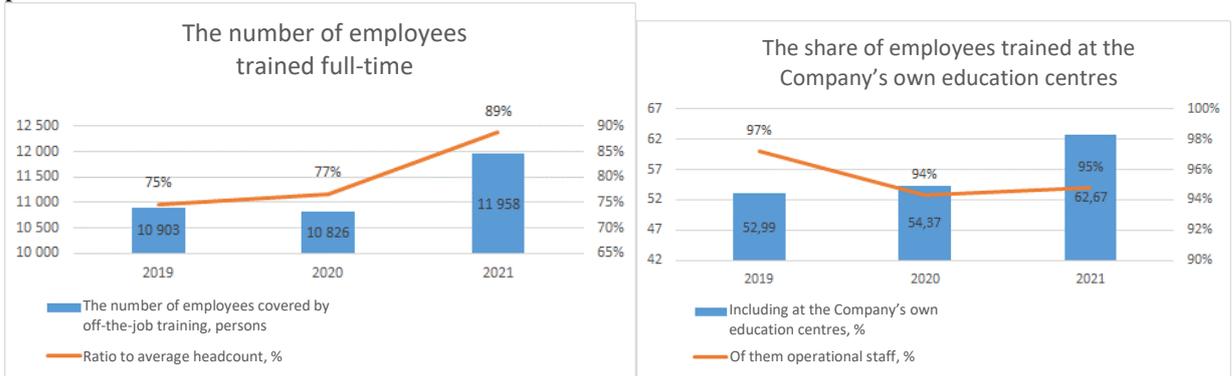
	2021	
	Men	Women
Administrative and management staff	3.28	2.32
Supporting staff	2.65	0.08
Operational staff	88.07	3.59

[GRI 404-2] Continuity of the employee training is ensured by the corporate training and development system including PEI CPE Training Centre Energetik in Vologda with standalone divisions in Arkhangelsk, Veliky Novgorod, Petrozavodsk and training and educational centre for the employees of the Murmansk branch in Murmashi of the Murmansk Region.

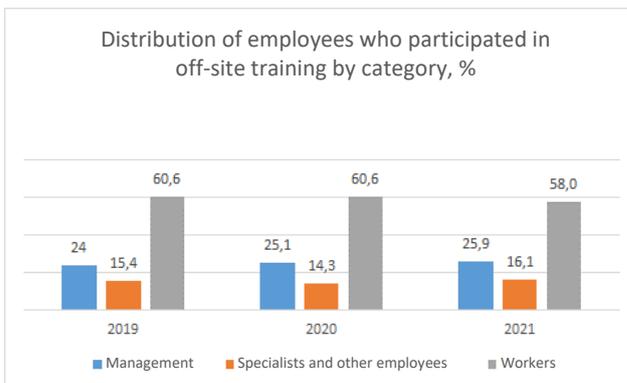
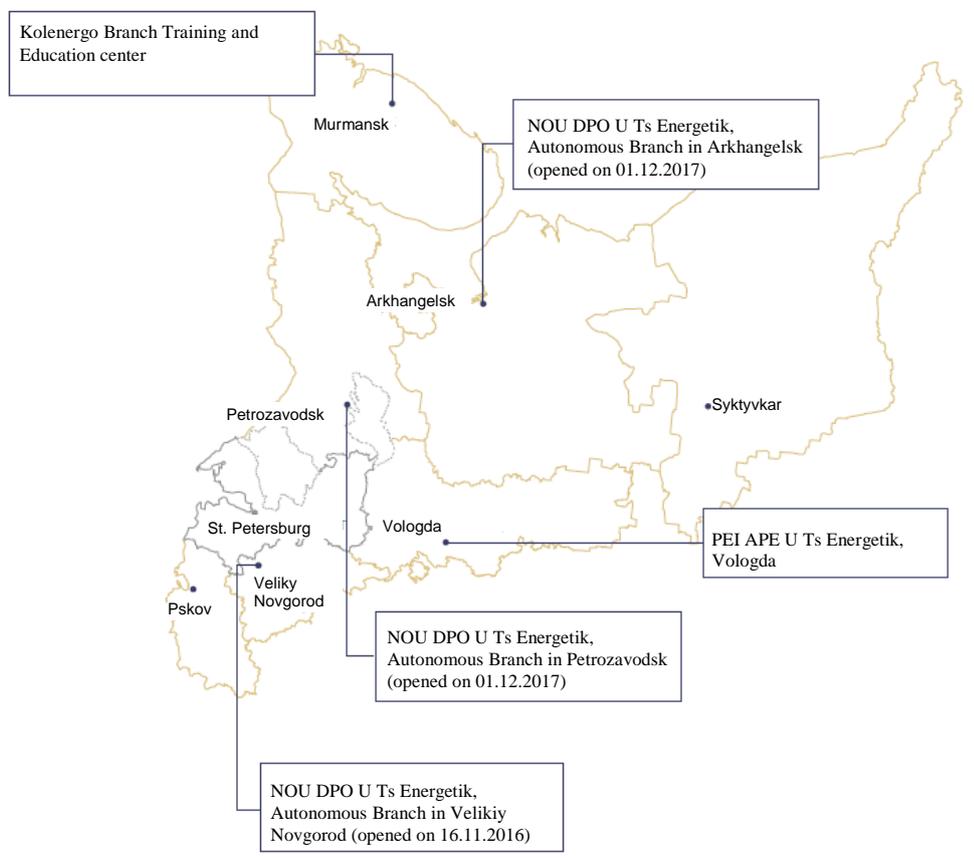
Corporate training centres provided professional training, retraining and advanced training to 7,214 persons in 2021, which is 60.3% of the total number of employees who received training. This number is 5.9 percentage points higher than that of 2020 (in 2020, 5,886 persons were trained at corporate training centers, which accounts for 54.4% of the total number of trainees). The largest portion of the corporate training centre students were also operational employees – 97.3% (7,016 persons), in 2020 – 94.3% (5,886 persons).

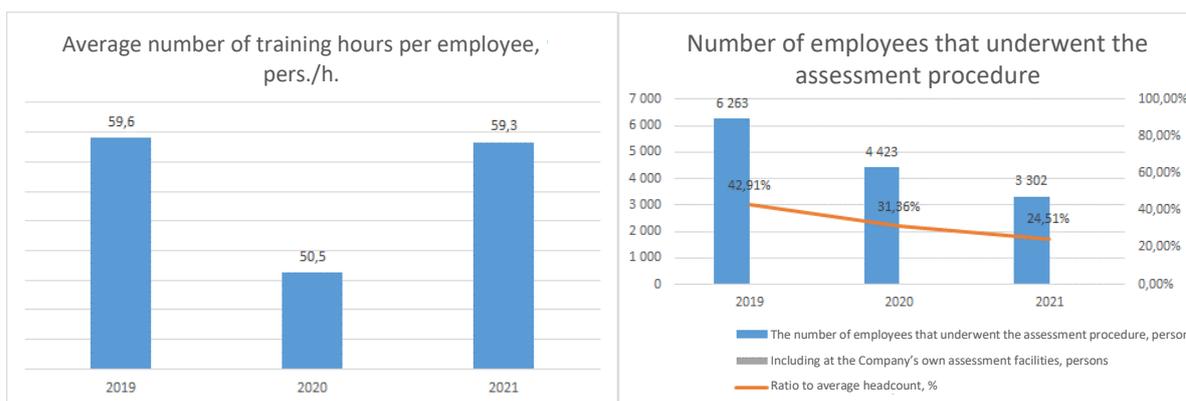
Actual costs of personnel training (regardless of their sources) amounted to RUB 58.9 mln, of which RUB 28.4 mln (48.2%) was allocated to training at corporate training centers.

The ratio of the actual training costs to the payroll in the reporting year was 0.73% (0.67% in 2020). Spending on personnel training includes compulsory training and training in line with the requirements of professional standards.



Training centres of Rosseti North-West, PJSC





In order to assess the development of managerial and professional competencies of the heads of the Company’ structural divisions, to ensure the reliability of professional activities and health of the workforce, to reduce the probability of technological violations, accidents, incidents, violations of safety rules at work, as well as to identify high-potential candidates for senior (vacant) positions and engaging the talent pool of the Company in 2021, the following evaluation activities were organized and carried out:

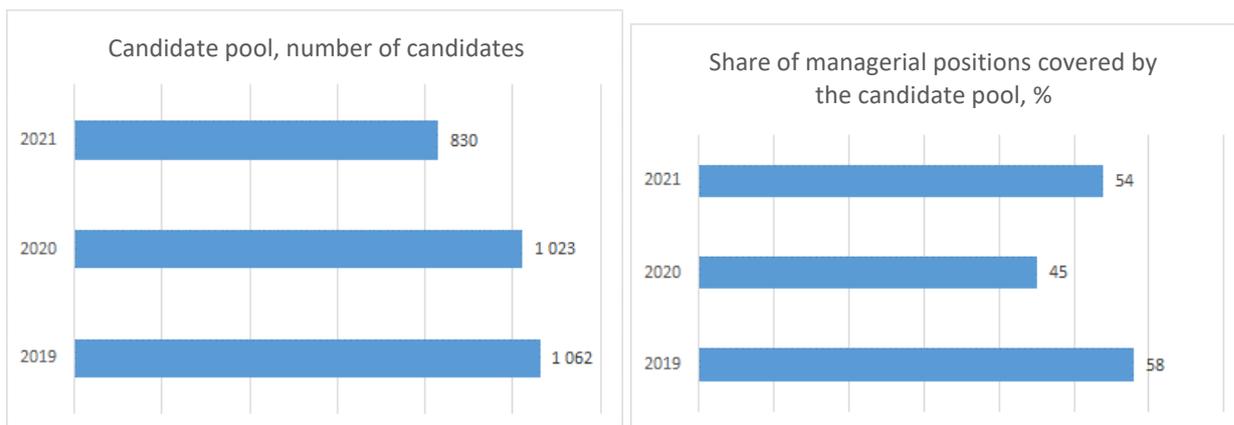
- remote selection stages with the 360-degree and case solution methods within the framework of the “Energy Leaders” Second All-Russian Competition;
- psychophysiological testing of employees (as part of transferring to a new position, for the purpose of initial professional selection, routine in-depth psychophysiological examinations);
- assessment of compliance with qualification requirements (according to the following parameters: education, experience and work experience) for the purpose of the talent pool selection.

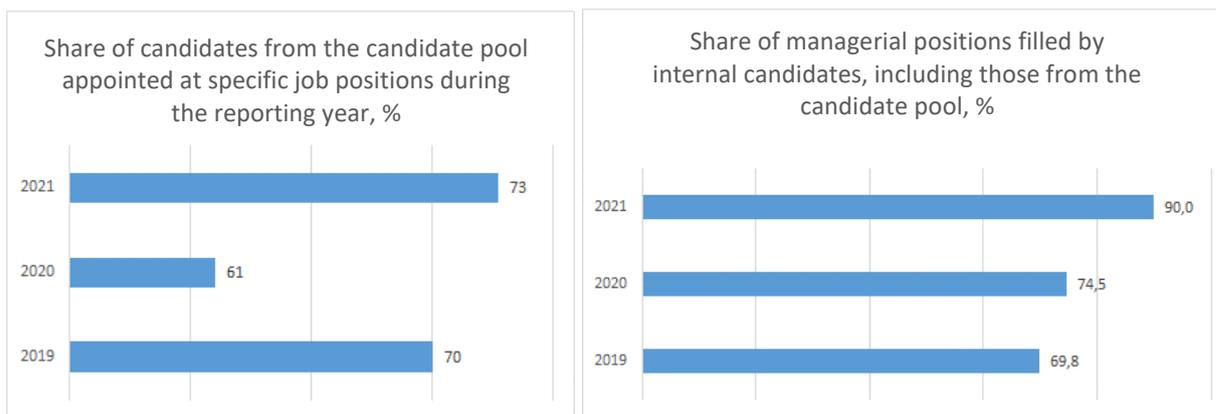
Key providers of educational services, in addition to their own training centres, are also:

- St. Petersburg Advanced Training Institute;
- Power Industry Staff Training Centre, Saint Petersburg;
- Pskov training centre;
- ANO Kirov training centre Energetik.

Talent pool management of the Company

In order to develop the HR potential and cover the Company requirements of trained personnel for appointment to vacated and new positions, in 2021, Rosseti North-West, PJSC continued its management of talent pool for administrative staff, youth, and key positions.





The development of employees in the Company's talent pool was based on individual plans that take into account the actual competence level of employees and the requirements for the target positions.

Rosseti North-West, PJSC administrative talent pool is formed in order to promptly and efficiently meet the Company's needs for employees prepared for work at leading positions and ensure the continuity of management experience.

The youth talent pool is formed in order to:

- create opportunities for professional and personal growth of the young employees of the Company;
- render assistance in boosting the level of their professional and management qualification.

The talent pool for key positions is formed in order to:

- promptly fill in the positions where proper recruitment should be based on considerable working experience in the area of operations;
- provide timely staffing of the positions to ensure fulfilment of the current and long-term goals faced by the Company whenever the labour market fails to provide professionals of the required qualification.

In 2021, the administrative talent pool included 706 of the Company's most promising employees. The coverage of administrative positions with the talent pool was 53.8% at the end of the reporting period.

The size of the Company's youth talent pool was 59 employees as of the end of the reporting period.

The following events were organised and held to develop professional and managerial competencies of the talent pool employees of the Company in 2021:

- expert participation in the commission for the evaluation of students' solution projects within the Student League of the CASE-IN International Engineering Championship;
- participation in remote selection rounds of the "Energy Leaders" Second All-Russian Contest;
- participation in the CASE-IN-2021 International Engineering Championship (Main Season, REN Cup, Autumn Cup);
- Conference of the Youth Innovation Center 2021 as part of the IX Russian International Energy Forum;
- project work on preparing a "youth version" of the forecast for the FEC development and the energy efficiency of the Russian economy;
- participation in training modules (remote format) at the Moscow Skolkovo Management School as part of the Rosseti Group team in preparation for the 2022 International Youth Energy Forum;
- training under additional professional programs (professional and vocational training).
- business training sessions and practical seminars to develop leadership, efficient administration and target-setting, productive teamwork;
- training under additional professional programs (professional and vocational training).

79 talent pool members took part in events aimed at the development of professional and managerial competencies in 2021.

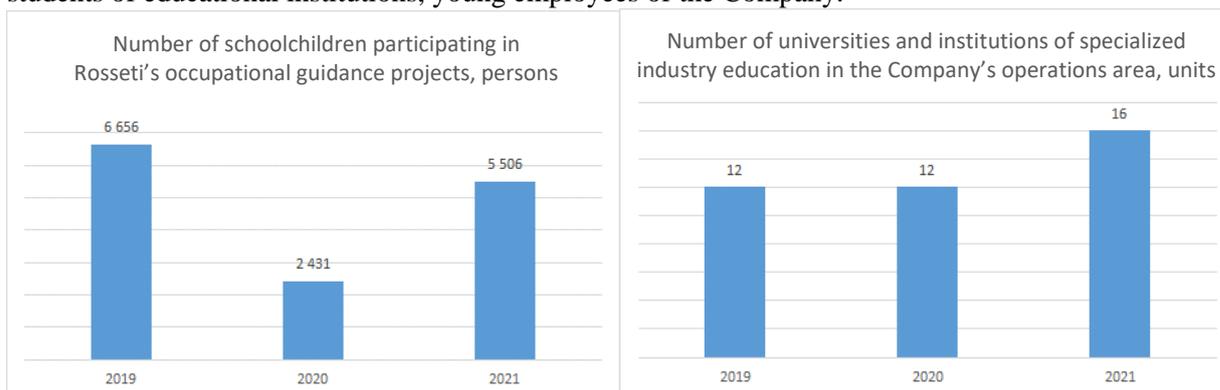
In 2021, 235 people were appointed to vacant positions in the Company's branches and the executive bodies out of the talent pool, of which 171 (72.7%) were appointed to target positions.

Of the 291 management appointments made in 2021 in the Company's branches and executive office: 262 positions (90%) were filled by internal candidates, including 154 employees (52.9%) from talent pool for administrative staff, youth and key positions.

Youth interaction

The Company implements key projects of youth interaction, including those under the Concept of

“Rosseti Group Companies Interaction with Educational Organisations”: interaction with schoolchildren, students of educational institutions, young employees of the Company.



Schoolchildren interaction

To increase the schoolchildren's motivation to study energy-related courses at educational institutions and be further employed by the Company, it regularly holds various career guidance events. In 2021, the company held 22 such events in the areas of operations of the Company's branches; 243 schools were involved, with more than 5,000 school students participating:

- Regional stage of the All-Russian Olympiad of School Students organised by the Rosseti Group (grades 9-10), held in 2021 in person and online using the proctoring system (131 persons);
- An energy project shift at the Orlyonok Children's Center, which was attended by six schoolchildren from the North-Western Region (winners and runners-up of the Olympiad);
- mentoring for the winners of the Olympiad prior to their admission to relevant universities, such practices will continue in 2022-2025 with more participants;
- discussions on the profession of electrician (7 events, 109 participants);
- career guidance tours for grade 9-11 students to the Company's operational facilities (10 events involving a total of 203 persons);
- regional contest on fire and electric safety (involving 5,000 persons);
- electric safety contest (2 events with 57 participants).

In 2021, 150 electric safety lessons were held involving more than 3,024 students.

Additional activities were carried out:

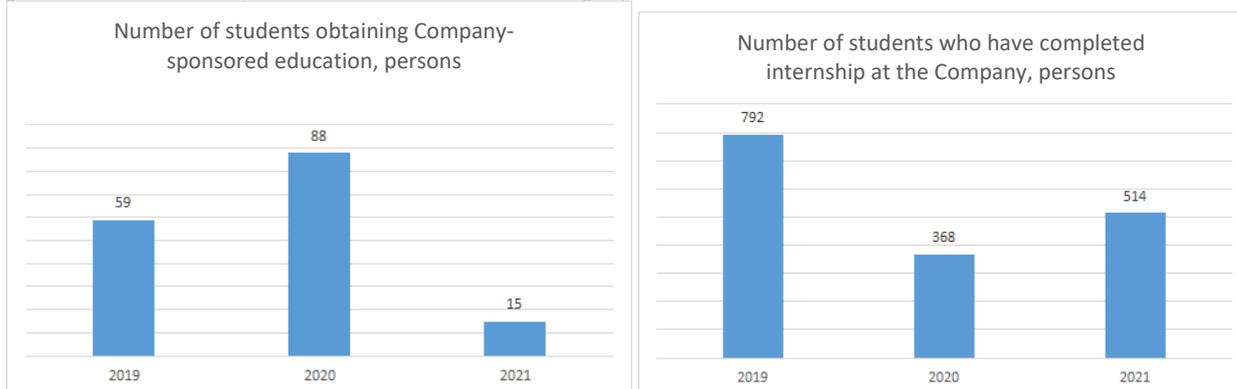
- distribution of handouts in educational institutions to prevent electric injuries among elementary school children in grades 1-4 (4 events, covering 60 persons);
- events on the prevention of electric injuries at power grid facilities in children's recreation and school camps (7 events, covering 125 persons).

Interaction with students of educational institutions

The following activities were implemented in 2021:

- target admission (2020 — 1 person, 2021 — 1 person), total number of students receiving grants from budget funds in 2021/2022 academic year — 15 persons;
- vocational guidance activities: open days (6 events covering 313 persons), career fair (1 event covering 70 persons), career guidance meeting at a university (1 event covering 30 persons);
- participation of the Company's employees in the educational process as teachers, supervisors of course and graduate qualification works, members of the SAC (2021 — 9 people);
- internships (including on a paid basis) for students. In 2021, 514 students did an internship (792 in 2019, 368 in 2020), including 32 on a paid basis (455 trainees are being trained in the relevant specialties for the power grid sector). In 2021, the Company hired 29 graduates, including 21 young specialists who have successfully passed the internship (in 2020 — 40 and 12 graduates, respectively);
- participation in the innovative projects and developments competition to solve relevant technical and challenging research problems of the power industry “Energy breakthrough 2021” (interaction with partner universities, schools, scientific organizations, small innovative companies in areas of operations in order to timely inform potential participants about the competition; participation of a Company representative in the semi-finals and the final of the competition, assessing projects and providing mentoring support to the finalists of the competition);

- examination of the works at the All-Russian competition of bachelor and master theses on electric power and electricity in technical universities (8 projects in 2021).



Working with young professionals

In order to attract and keep young specialists in electric power industry enterprises, the Company continuously takes a number of special measures, including:

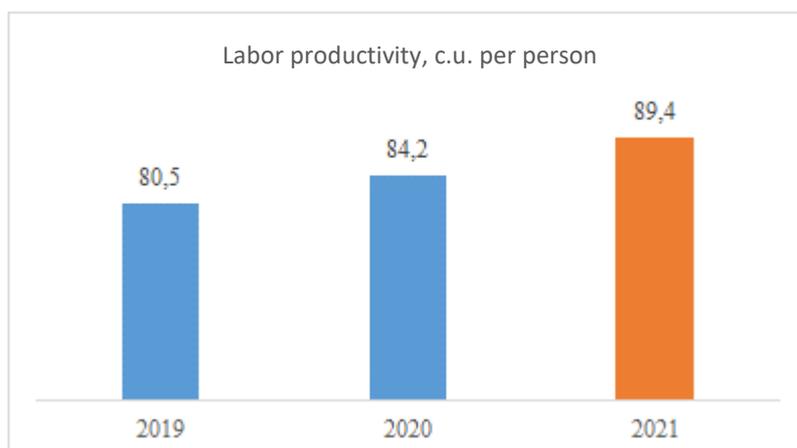
1. Providing young professionals with an opportunity to improve their skills and build their capacity through the projects under the presidential platform “Russia is a Country of Opportunities,” major intersectoral forums, press conferences, engineering and educational initiatives.
2. Young professionals are included in the talent pool for senior positions.
3. Holding interviews and meetings with the Company's management for the young professionals.
4. Pairing young professionals with experienced workers, the creation of a system of professional knowledge and skills continuity.
5. Support for the development of youth associations at the production sites of the Company (Young Professionals Councils).

In 2021, young specialists of the Company took part in the following events:

- participation in the CASE-IN-2021 International Engineering Championship (Main Season, REN Cup, Autumn Cup);
- Conference of the Youth Innovation Center 2021 as part of the IX Russian International Energy Forum;
- project work on preparing a “youth version” of the forecast for the FEC development and the energy efficiency of the Russian economy;
- participation in training modules (remote format) at the Moscow Skolkovo Management School as part of the Rosseti Group team in preparation for the 2022 International Youth Energy Forum;
- participation in online qualifying rounds of the “Energy Leaders” Second All-Russian Contest.

Labour productivity improvement

Labour productivity is an important efficiency indicator of the Company's staff. Labour productivity at Rosseti North-West, PJSC has been growing steadily over the past three years to reach 89.4 c.u. per person in 2021.



Social policy⁴²

Implementation of efficient social policy is a focus of the HR management.

Aware of its responsibility towards the country, the society and the employees of Rosseti North-West, PJSC, the Company management pays considerable attention to social aspects of its activities, which deeply influence the employees' performance, labour efficiency improvement, optimisation of operational processes, stability and sustainable development of the Company in the long-term, increase in the employees' standard of living and positive image of the Company.

The efficient social protection system implemented in the Company contributes to attracting qualified professionals, reduces labour turnover and is a foundation of successful operations.

Investing in personnel development and actively using indirect incentives, the Company stabilises the staff, increases the social security of working and retiring employees, builds a positive public image, ensures a reasonable balance of rotation and retaining highly qualified personnel.

Rosseti North-West, PJSC developed a comprehensive HR and Social Policy of the Company approved by Decision of the Company's Board of Directors of February 10, 2015 (Minutes No. 67).

Building a positive social environment

The Company strives for the human resources policy and social guarantees to ensure most comfortable labour and recreation conditions for the employees, without which efficient work is impossible.

The 2021 social policy of the Company developed systemically to keep up the social package, i.e., the package of benefits, compensations and privileges for the Company personnel, their family members and power industry veterans; as it is an important driver of highly qualified personnel recruitment and retention, and labour turnover reduction.

The 2021 social policy of Rosseti North-West, PJSC aimed at:

- maintaining social stability and development of social partnership;
- providing social security guarantees to the personnel, members of their families and power industry veterans;
- development of the corporate culture in order to motivate personnel to implement the Company's mission and fulfil current tasks;
- building a sustainable favourable social and psychological climate among employees;
- ensuring a positive public image of the Company.

The system of benefits offered by the Company includes:

- non-state pension provision;

⁴² For the report on the results of ensuring the human performance reliability and special assessment of the working conditions, see Annex 18 to the full version of the Annual Report, available on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

- voluntary medical insurance;
- ensuring employees health and recreation;
- support for maternity and childhood;
- sports and recreation activities;
- support of the retired veterans of the power company and young professionals;
- measures to build and develop corporate culture.

The basic principles of the social policy are:

targeting

- a primary focus on the groups of employees who are most important for efficient performance of operational tasks and achievement of the goals of the grid system of the North-West, and on the most vulnerable groups of employees;

relevance

- adequacy of the benefits granted to the essential needs of particular groups of employees, an individual approach;

-awareness

- provision of social support in various areas of life;

-openness

- open discussion of the social regulations being developed and availability of information on existing benefits and guarantees;

-effectiveness

- continuous monitoring and evaluation of incentive effectiveness.

Preventive healthcare and health improvement for employees and their children

One of the priorities of the Company's social policy is to provide its employees with up-to-date and high-quality medical service, health resort treatment and preventive healthcare.

An important element of the Company's prevention and wellness program is providing fitness and sports opportunities for its employees, holding competitions and sports events, participation in sports tournaments, friendly matches, festivals, and contests.

In 2021, due to the COVID-19 pandemic and the introduction of a set of corresponding restrictive measures, the number of mass cultural, sports and recreational activities was drastically reduced. A total of 117 sports events were held for the employees of the Company, attended by about 3,500 people. Company employees took part in online tournaments: track-and-field competitions and the traditional chess tournament named after M.M. Botvinnik.

Support of retired employees

The Company's social responsibility stipulated by the collective agreement also provides for financial support of the former employees of Rosseti North-West, PJSC. In the reporting year, they received non-regular financial aid payments to mark the Victory Day, International Day of Older Persons and personal anniversaries.

About 100 events were held for the members of the Company's Councils of Veterans uniting about 6,000 members. These events were attended by more than 3,000 people.

Rosseti North-West, PJSC implements programs to provide targeted support to low-income pensioners, World War II veterans, child prisoners of war and war workers.

The Company, together with the Councils of Veterans and Youth Councils of the Company branches, distributes memorable gifts, medicines, and financial assistance (including those funded by the primary trade union organization) to retired employees.



Cultural and educational events

In 2021, about 500 events were held to promote the Company’s corporate culture. These events were attended by over 20,000 persons.

In the reporting year, the Company held 23 themed entertainment events and 28 guide tours for its employees, attended by over 11 thousand persons, as well as 24 exhibitions of creative works by power industry employees and their children.

The Company held a total of 36 local events, including open days, information meetings between power company managers and graduates of schools and vocational training institutions, to attract and retain young talents and professionals. These events were attended by about 600 students.

In 2021, the Company held a total of 23 thematic events dedicated to important historical events in Russia. In seven regions of Rosseti North-West, PJSC operation, thousands of employees took part in the celebrations dedicated to the most important national holiday — Victory Day celebrating the end of the Great Patriotic War. The Company’s Youth Council was actively involved: it held memorial events in honor of the important dates in the Russian history, distributed financial assistance to retired long-service employees of the power industry who live alone, volunteered to maintain the sites of the monuments dedicated to defenders of the country.



Commemorative events were held in large regional centers and remote settlements where power industry employees work, including the following:

- floral offerings at the memorial monuments;
- photo exhibitions “Immortal Regiment” with photo materials about the heroes from the power industry and members of the employees’ families at PDZs and PUs.

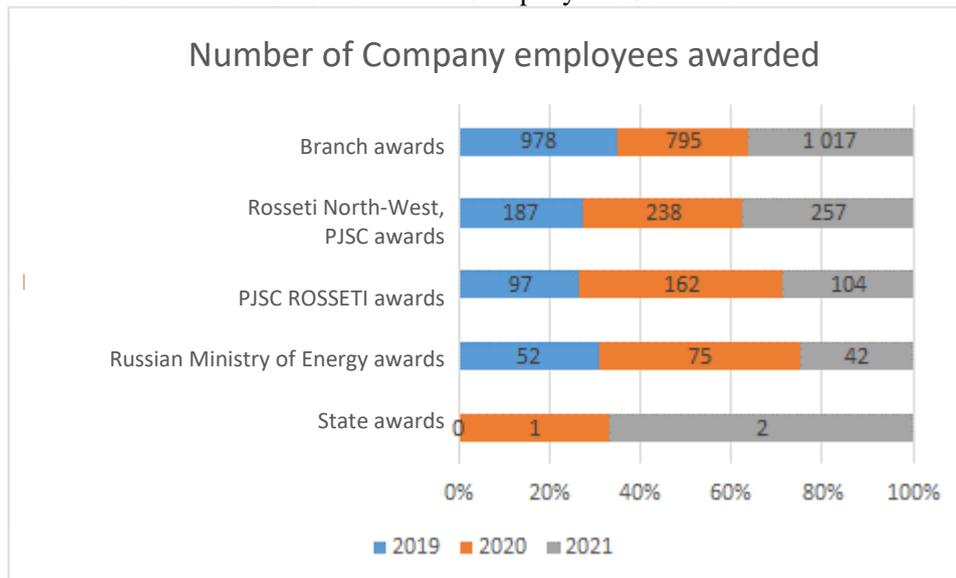
Rosseti North-West, PJSC has a procedure of awarding employees who achieve the best operational indicators, carry out innovative projects, have been dedicated to their work for many years, show top professional skills, contribute to the development of the North-Western power industry.

The awards policy pursued by the Company to boost social motivation of its employees is based on the following principles:

- uniform requirements to the employee awarding procedures;
- unbiased selection;
- adequacy of the award to the merits;
- awards differentiation;
- combination of financial and moral benefits.

In 2021, a total of 1,422 awards were granted to the Company employees for their major contributions to the development of the power industry.

The data on awards distribution in the Company in 2021 are shown in the chart below.

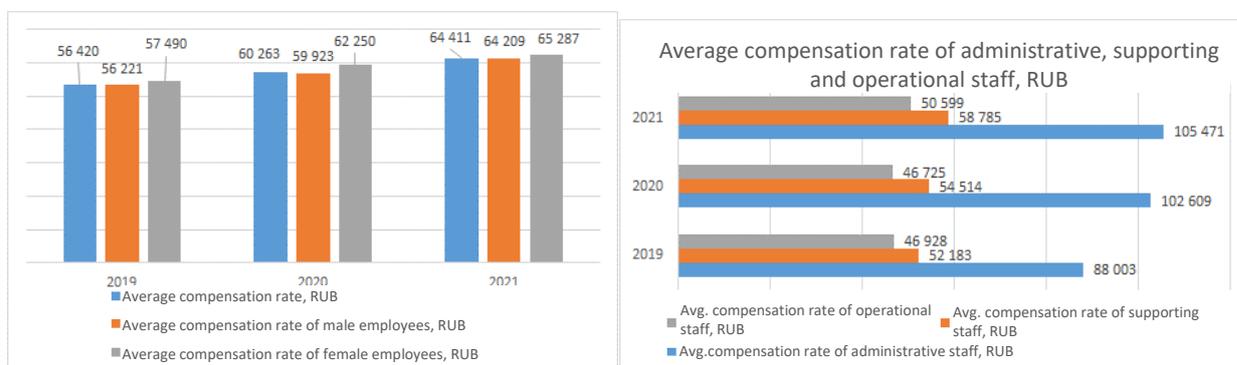


Remuneration at the Company

Key performance indicators:

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Average headcount, pers.	14,595	14,108	14,140	13,473	13,510
Expenditures for social policy implementation, RUB mln	730	495	504	506	541

The Company's labour remuneration system is based on the unified principles of social partnership set forth in the Collective Agreement of Rosseti North-West, PJSC and on its bylaws governing the labour remuneration system in the Company. The labour organisation and remuneration system currently in force in the Company generally complies with the Recommendations for the uniform procedure of labour remuneration at base wage rates (official salaries) of power industry employees approved by the Russian Association of Electric Energy Employers and the All-Russian Electric Trade Union.



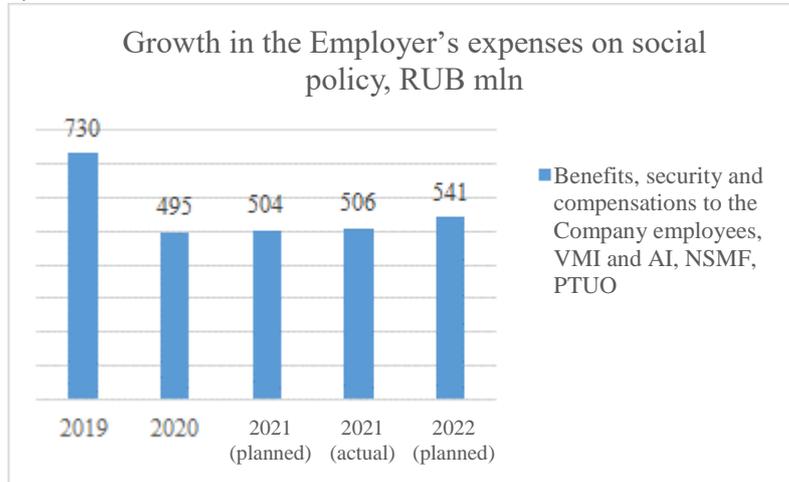
Overall, the average salaries of employees of Rosseti North-West, PJSC in 2021 grew by 7% against 2020.

The efficiency of the HR and Social Policy is closely linked to timely payments and indexation of salaries to ensure their competitiveness in the regional labor markets. Therefore, the salaries offered by all the Company branches have been historically higher than average salaries in the respective regions where the Company operates.

Protection of employees' interests and rights

Throughout the reporting year, the Company built efficient relations with primary trade union organisations (PTUOs) and the Council of PTUO Representatives, in particular by fulfilling common tasks of communication to the staff, organisation of cultural, educational and sports events, implementation of the uniform collective agreement and the uniform Regulation on remuneration of employees of the Company. No violation of the terms of the collective agreement took place in the reporting year.

Members of primary trade union organisations account for 52% of the Company employees (6,958 persons).



In 2021, the Company's total spending on its social policy increased by 2%. The increase was mainly due to the reorganization of the Company (consolidation/regrouping of production units and PDZs).

In accordance with the standards of the Sectoral tariff agreement in the electric power industry of the Russian Federation and the effective collective agreement, in the reporting year the Company transferred RUB 31 mln to the accounts of primary trade union organizations of the branches and the Company's executive bodies for the purpose of organising cultural and sports events.

Implementation of the non-state pension programme

The Board of Directors of the Company approved the 2021–2022 non-state pension program for employees of Rosseti North-West, PJSC (hereinafter — the NSP Program) (Minutes No. 413/14 dated January 27, 2022). The main goal of the programme is to ensure a decent standard of living for the Company's employees at the retirement age, as well as to create conditions for efficient solution of various personnel issues, such as optimisation of the number of administrative and management personnel, reducing the staff turnover and retaining employees in the power system.

In 2021, the Company the Company cooperated with JSC Non-State Pension Fund Otkrytie (hereinafter – NSPF Otkrytie) towards the implementation of the nonstate pension provision programs for employees.

Targeted social benefits, bonuses and compensations to the Company's employees

In accordance with the Collective Agreement, this component of the social package of the Rosseti North-West, PJSC's personnel comprises a range of targeted payments and compensations to employees, the largest of which are:

- non-recurring recreational leave allowance;
- 50% discount for household use of electric power;
- payments in cases of childbirth, registration of marriage, death of relatives;
- non-recurring bonus to employees resigning after the retirement age.

Occupational health and safety⁴³

“All the facilities of the power company are high-risk locations. Therefore, we prioritise not the strict delivery of the plan “whatever it takes”, but organisation of safe working processes. Promotion of occupational safety culture involves the so-called risk-oriented approach to operations. It means that before any moves the employees think about what they are going to do. They do not tolerate risky behaviour – their own or colleague’s.”

First Deputy General Director – Chief Engineer of Rosseti North-West, PJSC Denis Yagodka



[GRI 103-2] In accordance with the Occupational Safety Policy⁴⁴ of the Rosseti Group, the Company defines its occupational safety priorities as protection of its employees’ life and health in the course of their operational activities, as well as those of visitors and contractors’ employees at the Company’s facilities and manifests life and health of each employee to be the key value.

Major goals in the area of occupational safety include:

- development of healthy and safe working conditions;
- consistent and ongoing decrease of the occupational injury rate and professional diseases;
- ensuring high level of the corporate safety culture.

In its development strategy and the context of the current Policy, the Company management is committed to the principles of Vision Zero concept of zero injuries.

Any initiatives of the Company employees and other stakeholders aimed to ensure and improve the working conditions and occupational safety will be studied, encouraged and duly appreciated.

The Company management guarantees allocation of the necessary resources, as well as creating conditions to perform the commitments made in this Policy.

The Company management, being aware of the primary values, key goals and commitments, takes on the responsibility for implementation of this Policy.

In order to improve the culture of production, involve all personnel in the issues of occupational safety management and under the project “Development of safety culture” in the Company in 2021, an action plan for the development of a security culture has been developed and approved.

Additional activities, such as weekly Safety Dialogue and OS Hour, were introduced to provide additional time to discuss issues related to occupational health and safety.

A “Trust Box” is being developed to collect feedback and proposals from employees on how to improve working conditions and occupational health and safety in the Company.

Occupational injuries in the Company

[GRI 103-3]

Preventing the increase in the number of accident victims

The Company’s operations involve high risks stemming from the impact of hazardous and adverse operational factors, emergencies and human errors. This aspect is of great importance for the Company, its employees and other stakeholders.

As a result of the preventive measures taken in 2021, there was no increase in the number of accidents at work. No work-related diseases were recorded.

Unfortunately, in 2021, the Company registered 4 individual accidents, in which 4 people were injured (1 as a result of an accident through the fault of the driver of a third-party car), 2 of them were fatal.

⁴³ For the Labour Safety Report, see Annex 19 to the full version of the Annual Report on the Company’s web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

⁴⁴ Approved by Order of PJSC ROSSETI of 30.08.2018 No. 143 “On approving the occupational safety documents of PJSC ROSSETI”, accepted for implementation by Order of Rosseti North-West, PJSC dated 19.09.2018 No. 628 “On improvement of the occupational safety management system”.

Major occupational injury causes are as follows:

- unauthorized activities in existing power facilities;
- activities at power facilities without taking proper technical precautions.

Occupational accidents in the Company

Indicator	2019	2020	2021
Total number of people injured in accidents, persons	5	4	4
Total number of fatalities, persons	2	0	2
Total occupational injury frequency rate (per 1,000 employees)	0.34	0.28	0.3
Fatality frequency rate (per 1,000 employees)	0.14	0	0.14

To increase the responsibility of the Company management for accidents, the system of remuneration for the General Director and top management of the Company includes the quarterly indicator “No growth in the number of accident victims.”

Occupational injury rate among contractors’ employees

Contractors work at the Company’s power facilities in operation, under construction, technical reequipment or renovation in accordance with Rules of personnel management at power industry companies of the Russian Federation, construction rules and regulations 12-03-2001 “Labour safety in construction. Part 1. General requirements”, the Rules of occupational safety in operating power facilities.

In 2021, there were no accidents involving contractors’ employees during operation at the Company’s power grid facilities.

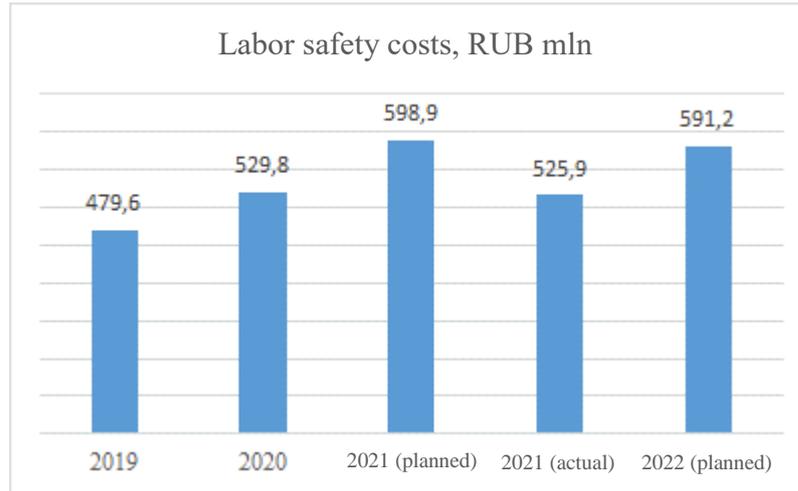
To mitigate the possible risks of occupational electric injuries to contractor and seconded personnel involved in the operations, as well as the Company personnel involved in joint activities with or working near such seconded personnel, the Company implements organization standard OS 01.O11.01-2020 “Organisation of safe work performance by the staff of contractors and detached personnel”.

The standard templates of contractor agreements, as approved by Rosseti North-West, PJSC, include such sections as “Compliance with the requirements of occupational safety,” “Penalties for occupational safety requirements violation.”

Occupational safety spending

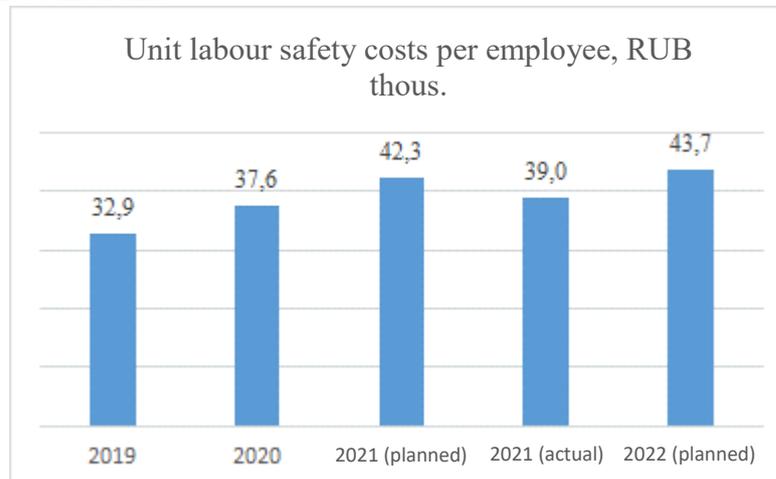
[GRI 103-3] In 2021, the costs of occupational safety amounted to RUB 525,897.919 thousand, which accounts for 0.83% of the Company’s total expenses (cost of goods sold), meeting the requirements of Article 226 of the Russia Labour Code, providing that “Financing of the conditions and occupational safety improvement shall account for no less than 0.2% of the cost of goods (works, services) sold.”

	Total costs of occupational safety activities, RUB mln	including:			
		measures to prevent accidents	sanitary and hygienic activities to prevent work-related diseases	general improvement of the labour conditions	provision of employees with personal protection equipment
2019	479.6	26.2	92.5	8.8	352.1
2020	529.8	40.3	126.0	3.6	359.9
2021 (planned)	598.9	62.9	160.5	1.8	373.7
2021 (actual)	525.9	46.2	126.6	4.6	348.4
2022 (planned)	591.2	47.1	140.2	2.3	401.6



Unit costs for occupational safety per employee in 2021 were RUB39.0 thousand, which exceeds the previous-year indicator by 3.7%.

Unit costs for personal protective equipment per employee in 2021 remained at the level of 2020 and amounted to RUB 25.8 thousand.



The structure of occupational safety costs and their value are stable. The occupational safety costs are scheduled.

The slight decrease in costs in 2021 is associated with the decrease in costs for the purchase of means for preventing the incidence of respiratory diseases, COVID-19, as compared to 2020.

	2019	2020	2021
The number of fires, pcs.	2	1	4

Environmental protection

The Company's core business — power transmission and grid distribution — has an insignificant impact on the environment. At the same time, we strive to organise our activities so as to minimize any unfavorable environmental impact.

Being fully aware of the need to maintain the environmental balance as the basis of human life in the operating areas of Rosseti North-West, PJSC, the Company defines environmental protection and ensuring high level of environmental safety in the power grids operation and construction as its priority areas.

Environmental policy



Key performance indicators

	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Total environmental expenses by costs, RUB mln	20.21	18.2	22.440	21.26	15.128
Payments for environmental impacts, RUB thous.	1,026.40	992.86	3,280.00	1,058.84	2,828.00
Gross release of pollutants into air, t	560.267	543.744	-	459.58	-
Waste formed, t	3,903.959	4,318.172	-	4,499.31	-
Volume of waste transferred for disposal and decontamination, t	3,965.802	4,322.38	-	4,631.40	-
Equipping power grid facilities with bird protection devices, pcs.	1,298	1,462	1,721	2,336	1,271
Equipping power grid facilities with bird protection devices, pcs/km of OL	1,298 // 70	1,462 // 78	1,721 // 125	2,336 // 125	1,271 // 125

In 2021, the Board of Directors of Rosseti North-West, PJSC (Minutes No. 377/13 of October 08, 2020) decided to join the implementation of the Environmental Policy of the Electric Grid Complex approved by the Board of Directors of Rosseti, PJSC (Minutes No. 422 of July 20, 2020) (hereinafter – the Environmental Policy).

The environmental policy for the power grid facilities aims at preserving favorable environment for the current and the future generations.

The key areas of the Environmental Policy are as follows:

- compliance with the requirements and standards established by the environmental legislation of the Russian Federation and international legal acts on environmental protection;
- the priority of the measures to prevent harmful impact on the environment over the measures to eliminate the ecologically negative consequences of such effects;
- implementation of energy saving and energy efficiency improvement activities;
- use of the best available technologies and innovations in the power grid sector that ensure compliance with environmental protection requirements and minimize the negative impact on the environment.

The Company is committed to implement the environmental policy and undertakes to comply with the requirements of environmental legislation of the Russian Federation in full.

The Company's priority environmental protection objectives are to reduce the negative environmental impact and to evaluate environmental activities in order to improve them.

Use of advanced technologies and solutions in the area of environmental protection

In order to increase the level of environmental safety, the Company carried out the following measures in 2021:

- replacement of oil break switches with vacuum and gas-insulated circuit breakers, reducing the risk of environment pollution with transformer oil;
- renovation of oil receivers, oil piping, emergency oil collectors;
- arrangement of places for waste accumulation at the Company's branches;
- transfer of hazard class 1-4 waste to specialized organizations for subsequent disposal;
- analytical monitoring of air pollutant emissions from stationary sources with instrumental gauging;
- installation of 2,336 bird protection devices on overhead power lines of 35+ kV in 2021 (a total of 8,660 devices have been installed in the Company since 2015).

Use of new technologies for environmental protection

Indicator	Units of measurement	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
35 kV vacuum circuit breakers	items	359	384	509	529	787
3-20 kV vacuum circuit breakers	items	7,239	7,375	7,659	7,779	7,855
SSIW for OL of 0.4 kV	km	9,039	9,548	9,757	9,765	10,002
SSIW for OL of 6-20 kV	km	7,530	8,062	8,768	8,646	9,506

Management and control of environmental protection activities

The Company employs 8 environmentalists certified to carry out environmental audit activities and have certificates of environmental auditors (7 in branches of the Company, 1 in the Executive Office).

Environmental audit is carried out at the Company's facilities in order to prevent violation of environmental requirements and ensure implementation of activities to reduce the negative impact of the operations on the environment. Moreover, compliance with the requirements of the environmental legislation is monitored for the contractors working at the power grid facilities.

Internal environmental audit is a key aspect of environmental safety. It provides the Company with a comprehensive picture of the environmental indicators in all its regions of operation and enables it to manage proactively the adverse implications of its operations.

Environmental protection expenses and investments

The company finances activities aimed at protecting the environment. The current environmental spending in 2021 amounted to RUB 21.26 mln.

Sufficiency of funding for environmental protection programs ensures compliance of the Company's facilities with the requirements of the Russian legislation, standards and regulations in the field of environmental protection.

Environmental protection expenses and investments

Indicator	2019	2020	2021 (planned)	2021 (actual)	2022 (planned)
Total environmental expenses by type of costs, RUB mln:	20.21	18.16	22.440	21.26	15.128
current costs, RUB mln, including:	20.21	18.16	22.440	21.26	15,128
water body protection	6.68	5.21	-	5.12	-
air protection	2.14	2.38	-	5.07	-
protection of environment from waste	10.24	9.76	-	10.26	-
remediation of disturbed lands	-	-	-	-	-
introduction of an environmental management system	1.16	0.81	-	0.81	-

Fines and non-financial penalties imposed on the Company for non-compliance with the requirements of environmental legislation

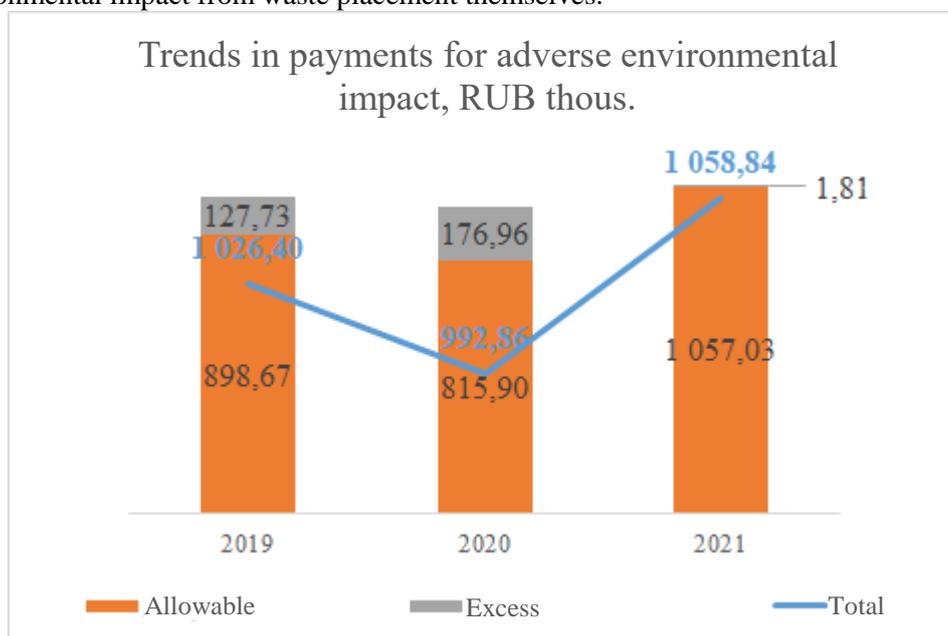
Financial and non-financial penalties imposed on the Company in 2021 were due to exceeding the established standards of pollutants discharge to water bodies and exceeding the established standards of air pollution.

Indicator	2019	2020	2021
Number of imposed non-financial penalties, pcs.	1	0	3
Total of all penalties, RUB thous.	10	0	180

Trends in payments for adverse environmental impact, RUB thous.

	2019	2020	2021
Total, including	1,026.40	992.86	1,058.84
allowable volume	898.67	815.90	1,057.03
excess volume	127.73	176.96	1.81 ⁴⁵
Discharge to water bodies, including	0.123	0.128	0.32
allowable volume	0.066	0.069	0.23
excess volume	0.057	0.059	0.08
Air pollution, including	86.41	36.46	31.56
allowable volume	33.73	35.19	30.78
excess volume	52.68	1.27	0.78
Waste placement, including	939.87	956.27	1,026.97
allowable volume	864.87	780.64	1,026.02
excess volume	75.00	175.63	0.95

Payments for the adverse impact on the environment tend to decrease as the Company has environment-related permits in accordance with the requirements of the environmental legislation and transfers solid municipal waste (SMW) to SMW placement operators, who pay for the negative environmental impact from waste placement themselves.



Energy saving and higher energy efficiency⁴⁶

In 2021, energy saving and energy efficiency improvement activities were organised by Rosseti North-West in accordance with the RF Government Resolution No. 161 of February 11, 2021 “On Approving the Requirements for Regional and Municipal Programs to Save Energy and Improve Energy Efficiency and Repealing Certain Acts of the Russian Government and Certain Provisions of the Russian Government”, Federal Law No. 261-FZ of November 23, 2009 “On Energy Saving and Energy efficiency and on Amendments to Some Legislative Acts of the Russian Federation”, Orders of the Russian Ministry of Energy, Regulation on the development of the energy saving and energy efficiency programs of subsidiaries and affiliates of PJSC ROSSETI approved by the Board of Directors of OJSC Rosseti, Minutes No. 156 of April 29, 2014), as well as in accordance with the Program for Energy Saving and Energy

⁴⁵ The decrease in the excess payments is due to a decrease in the waste disposal fee in the branch in the Komi Republic, which was due to the removal of excessive amounts of construction waste in 2020.

⁴⁶ The regulatory framework on energy saving and energy efficiency organisation is available on the Company’s website: <https://clients.mrsksevzap.ru/energysaving>.

Efficiency Improvement of Rosseti North-West, PJSC in the period of 2021-2025 approved by Decision of the Board of Directors of Rosseti North-West, PJSC of December 08, 2020 (Minutes No. 382/18).

The target values of the programme are set for the period of 2021-2025.

The energy saving and energy efficiency improvement program of Rosseti North-West, PJSC (hereinafter, the Program) stipulates the following target indicators:

- power losses level in transmission and grid distribution
- own consumption of energy resources;
- equipment with up-to-date power metering devices in retail in accordance with the smart power metering development programme;
- number of LED-equipped lighting facilities.

Planned and actual target values of the Programme

No.	Indicator	Units of measurement	2019*		2020*		2021		2022
			Planned	Actual	Planned	Actual	Planned	Actual	Planned
1.	Power losses	mln kWh	2,443.26	2,156.44	2,406.92	2,065.82	2,277.09	2,118.57	2,268.92
		RUB mln net of VAT	6,183.41	5,348.14	6,355.82	5,442.62	5,983.66	5,852.42	5,078.94
		% of output to grid	7.15	6.23	7.17	6.22	6.86	6.29	6.87
2.	Consumption by substations for inhouse needs	mln kWh	88.57	73.38	88.15	68.72	76.25	81.05	80.26
		% of power losses	3.63	3.40	3.66	3.33	3.35	3.83	3.54
3.	Energy consumption for in-house needs of administrative and production facilities, total, including:	RUB mln net of VAT	345.81	319.52	359.93	319.63	340.89	368.41	361.02
		thous. TOE	16.56	17.51	16.43	16.64	17.03	18.35	17.86
3.1.	<i>electric power</i>	mln kWh	75.37	77.89	74.88	74.40	75.61	79.25	76.81
		thous. TOE	9.04	9.35	8.99	8.93	9.07	9.51	9.22
		RUB mln net of VAT	240.82	223.79	251.31	226.20	237.30	254.08	243.79
		mln kWh / m ²		-	0.00	0.00	0.0001	0.000	0.00015
3.2.	<i>heat (building heating systems)</i>	Gcal	48,198.09	52,760.17	47,725.81	49,647.50	51,181.62	57,010.66	55,792
		thous. TOE	6.89	7.54	6.82	7.09	7.31	8.15	7.97
		RUB mln net of VAT	101.26	92.93	104.71	90.62	99.89	111.03	113.10
		Gcal/m ³		-	0.05	0.05	0.04	0.045	0.05
3.3.	<i>natural gas (including liquefied gas)</i>	thous. m ³	542.68	544.35	542.68	533.91	560.35	600.87	583.87
		thous. TOE	0.63	0.63	0.63	0.62	0.65	0.69	0.67
		RUB mln net of VAT	3.73	2.80	3.91	2.82	3.70	3.30	4.13
3.4.	<i>other fuels and energy resources (coal, fuel oil, diesel fuel, kerosene, etc.)</i>	thous. m ³	-	-	-	-	-	0.00	-
		thous. l	-	-	-	-	-	-	-
		thous. tons	-	-	-	-	-	-	-
		thous. TOE	-	-	-	-	-	-	-
		RUB mln net of VAT	-	-	-	-	-	-	-
4.	Natural resources consumption for in-house needs of administrative and production facilities, total, including:	RUB mln net of VAT	7.47	4.45	8.01	4.36	6.76	4.63	7.03
		thous. m ³	177.71	104.61	176.80	96.38	113.03	97.98	111.61
4.1.	<i>hot water supply</i>	thous. m ³	45.46	11.87	44.69	11.15	14.29	12.85	13.99
		RUB mln net of VAT	1.41	0.83	1.39	0.94	1.56	1.01	1.61

4.2.	<i>cold water supply</i>	thous. m ³	132.25	92.74	132.11	85.23	98.74	85.13	97.62
		RUB mln net of VAT	6.07	3.62	6.62	3.43	5.20	3.63	5.42
4.3.	<i>other types of natural resources</i>	thous. m ³	-	-	-	-	-	-	-
		thous. l	-	-	-	-	-	-	-
		thous. tons	503.12	-	-	-	-	-	-
		RUB mln net of VAT	-	-	-	-	-	-	-
5.	Motor fuel consumption by vehicles and special machinery, total, including:	thous. l	11,124.88	12,669.94	11,196.28	11,321.23	11,277.36	10,995.40	10,358.05
		thous. TOE	13.04	15.10	13.13	13.40	13.34	13.00	12.26
		RUB mln net of VAT	459.93	490.44	485.67	438.76	472.54	442.43	446.38
5.1.	<i>petrol, including:</i>	thous. l	6,730.64	6,586.05	6,727.36	5,519.34	5,629.57	5,541.42	5,055.92
		thous. TOE	7.62	7.46	7.62	6.25	6.37	6.28	5.73
		RUB mln net of VAT	276.75	236.74	292.48	200.45	227.78	222.46	207.04
		thous. l/100 km		-	0.0002	0.0002	0.04	0.02	0.07
5.1.1.	<i>by motor vehicles</i>	thous. l	5,366.72	5,740.36	5,310.73	5,033.06	4,791.28	5,133.69	4,611.18
		thous. TOE	6.08	6.50	6.01	5.70	5.43	5.81	5.22
		RUB mln net of VAT	215.71	201.06	223.43	165.97	182.88	206.11	186.36
		thous. l/100 km		-	0.02	0.0188	0.03	0.02	0.02
5.1.2.	<i>by special machinery</i>	thous. l	1,363.92	845.69	1,416.63	486.28	838.29	407.73	444.74
		thous. TOE	1.54	0.96	1.60	0.55	0.95	0.46	0.50
		RUB mln net of VAT	61.04	36.69	69.06	34.48	44.90	16.35	20.68
		thous. l/100 km		-	0.04	0.02	0.01	0.05	0.06
5.2.	<i>diesel fuel, including:</i>	thous. l	4,394.24	6,083.88	4,468.92	5,801.89	5,647.80	5,453.98	5,302.13
		thous. TOE	5.42	7.64	5.51	7.15	6.96	6.72	6.53
		RUB mln net of VAT	183.17	254.28	193.19	238.31	244.76	219.97	239.34
		thous. l/100 km		-	0.0004	0.0005	0.11	0.05	0.15
5.2.1.	<i>by motor vehicles</i>	thous. l	2,208.21	3,356.72	2,262.77	2,299.21	2,717.39	2,291.33	2,100.04
		thous. TOE	2.72	4.14	2.79	2.83	3.35	2.82	2.59
		RUB mln net of VAT	87.97	141.18	93.05	133.23	122.78	92.45	97.41
		thous. l/100 km		-	0.03	0.03	0.06	0.03	0.03
5.2.2.	<i>by special machinery</i>	thous. l	2,186.03	2,840.62	2,206.15	3,502.68	2,930.41	3,162.65	3,202.09
		thous. TOE	2.69	3.50	2.72	4.32	3.61	3.90	3.95
		RUB mln net of VAT	95.20	118.11	100.14	105.08	121.98	127.52	141.93
		thous. l/100 km		-	0.06	0.08	0.05	0.11	0.12

		thous. l/m per hour		-	0.01	0.02	0.02	0.02	0.02
5.3.	<i>other fuels for vehicles and special machinery, total, including:</i>	thous. TOE	-	-	-	-	-	-	-
		RUB mln net of VAT	14.19	-	-	-	-	-	-
5.3.1.	<i>natural gas (including liquefied gas)</i>	thous. l	-	-	-	-	-	-	-
		thous. TOE	-	-	-	-	-	-	-
		RUB mln net of VAT	14.19	-	-	-	-	-	-
5.3.2.	<i>electric power</i>	mln kWh	-	-	-	-	-	-	-
		thous. TOE	-	-	-	-	-	-	-
		RUB mln net of VAT	-	-	-	-	-	-	-
6.	Availability of energy-efficient LED lighting devices	%	50	36	75	69	79	77	82
6.1.	<i>number of lighting devices used, including:</i>	items	109,996	109,996	109,996	109,997	109,997	109,996	109,996
6.1.1.	<i>energy-efficient lighting devices (except LED)</i>	items	54,998	70,760	27,312	33,800	23,335	85,037	90,284
6.1.2.	<i>LED</i>	items	54,998	39,236	82,685	76,197	86,662	24,959	19,712
7.	Availability of up-to-date power metering devices in retail	%	7.5%	7.5%	9.2%	7.7%	28%	21%	28%

* Actual and planned values for 2019-2020 in accordance with the programme of Energy Saving and Energy Efficiency Improvement of Rosseti North-West, PJSC for 2016-2020 approved by the decision of the Board of Directors of Rosseti North-West, PJSC dated November 21, 2016 (Minutes No. 223/16).

[GRI 302-1] Electric power consumption for the substations' in-house needs and for the needs of administrative and industrial buildings amounted to 81 mln kWh, or 291,600 GJ.

The consumption of thermal energy for the needs of administrative and industrial buildings amounted to 57,010 Gcal, or 238,689 GJ.

Fuel consumption from non-renewable sources (natural gas, gasoline and diesel) was 13.69 thousand TEF, or 401 GJ.

Total energy consumption amounted to 530,690 GJ.

The actual consumption and cost indicators of fuel and energy resources for administrative and production consumption by branches of the Company amounted to 18.35 thousand TEF, or RUB 373 mln.

In 2021, the share of LED lighting devices in the total lighting devices used by the Company amounted to 77%. The target level of 75% set by the Resolution of the RF Government No. 971 of September 27, 2016 was achieved.

The actual motor fuel consumption and costs of the Company's branches decreased by 282 thousand liters of motor fuel, or RUB 30 mln as compared to the planned value and amounted to 10,995 thousand liters, or RUB 442 mln.

Atmospheric emissions of pollutants

In 2021, the gross emission of air pollutants decreased year-on-year by 84.17 tonnes.

Atmospheric emissions of pollutants

	2019	2020	2021
Gross emissions of air pollutants, tonnes, including:	560.267	543.744	459.58
solid	53.246	52.018	15.25
gas and liquid	507.021	491.726	444.32
including:			
sulphur dioxide (SO ₂)	24.893	24.060	26.63
carbon monoxide (CO)	186.711	178.440	170.71
nitrogen oxides (in terms of NO ₂)	188.892	184.472	163.06
hydrocarbons (net of volatile organic compounds)	2.785	2.813	0.60
volatile organic compounds	103.740	101.941	82.92
benzopyrene	0.000001	0.000001	0.000001

Water usage

The Company uses water from centralized water supply systems (67.40%), artesian wells (22.25%) and surface water bodies (10.35%) for industrial and business drinking purposes.

The main share of consumed water is spend on business and drinking needs — 86.35%, for industrial needs — 13.52%.

In 2021, total water intake decreased by 4.11 thousand m³, or 3.14% as compared to 2020.

Use of water resources [GRI 303-3]

	2019	2020	2021
Total water intake, thous. m ³ , including	142.34	130.76	126.65
from surface water bodies	9.92	11.03	13.12
from third-party suppliers	96.30	84.88	85.35
from underground water bodies	36.12	34.85	28.18
Volume of reused water, thous. m ³	-	-	-

The Company fully fulfils the terms of license agreements for subsoil resources usage. Laboratory tests of water from wells are carried out to check quality indicators and component composition.

Wastewater disposal

The amount of water disposed to surface water bodies increased by 200% in 2021 as compared to 2020 and amounted to 26.10 thous. m³.

[GRI 303-3]

	2019	2020	2021
Total wastewater disposal, thous. m ³ , including:	10.38	8.70	26.10
decontaminated according to the regulation	0.54	0.54	25.43
not sufficiently decontaminated	9.84	8.16	0.67

The industrial purposes for water usage include filling fire tanks, examining fire extinguishing systems and fire hydrants, recharging circulating water supply systems in car washes.

The Company’s branches effectively use systems for collecting and cleaning surface rain and snowmelt runoff from road transport sites, thus eliminating major flows of contaminated surface drains and reducing negative environmental impact.

Waste generation

In line with Federal Law No.89-FZ “On production and consumption waste,” the Company implements a comprehensive set of measures to reduce the production and consumption of generated and accumulated waste.

In 2021, 4.49931 thous. tonnes of production and consumption waste classified under hazard classes I-V were generated, up by 0.18114 thous. tonnes from 2020.

Waste generation

	2019	2020	2021
Waste generated, total tonnes, including:	3,903.959	4,318.172	4,499.31
Hazard Class I	3.729	3.328	4.21
Hazard Class II	9.458	12.680	10.09
Hazard Class III	102.229	105.177	119.81
Hazard Class IV	2,897.259	2,712.804	3,013.46
Hazard Class V	891.2451	1,484.183	1,351.74
Waste transferred to third parties, total:	3,965.802	4,322.380	4,631.40
including for waste placement	3,122.826	2,916.953	3,500.65

Waste disposal

	2019	2020	2021
Waste transferred to third parties for:	3,965.802	4,322.380	4,631.40
use	577.658	1,221.815	940.98
treatment	256.282	183.612	189.77
storage	-	-	-
landfilling	3,122.862	2,916.953	3,500.65

Biodiversity conservation



[GRI 304-2] According to expert research, most power lines operated are unsafe for birds and inflict severe damage on the ornithological fauna. Therefore, the Company plans and develops measures for bird protection, enabling it to prevent or minimise possible consequences.

Moreover, power experts of the Company pay considerable attention to protection of birds in the areas of their seasonal migration. The overhead lines going through large birds habitats are equipped with bird shields, strips of metallic wire preventing birds from resting on cross-arms. It serves to protect the birds’ lives.

In 2021, technical bird protection measures were taken: installation of 2,336 bird protection devices at 35+ kV power lines.

Cutting down greenery when laying power lines is another important factor in the Company’s impact on wildlife and flora.

Power lines of some branches of the Company go through the territory of the Russky Sever National Park (the Kirillovsky District of the Vologda Region), Darwin Nature Reserve (the Cherepovetsky District of the Vologda Region), Kivach Nature Reserve (the Republic of Karelia). The land plots occupied by the power lines are rented.

In accordance with statutory regulations, employees of Rosseti North-West, PJSC carry out clearing of overgrown areas of power lines as part of their repair and maintenance efforts. In 2021, 16,905.17

hectares of power lines routes were cleared and 44,841 trees were removed to reduce the risks of trees falling on wires and ground fires from dry vegetation.

The company also makes OL routes in forest areas when building new power lines. In 2021, 13.5 hectares of forest were cut down as part of the new construction activities.

Pursuant to the Environmental Policy of the Power Grid System, Rosseti North-West, PJSC pledges to limit production and construction activities in areas of special environmental importance. The Company also undertakes to ensure the conservation of flora and fauna and the restoration of damaged land in its operating areas. In accordance with the requirements of the Federal Law “On Ecological Expertise”, clearing of any type is carried out with the approval of the Forestry Departments of the RF Ministry of Natural Resources. The state environmental expert evaluation of the designed facilities of Rosseti North-West, PJSC, as well as the expert evaluation of design documentation, are carried out on a mandatory basis. Rosseti North-West, PJSC has planted a total of 20,000 pine seedlings in the territory of the Ust-Kulomskiy district forestry in the Komi Republic as part of the restoration of ball-rooted tree species.

Responsible business

Code of Corporate Ethics⁴⁷

Rosseti North-West, PJSC acknowledges all human rights under the UN Universal Declaration of Human Rights as fundamental and inalienable rights that are the foundation of freedom, justice, and peace, and closely monitors their observance by its own employees, contractors, suppliers and business partners. When organising its activities, the Company is bound by the UN Guiding Principles on Business and Human Rights.

At its production and administrative facilities, the Company creates fair, safe and enabling work environment for professional development:

- cares about the safety of both its own employees and employees of its contractors;
- ensures fair recruitment and selection of suppliers and contractors without any kind of discrimination based on nationality, gender, origin, age, religion or belief;
- respects the right of employees to unionise and engages in an active dialogue with trade unions to improve work conditions and ensure competitive wages.

When developing projects involving the construction of new power grid facilities, the Company takes into account the opinion of the public, including residents of the territories directly adjacent to the construction site.

HUMAN RIGHTS PROTECTION IN THE COMPANY



Employees may belong to trade unions and other types of associations in order to protect their rights and interests.



All employees have the right to safe working conditions and competitive remuneration



No discrimination by gender, age, race, ancestry, religion, or any other characteristic will be tolerated in employment, career development, and compensation decisions



The company protects the personal data of employees and consumers, as well as the commercial confidentiality of business partners



When making decisions on the construction of new power grid facilities, the Company respects the rights and interests of local residents



The Company does not tolerate any form of corruption

⁴⁷ The document is available on the Company’s website: [Company Codes](#)

[GRI 102-16]

Commitment to the principles of sustainable development is part of the corporate culture of Rosseti North-West, PJSC; it is embedded in the corporate values of the Company. Rosseti North-West, PJSC seeks to contribute to the development of the Company, as well as to take stakeholder interests into account when making management decisions.

The key document outlining the general principles, standards and rules of professional ethics and corporate behaviour of Rosseti North-West, PJSC is the Code of Ethics and Business Conduct (hereinafter – the Ethics Code), approved by the Board of Directors of Rosseti North-West, PJSC on May 03, 2017 (Minutes No. 240/31).

The Ethics Code is an internal document of the Company defining essential standards and rules of individual and collective behaviour for each and all employees, members of management and control bodies. It is a body of principles, standards and rules of corporate behaviour, social responsibility and other business ethics issues for the employees and members of management and control bodies of the Company.



Under Article 13.3 of the Federal Law of 25.12.2008 No.273-FZ “On anti-corruption measures,” adoption of the Code of Ethics and Business Conduct is a separate anticorruption measure classified as a corruption prevention activity.

In accordance with methodological recommendations on development and adoption of anticorruption measures by companies, approved by the RF Ministry of Labour and Social Protection on November 8, 2013, anticorruption policy and other organisational documents regulating corruption prevention and counteraction are to be adopted as company regulations to ensure mandatory compliance with them by all employees of the organisation.

The national plan of anti-corruption measures approved by Decree of the Russian Federation President sets the objective of development of a set of organisational, advisory and other measures for the employees to comply with the bans, restrictions and requirements facilitating anti-corruption measures, unification of anti-corruption standards for employees of the Company and its SDCs.

Order of the Federal Agency for State Property Management of March 2, 2016 No.80 approved methodological recommendations on risk management and internal control organisation in the area of anticorruption measures at joint-stock companies with the ownership of the Russian Federation (hereinafter – the methodological recommendations).

Under p. p. 2.2, 2.10, 2.21-2.24 of the methodological recommendations, the Code of Corporate Ethics is to:

- comply with FZ No. 273;
- include information on the procedures of the employee actions in case they reveal violations with signs of corruption and the procedures of receiving additional advice on the issues of anti-corruption legislation.

Considering the above, to implement anti-corruption behavioural patterns of employees in the

corporate culture of the Company, it drafted the Code of Ethics and Business Conduct. The Code of Ethics tackles such issues as:

- conflict of interest prevention and settlement;
- corruption prevention;
- corporate values;
- executive conduct rules;
- confidentiality and data protection, insider information;
- corporate image;
- compliance with the environmental legislation;
- compliance with the regulations on occupational safety and health protection;
- compliance with the Ethics Code and responsibility.

The Code of Ethics defines such core terms as “conflict of interest,” “corruption,” “corporate ethics,” “labour dynasty,” “business gifts,” “direct and immediate subordination,” “persons in close relation or connection with the Company employee” etc.

The Company considers development of an ethical and transparent business environment to be a prerequisite for maintenance and improvement of mutually beneficial relations with its business partners based on fair, open and ethical cooperation methods, commitment to contractual obligations and mutual respect. The core principles of the Company’s business are integrity and responsibility for its business policy and actions, respect for human dignity and interests of other business actors.

Procurement activities



[GRI 102-9]

In 2021, the Company made 1,431 purchases with a total value of RUB 22.59 bln.

[GRI 204-1]

The share of the procurement budget used for purchases from local suppliers in the Company's operations area amounts to RUB 2.1 bln including VAT (or 9.3% of the actual amount (37.4% by quantity).

According to the Procurement Plan for 2022, the Company plans to spend on purchasing RUB 4.86 bln including VAT.

Indicators associated with procurement activities:

	2019	2020	2021 (planned)*	2021 (actual)	2022 (planned)*
Amount of procurement from small and medium-sized enterprises, RUB bln, incl. VAT	7.96	12.4	-	9.3	-
Share of the procurement budget used for procurement from local suppliers in the areas of operations of the organization, RUB billion incl. VAT	2.15	2.9	-	2.1	-

*These indicators are not planned by the Company.

In order to preserve the financial stability of Rosseti North-West, PJSC and to prevent negative consequences for the power grid complex of the Russian Federation during the COVID-19 pandemic as well as to enforce paragraphs 1.1—1.5 of the order of PJSC ROSSETI dated April 02, 2020 No.142 “On provisional measures for preservation of financial stability,” the Company issued Order No. 232 of April 13, 2020. It establishes a special procedure for harmonizing new procurement procedures that do not involve:

- Ensuring the prevention of seasonal spread of acute respiratory viral diseases in the Company.
- Ensuring reliability of power supply.
- Implementation of measures for technological connection, additional (non-tariff) services.
- Implementation of measures to reduce power losses.
- Attracting debt financing, providing bank guarantees.
- Informing the population using mass media (hereinafter referred to as mass media), including receiving feedback and control of the media information space.
- Enforcement of the requirements of legislation.
- Implementation of measures, the urgency of which is established by the instructions of the Board of Directors of PJSC ROSSETI or the Company.
- Ensuring the safety of the Company and protecting its interests.
- Ensuring the implementation of the Company's investment program.

As a result, the total number of purchases remained at the same level: 1,432 purchases in 2020 and 1,431 in 2021. The total cost of purchases increased from RUB 15.524 bln in 2020 to RUB 22.591 bln in 2021 due to financial services for a new revolving credit line and purchases of electrical products with long delivery terms.

[GRI 103-2] The Company procurement was carried out in 2021 in line with the Unified Procurement Standard of PJSC ROSSETI (Procurement regulation), endorsed by Decision of the Board of Directors of PJSC ROSSETI of 17.12.2018 (Minutes No. 334 as revised in Minutes No. 417 of 28.05.2020 as revised in Minutes No. 440 of 24.11.2020, as revised in Minutes No. 452 of 07.04.2021, as revised in Minutes No. 462 of 28.06.2021), which the Company joined under Decision of the Board of Directors of IDGC of North-West, PJSC of 25.12.2018 (Minutes No.304/17 as revised in Minutes No. 366/2 of 26.06.2020 as revised in Minutes No. 383/19 of 22.12.2020, as revised in Minutes No. 397/33 of 11.05.2021, as revised in Minutes No. 401/2 of 30.06.2021).

Procurement activities of Rosseti North-West, PJSC are based on the following principles⁴⁸:

- information openness;
- equality, fairness, prevention of discrimination or unreasonable restrictions of competition towards the procurement parties;
- targeted and cost-effective expenditure to purchase goods, works, services and measures aimed at reducing costs;
- prevention of restricted access to participation in procurement activities by setting unmeasurable requirements to procurement parties;
- transparency and manageability of procurement activities;
- expertise and competence of employees participating in the procurement activities of Rosseti North-West, PJSC;
- compliance with the standards of the effective legislation regulating procurement procedures, as well as the anti-corruption legislation, including the anti-corruption standards of procurement activities of PJSC ROSSETI and its SDCs.

The selection of suppliers is carried out in strict compliance with the requirements of the procurement documents. The bid evaluation criteria proposed by the Company as the initiator of the procurement procedure shall be approved by the procurement commission depending on the method and type of procurement, as well as the subject of the contract.

The eligibility of the bid is reviewed by members of the procurement committee and experts according to the following main criteria:

- formal (compliance of bidders with the procedure and rules for preparing bids, the deadline for the submission of bids, the package of documents);
- financial (assessment of the financial stability of the participant);
- legal (legal capacity of the bidder, proposed amendments to the draft contract);
- commercial (commercial terms of the bid);
- technical (conformity of the offer with the technical proposal);
- qualification (experience in performing similar contracts, reliability and business reputation, available human and logistical resources).

Supplier selection criteria

When selecting suppliers and contractors, the procuring entity shall apply on a mandatory basis, regardless of the type of purchased goods and/or services, the criteria established by the Federal Law No. 223-FZ of July 18, 2011 “On the procurement of goods, works and services by individual types of legal entities”, as follows :

a) no liquidation procedures were initiated against the participant of the competitive procurement, a legal entity, and no arbitration court decision was taken to declare a participant of such procurement, a legal entity or an individual entrepreneur, insolvent (bankrupt);

b) no suspension procedures were initiated against the participant of the competitive procurement in accordance with the Code of Administrative Offences of the Russian Federation;

c) the participant of the competitive procurement has no arrears in taxes, fees, debts on other mandatory payments to the budgets of the budgeting system of the Russian Federation (except for the deferred payments, installments, investment tax credit in accordance with the legislation of the Russian Federation on taxes and fees, which are restructured in accordance with the legislation of the Russian Federation, for which there is an effective court decision acknowledging the claimant's liability to repay these amounts discharged or declared irrecoverable in accordance with the legislation of the Russian Federation on taxes and fees) for the past calendar year, which exceed twenty-five percent of the book value

⁴⁸ For more details on regulation and principles of procurement, see Annex 20 to the full version of the Annual Report on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

of assets of the participant in this procurement, according to the accounting (financial) statements for the last reporting period. The participant of such procurement is considered to be eligible, if in duly manner a notice was filed to appeal these arrears, debts, and the decision on the appeal was not made as of the date of consideration of the bid for the competitive procurement with the participation of small and medium businesses;

d) the participant of the competitive procurement, a natural person registered as an individual entrepreneur, or the head, members of the collective executive body, the person acting as the sole executive body, or the chief accountant of the legal entity, being the participant of the competitive procurement, does not have an unexpunged or outstanding conviction for economic offenses and (or) crimes under Articles 289, 290, 291, 291.1 of the Criminal Code of the Russian Federation, and these individuals are also not subject to punishment of deprivation of the right to hold certain positions or engage in certain activities related to the supply of goods, works and services under the procurement process, as well as to administrative punishment of disqualification;

e) no administrative sanctions were imposed on the participant of such procurement, a legal entity, for committing an administrative offense under Article 19.28 of the Code of Administrative Offences of the Russian Federation within two years prior to submitting an application for participation in the competitive procurement.

Eliminating the risk of contracting with unscrupulous and insufficiently reliable suppliers

The risk of contracting with unscrupulous and insufficiently reliable suppliers is mitigated by assessing the eligibility of the bid against the established selection criteria:

- formal (compliance of bidders with the procedure and rules for preparing bids, the deadline for the submission of bids, the package of documents);
- financial (assessment of the financial stability of the participant);
- legal (legal capacity of the bidder, proposed amendments to the draft contract);
- commercial (commercial terms of the bid);
- technical (conformity of the offer with the technical proposal);
- qualification (experience in performing similar contracts, reliability and business reputation, available human and logistical resources).

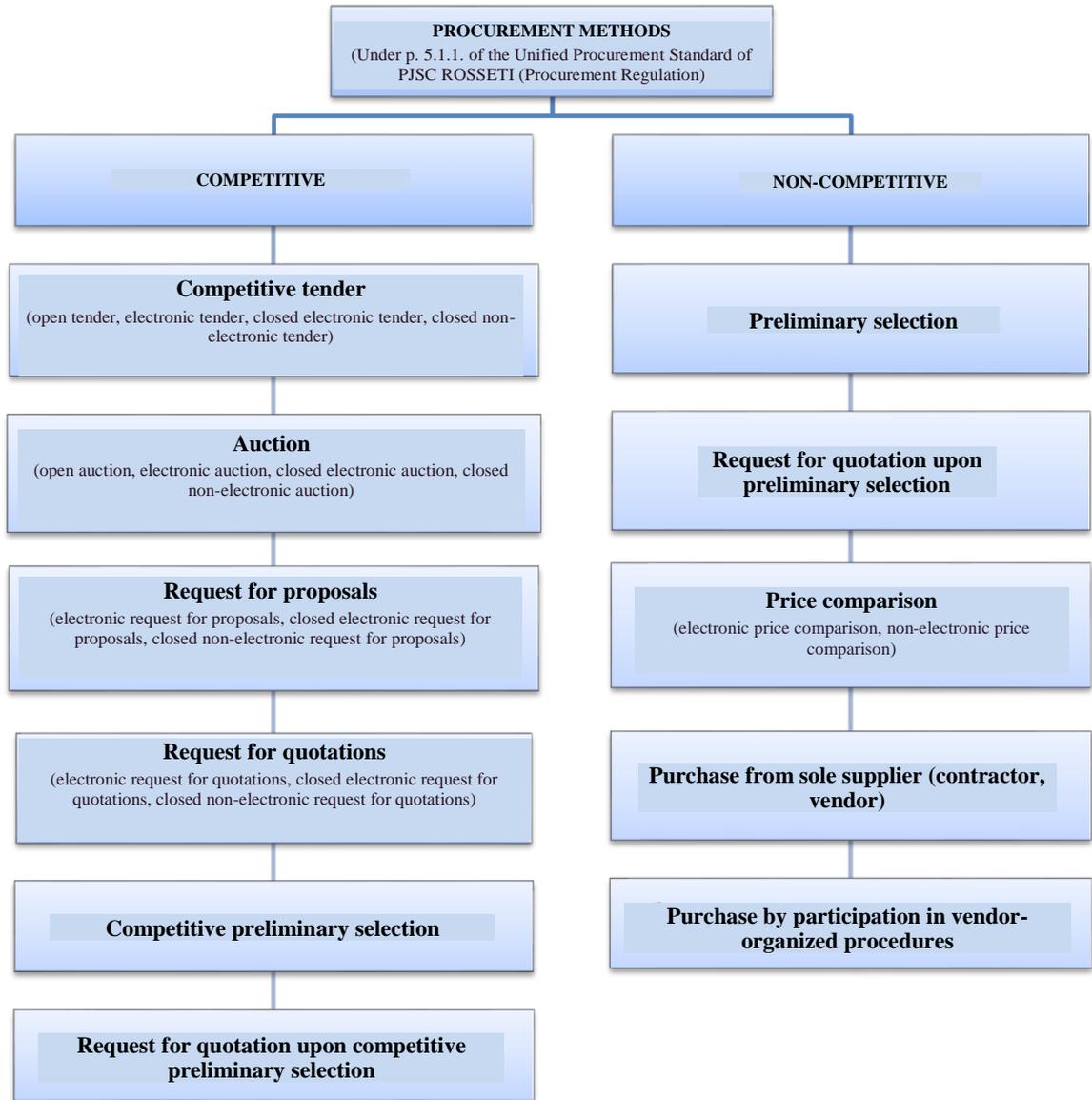
Likewise, if the participant in the procurement offers an abnormally low price (reduced by 25 percent or more), such a participant should provide a security for the contract performance in the form of a cash deposit or a bank guarantee

Methods of holding procurement procedures

For its procurement activities, the Company uses the following procurement methods as provided for in the Unified Procurement Standard of PJSC ROSSETI (Procurement Regulation):

The main criteria of selecting the procurement methods other than an open competitive tender are:

- the level of sophistication of the purchased products;
- nature of the markets of the purchased products;
- cost of purchase;
- the need to ensure confidentiality required to protect the Company's interests;
- procurement schedules.



Procurement breakdown

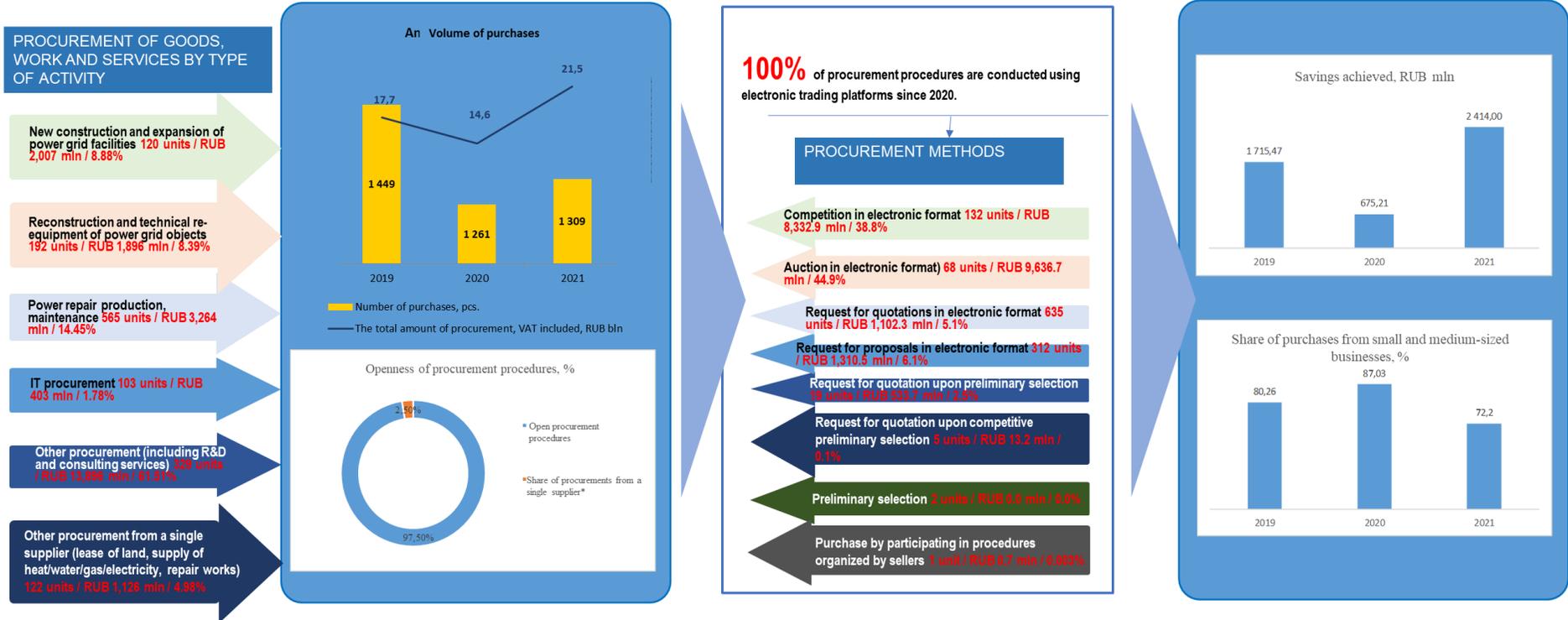
[GRI 103-3] In 2021, the Company carried out 1,309⁴⁹ procurement procedures for the total amount of RUB 21.46 bln. The cost efficiency achieved by these procedures was RUB 2.41 bln including VAT, or 10.34% of the planned declared value of competitive purchases.

Purchasing via e-commerce facilities (electronic trading platforms) accounted for 1,174 cases for the amount of RUB 20.93 bln including VAT (100% of the total procurement number, 100% of the total procurement volume⁵⁰ in monetary terms).

⁴⁹ Net of purchasing power transmission services, purchase of power to offset losses and other inevitable purchases from the sole supplier (rent of land, heat/water/power/gas supply, emergency response).

⁵⁰ Net of purchasing from the sole supplier.

Supply Chain



* Net of purchasing services regulated by the RF legislation (pricing (tariffs), power transmission (transit) services, purchase of power to offset losses in grids) and other inevitable purchases from the sole supplier (rent of land, heat/water /gas supply, emergency response).

The share of equipment imports in purchases of Rosseti North-West, PJSC for 2021 is 6.9%.

Purchasing from small and medium businesses

Purchasing from small and medium businesses accounted for RUB 9.26 bln including VAT (1,141 purchases), or 72.2% of the total volume of purchases (89.6% in number).

No procurement with small and medium-sized enterprises (SME) as subcontractors took place.

The volume of competitive tenders where only small and medium businesses took part in accordance with the requirements of the tender/procurement documents amounted to RUB 3.22 bln including VAT (620 purchases), or 25.1% of the actual volume (48.7% in number)⁵¹.

In 2021, there were eight purchases which match the criteria for classifying goods, works and services as innovative and (or) high-tech products for the actual amount of RUB 77.5 mln including VAT.

Anti-corruption policy⁵²

[GRI 103-2] Rosseti North-West, PJSC aims to build relations with its subsidiaries, partners and third parties according to the anti-corruption principles, notifies all stakeholders of the anti-corruption policy in place, and implements it in all its structural units and subsidiaries.

Rosseti North-West, PJSC aims to conduct fair and transparent business, as well as consolidate the trust of key stakeholders and improve its public image.

In 2021, the Company updated and approved internal regulatory documents stipulating prevention of and fight against corruption, as well as settlement of the conflict of interest:

1. Order No. 63 dated February 15, 2021 “On Approval of the Corruption Counteraction Plan in IDGC of the North-West, PJSC” for 2021;

2. Order No. 390 dated August 4, 2021 approved the Procedure for receiving and considering complaints about potential cases of corruption and fraud sent through the hotline by complainants (employees, counterparties and other individuals or legal entities);

3. Order No. 534 dated October 14, 2021, “On Approval of the Members of Rosseti North-West, PJSC Commission for Corporate Ethics and Conflict of Interest Settlement”;

4. Order No. 555 dated October 28, 2021 “On Approval of the Standard Terms for the Implementation of Measures to Identify, Suppress, Disclose and Investigate Corruption Offenses”;

5. Order No. 571 dated November 8, 2021 “On Approval of the Corruption Counteraction Plan of Rosseti North-West, PJSC for 2021, as amended”

6. Ordinance No. 11p of the Vologda Branch of Rosseti North-West, PJSC dated January 28, 2021, “On Declaration Campaign for 2020”;

7. Order No. 147 of the Karelia Branch of Rosseti North-West, PJSC dated April 5, 2021, “On Enactment of Anti-Corruption Regulations”;

8. Ordinance No. 583R of Rosseti North-West, PJSC dated October 15, 2021, “On Conducting an Anonymous Questionnaire Survey on the Implementation of the Anti-Corruption Policy of PJSC ROSSETI and its SDCs”.

Particular attention is paid to prevention of corruption-related offences. With that view, a number of measures were introduced to reveal and remove the causes of corruption:

- the section “Anti-Corruption Policy” was created and updated on the official website of Rosseti North-West, PJSC;

- information on measures aimed at the implementation of the Anti-Corruption Policy is published in the corporate periodical;

⁵¹ The data are compiled subject to the requirements of the RF Government Order of 11.12.2014 No. 1352.

⁵² For the legal and methodological basis of the anti-corruption policy, visit the Company’s website: <http://www.mrsksevzap.ru/aboutcorruptionpolicy#tab1>.

- anti-corruption examination of organizational and administrative documents and their projects is carried out;

- internal control is organized and carried out;

- qualification requirements are made to applicants for positions replaced in the Company, checks in accordance with the established procedure of the information submitted by these persons.

In 2021, 1,345 candidate inspections were carried out, of which 59 resulted in a negative opinion. Verification of candidates, for example through the “Declaration” module in the Automated System for Analysis and Collection of Information on Beneficiaries, allows to establish the affiliation of candidates with counterparties and employees not only in Rosseti North-West, PJSC, but also other SDCs of PJSC ROSSETI.

In 2020, 982 candidates were verified, with 47 of them receiving a negative opinion. While the total number of inspections increased, the percentage of negative opinions slightly decreased (from 4.79% to 4.39%).

Online training and testing of all employees in accordance with the Rosseti Group Training programme on Prevention and Anti-Corruption is carried out in accordance with the order of the Company dated January 31, 2020 No. 46p in 2 stages:

- employees with individual workplaces (computers);

- employees without individual workplaces.

The anti-corruption training course was uploaded to the corporate portal in January 2020. As of December 31, 2021, 911 employees of Rosseti North-West, PJSC have been trained and tested.

With a view of meeting the requirements of anti-corruption legislation of advanced training of employees whose job duties entail participation in combating corruption, the training was arranged for the chief specialist of the anti-corruption compliance procedures department, as well as for security services specialists of all branches of the Company. On April 15-16, 2021, the Russian Foundation for Economics and Management Training Programs held the online training course “Anti-corruption Policy of the Organization Compliance with legal requirements. Development and implementation of anti-corruption measures.”

In assessing the level of integrity of the Company’s partners and contractors, the degree of their rejection of corruption in business practice is taken into account, including the availability and implementation of anti-corruption programs. Compliance with anti-corruption principles is deemed to be an important factor in establishing contractual relations, including the reservation stipulating possible termination of contract relations in due order in case of violation of the anticorruption principles.

The Company has been a member of the Anti-Corruption Charter of the Russian Business since May 25, 2015. Members of the Charter declare zero tolerance for any form of corruption in their business and intentions to promote the principles of zero tolerance of and countering corruption in building their relations with the governmental authorities, contractors, and corporate relations. Participants in the Charter are to confirm their compliance with its requirements on a regular basis (biannually). In case this condition is not met, the membership is suspended and the entity is further excluded from the Consolidated Register of the Anti-Corruption Charter of the Russian Business.

In May 2019, The Company sent its Declaration of compliance with the provisions of the Anti-Corruption Charter to the RF Chamber of Commerce and Industry (outgoing Letter of May 23, 2019 No. MR2/40-07-07/4072), informing about the conformity of the Declaration to the guidelines on the methodology of anti-corruption measures assessment for declaration and public confirmation of the company implementation of the Anti-Corruption Charter of the Russian Business. Thus, the Company confirmed its compliance with the requirements of the Charter by self-declaration.



[GRI 103-3] In 2021, 3,645 expert evaluations of participants of the procurement procedures were performed, of which 41 resulted in a negative opinion. The main reasons for declines are contractors' failure to provide full data on owners, including ultimate beneficiaries, their consents to personal data processing and other data stipulated by the requirements of procurement documentation, as well as cases of affiliation of the procurement participants, in some cases – effective court verdicts on breach of contract, lack of financial and business operations, or other adverse information on the counterparty. Procurement participants were investigated for possible affiliation with employees of the Company. The timely access to information on changes in the counterparties' owners chain was ensured along with the inclusion of the Anti-Corruption Clause and other mandatory conditions in the contracts.

The Company has a Commission on Compliance with Corporate Ethics and Conflict of Interest Resolution. In the reporting year, the Commission held one meeting, at which the report on declaration measures for conflicts of interest was considered (Minutes No. 1 of April 27, 2021).

Activities aimed at identification, prevention, revealing and investigation of corruption in the Company include the procedures for receiving, studying and resolving communication from informers (employees, contractors and other individuals and legal entities) on allegations of corruption (hereinafter – the Communication). The mechanism of receiving communication is based on the 24/7 hotline principle and includes the following options:

- filling in a feedback form at the official website of the Company in the section “For consumers. Feedback”;
- a call on a hotline or helpline of the Company's branch;
- sending an e-mail to an employee of the Anti-Corruption Compliance Procedures Department of the Company;
- sending a written request to the Anti-Corruption Compliance Procedures Department of the Company.

Each item of communication is reviewed for the possibility of corruption, an investigation is carried out, due measures are worked out to prevent corruption-related offences.

[GRI 103-3] In 2021, Rosseti North-West, PJSC received 15 requests from the applicants via the Hotline, 10 of which were about potential instances of corruption. All requests were processed: 4 were redirected for consideration to the relevant subdivisions of the Company (technological connection, transmission of electric energy), 1 case was considered together with the relevant units. Confirmed cases of violation - 1:

In April, a communication about an alleged corruption practices in the mechanization and transport service (SM&T) of the “Plesetskiye Electric Networks” Production Unit of the Arkhangelsk branch of the Company was received from an anonymous informer. The facts were investigated and confirmed. In accordance with Order No. 195m of May 17, 2021 of the Arkhangelsk branch, responsible parties (five persons) were brought to disciplinary liability; and one employee was dismissed by Order No. 16UV of May 7, 2021. According to Order No. 59-k of May 24, 2021, an unscheduled inventory was taken at SM&T of the Plesetskiye Electric Networks, during which a shortage of RUB 0.078 mln was documented. An statement to the Department of Internal Affairs of the Plesetskiy district was filled on the grounds of an alleged offence under Article 160 of the Criminal Code (Misappropriation or Embezzlement). This application was registered under No. 04-09/1860 dated June 30, 2021, Crime Notification Logbook No. 5379 dated June 30, 2021. The final procedural decision on this case has not yet been made (it is still pending at the Plesetsk District Prosecutor's Office).t).

In 2021, the Anticorruption Compliance Procedure Department of Rosseti North-West, PJSC received 16 notifications from the Company's employees on receiving gifts in connection with their position. In accordance with the requirements of the Company's

regulatory administrative documents, all gifts were submitted by them to the General Affairs Department of the Company for valuation, and later returned to their receivers, as their value did not exceed RUB 3 thousand.

Information on alleged corruption in Rosseti North-West, PJSC can be communicated:

1. By filling out a feedback form by selecting Report a violation— Report corruption.
2. By making a hotline phone call at 8 (812) 305-10-69.
3. By sending an e-mail to kbb@mrsksevzap.ru.
4. By sending a written request to the Anti-Corruption Compliance Procedures Unit at: 3A, Konstitutsii Sq., St. Petersburg, 196247.

Social responsibility



Social Responsibility Practices

Acknowledgement of Social Responsibility

Rosseti North-West, PJSC understands and acknowledges that its activities may impact the regions of its presence and declares that the Company's key priorities include taking care of its employees and local residents its top priority.

In its operations, Rosseti North-West, PJSC adheres to the precautionary principle set forth in the United Nations Declaration on Environment and Development. This principle is extensively used by the Company to manage environmental impacts at all stages of its projects.

Social responsibility of the Company during the COVID-19 pandemic

The Company took all measures to protect the health of its employees during restrictions related to the spread of the new coronavirus infection COVID-19.

These efforts included providing a remote access for employees to perform their job functions, measuring of employees' body temperature before admission to the workplace, providing personnel at their workplaces with preventive equipment (protective masks, personal disinfectants/antiseptics), additional disinfection of rooms and vehicles. Based on the decision of the HR Committee of Rosseti North-West, PJSC, employees of the Company were reimbursed for medical treatment expenses, and financial assistance for the purchase of protective equipment was provided to the industry's labor veterans upon request.

In order to prevent increase in disease incidence and to form collective immunity, the employees were vaccinated (a total of 12,480 people were vaccinated, or 93.8% of the headcount as of December 31, 2021). Employees were given paid days to receive vaccinations and additional paid days off for receiving their vaccinations.

The Company also executed voluntary personal insurance agreements and contracts with medical organizations for the biomaterial sampling and testing for COVID-19 and COVID antibodies.

The Company's Contribution to the Development of the Northwestern Federal District

The Group's activities are important for the well-being of its operating regions, therefore, the high level of social responsibility to both the society and its citizens is a traditional priority for the Company.

When constructing and reconstructing electric grid facilities, the Company searches for and implements the best possible solutions in terms of facility location and structural design, accounts for the interests of the landowners and the relevant legitimate rights of land plot use required for construction, as well as the interests of local communities (including indigenous minorities) in their traditional habitats.

Companies of the Rosseti North-West Group sign agreements with the constituent entities of the Russian Federation on cooperation and social partnership.

Charity projects and volunteer programs

Rosseti North-West, PJSC supports regional and federal charity projects in the following areas:

- conservation of cultural and historical heritage;
- support of educational initiatives, sports and the promotion of healthy lifestyles;
- social integration of people with special needs;
- targeted social support of individuals, including veterans.

Rosseti North-West, PJSC has a long-standing tradition –charity events for children at orphanages and foster homes. Its employees organize campaigns to collect gifts and stationery, arrange celebrations for the sponsored child welfare institutions.

Joint educational activities constitute an important part of the volunteer activities: the power industry professionals regularly hold edutainment classes for schoolchildren, both off- and online. Similar events are held in boarding schools and orphanages in all operating regions of the Company.

Employees of Rosseti North-West, PJSC contribute to the improvement of war cemeteries, visit historic and memorial sites, and take care of military obelisks under their patronage. Rosseti North-West, PJSC employees of participate as volunteers in regional exploratory movements to perpetuate the memory of war victims. Moreover, the employees of Rosseti North-West, PJSC regularly take part in donor events.



Memorial burial in the village of Plesetsk. Employees of the Plesetskiye Electric Networks production unit take part in restoration activities and a ceremony of laying flowers at the memorials to the fallen defenders of the Fatherland.

Arkhangelsk branch of Rosseti North-West, PJSC



Employees of the Karelian branch on the blood donation campaign - Donor Day - October 2021.

CORPORATE GOVERNANCE REPORT

Address by the Chairperson of the Board of Directors

Dear shareholders, partners and investors!

The Board of Directors plays a key role in the corporate governance system, and the activities of the Board of Directors and its Committees comply with the key recommendations of the Corporate Governance Code approved by the Decision of the Board of Directors of the Bank of Russia on March 21, 2014, and recommended for application by Letter No. 06-52/2463 of the Bank of Russia dated April 10, 2014 (hereinafter – the Corporate Governance Code of the Bank of Russia).

In the reporting year, the Company complied, fully or partially, with 96% of the Corporate Governance Code recommendations. Members of the Board of Directors have all required professional competencies and knowledge, business skills, and experience.

In 2021, the Company's Board of Directors included three independent directors. Independent directors also participated in all Committees of the Board of Directors of the Company, and the Audit Committee was composed of independent directors in total.

In the reporting year, we continued the practice of inviting all independent directors who are not members of the HR and Remuneration Committee to participate in the discussion of issues at in-person meetings of this Committee.

The Board of Directors highly appreciates the contribution of independent directors to improving the efficiency of the Board of Directors. The Expert RA agency assessed the quality of corporate governance, including the arrangement and functioning of the Board of Directors, confirming the A++.gq rating of the Company's governance.

The main task of the Board of Directors is to prioritize the Company's activities, and during the reporting period the Board of Directors continued to implement the energy strategy and the strategy for the development of the power grid complex in terms of the transition to state-of-the-art innovative infrastructure. The strategy's focus on the transition to smart grids and the creation of a state-of-the-art, efficient energy complex also gives grounds for developing advanced hardware and software industry in Russia, which is becoming essential in the face of sanctions' restrictions.

In 2021, we paid special attention to strategic development, namely the implementation of new digital technologies in the electric grid sector in accordance with the Digital Transformation 2020-2030 Program of Rosseti North-West, PJSC approved by the Board of Directors of Rosseti North-West PJSC on January 27, 2020 as part of the "Digital Transformation 2030" Concept approved by the Board of Directors of Rosseti North-West, PJSC. In 2021, the Company's Board of Directors reviewed the report on the activities under the Program for 2020 and approved the updated Digital Transformation Program for the period until 2030.

The most important task of the Board of Directors is to ensure overall profitability growth for our shareholders and create grounds for regular dividend payments, all of which can only happen if the Company continues to improve its performance. The Company's task of further improving operational and investment efficiency, ensuring reliability, quality and accessibility to infrastructure in the new digital environment is also important for protecting energy market consumers in the face of current events.

In 2021, Rosseti North-West, PJSC presented the effective corporate governance system that complies with the high standards of the Rosseti Group. At the same time, corporate governance improvement remains one of the Company's top priorities. With the aim of improving the efficiency of the Board of Directors' overall management of the Company, an expert evaluation of the Board of Directors and Committees for the corporate years 2019-2020 and 2020-2021 was performed by an independent external consultant (VTB Registrar JSC) in 2021. The independent appraisal confirmed compliance of the Company's corporate governance with the best corporate governance practices of the leading Russian companies in a number of respects. The analysis of the Company's current corporate governance practices resulted in recommendations, that, if implemented, would make the Company more attractive for investors and improve shareholder interest and trust.



Our main task for 2022 remains to adhere to the best standards of corporate governance, ensuring a high level of information transparency and corporate reporting

**Respectfully,
Chairperson of the Board of Directors
Rosseti North-West, PJSC**

A.A. Polinov

Memorandum of the Controlling Shareholder of Rosseti PJSC on the Controlled Power Grid Companies

The purpose of ownership and plans for controlling shareholdings

PJSC ROSSETI is a public joint-stock company with the state share of 88.04%. It was established by the Decree No. 1567 of the President of the Russian Federation dated November 22, 2012 in order to improve performance and develop the Russian power grid complex, as well as to coordinate the management of this complex through subsidiaries and affiliates.

PJSC ROSSETI holds controlling stakes in 14 key electric distribution grid companies⁵³ (Rosseti Kuban, PJSC, Rosseti Lenenergo, PJSC, Rosseti Moscow Region, PJSC, Rosseti Volga, PJSC, Rosseti North-West, PJSC, ROSSETI North Caucasus, PJSC, Rosseti Siberia, PJSC, IDGC of Urals, JSC, Rosseti Center, PJSC, Rosseti Center and Volga region, PJSC, ROSSETI South, PJSC, PC TDC, JSC ROSSETI Tyumen, and JSC Yantarenergo) and one trunk grid company (FGC UES, PJSC).

PJSC ROSSETI considers these controlling shares as strategic assets, the disposal of which is not planned.

Key asset objectives

According to the PJSC ROSSETI Development Strategy until 2030, approved by the Board of Directors of Rosseti, PJSC (Minutes No. 388 dated December 26, 2019), the Company's key objective in the management of these subsidiaries is developing the power grid facilities based on advanced innovative technologies to meet the needs of consumers and the Russian economy.

PJSC ROSSETI defined strategic development priorities for the Group's companies:

- ensuring reliable, high-quality, and affordable power supply, as well as contributing to the energy security of the Russian Federation;
- ensuring further efficiency improvement in the core business, including through the implementation of digital technologies and innovations;
- developing new business areas (non-tariff and consumer services) through digital transformation to ensure the company's resilience against the changes in the industry;
- implementing the sustainable development principles.

Corporate governance principles

PJSC ROSSETI carries out management of the Group's companies in accordance with the uniform corporate standards aimed to ensure the efficiency of business processes, control their quality, minimize all kinds of corporate risks.

As a controlling shareholder, PJSC ROSSETI is fully aware of the importance of improving corporate governance in the Group's companies; it strives to ensure openness and transparency of their activities and implement the recommendations of the Corporate Governance Code in their business practices.

Following the best corporate governance practices, PJSC ROSSETI annually includes independent directors in the Boards of Directors of the Rosseti Group's companies, whose shares are in on-exchange trading in an amount sufficient to comply with the listing rules and corporate governance principles. To ensure the independence and objectivity of the Boards of Directors of the Rosseti Group's companies, it is planned to maintain no less than the current number of independent directors in their composition.

Representatives of PJSC ROSSETI also participate in the annual General Meetings of Shareholders of the Group's companies to communicate to minority shareholders on the Company's development prospects

PJSC ROSSETI guarantees the compliance of its companies with market principles in performing financial and economic activities.

⁵³IDGC of Urals, JSC provides services under the Rosseti Urals brand.
PC TDC provides services under the Rosseti Tomsk brand.
JSC "Yantarenergo" provides services under the Rosseti Yantar brand.
"FGC UES", PJSC provides services under the Rosseti FGC UES brand.

As a controlling shareholder, PJSC ROSSETI supports the initiatives of the Group’s companies for protecting the rights and interests of minority shareholders.

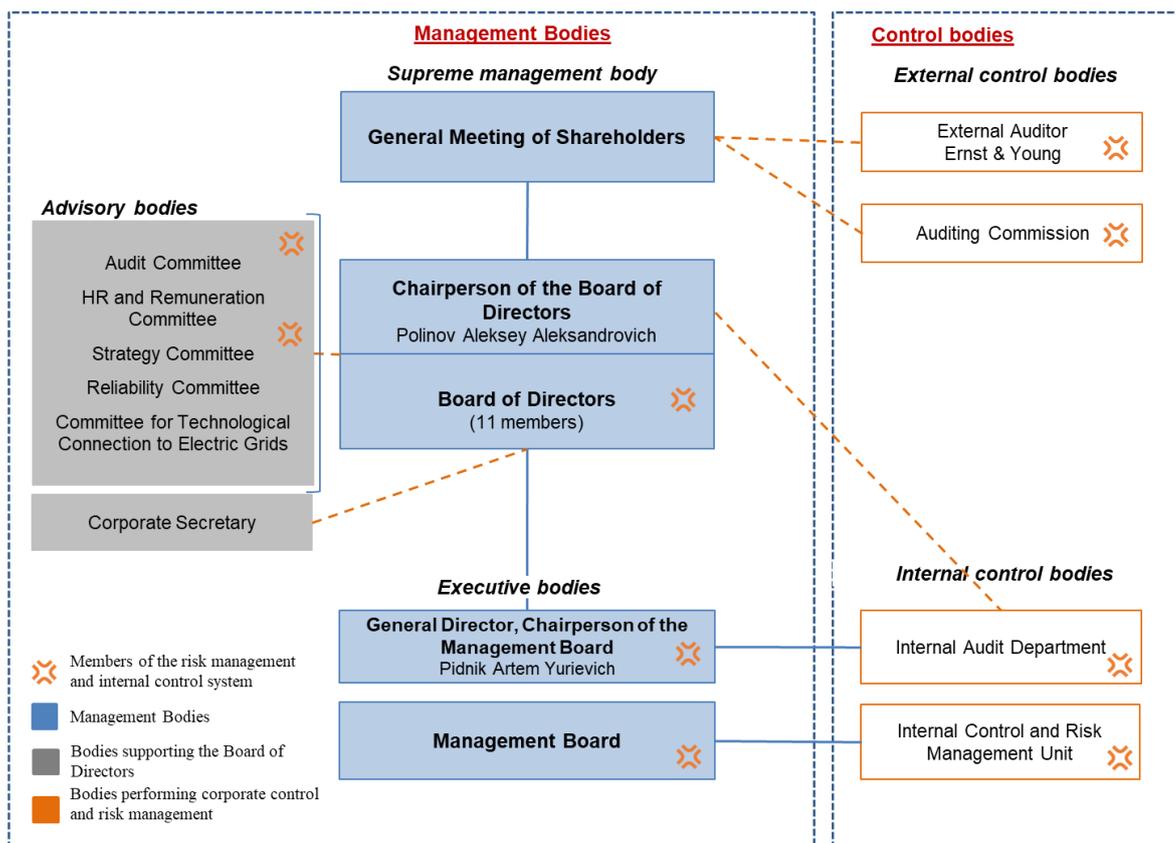
In compliance with Order of the Government of the Russian Federation No. 1094-r of May 29, 2017, PJSC ROSSETI is committed to ensuring payment of dividends on shares of the Group’s companies in the amount of at least 50% of net profit as reported in financial statements, including consolidated statements prepared under the International Financial Reporting Standards, subject to the net profit adjustment provided for in the above mentioned Order of the Russian Government.

Overview of the Company’s corporate governance

[GRI 102-16] The Company’s governance system complies with the current laws of the Russian Federation, the Company’s Charter and the recommendations of the Corporate Governance Code of the Bank of Russia.

Internal documents regulating the principles, practice and specific procedures of the corporate governance are available at the Company’s website (<http://www.mrsksevizap.ru/charterinternaldocuments>).

Corporate governance system structure [GRI 102-18]



Dotted lines show functional connections, and full lines display administrative relations.

For the functions and performance of the Audit Committee, see p. 165

For the functions and performance of the HR and Remuneration Committee, see p. 168

For the functions and performance of the Strategy Committee, see p. 170

For the functions and performance of the Reliability Committee, see p. 172.

For the functions and performance of the Committee for Technological Connection to Electric Grids, see p. 174

General Meeting of Shareholders — the supreme management body of Rosseti North-West, PJSC.

Board of Directors — the management body responsible for working out the development strategy, monitoring the activities of the executive bodies, and objectively assessing the financial performance of the Company.

Management Board — the collective executive body set up to resolve the most complicated issues of the current Company's operations.

General Director — the sole executive body managing the routine Company's operations and responsible for implementing its strategy developed by the Board of Directors.

Auditing Commission — the body monitoring the financial and business-related Company's activities on a regular basis.

Auditor — the entity performing an independent audit of the accounting (financial) statements of the entity under audit to express an opinion on the accuracy of such statements, a member of a self-regulatory auditor organization.

Corporate Secretary — the Company's administrative official whose functions include organizational support of the work of the Company Board of Directors, participation in the preparation and holding General Meetings of Shareholders of the Company etc.

Committees of the Board of Directors — the advisory bodies of the Company set up to consider the issues within the Board of Directors frame of reference (or examined by the Board of Directors to control the activities of the Company's executive body), and to work out the required recommendations for the Board of Directors and the Company's executive bodies.

Internal Audit Department — the Company's structural subdivision supporting the Board of Directors and the Company's executive bodies in improving the Company's management efficiency.

Internal Control and Risk Management Unit — the Company's subdivision, which ensures coordination and methodological support of internal control and risk management activities.

Assessment of the corporate governance efficiency

The Company assesses the internal corporate governance efficiency on a regular basis. Corporate governance is assessed by the Company's Internal Audit Department in accordance with the Methodology developed based on the principles and recommendations of the Corporate Governance Code of the Bank of Russia, the requirements of the Listing Rules of the Moscow Exchange and best corporate practices. Under this Methodology, the corporate governance assessment is performed at least once a year at the end of the corporate year.

The main goal of the assessment is to provide the Company Board of Directors, the Audit Committee of the Company Board of Directors, the sole executive body and the Management Board of the Company with unbiased and independent information on the state of the Company's corporate governance and its efficiency, as well as work out recommendations to improve the corporate governance of the Company.

The Company's corporate governance efficiency assessment included such components as "Shareholder rights", "Board of Directors", "Executive bodies", "Transparency and information disclosure", "Risk management, internal control and internal audit", "Corporate social responsibility, business ethics, compliance".

According to the results of the assessment for the 2020-2021 corporate year, the Company scored 465.5 of 525 points possible (89%), which enabled the Internal Audit Department to conclude that the Company's corporate governance is "Developed Practice" and has the potential to improve on an insignificant part of the issues. In the 2020-2021 corporate year, the Company demonstrated an increase in its overall score of corporate governance within the "Developed Practice" from 88% for the 2019-2020 corporate year to 89% for the 2020-2021 corporate year. The growth in the overall corporate governance score for the 2020-2021 corporate year is due to the measures taken by the Company, as follows:

- ensuring the availability of materials 32 days prior to the General Meeting of Shareholders;
- developing the practice of attracting independent directors;
- insuring the liability of the members of the Board of Directors of the Company at the expense of the Company;

- performing an external independent assessment of the Company's Board of Directors activities;



The Company strives to improve the corporate governance quality, including the activities based on the assessment findings analysis.

Report on compliance with the principles and recommendations of the Corporate Governance Code

The report of Rosseti North-West, PJSC on compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia was preliminarily considered by the Board of Directors of the Company⁵⁴ under the item “On Preliminary Approval of 2021 Annual Report of the Company” and is given in Annex “Report on compliance with the principles and recommendations of the Corporate Governance Code».

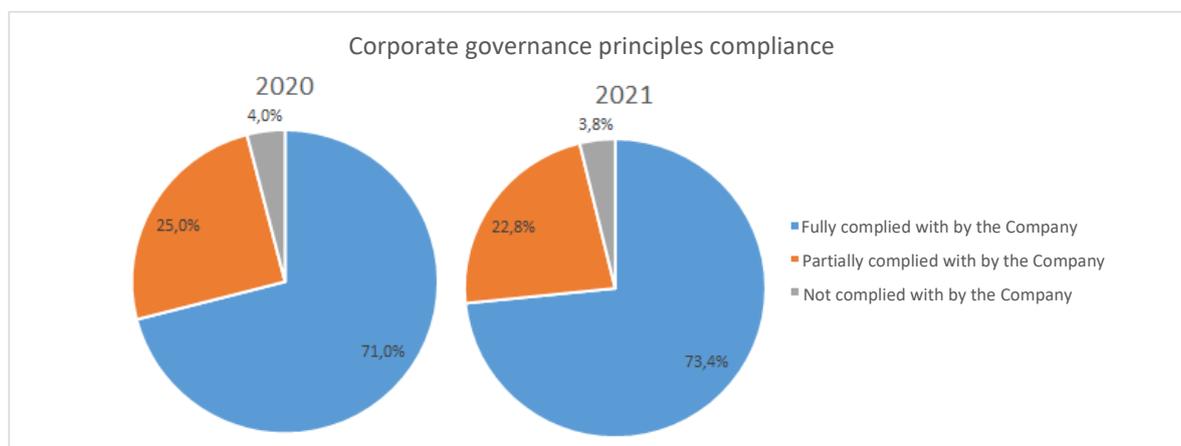
The Board of Directors confirms that the Report data contain complete and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia for 2021.

⁵⁴ The assessment of the compliance with the corporate governance principles was based on the methodology stipulated by the Bank of Russia recommendations on compiling the report on compliance with the principles and recommendations of the Corporate Governance Code (Letter of the Bank of Russia No. IN-06-28/102 dated December 27, 2021).

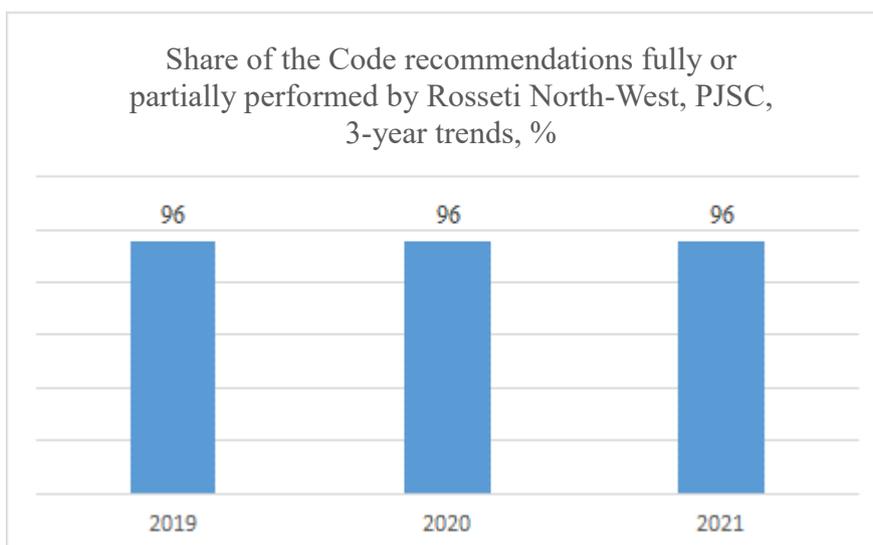
Statistics of compliance with the corporate governance principles

Information on compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia is presented within the table below:

Section	Principles recommended by the Code	Principles that the Company fully complies with	Principles that the Company partially complies with	Principles that the Company does not comply with
Rights of shareholders and equitable treatment of shareholders in exercising their rights	13	11	2	-
Company Board of Directors	36	24	10	2
Corporate Secretary of the Company	2	2	-	-
Remuneration of the members of the Board of Directors, executive bodies and other management of the Company	10	7	2	1
Internal control and risk management system	6	6	-	-
Company information disclosure, information policy of the Company	7	5	2	-
Major corporate actions	5	3	2	-
Total	79	58	18	3



The changed correlation between the number of principles that the Company fully or partially complies with and does not comply with reflects the Company's efforts to promote the principles of the Corporate Governance Code of the Bank of Russia, since the methodology for reporting on compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia was revised in 2021.



Corporate governance improvement in 2021

Key measures aimed at improving the corporate governance practice in 2021 included:

I. Approval by the Annual General Meeting of Shareholders:

1. The new version of the Company's Articles of Association⁵⁵ Certain major amendments and additions were made in order to bring the Company's Articles of Association in line with amendments to the applicable Russian legislation on conversion and the preemptive right to purchase equity securities; the procedures of dividends' payment and announcement of the General Meeting of Shareholders were updated; advanced technical communications facilities were added; the Board of Directors' competence and voting procedures were refined; requirements were established for the procedure and timeframes for providing access to the Company's documents.

2. Amendments to the Company Charter⁵⁶. The corporate name was changed due to the Company's adherence to the Uniform Corporate Identity Standard of PJSC ROSSETI and the ROSSETI Group's Entities, as approved by a resolution of the Board of Directors of PJSC ROSSETI (Minutes No. 353 dated April 30, 2019), and due to the approval of the Roadmap for the Company's Transition to the Uniform Corporate Identity Standard of PJSC ROSSETI and the ROSSETI Group's Entities. The official names 'Russian Federation' or 'Russia' or derivatives thereof may only be included in a corporate name with the permission of the Ministry of Justice of the Russian Federation.

II. On February 02, 2021, the Board of Directors (Minutes No. 386/22 dated February 05, 2021) resolved that it would be reasonable to retain an independent external consultant to assess the performance of the Board of Directors and its Committees.

⁵⁵ Approved on May 28, 2021 by the Annual General Meeting of Shareholders of IDGC of North-West, PJSC (Minutes No. 17 dated June 01, 2021).

⁵⁶ Approved on May 28, 2021 by the Annual General Meeting of Shareholders of IDGC of North-West, PJSC (Minutes No. 17 dated June 01, 2021).

Plans for 2022

In 2022, the Company will continue its efforts to improve its corporate governance practices, focusing on ongoing interaction between all corporate players to achieve the Company's strategic development priorities and top-level goals, and on respect of the interests of its shareholders in the short, mid, and long-term horizons.

On February 09, 2022, the Board of Directors approved the restated Corporate Governance Code of Rosseti North-West, PJSC (Minutes No. 415/16 dated February 11, 2022) to improve performance and transparency of the Company's operations.

A new version of the Company's Charter is scheduled for approval by the General Meeting of Shareholders.

Also, the plans for 2022 include a self-assessment of the performance of the Board of Directors of Rosseti North-West, PJSC for the 2021/2022 corporate year.

General Meeting of Shareholders

General Meeting of Shareholders is the supreme management body of Rosseti North-West, PJSC, authorized to decide on the most important issues of the Company's operations.

The scope of competence, timing, and procedures for preparing to and holding the General Meeting of Shareholders are set out in Federal Law No. 208-FZ of December 26, 1995 "On Joint-Stock Companies" (hereinafter – the "Federal Law On Joint-Stock Companies"), Bank of Russia Regulation No. 660-P of November 16, 2018 "On General Meetings of Shareholders", the Charter of Rosseti North-West, PJSC, the Regulations for the General Meeting of Shareholders of Rosseti North-West, PJSC.

The Board of Directors, the Management Board, the General Director and the Auditing Commission report to the General Meeting of Shareholders.

The procedure for holding the General Meeting of Shareholders ensures equal opportunities for all shareholders to effectively attend the General Meeting of Shareholders.

The procedures for preparing to, convening, holding and summarizing the results of the General Meeting of Shareholders of Rosseti North-West, PJSC are set out in the Regulations for the General Meeting of Shareholders of Rosseti North-West, PJSC⁵⁷.

In connection with the pandemic caused by the new coronavirus infection and being guided by the provisions of Article 2 of Federal Law No. 17-FZ of February 24, 2021, the Annual General Meeting of Shareholders of Rosseti North-West, PJSC for the year 2020 was held on May 28, 2021 by absentee voting.

⁵⁷ Approved on June 14, 2019 by the Annual General Meeting of Shareholders of IDGC of North-West, PJSC (Minutes No. 14 dated June 18, 2021).

Information on the General Meetings of Shareholders held in 2021

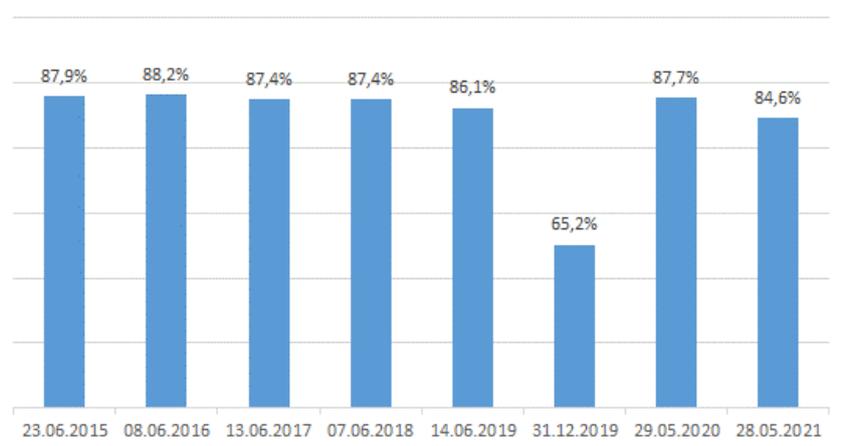
Annual General Meeting of Shareholders of Rosseti North-West, PJSC held on May 28, 2021

By absentee voting (Minutes No. 17 dated June 01, 2021)

The following issues were considered:

- On approval of the annual report, annual accounting (financial) statements of the Company for 2020;
- On distribution of profit (including payment (declaration) of dividends) and loss of the Company following the results of 2020;
- On election of members of the Board of Directors of the Company;
- On election of members of the Auditing Commission of the Company,
- On approval of Auditor of the Company,
- On approval of a restated Charter of the Company,
- On introduction of amendments to the Charter of the Company requiring to send an application to the Ministry of Justice of the Russian Federation with a request for permission to include a word derived from the official name “Russian Federation” or “Russia” in the new company name.

Quorum at the General Meetings of Shareholders



On December 27, 2018, Expert RA Rating Agency rated the quality of corporate governance at IDGC of North-West, PJSC as A++.GQ (highest level of governance quality) according to the new methodology.

Having reviewed the Company’s operations in 2021, on March 05, 2022, Expert RA Rating Agency confirmed the governance quality rating of Rosseti North-West, PJSC as A ++. GQ (highest level of governance quality).

The high level of workflow management of the corporate boards has a positive effect on the rating. The Company has a Board of Directors governed by the relevant Regulations. The Board of Directors has 11 members. The composition of the Board of Directors is stable. All the directors are fully compliant with the applicable expertise requirements. However, the constraining factor is the small number of independent directors — only 3 independent directors out of total of 11 directors. Five committees operate under the Board of Directors: the Strategy Committee, the Audit Committee, the HR and Remuneration Committee, the Reliability Committee, and the Committee for Technological Connection to Power Grids. The Audit Committee is chaired by an independent director. The availability of Directors & Officers Liability Insurance procured in 2021 from VSK Insurance House (ruAA according to Expert RA) has a positive effect on the rating. Also, the Rating Agency acknowledges the presence of a collective executive body, i.e, the Management Board, consisting of 7 members.

The Rating Agency acknowledges the high level of organization of the risk management system in the Company. The coordination and methodological support of the Company’s risk management activities is the responsibility of the structural subdivision of Department of Internal Control, Risk Management and Quality Management — the Internal Control and Risk Management Unit, which

reports to the Deputy General Director. The Regulations on Risk Management is the principal document regulating the risk management processes in the Company. Risk management reports are prepared quarterly and annually. The Rating Agency acknowledges the Company's ISO 9001:2015 Quality Management System certification in 2021. The certification is valid until 2024.

According to the Rating Agency's assessment, the degree of protection of the interests of the owners and other stakeholders is high. Regulations have been adopted to regulate the activities of the General Meeting of Shareholders. To protect the rights of shareholders, the Company has a five-member Auditing Commission, which is elected annually by the General Meeting of Shareholders. The Dividend Policy of Rosseti North-West, PJSC aims to balance the interests of the Company with those of its shareholders in determining the size of the dividend payments, and to respect and strictly observe shareholders' rights. The Dividend Policy sets out the procedure for making dividend payout decisions and the terms and timing of dividend payments: for nominal holders and for trustees being professional participants of the securities market, the payout period should not exceed 10 business days from the record date, and for other persons recorded in the Shareholder Register, the payout period should not exceed 25 business days from the record date. The Company has a Corporate Secretary responsible for arranging interaction between the Company's management bodies. Regulations have been adopted to govern the activities of the Corporate Secretary. An internal audit system has been established in the Company. The Board of Directors annually approves a workplan for the Internal Audit Department. The workplan for 2021 has been fulfilled in full. The Company has been delivering conflict of interest training for its employees: upon hiring of each employee and during annual conflict of interest disclosure process. An Anti-Corruption Training Course, with a final quiz, is available on the corporate portal. In 2021, a total of 911 employees of Rosseti North-West, PJSC completed the training course and took the quiz. A Commission on Compliance with Corporate Ethics and Conflict of Interest Resolution has been established.

The Rating Agency highly regards the Company's employee relationship management system and corporate ethics. The Company has an approved HR and Social Policy in place, and the Occupational Safety Policy has been approved at the ROSSETI Group level. The Company's employees undergo professional training programs, which include both in-house and external training programs. In 2021, a total of 11,957 employees were trained, of whom 7,214 employees completed in-house vocational training programs at the Training Center and 4,743 employees completed external vocational training programs delivered by third-party educational institutions. The Company has an approved Code of Ethics and Business Conduct, which each employee must read and understand upon signing an employment contract with the Company. The rating score is affected by the absence of an Ethics Committee under the Board of Directors. The Rating Agency highlights a low level of staff turnover of 15.1%.

The Rating Agency recognizes the high quality of strategic planning in the Company. The Company's strategic plans contain comprehensive information on the Company's operational and financial performance targets. The Company's long-term strategic goals are set forth in the Development Strategy of the Electric Power Grid Complex of the Russian Federation, while its short- and medium-term goals, including the projections for 2023–2026, are set forth in the Company's Business Plans approved by the Board of Directors. The high level of organization of the audit process is acknowledged. Ernst & Young LLC has been the RAS and IFRS auditor for the Company, after being appointed in 2018 following an open tender process conducted on an open electronic trading platform.

The Rating Agency also acknowledges the high level of information transparency in the Company. The Company has adopted the Regulations on Information Policy, which regulate the procedure, methods, and terms of information disclosure. The Company complies with all the applicable disclosure timing requirements, including those set out in the Regulations on Information Policy. The Company regularly publishes information about its Board of Directors and the Management Board, financial statements under RAS and IFRS, and documents regulating the Company's activities. As part of an Annual Report, a sustainability report is prepared and published.

<https://raexpert.ru/releases/2022/mar05>

Company Board of Directors

A vital component of the efficient corporate governance in the Company is availability of a professional Board of Directors. The activities of the Board of Directors are stipulated by the Regulations on the Board of Directors of Rosseti North-West, PJSC⁵⁸.

[GRI 102-26]

The key functions of the Company Board of Directors⁵⁹ are resolving the issues of the Company's general strategic management, defining the Company development priorities, monitoring the activities of the executive bodies in the interests of the Company and its shareholders, objectively assessing the Company's financial standing.

Board of Directors' Report

In 2021, the Board of Directors of Rosseti North-West, PJSC held 27 meetings, of which 2 in-person and 25 in absentia and considered 160 issues.

Participation of the Board of Directors members in meetings of the Board of Directors and Committees⁶⁰

Member of the Board of Directors	BoD	AC	HR&RC	SC	RC	TCC
	Participation	Participation	Participation	Participation	Participation	Participation
Polinov A.A.	13(0)/13	-	-	7(0)/7	-	-
Golovtsov A.V.	13(0)/13	3(0)/3	-	7(0)/7	4(0)/4	3(0)/3
Goncharov Yu.V.	13(0)/13	-	-	-	-	-
Grebtsov P.V.	13(0)/13	-	6(0)/6	-	-	-
Krainsky D.V.	13(0)/13	-	-	7(0)/7	-	-
Mayorov A.V.	13(1)/13	-	-	-	-	-
Molsky A.V.	13(1)/13	-	-	-	-	3(0)/3
Morozov A.V.	13(0)/13	-	-	7(0)/7	4(0)/4	-
Nikitchanova E.V.	13(0)/13	3(0)/3	6(0)/6	-	-	-
Pidnik A.Yu.	13(0)/13	-	-	-	-	-
Fedorov O.R.	13(0)/13	3(0)/3	6(0)/6	7(0)/7	-	3(0)/3

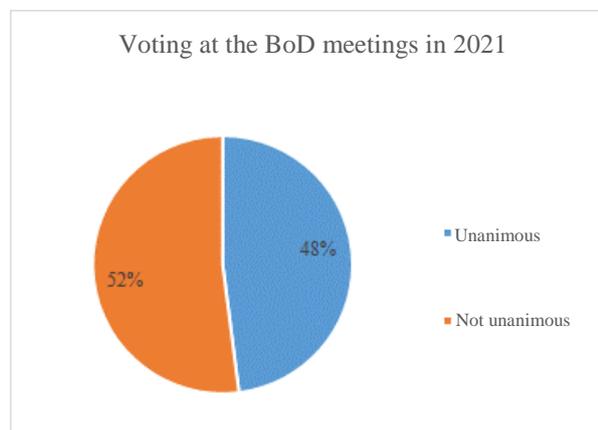
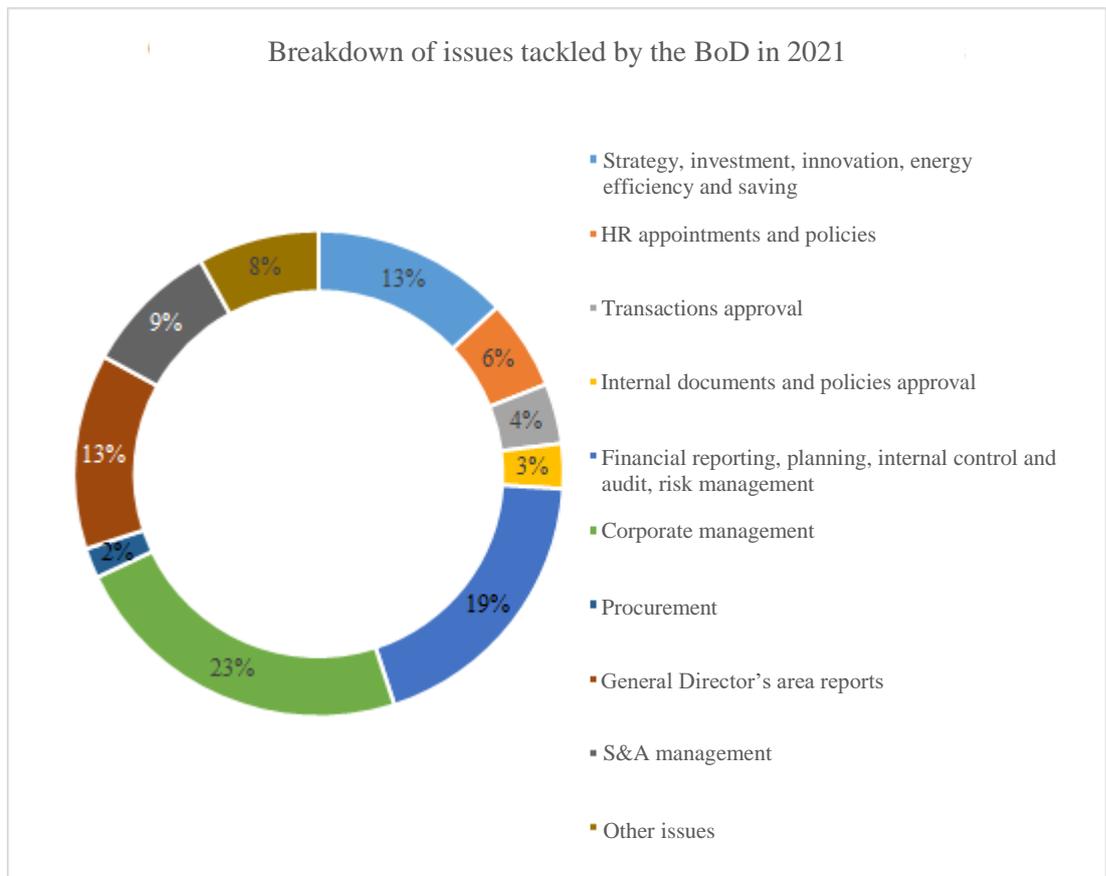
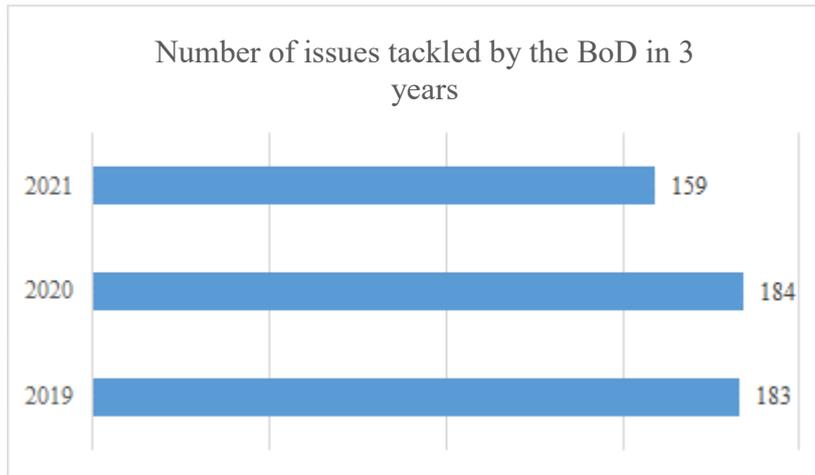
Note:

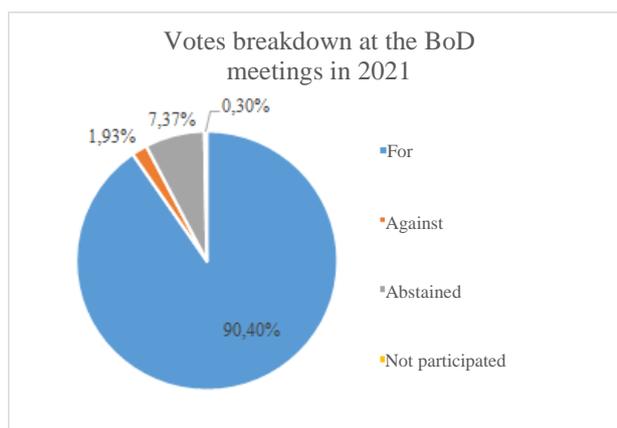
Participation. The tabular data are given in the 5(2)/7 format specifying that the person could take part in 7 meetings of the Board of Directors (Committee) and actually took part in 5 meetings, of which in 2 — by providing a questionnaire. The coincidence of the number of possible and actually attended meetings indicates a high degree of involvement of the director in the work of the Board of Directors and/or the Committee and participation in all meetings. A significant number of the provided questionnaires (when holding meetings by joint attendance and in-person/in absentia) means a significant proportion of in-person meetings not physically attended by the person.

⁵⁸ Corporate events that took place in 2021 are disclosed on the Company's website at <http://www.mrsksevzap.ru/statementsmaterialfacts#tab1>.

⁵⁹The scope of competence for the Board of Directors of Rosseti North-West, PJSC is set forth in the Company Charter, which is available at <http://www.mrsksevzap.ru/charterinternaldocuments>.

⁶⁰ For more details on the attendance of meetings by the members of the Board of Directors of Rosseti North-West, PJSC in 2021, see Annex 22 to the full version of the Annual Report on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.





Report of the Board of Directors on priority areas of activity

The Company Board of Directors performs general management of the Company’s activity and monitors the activities of the Company’s executive bodies.

The primary task of the Company Board of Directors is to identify priority areas of the Company’s activity, including approval of the Company’s development strategy, innovative development programme, and reports on their implementation

The main objectives of the Company’s activities are set forth in the Company Charter as follows:

- profit generation by the Company,
- performance of efficient and reliable functioning of the facilities of the distribution electricity grid,
- provision of stable development of the distribution electricity grid,
- provision of reliable and high-quality power supply to consumers (in respect of delivery and transmission of electric energy).

The world is changing rapidly. Even climate is changing. In the context of such global changes, the Company’s task is to ensure its sustainability and the efficient management, use, and development of the Company’s resources.

In 2021, the economy adapted to the conditions of the coronavirus pandemic. Increased business activity and economic growth were due to the reduced impact of the lockdown measures in 2021 against the background of their large-scale introduction in the same period in 2020.

Rosseti North-West, PJSC, as a backbone infrastructure company, creates conditions for the social and economic development of the region where it operates. During economic recovery and the corresponding increase in energy consumption, the Company ensured a reliable and uninterrupted power supply to consumers in the North-Western region. The established level of reliability of the Company’s power grid facilities also allowed to satisfy the increase in energy consumption in 2021, which was caused by lower average annual temperatures.

To improve the reliability and quality of power supply, technologies are being introduced to enable the transition from damage control to prevention of technological failures. In 2021, the Board of Directors reviewed the 2020 progress report on the implementation of the Digital Transformation Programme and approved the updated 2020–2030 Digital Transformation Programme.

To ensure financial strength of the Company, the Board of Directors approved the 2022–2026 Operational Efficiency and Cost Reduction Programme. The Company’s executive body was instructed to ensure that the liabilities at the end of each quarter of 2022 would not exceed the targets set out in the Business Plan.

One of the ways to reduce operating costs is to reduce grid losses. The Board of Directors approved the updated 2021–2030 Smart Metering Programme, which sets an 85% target for smart electrical meter adoption across the balance inventory of Rosseti North-West, PJSC by 2030.

Energy security, both at national and regional levels (especially in regions located in geostrategic areas), is the priority of the State Energy Policy. The Board of Directors of Rosseti North-West, PJSC reviewed the Company’s Information Security Programme and appointed JSC “Power Grid Optical Networks Engineering” as the Corporate Cyber Security Center for the purposes of detection, prevention of, and response to, cyber attacks against critical IT infrastructure facilities. The

Board of Directors instructed the Company's executive body to supplement the Program with a roadmap, taking into account the sources of funding.

Board of Directors priorities	Key issues considered by the Board of Directors in 2021, and decisions made
Profitability <i>Improving operational efficiency</i>	<ul style="list-style-type: none"> As part of review of the 2020 progress report on the implementation of the Company's Business Plan, the Board of Directors reviewed the 2020 progress reports on the implementation of the Company's Operational Efficiency and Cost Reduction Program, Company's Action Plan Aimed at Ensuring the Break-Even Power Transmission Activity, and the Energy Saving and Energy Efficiency Enhancement Program (<i>Resolution dated April 14, 2021, Minutes No. 393/29</i>). As part of approval of the Company's 2022 Business Plan, the Board of Directors approved the 2022–2026 Operational Efficiency and Cost Reduction Program (<i>Resolution dated December 29, 2021, Minutes No. 412/13</i>). As part of approval of the Company's 2022 Business Plan, instructions were issued to take measures to reduce losses from electric power transmission services in 2022 and subsequent periods, and to ensure that the liabilities and interest expenses at the end of each quarter of 2022 do not exceed the targets set out in the Business Plan (<i>Resolution dated December 29, 2021, Minutes No. 412/13</i>).
<i>Reducing accounts receivable</i>	<ul style="list-style-type: none"> The Board of Directors approved quarterly Scheduled Plans for Rosseti North-West, PJSC, specifying measures to reduce accounts receivable for services related to power transmission and dispute settlement (the "Scheduled Plan"), that are overdue as of 01 January 2021 (<i>Resolution dated March 31, 2021, Minutes No. 391/27</i>), as of April 01, 2021 (<i>Resolution dated June 30, 2021, Minutes No. 401/2</i>), as of July 01, 2021 (<i>Resolution dated September 30, 2021, Minutes No. 406/7</i>), as of October 01, 2021 (<i>Resolution dated December 29, 2021, Minutes No. 412/13</i>). As part of approval of quarterly Scheduled Plans, the Board of Directors reviewed reports on the implementation of the previously approved Scheduled Plans, and on measures taken with regard to newly-occurred overdue accounts receivable, and on the turnover of accounts receivable. It was noted that at the end of 2020, the Company managed to achieve the collection target for accounts receivable that were overdue as of January 01, 2020 (RUB 3,333.9 mln was collected, given that the target was RUB 1,653.6 mln) (<i>Resolution dated March 31, 2021, Minutes No. 391/27</i>). An instruction was issued to ensure the collection of RUB 2,269.1 mln of accounts receivable that were overdue as of January 01, 2021, by the end of 2021, with submission of quarterly progress reports on the implementation of such instruction (<i>Resolution dated March 31, 2021, Minutes No. 391/27</i>).
<i>Reducing technological consumption (losses) of power</i>	<ul style="list-style-type: none"> The Board of Directors reviewed progress reports on the implementation of the Program of Measures to Reduce Power Losses in the Company's Grids at the end of 9 months of 2020 (<i>Resolution dated February 24, 2021, Minutes No. 387/23</i>) and at the end of 2020 (<i>Resolution dated May 27, 2021, Minutes No. 399/35</i>). The Board of Directors approved the updated 2021–2030 Smart Metering Program of the Company (<i>Resolution dated September 30, 2021, Minutes No. 406/7</i>). As part of review of quarterly progress reports on the implementation of the Company's Business Plan, the Board of Directors noted that the "Grid

	<p>Losses” target was exceeded in some branches of the Company at the end of Q1 2021 (<i>Resolution dated August 04, 2021, Minutes No. 403/4</i>) and in the Novgorod branch at the end of H1 2021 (<i>Resolution dated November 18, 2021, Minutes No. 409/10</i>).</p>
Competitiveness	
<i>Ensuring the reliability and quality of the services rendered</i>	<ul style="list-style-type: none"> • The Board of Directors approved the updated 2021–2030 Programme for the Modernization (Renovation) of Power Grid Facilities (<i>Resolution dated March 25, 2021, Minutes No. 390/26</i>). • The Board of Directors reviewed the 2020 progress report on the implementation of the Plan for Development of the Production Assets Management System (<i>Resolution dated May 27, 2021, Minutes No. 399/35</i>). • The Board of Directors reviewed information on the reliability matrix indices for the services rendered and on calculation of the indicative reliability matrix index for the services rendered for all branches of the Company in 2020; the target reliability matrix indices were achieved by all branches (<i>Resolution dated May 27, 2021, Minutes No. 399/35</i>).
<i>The General Director and top management key performance indicator system</i>	<ul style="list-style-type: none"> • The Board of Directors approved target KPIs for the General Director of Rosseti North-West, PJSC for 2021 (<i>Resolution dated February 24, 2021, Minutes No. 387/23</i>). • The Board of Directors approved the 2019 report on the General Director’s achievement of the target KPI “Innovation Efficiency”. The target KPI “Innovation Efficiency” was achieved in 2019 (<i>Resolution dated February 02, 2021, Minutes No. 386/22</i>). • The Board of Directors approved the 2020 report on the General Director’s achievement of KPIs. It was noted that the KPIs “Total Shareholder Return” and “Compliance with the Commissioning Schedule” were not achieved in 2020 (<i>Resolution dated December 29, 2021, Minutes No. 412/13</i>).
Development	
<i>Digital transformation</i>	<ul style="list-style-type: none"> • The Board of Directors approved the updated 2020–2030 Digital Transformation Programme (<i>Resolution dated August 04, 2021, Minutes No. 403/4</i>). • The Board of Directors approved the 2020 consolidated progress report on the implementation of the 2020–2030 Digital Transformation Programme of Rosseti North-West, PJSC (<i>Resolution dated December 29, 2021, Minutes No. 412/13</i>).
<i>Consolidation of power grid assets</i>	<ul style="list-style-type: none"> • The Board of Directors reviewed reports on the acquisition of power grid facilities, for the acquisition of which no approval of the Board of Directors is required, for Q3 2020 (<i>Resolution dated February 02, 2021, Minutes No. 386/22</i>), for Q1 2021 (<i>Resolution dated August 09, 2021, Minutes No. 404/5</i>), for Q2 2021 (<i>Resolution dated November 22, 2021, Minutes No. 410/11</i>).
<i>Innovative development of the Company</i>	<ul style="list-style-type: none"> • The Board of Directors approved the 2019 report on the General Director’s achievement of the target KPI “Efficiency of Innovative Activity” (<i>Resolution dated February 02, 2021, Minutes No. 386/22</i>). The target KPI “Efficiency of Innovative Activity” was achieved in 2019.
<i>Improvement of the risk management and internal control system</i>	<ul style="list-style-type: none"> • The Board of Directors approved a new version of the Company’s Risk Management Policy (<i>Resolution dated March 11, 2021, Minutes No. 389/25</i>). • The Board of Directors approved the Plan for Maintaining the Efficiency and Development of the Internal Control and Risk Management System (<i>Resolution dated March 25, 2021, Minutes No. 390/26</i>).

	<ul style="list-style-type: none"> • The Board of Directors reviewed the Company’s Internal Auditor’s report on the assessment of the efficiency of the Company’s internal control system and risk management system in 2020 (<i>Resolution dated April 26, 2021, Minutes No. 395/31</i>). • The Board of Directors reviewed the reports on the arrangement and operation of the internal control system and on the arrangement, operation, and efficiency of the risk management system, including information on the measures taken to improve the internal control system and the risk management system in 2020 (<i>Resolution dated May 25, 2021, Minutes No. 398/34</i>).
Internal audit function development	<ul style="list-style-type: none"> • The Board of Directors approved a new version of the Company’s Internal Audit Policy (<i>Resolution dated September 30, 2021, Minutes No. 406/7</i>). • The Board of Directors reviewed the report of the Company’s Internal Audit Department on the implementation of its work plan and on the results of internal audit activities and the budget of the Internal Audit Department in 2020, including the results of the self-assessment of the quality of internal audit activities at the end of 2020 and on the implementation of the Action Plan for the Development and Improvement of the Internal Audit in the Company (<i>Resolution dated April 30, 2021, Minutes No. 396/32</i>).
Safety of the power grid facilities, including environmental safety	
The Company’s IT Infrastructure Security Programme	<ul style="list-style-type: none"> • The Board of Directors reviewed the Information Security Programme (<i>Resolution dated July 06, 2021, Minutes No. 402/3</i>). An instruction was issued to include the design and survey activities under the Programme into the Company’s investment programme in line with the available sources of funding.

The most important issues related to the Company’s activities are considered at Board of Directors’ meetings held in a mixed mode — in person and in absentia, with the involvement of the Company’s management representatives to ensure an open dialogue.

To prevent the spread of the coronavirus infection, only two such meetings of the Board of Directors were arranged and held in 2021, where the following issues were discussed:

- review of the General Director’s progress report on the implementation of the Company’s Business Plan in 2020;
- review of the General Director’s progress report on the implementation of the Business Plan of Rosseti North-West, PJSC in H1 2021;
- review of the General Director’s progress report on the implementation of the Investment Programme of Rosseti North-West, PJSC in H1 2021.

Composition of the Board of Directors

[GRI 102-22]

As set forth in the Charter, the Board of Directors has 11 members.

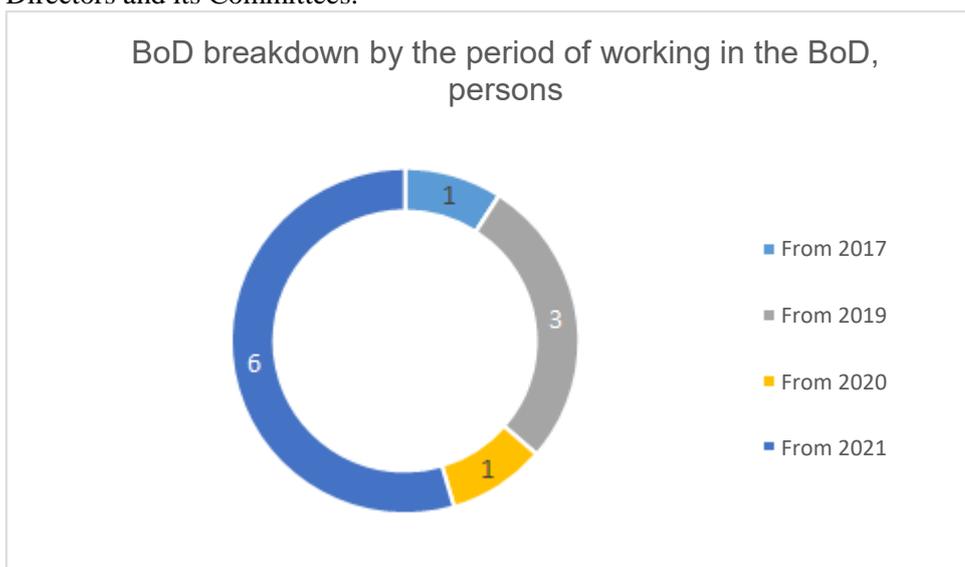
In 2021, there was a change in the composition of the Company’s Board of Directors⁶¹:

	From 5/29/2020 to 5/28/2021		From 5/29/2021 to the present day
1.	Mikhailik Konstantin Aleksandrovich	1.	Polinov Aleksey Aleksandrovich
2.	Bychko Mikhail Aleksandrovich	2.	Golovtsov Aleksandr Viktorovich
3.	Golovtsov Aleksandr Viktorovich	3.	Goncharov Yuri Vladimirovich
4.	Goncharov Yuri Vladimirovich	4.	Grebtsov Pavel Vladimirovich

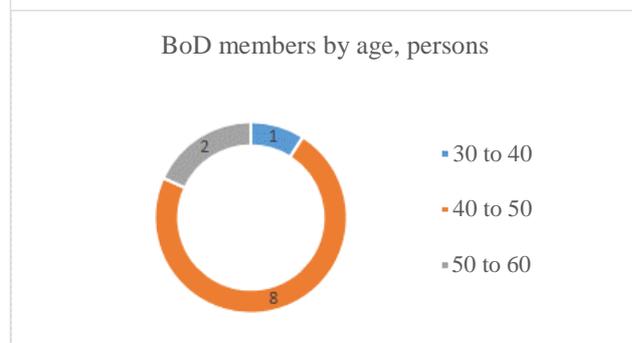
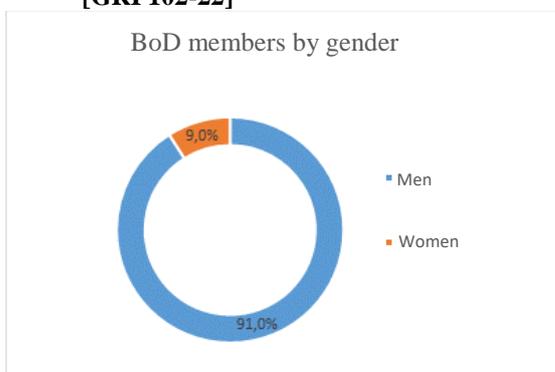
⁶¹ The consent of the members of the Board of Directors to disclose the personal information given in the 2021 Annual Report of Rosseti North-West, PJSC was obtained.

5.	Korneev Aleksandr Yurievich	5.	Krainsky Daniil Vladimirovich
6.	Mikheev Dmitry Dmitrievich	6.	Mayorov Andrey Vladimirovich
7.	Morozov Andrey Vladimirovich	7.	Molsky Aleksey Valerievich
8.	Obrezkova Yuliya Gennadijevna	8.	Morozov Andrey Vladimirovich
9.	Pidnik Artem Yurievich	9.	Nikitchanova Ekaterina Vladimirovna
10.	Fedorov Oleg Romanovich	10.	Pidnik Artem Yurievich
11.	Shagina Irina Aleksandrovna	11.	Fedorov Oleg Romanovich

Members of the Board of Directors have outstanding management and industry experience, are reputable experts in the power sector, and make a valuable contribution to the work of the Board of Directors and its Committees.



[GRI 102-22]



Independent directors

As recommended by the Bank of Russia Corporate Governance Code, the Board of Directors shall be an efficient and professional management body of the Company capable of making unbiased independent judgements and decisions promoting the interests of the Company and its shareholders. Involvement of independent directors is a vital principle of the corporate governance development and encourages the development of such institute in the activities of the Company's management bodies.

As of December 31, 2021, 3 members of the Board of Directors had the status of independent directors: Aleksandr Viktorovich Golovtsov, Ekaterina Vladimirovna Nikitchanova, Oleg Romanovich Fedorov.

Independent directors actively work on the Board of Directors and are also members of all Committees of the Company's Board of Directors; 1 of 5 Committees of the Board of Directors is composed of independent directors in total.

The Company highly appreciates the contribution of independent directors to improving the performance of the Board of Directors.

The Company management interacts with shareholder representatives to increase the number of independent directors nominated to the Board of Directors and supported by votes when electing members of the Board of Directors at the General Meeting of Shareholders. The HR and Remuneration Committee under the Board of Directors annually reviews the nominees to the Board of Directors in terms of their compliance with the independence criteria.

Following an assessment of the independence of the members of the Board of Directors against the criteria set by PJSC Moscow Exchange Listing Rules and the Corporate Governance Code of the Bank of Russia, the Board of Directors adopted a Resolution dated June 30, 2021 (Minutes No. 401/2) to recognize A.V. Golovtsov as an independent director, despite his meeting the formal criteria of affiliation with the issuer or with a substantial counterparty or substantial shareholder of the issuer. On September 30, 2021 (Minutes No. 406/7), the Board of Directors recognized the independence of E.V. Nikitchanova, despite her meeting the formal criteria of affiliation with the issuer or with a substantial counterparty or substantial shareholder of the issuer.

Active participation of independent directors in the Company Board of Directors and its Committees testifies to their ability to take an independent stand, proving the autonomy of judgments aimed at improving the Company's efficiency and competitive advantages in line with the interests of the Company and its shareholders.

GRI 102-23]

Biographies of the Board of Directors members	
<p>Polinov Aleksey Aleksandrovich Chairperson of the Board of Directors</p> <p>Non-executive director</p> <p>First elected to the Board of Directors on May 28, 2021</p> <p>Shareholder nominating the director – PJSC ROSSETI</p>	<p>Born in 1978.</p> <p>Holder of a Diploma of Higher Education. Graduated from Moscow State University of Civil Engineering in 2000, majoring in Economics and Company Management (Civil Engineering) with the qualification of Managing Economist.</p> <p>PhD in Economics.</p> <p><u>Positions held in the recent three years:</u></p> <ul style="list-style-type: none"> • 2018–2018 — Advisor to the General Director, JSC “UNECO” • 2018–2018 — Advisor to the General Director, “Rosseti Lenenergo”, PJSC (part-time) • 2018–2019 — Advisor to the General Director, “Rosseti Lenenergo”, PJSC • 2019–2022 — Deputy General Director for Economy and Finance, “Rosseti Lenenergo”, PJSC • 2021–present — Chief Advisor, PJSC ROSSETI <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2019–present — member of the Management Board, “Rosseti Lenenergo”, PJSC • 2021–present — member of the Board of Directors, “Rosseti Lenenergo”, PJSC • 2021–present — member of the Board of Directors, PJSC “Rosseti Moscow Region” • 2021–present — member of the Board of Directors, IDGC of Urals, JSC • 2021–present — member of the Board of Directors, ROSSETI South, PJSC • 2021–present — member of the Board of Directors, “Rosseti Kuban”, PJSC • 2021–present — member of the Board of Directors, Rosseti Siberia, PJSC

	<ul style="list-style-type: none"> • 2021–present — Chairperson of the Board of Directors, JSC “ROSSETI Tyumen” • 2021–present — member of the Board of Directors, JSC “Power Grid Optical Networks Engineering” • 2021–present — Chairperson of the Board of Directors, JSC “Yantarenergo” • 2021–present — member of the Board of Directors, JSC “CEMC UES” • 2021–present — member of the Board of Directors, LLC FGC – Asset Management <p>Participation in the Company Board of Directors’ Committees: Chairperson of the Strategy Committee</p>
<p>Pidnik Artem Yurievich</p> <p>General Director, Chairperson of the Management Board</p> <p>Executive Director</p> <p>First elected to the Board of Directors on June 14, 2019</p> <p>Shareholder nominating the director – PJSC ROSSETI</p>	<p>Born in 1983.</p> <p>Holder of a Diploma of Higher Education. Graduated from St. Petersburg State University in 2005, majoring in Law with the qualification of Lawyer.</p> <p>Received a diploma from St. Petersburg State University in 2017, in the retraining programme Executive MBA for managers.</p> <p><u>Positions held in the recent three years:</u></p> <ul style="list-style-type: none"> • 2014–2018 — General Director, First Deputy General Director, LLC Sevlabel Group; • 2017–2018 — General Director, LLC Politburo Managing Company (part-time); • 2018–2018 — Advisor to the General Affairs Department, Acting Deputy General Director for Economy and Finance, IDGC of North-West, PJSC; • 2018–present — General Director, Chairperson of the Management Board, IDGC of North-West, PJSC (from August 23, 2021 – Rosseti North-West, PJSC); • 2019–present — member of the Board of Directors, Rosseti North-West, PJSC; • 2021–present — Acting General Director, JSC “Yantarenergo” (on a part-time basis). <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2021–present — member of the Board of Directors, Chairperson of the Management Board, JSC “Yantarenergo”. <p>Did not participate in any Committee under the Board of Directors.</p>
<p>Golovtsov Aleksandr Viktorovich</p> <p>Independent director</p> <p>First elected to the Board of Directors on June 14, 2019</p> <p>Shareholder nominating the director - The Prosperity Quest Fund</p>	<p>Born in 1973.</p> <p>Holder of a Diploma of Higher Education. Graduated from D.F. Ustinov BSTU in 1996, majoring in Automation and Control in Technical Systems with the qualification of Electrical Engineer.</p> <p><u>Positions held in the recent three years:</u> 2005–2019 — Head of Analytical Research Department, JSC URALSIB Management Company.</p> <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2006–2020 — member of the Board of Directors, Association of Institutional Investors • 2016–2020 — member of the Board of Directors, IDGC of Volga, PJSC

	<ul style="list-style-type: none"> • 2019–present — member of the Board of Directors, Rosseti Centre, PJSC • 2020–2021 — member of the Board of Directors, Rosseti Centre and Volga region, PJSC <p>Participation in the Company Board of Directors’ Committees: member of the Audit Committee, Reliability Committee, Strategy Committee and Committee for Technological Connection to Electric Grids.</p> <p>The share of stock owned: 0.0007%.</p>
<p>Goncharov Yuri Vladimirovich</p> <p>Non-executive director</p> <p>First elected to the Board of Directors on May 29, 2020</p> <p>Shareholder nominating the director – PJSC ROSSETI</p>	<p>Born in 1977.</p> <p>Holder of a Diploma of Higher Education. Graduated from Moscow State Mining University in 2000 with a master’s degree in Management. Graduated from the Moscow Institute of Economics, Politics, and Law in 2014, majoring in Law, bachelor’s degree in Law.</p> <p>Positions held in the recent three years:</p> <ul style="list-style-type: none"> • 2013–2018 — Deputy General Director for Corporate Management, PJSC ROSSETI • 2018–present — Chief Advisor, PJSC ROSSETI <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2014–present — member of the Board of Directors, IDGC of Urals, JSC • 2014–present — member of the Board of Directors, JSC “Tyumenenergo” / JSC “ROSSETI Tyumen” • 2017–2019 — member of the Board of Directors, Rosseti Siberia, PJSC • 2018–2019 — member of the Board of Directors, PJSC “Rosseti Moscow Region” • 2020–2021 — member of the Board of Directors, “Rosseti Lenenergo”, PJSC • 2020–present — member of the Board of Directors, ROSSETI Northern Caucasus, PJSC • 2021–2021 — member of the Board of Directors, ROSSETI South, PJSC • 2021–present — member of the Board of Directors, “Rosseti Kuban”, PJSC • 2020–present — member of the Board of Directors, Rosseti Centre and Volga region, PJSC • 2021–present — member of the Board of Directors, Rosseti Volga, PJSC • 2021–present — member of the Board of Directors, Rosseti Centre, PJSC <p>Did not participate in any Committee under the Board of Directors.</p>
<p>Grebtsov Pavel Vladimirovich</p> <p>Non-executive director</p> <p>First elected to the Board of Directors on May 28, 2021</p> <p>Shareholder nominating the director – PJSC ROSSETI</p>	<p>Born in 1976.</p> <p>Education. Graduated from Chelyabinsk Law College of the Ministry of Labour and Social Protection of the Russian Federation in 1994, majoring in Law and Accounting in Social Protection System.</p> <p>Holder of a Diploma of Higher Education. Graduated from Moscow State University of Commerce in 1998, majoring in Management with the qualification of Manager (bachelor’s degree).</p> <p>Graduated from Plekhanov Russian Academy of Economics in 2000 with a master’s degree in Management.</p>

	<p><u>Positions held in the recent three years:</u></p> <ul style="list-style-type: none"> • 2018–2022 — Director of the Tariff Policy Department / Deputy General Director for Economics / Acting Deputy General Director for Economy and Finance / Deputy General Director for Economy and Finance, PJSC ROSSETI • 2020–2022 — Deputy Chairperson of the Management Board / Deputy General Director for Economy and Finance, “FGC UES”, PJSC (part-time) <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2018–2019 — member of the Board of Directors, PJSC “FTC” • 2018–2019 — member of the Board of Directors, PJSC “IDGC of Siberia” • 2018–2020 — member of the Board of Directors, IDGC of Northern Caucasus, PJSC • 2019–present — member of the Board of Directors, IDGC of South, PJSC / ROSSETI South, PJSC • 2019–2021 — member of the Board of Directors, IDGC of Volga, PJSC / Rosseti Volga, PJSC • 2019–present — member of the Board of Directors, “FGC UES”, PJSC • 2019–present — member of the Board of Directors, PJSC “MOESK” / PJSC “Rosseti Moscow Region” • 2020–present — member of the Board of Directors, “Rosseti Lenenergo”, PJSC • 2021–present — member of the Board of Directors, Rosseti Siberia, PJSC • 2021–present — member of the Board of Directors, ROSSETI Northern Caucasus, PJSC • 2021–present — member of the Board of Directors, Rosseti Centre and Volga region, PJSC • 2021–present — member of the Supervisory Board, JSC UES SakRusenergo <p>Participation in the Company Board of Directors’ Committees: Chairperson of the HR and Remuneration Committee.</p>
<p>Krainsky Daniil Vladimirovich</p> <p>Non-executive director</p> <p>First elected to the Board of Directors on May 28, 2021</p> <p>Shareholder nominating the director – PJSC ROSSETI</p>	<p>Born in 1979.</p> <p>Holder of a Diploma of Higher Education. Graduated from Moscow State Law Academy in 2002, majoring in Law with the qualification of Lawyer.</p> <p><u>Positions held in the recent three years:</u></p> <ul style="list-style-type: none"> • 2017–present — Advisor, Chief Advisor, Deputy General Director for Legal Support, PJSC ROSSETI • 2018–2021 — Deputy General Director for Legal and Corporate Governance, Advisor to General Director. “Rosseti Lenenergo”, PJSC • 2020–present — Deputy General Director for Legal Support, “FGC UES”, PJSC (part-time) • 2021–present — Advisor to the General Director, “Rosseti Lenenergo”, PJSC (part-time) <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2018–present — member of the Board of Directors, “Rosseti Lenenergo”, PJSC

	<ul style="list-style-type: none"> • 2018–present — member of the Board of Directors, Lenenergo Energy Service Company, JSC • 2019–present — member of the Management Board, “Rosseti Lenenergo”, PJSC • 2020–present — member of the Board of Directors, ROSSETI Northern Caucasus, PJSC • 2020–present — member of the Board of Directors, PJSC “Rosseti Moscow Region” • 2020–present — Chairperson of the Board of Directors, IDGC of Urals, JSC • 2020–present — member of the Board of Directors, Rosseti Centre, PJSC • 2020–present — member of the Board of Directors, Rosseti Siberia, PJSC • 2021–present — Chairperson of the Board of Directors, ROSSETI South, PJSC • 2021–present — Chairperson of the Board of Directors, “Rosseti Kuban”, PJSC • 2021–present — member of the Board of Directors, JSC “ROSSETI Tyumen” • 2021–present — member of the Board of Directors, Tyvaenergo, JSC • 2021–present — member of the Board of Directors, Real Estate EC UES, JSC • 2021–present — member of the Board of Directors, Rosseti Volga, PJSC • 2021–present — member of the Board of Directors, PC “TDC” • 2021–present — member of the Board of Directors, JSC “Power Grid Optical Networks Engineering” • 2021–present — member of the Board of Directors, JSC “Yantarenergo” • 2021–present — member of the Board of Directors, JSC “CEMC UES” • 2021–present — member of the Board of Directors, “R&D Center FGC UES”, JSC <p>Participation in the Company Board of Directors’ Committees: Member of the Strategy Committee.</p>
<p>Mayorov Andrey Vladimirovich</p> <p>Non-executive director</p> <p>First elected to the Board of Directors on May 28, 2021</p> <p>Shareholder nominating the director – PJSC ROSSETI</p>	<p>Born in 1967.</p> <p>Holder of a Diploma of Higher Education. Graduated from Moscow Power Engineering Institute in 1994, majoring in Electrical Power Systems and Networks, with the qualification of Electrical Engineer.</p> <p>Graduated from the Scientific and Technical Center of the Federal Grid Company of Unified Energy System in 2017. PhD in Technical Sciences.</p> <p><u>Positions held in the recent three years:</u></p> <ul style="list-style-type: none"> • 2014–2018 — General Director, JSC “UNECO” • 2018–present — First Deputy General Director – Chief Engineer, Member of the Management Board, PJSC ROSSETI • 2020–present — First Deputy General Director – Chief Engineer, “FGC UES”, PJSC (part-time) <p>Participation in the management bodies of other organizations:</p>

	<ul style="list-style-type: none"> • 2019–present — member of the Board of Directors, Rosseti Volga, PJSC • 2019–present — member of the Board of Directors, PJSC “Rosseti Moscow Region” • 2020–present — member of the Board of Directors, ROSSETI Northern Caucasus, PJSC • 2020–present — member of the Board of Directors, Rosseti Centre, PJSC • 2020–present — member of the Board of Directors, Rosseti Centre and Volga region, PJSC • 2021–present — member of the Board of Directors, “Rosseti Lenenergo”, PJSC • 2021–present — member of the Board of Directors, JSC “ROSSETI Tyumen” • 2021–present — member of the Board of Directors, JSC “Power Grid Optical Networks Engineering” • 2021–present — Chairperson of the Board of Directors, JSC “Mobile GTPP” <p>Did not participate in any Committee under the Board of Directors.</p>
<p>Molsky Aleksey Valerievich</p> <p>Non-executive director</p> <p>First elected to the Board of Directors on May 28, 2021</p> <p>Shareholder nominating the director – PJSC ROSSETI</p>	<p>Born in 1980.</p> <p>Holder of a Diploma of Higher Education. Graduated from Moscow Power Engineering Institute in 2004, majoring in Electrical Power Systems and Networks and in Electric Power Industry with the qualifications of Engineer and of Engineer-Economist.</p> <p><u>Positions held in the recent three years:</u></p> <ul style="list-style-type: none"> • 2004–present – Deputy Chairperson of the Management Board, First Deputy Chairperson of the Management Board, Deputy General Director for Investment, Capital Construction and Sales of Services, “FGC UES”, PJSC • 2020–present — Deputy General Director for Investment, Capital Construction and Sales of Services, PJSC ROSSETI (part-time) <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2013–present — member of the Supervisory Board, Association “NP Market Council” • 2014–present — Chairperson of the Supervisory Board, JSC UES SakRusenergo • 2015–present — member of the Board of Directors, JSC TaigaEnergoStroy • 2016–2020 — member of the Management Board, “FGC UES”, PJSC • 2019–2020 — member of the Board of Directors, JSC “ENERGOSETPROJECT Institute” • 2019–present — member of the Board of Directors, JSC “CEMC UES” • 2019–present — member of the Board of Directors, OJSC Tomsk Backbone Grids • 2020–present — member of the Board of Directors, JSC Energocenter • 2020–present — member of the Presidium of the Association “Russian National Committee of the International Council on Large Electric Systems” (Russian NC of CIGRE)

	<ul style="list-style-type: none"> • 2020–present — member of the Board of Directors, PJSC “Rosseti Moscow Region” • 2020–present — member of the Management Board, PJSC ROSSETI • 2021–present — member of the Board of Directors, ROSSETI Northern Caucasus, PJSC • 2021–present — member of the Board of Directors, Rosseti Centre, PJSC • 2021–2021 — member of the Board of Directors, ROSSETI South, PJSC • 2021–present — member of the Board of Directors, Rosseti Siberia, PJSC • 2021–present — member of the Board of Directors, JSC “ROSSETI Tyumen” • 2021–present — member of the Board of Directors, Tyvaenergo, JSC • 2021–present — member of the Board of Directors, Rosseti Volga, PJSC • 2021–present — member of the Board of Directors, PC “TDC” • 2021–present — member of the Board of Directors, JSC “Power Grid Optical Networks Engineering” • 2021–present — member of the Board of Directors, “Rosseti Kuban”, JSC <p>Participation in the Company Board of Directors’ Committees: Chairperson of the Committee for Technological Connection to Electric Grids.</p>
<p>Morozov Andrey Vladimirovich</p> <p>First elected to the Board of Directors on June 14, 2019</p> <p>Shareholder nominating the director - The Prosperity Quest Fund</p>	<p>Born in 1978.</p> <p>Holder of a Diploma of Higher Education. Graduated from the Russian Law Academy of the Ministry of Justice of the Russian Federation in 2000, majoring in Law with the qualification of Lawyer.</p> <p>Graduated from Harvard Law School in 2016, with a master’s degree in Finance and Corporate Governance.</p> <p>Positions held in the recent three years:</p> <ul style="list-style-type: none"> • 2017–present — Legal Director, Association of Institutional Investors. <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2017–2020 — member of the Board of Directors, ROSSETI South, PJSC • 2018–2021 — member of the Board of Directors, IDGC of Center and Volga Region, PJSC • 2020–present — member of the Board of Directors, Rosseti Volga, PJSC • 2021–present — member of the Board of Directors, Rosseti Centre and Volga region, PJSC • <p>Participation in the Company Board of Directors’ Committees: Member of the Strategy Committee, Reliability Committee.</p>
<p>Nikitchanova Ekaterina Vladimirovna</p> <p>Independent director</p>	<p>Born in 1973.</p> <p>Holder of a Diploma of Higher Education. Graduated from Voronezh State University in 1996, majoring in Law with the qualification of Lawyer.</p> <p>Positions held in the recent three years:</p>

<p>First elected to the Board of Directors on May 28, 2021</p> <p>Shareholder nominating the director – PJSC ROSSETI</p>	<ul style="list-style-type: none"> • 2002–present — Deputy Director – Head of the Expert Center of Non-Profit Partnership “Russian Institute of Directors” <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2011–present — member of the Board of Directors (Professional Attorney, Order No. 286-rNO of the Federal Agency for State Property Management of June 29, 2021), JSC Vysshaya Shkola Publishing House • 2011–present — member of the Board of Directors, JSC Creative and Production Association “Maxim Gorky Central Film Studio for Children and Youth” • 2016–present — member of the Board of Directors (Professional Attorney), JSC Creative and Production Association “St. Petersburg Documentary Film Studio” • 2020–present — member of the Board of Directors (Professional Attorney, Order No. 54-360 of the Federal Agency for State Property Management of June 15, 2021), JSC Sovetskaya Sibir • 2021–present — member of the Board of Directors, ROSSETI South, PJSC <p>Participation in the Company Board of Directors’ Committees: Chairperson of the Audit Committee, member of the HR and Remuneration Committee</p>
<p>Fedorov Oleg Romanovich</p> <p>Independent director</p> <p>First elected to the Board of Directors on June 13, 2017</p> <p>Shareholder nominating the director - The Prosperity Quest Fund</p>	<p>Born in 1968.</p> <p>Holder of a Diploma of Higher Education. Graduated from the Moscow State Lomonosov University in 1992, majoring in Applied Mathematics with the qualification of Mathematician.</p> <p><u>Positions held in the recent three years:</u></p> <ul style="list-style-type: none"> • 2017–present — member of the Board of Directors, Rosseti North-West, PJSC <p>Participation in the management bodies of other organizations:</p> <ul style="list-style-type: none"> • 2013–2021 — member of the Supervisory Board, PJSC “ALROSA” • 2020–present — member of the Management Board, Association “Improvement of Cottage Settlement “Pestovo” • 2020–present — independent member of the Management Board, National Association of Corporate Directors <p>Participation in the Company Board of Directors’ Committees: Member of the Audit Committee, HR and Remuneration Committee, Strategy Committee, Committee for Technological Connection to Electric Grids.</p>

In 2021, no transactions with the Rosseti North-West, PJSC shares were made by the members of the Board of Directors.

In 2021, members of the Board of Directors did not receive any loans (credits) from the Company, or any legal entity incorporated in the Group the Company is part of.

In 2021, none of the members of the Board of Directors early terminated his/her powers.

In 2021, except for A.V. Golovtsov, members of the Board of Directors did not own any shares of Rosseti North-West, PJSC.

The biographies of the members of the Company Board of Directors, acting from 01 January, 2021 to May 28, 2021 are given in Annex 24 to full version of the Annual Report at the Company's website: <https://www.mrsksevizap.ru/investors/shareholdersmeetinginfo/>.

The list of affiliated persons of Rosseti North-West, PJSC as of December 31, 2021 is available at the Company's website: http://www.mrsksevizap.ru/id_affilatelists#tab1.

Independent assessment of the Board of Directors performance

According to the recommendations set out in the Corporate Governance Code of the Bank of Russia (Bank of Russia Letter No. 06-52/2463 dated April 10, 2014 "On the Corporate Governance Code", hereinafter also referred to as the "CGC"), "the Board of Directors shall ensure performance assessment of the Board of Directors, its committees and members of the Board of Directors". The assessment of the Board of Directors performance is aimed at determining the degree of effectiveness of the Board of Directors, the committees and members of the Board of Directors, their compliance with the Company's development needs, intensifying the efforts of the Board of Directors and identifying the areas for improvement. Performance assessment in relation to the Board of Directors, its committees and members of the Board of Directors should be conducted on a regular basis at least once a year. An independent external organization (consultant) should be engaged to conduct the external evaluation of the Board of Directors at least once every three years.

In order to improve its corporate governance, the Company continues to implement the procedure for assessing the performance of the Board of Directors. In 2021, an independent external advisor, JSC VTB Registrar conducted an independent assessment of the performance of the Board of Directors of Rosseti North-West, PJSC in the 2019/2020 and 2020/2021 corporate years (the "External Assessment").

The External Assessment relied on the international and Russian practices, G20/OECD Principles of Corporate Governance, recommendations of the Corporate Governance Codes in force in Russia and abroad, methodological recommendations issued by the Russian Union of Industrialists and Entrepreneurs (RUIE) and the Independent Directors Association (IDA) for the purposes of performance assessment of boards of directors.

The assessment objects included the performance of the Board of Directors in general and the performance of its Chairperson and the Chairperson of its Committees, to improve the efficiency of the Board of Directors in performing its duties related to the general management of the Company.

The following assessment tools were used: a review of internal documents and materials reporting the activities of the corporate governance system in Rosseti North-West, PJSC, as well as questionnaires, interviews and examination of documents.

The External Assessment included a review of the measures taken to improve the corporate governance practices in Rosseti North-West, PJSC, as recommended following the previous performance assessment of the Board of Directors of Rosseti North-West, PJSC in the 2017/2018 corporate year. Such previous performance assessment was conducted by JSC VTB Registrar.

In its report, the independent external consultant provided its conclusions and recommendations for the development, improvement and enhancement of the performance of the Board of Directors and its Committees.

Following the independent assessment, the external consultant concluded that the Board of Directors properly performed its key responsibilities related to the management of the Company. The degree of maturity of the Board of Directors and its Committees is described as advanced. The number of independent directors on the Board of Directors meets the requirements of the PJSC Moscow Exchange Listing Rules for issuers of Level 2 stocks. The physical meetings and absentee votes of the Board of Directors and its Committees took place against the background of the COVID-19 pandemic and the measures taken to overcome it. The attendance of the meetings of the Board of Directors was high. The Board of Directors has a well-balanced composition, set of competencies and the best possible structure. The organizational and informational support of the Board of Directors and its Committees was at a high level. There are no obvious flaws in such organizational and informational support. The activities of the Board of Directors and its Committees were well-planned. The Company's Corporate Secretary is a professional and has sufficient experience. The Corporate Secretary ensured proper activity management of the Board of Directors, interaction between the Chairperson, members of the Board of Directors and the Company Management regarding the

activities of the Board of Directors. The activities of the Board of Directors, its members and Committees comply with the key recommendations of the Russian Corporate Governance Code.

New BoD member induction procedure

The induction of newly elected members of the Board of Directors starts with their familiarization with the decisions adopted by the General Meeting of Shareholders of Rosseti North-West, PJSC at which new members of the Company Board of Directors have been elected, and the documents approved by the General Meeting of Shareholders.

Members of the Board of Directors are notified of providing the organizational and information support of the work of the Board of Directors and its Committees via the Internet resource “Personal Account of Members of the Management Bodies of Rosseti North-West, PJSC” (hereinafter – the Personal Account). They are informed of the Personal Account resources, which include holding meetings of the Company’s management bodies without e-mailing materials, automatically notifying users about the new meetings of the Company’s management bodies, changes to their status, posting materials to be reviewed at the meetings of the Company’s management bodies, voting on the meeting agenda matters by filling in a questionnaire in the Personal Account subject to signing an Agreement for the Terms, Conditions, and the Procedure for using the electronic resource Personal Account of Members of the Management Bodies of Rosseti North-West, PJSC.

Members of the Company Board of Directors also receive comprehensive information on the Personal Account content, where they can familiarize themselves with the Company’s Charter and internal documents regulating the work of the Company’s management bodies; the schedule of meetings of the Company Board of Directors and its Committees; the agenda materials, minutes of meetings of the Company Board of Directors and its Committees since 2014; information on the composition of the Company Board of Directors, its Committees, and Management Board, and their work plans.

The newly elected members of the Board of Directors are requested for their consent to processing of personal data, notification of signs of possible interest, and bank details to transfer remuneration; members of the Board of Directors are notified of their inclusion in the list of the Company insiders.

The BoD member liability insurance

Directors & Officers Liability Insurance is an obligatory type of insurance for the Company, prescribed by the Regulations on the Insurance Protection of Rosseti North-West, PJSC (as amended) approved by the Company Board of Directors on August 10, 2020 (Minutes No. 371/7).

Director & Officer Liability Insurance allows protecting the property interests of the Company’s shareholders, ensuring a source of compensation for possible losses of the Company and/or the Insured persons when an insurance event occurs, and protecting the property interests of the Insured from third-party claims.

On February 24, 2021, the Company Board of Directors approved the candidacy of VSK Insurance Company as the Insurer for the Director & Officer Liability Insurance (Minutes No. 387/23). On March 02, 2021, Insurance Policy No. 2100RB20R0865 valid from January 01, 2021 through December 31, 2021 was procured for the Director & Officer Liability Insurance.

On December 14, 2021, the Board of Directors (Minutes No. 411/12) approved VSK Insurance Company as the Insurer for the Director & Officer Liability Insurance. On December 22, 2021, Insurance Policy No. 2100RB20R5226 valid from January 01, 2022 through December 31, 2022 was procured for the Director & Officer Liability Insurance.

The total aggregate limit of liability (insured amount) is RUB 500,000,000 (five hundred million) for all and each insured event, for all and each of the Insured Persons (except for the extension for independent directors).

The additional limit of liability for each independent director is RUB 30,000,000 (thirty million), subject to the aggregate limit of liability for all independent directors equal to RUB 150,000,000 (one hundred fifty million).

Committees of the Company Board of Directors

To preview the most important issues related to the Company's activities, the Board of Directors of Rosseti North-West, PJSC has established advisory and consultative bodies, i.e., Committees of the Board of Directors:

- Audit Committee;
- HR and Remuneration Committee;
- Strategy Committee;
- Reliability Committee;
- Committee for Technological Connection to Electric Grids.

The Committees are actively engaged in the process of decision-making by the Company Board of Directors, enhancing its efficiency. They preview recommendations on the key issues within the frame of reference of the Board of Directors and provide them to the Board of Directors. The Committees' decisions serve as guidelines for the Company Board of Directors.

The Committees' activities are regulated by the Regulations on the Committees determining their competence, the procedure for their composition forming and operation, and the rights and obligations of the committee members.

The number of members and appointments for each Committee are determined by decision of the Company Board of Directors. The Committees operate in line with the Committee Action Plans annually approved at the Committee meetings.

In 2021, there were changes in the composition of each Committee of the Company Board of Directors.

The compositions of Committees of the Company Board of Directors as of December 31, 2021⁶² were approved by the Board of Directors: on June 30, 2021 (Minutes No. 401/2 dated June 30, 2021) for the Audit Committee, on July 06, 2021 (Minutes No. 402/3 dated July 08, 2021) for the HR and Remuneration Committee, Reliability Committee, Committee for Technological Connection to Electric Grids, Strategy Committee.

Audit Committee

The Audit Committee Report for 2021 Letter by the Chairperson of the Audit Committee of the Board of Directors of Rosseti North-West, PJSC

Dear Colleagues!

During the year, the Committee considered issues in all key areas of its competence: the preparation of accounting (financial) statements, the reliability of the internal control and risk management system, the efficiency of the internal and external audit in the Company, combating unethical practices of the Company employees and third parties.

In close contact with the management and the external auditor, we have considered all important aspects of financial statements under Russian and international standards in-depth and in detail, paying particular attention to assumptions and judgments regarding reserves, values of assets and liabilities, and non-routine transactions. I believe that a reasonably prudent approach to these aspects, applied in the preparation of financial statements, can serve as a good basis for further improving the Company's performance.

⁶²Compositions of the Board of Directors Committees of Rosseti North-West, PJSC and participation of the former Committee members are shown in Annex 25 to the full version of the Annual Report on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

The Committee annually submits to the shareholders its opinion on the effectiveness and quality of the external audit in the Company. According to the Company Management, the procedure applied for external audit of accounting (financial) statements is “efficient”.

We thoroughly reviewed the Company’s internal audit work and development plans and reports on their implementation focusing primarily on the independence and fairness of internal audit. We also tried to ensure the most favourable environment for improving the skills of the Internal Audit Department employees and the quality of its work, including through the formation of its budget. According to the 2021 results, the Committee noted the improved efficiency of the internal audit and its positive impact on the Company, in particular, in such areas as management of the development and operation of the ACS, technological connection, handling of accounts receivable, and audits of the business activities of the Arkhangelsk and Novgorod branches of the Company.

We also continued working towards the improvement of the efficiency of our internal control and risk management systems. Given the growing importance of sustainable development issues, the Committee paid special attention to combating corruption and assessing the risks associated with sustainable development.

Due attention was also paid to the state of corporate governance in the Company, and the Board of Directors was advised to continue its activities on the improvement of the corporate governance in the Company, relying on the analysis of the best international and Russian practices in this area.

Nikitchanova Ekaterina Vladimirovna
Chairperson, Audit Committee

The Committee objective is to contribute to the efficient performance of the Company Board of Directors by preliminary consideration of issues related to control over the Company’s financial and business operations.

In the reporting period, the activities of the Audit Committee were governed by the Regulations on the Audit Committee under the Board of Directors of IDGC of North-West, PJSC, as approved by the Board of Directors on February 29, 2016 (Minutes No. 197/12) and as amended by the Board of Directors on October 28, 2016 (Minutes No. 222/13).

The key objectives of the Committee are:

- consideration of accounting (financial) statements of the Company and supervision over the process of their preparation;
- control over the functional reliability and efficiency of internal control system, the risk management system and the corporate governance practices;
- control over conductance of external audit and selection of the auditor;
- ensuring independence and objectivity of the Internal Audit function discharge;
- supervision over the functional efficiency of the system for non-admittance of fraudulent actions of the Company’s workers and third parties.

By Decision of the Board of Directors of June, 30 2021 (Minutes No. 401/2), the Audit Committee staff was defined as 3 members and the persons appointed to the Committee were approved.

Ekaterina Vladimirovna Nikitchanova, an independent director, having the necessary experience and expertise in law, in incorporating the best corporate governance standards in the practices of the Committee and the Board of Directors to balance the interests of the corporate players, and in preventing conflicts of interest for the improvement of the investment attractiveness and capitalization of the Company, was elected as the Chairperson of the Committee. Members of the Audit Committee, A.V. Golovtsov and O.R. Fedorov have degrees in assessment analysis and audit of accounting (financial) statements, finance, economics, mathematics, management.

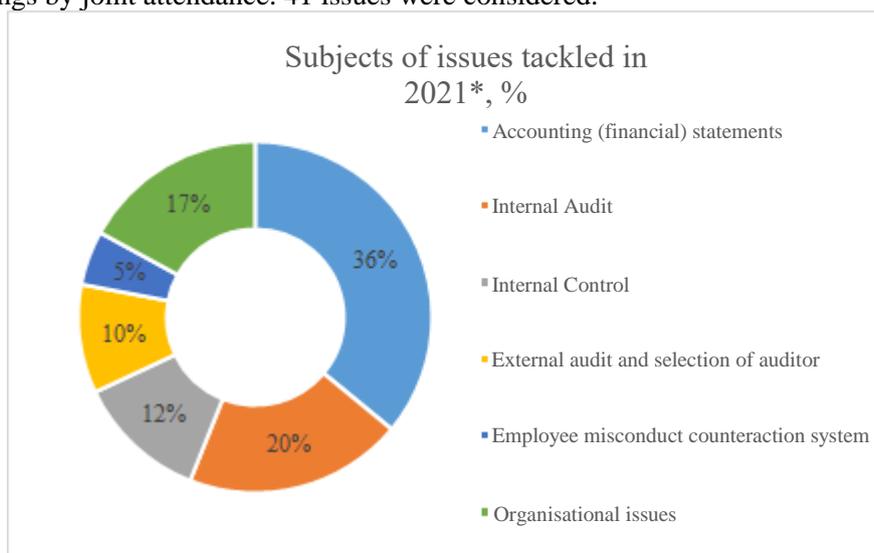
All members of the Audit Committee have the experience and qualifications required for the Committee to work effectively.

[GRI 102-22]

Personal data and contribution of the acting members of the Audit Committee of the Board

Full Name	Position (as of December 31, 2021)	Participation ⁶⁴	% of participation
Nikitchanova Ekaterina Vladimirovna Chairperson	Deputy Director – Head of the Expert Center of the Non-Profit Partnership “Russian Institute of Directors”	3 of 3	100
Golovtsov Aleksandr Viktorovich	Member of the Board of Directors, Rosseti North-West, PJSC	3 of 3	100
Fedorov Oleg Romanovich	Member of the Board of Directors, Rosseti North-West, PJSC	3 of 3	100

In 2021, the Audit Committee under the Board of Directors held 12 meetings, including 6 meetings by joint attendance. 41 issues were considered.



* The list of issues considered by the Audit Committee of the Company Board of Directors in 2021 is given in Annex 26 to full version of the Annual Report at the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Results of operations in 2021

Following the recommendations of the Audit Committee, the Company Board of Directors considered the below issues:

- based on the Audit Committee recommendation of April 26, 2021 (Minutes No. 395/31), the Company's Internal Audit Report was reviewed on assessment of the efficiency of the internal control and risk management systems for 2020;

- based on the Audit Committee recommendation of March 11, 2021 (Minutes No. 389/25), the Company's Internal Audit Report was reviewed on results of the audit of the identification and sale of the Company's non-core assets in 2020;

- based on the Audit Committee recommendation of May 25, 2021 (Minutes No. 398/34), the reports of the Sole Executive Body and the Management Board of IDGC of North-West, PJSC were reviewed on the arrangement and functioning of the internal control system and the arrangement, functioning, and efficiency of the risk management system, including information on the measures taken to improve the internal control system, risk management system, and corporate governance practices, in 2020;

⁶³ All members of the Committee are members of the Board of Directors. For details on the members of the Committee in the period from January 01, 2021 to June 30, 2021, see Annex 25 to the full version of the Annual Report on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

⁶⁴ Information on participation in the Audit Committee is given for the acting Committee members for the period from the election date - from 6/30/2021 to 12/23/2021.

- based on the Audit Committee recommendation of September 30, 2021 (Minutes No. 406/7), a new version of the Internal Audit Policy of IDGC of North-West, PJSC was approved and the Company's Internal Audit Report was reviewed on performance assessment of the corporate governance practices in the Company in the 2020/2021 corporate year.

On March 25, 2021 (Minutes No. 10), the Audit Committee considered the issue of preliminary reviewing the Company's Internal Audit Report on implementing the Action Plan for the Development and Improvement of the Internal Audit in the Company.

On April 22, 2021 (Minutes No. 12), the Audit Committee considered the issue of preliminary reviewing the Company's Internal Audit Report on assessment of the efficiency of the internal control system and risk management system in 2020.

Based on the results of the internal assessment (self-assessment) of the Company's internal audit quality according to the Programme for Internal Audit Quality Assurance and Enhancement in IDGC of North-West, PJSC, as approved by the Board of Directors on December 22, 2016 (Minutes No. 225/16) and put into effect by the Company Order No. 857 dated December 30, 2016, the sustainability and improvement of the Company's internal audit function was acknowledged. The Company's Internal Audit was deemed "generally compliant" with the Company's Internal Audit Policy in 2020.

The issue of assessing the efficiency of the external audit of the accounting (financial) statements of the Company for 2020 was considered at the Audit Committee meeting on April 23, 2021 (Minutes No. 13).

The performance results of the Audit Committee of IDGC of North-West, PJSC Board of Directors in the 2020-2021 corporate year were reviewed by the Company Board of Directors on July 06, 2021 (Minutes No. 402/3 dated July 08, 2021).

HR and Remuneration Committee

The HR and Remunerations Committee Report for 2021 Letter by the Chairperson of the HR and Remuneration Committee of the Board of Directors of Rosseti North-West, PJSC

Dear Colleagues!

In 2021, the HR and Remunerations Committee ensured the effective work of the Board of Directors on the issues of the HR and Social Policy. The reports of the Company management representatives on the HR proposals and the improvement of the personnel management system were heard.

At the Committee's in-person meetings, candidates for certain positions in the Company, as well as the results of the activities of officials, the approval of candidacies for the positions of which is within the competence of the Board of Directors, were carefully reviewed, and appropriate recommendations were prepared for the Company Board of Directors and the General Director.

The practice of inviting representatives of minority shareholders to attend in-person Committee meetings of the members of the Board of Directors with the right to participate in discussions of the agenda matters has been successfully implemented.

The Committee took measures to maintain the Rosseti North-West, PJSC stocks in the Level 2 Quotation List on the PJSC Moscow Exchange.

The Committee preliminarily assessed the candidates to the Company Board of Directors included in the list for voting at the annual General Meeting of Shareholders of the Company for compliance with the independence criteria of the PJSC Moscow Exchange Listing Rules and the Corporate Governance Code of the Bank of Russia, as well as assessed (verified) the compliance of some members of the Board of Directors with the independence criteria prescribed by the PJSC Moscow Exchange Listing Rules, including to recognize them as independent despite formal signs of relations.

To ensure proper performance of the Board of Directors, the findings of the performance assessment of the Board of Directors and the Committees of the Board of Directors of IDGC of North-West, PJSC were reviewed, and recommendations were given to retain an independent external consultant to assess the performance of the Board of Directors. Such recommendations were taken into

account when assessing the performance of the Board of Directors of IDGC of North-West, PJSC in the 2019/2020 and 2020/2021 corporate years.

Grebtsov Pavel Vladimirovich
Chairperson, HR and Remuneration Committee

According to the Regulation on the HR and Remuneration Committee of the Board of Directors of Rosseti North-West, PJSC approved by Decision of the Board of Directors of August 22, 2014 (Minutes No.163/5), the main goal of the HR and Remuneration Committee is to ensure efficient operations of the Company Board of Directors regarding the issues within its frame of reference, and to develop the necessary recommendations for the Board of Directors and executive bodies of the Company.

The main goal of the Committee is to work out and present recommendations (findings) in the following areas:

- elaboration of recommendations on the amount of remuneration to the Company Board of Directors members;
- elaboration of the principles and criteria for determining the amount of remuneration for the Board of Directors members, members of the collective executive body and the person performing the functions of the Company's sole executive body;
- elaboration of proposals for determining the material terms of contracts with the Board of Directors members, members of the collective executive body and the person exercising the functions of the Company's sole executive body;
- defining criteria for nominating members of the Board of Directors, members of the collective executive body and to the position of the Company's sole executive body, as well as preliminary assessment of these nominees;
- regular assessment of the activities of the person performing the functions of the Company's sole executive body, members of the collective executive body and preparing proposals for the Board of Directors on the possibility of their re-appointment.

By the decision of the Board of Directors of July 06, 2021 (Minutes No. 402/3), the HR and Remuneration Committee staff was defined as 3 persons. The same decision determined the Committee staff consisting of only members of the Board of Directors.

The members of the HR and Remuneration Committee have the professional experience and knowledge of the Company's business required to perform their functions.

[GRI 102-22]

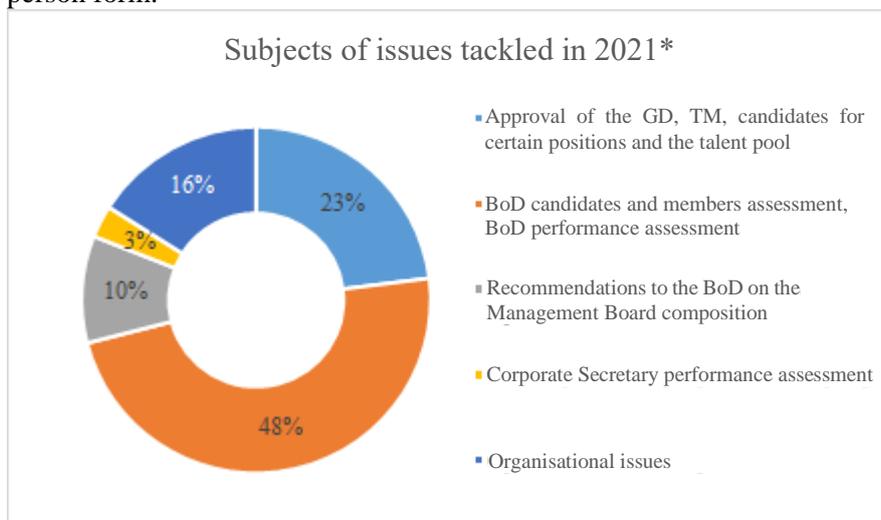
Personal data and contribution of the acting members of the HR and Remuneration Committee of the Board of Directors⁶⁵

Full Name	Position (as of December 31, 2021)	Participation ⁶⁶	% of participation
Grebtsov Pavel Vladimirovich Chairperson	Deputy General Director for Economy and Finance, PJSC ROSSETI	6/6	100
Nikitchanova Ekaterina Vladimirovna	Deputy Director – Head of the Expert Center of the Non-Profit Partnership “Russian Institute of Directors”	6/6	100
Fedorov Oleg Romanovich	Member of the Board of Directors, Rosseti North-West, PJSC	6/6	100

⁶⁵ All members of the Committee are members of the Board of Directors. Information on the Committee composition acting from January 01, 2021 to June 25, 2021, is given in Annex 25 to the full version of the Annual Report on the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

⁶⁶Information on participation in the HR and Remuneration Committee is given for the acting Committee members for the period from the election date – from July 06, 2021 to December 31, 2021.

Over 2021, the HR and Remuneration Committee of the Company Board of Directors held 12 meetings, including 5 by joint attendance, and considered 31 issues, including 19 issues considered in the in-person form.



* The list of issues considered by the HR and Remuneration Committee of the Company Board of Directors in 2021 is given in Annex 26 to full version of the Annual Report at the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Strategy Committee

Letter by the Chairperson of the Strategy Committee of the Board of Directors of Rosseti North-West, PJSC

Dear Colleagues!

In 2021, the Strategy Committee focused on ensuring the proper performance of the Board of Directors and on advising the Board of Directors on issues related to business planning, investing activities, strategic development, non-core asset management strategy, and other issues affecting the Company's financial and business operations.

To make well-argued decisions, the most important issues, including those regarding measures to reduce overdue accounts receivable and losses, regarding the KPI targets, outcomes of investing activities, management of non-core assets, were reviewed at the in-person meetings of the Strategy Committee. Following such discussion, recommendations were given to the Company management, which were considered when the issues were brought to the Board of Directors.

The Strategy Committee reviewed issues of strategic and innovative development, in particular, the updated 2020–2030 Digital Transformation Programme, the progress report on the implementation of such Digital Transformation Programme in 2020, and the updated 2021–2030 Smart Metering Programme.

Also, it is worth mentioning that among the most important issues reviewed by the Committee were such issues as the implementation of the business plan and the RAS and IFRS consolidated business plans for the Group, the Company's business plan for 2022 with projections for 2023–2026, monitoring the performance and development of the internal control system and risk management system, and measures to maintain financial stability during the pandemic.

Polinov Aleksey Aleksandrovich
Chairperson, Strategy Committee

[GRI 102-26]

The key purpose of the Strategy Committee is to ensure efficient operations of the Company Board of Directors regarding the issues within its frame of reference, and to enhance the long-term performance of the Company on the whole.

In the reporting period, the activities of the Strategy Committee were governed by the Regulations on the Strategy Committee of the Board of Directors of Rosseti North-West, PJSC, as approved by the Board of Directors on August 15, 2019 (Minutes No. 329/6).

In accordance with the Regulations on the Strategy Committee of the Board of Directors of Rosseti North-West, PJSC, the Committee aims at working out and presenting recommendations (findings) to the Board of Directors of the Company on the activities of the Board of Directors within the competence of the Committee, including: strategic development and priority areas, innovative development, business process organisation, business planning, dividend policy, risk management, assessment of the performance of the Company and its subsidiaries, as well as other objectives and areas defined by the Corporate Governance Code of the Bank of Russia.

The acting Strategy Committee was elected by Decision of the Company Board of Directors of July 06, 2021 (Minutes No. 402/3 dated July 08, 2021) as 11 members.

[GRI 102-22]

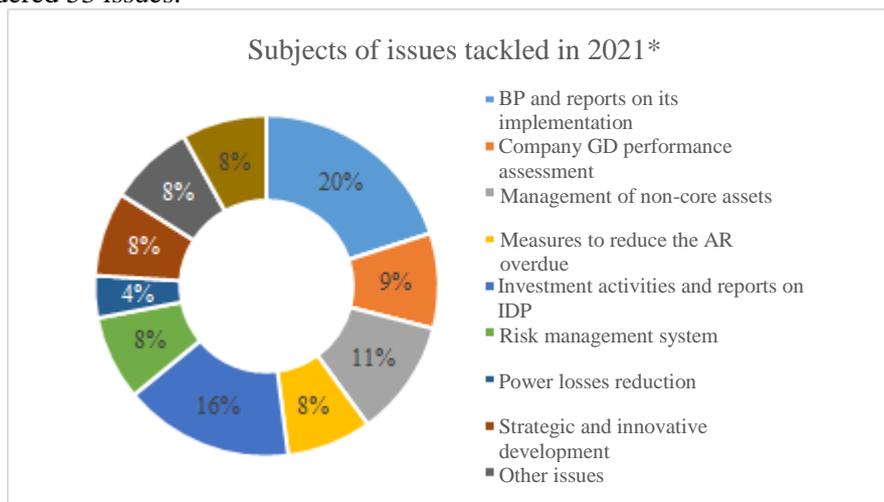
Personal data and contribution of the acting members of the Strategy Committee of the Board of Directors

Full Name	Position (as of December 31, 2021)	Participation ⁶⁷	% of participation
Polinov Alexey Alexandrovich (Chairman)	Chief Advisor, PJSC ROSSETI	7 of 7	100
Pavlov Aleksey Igorevich	Head of the Strategy Department, PJSC ROSSETI	7 of 7	100
Ivanova Tatiana Aleksandrovna	Deputy Head of the Tariff Policy Department, PJSC ROSSETI	7 of 7	100
Tikhomirova Olga Vladimirovna	Head of the Treasury Department, PJSC ROSSETI	7 of 7	100
Krainsky Daniil Vladimirovich	Deputy General Director for Legal Support, PJSC ROSSETI	7 of 7	100
Kaloyeva Madina Valerievna	Director for Corporate Governance – Head of the Department for Corporate Governance, PJSC ROSSETI	7 of 7	100
Temnyshev Aleksandr Aleksandrovich	Head of the Department for Corporate Governance and Shareholder Relations, Rosseti North-West, PJSC	7 of 7	100
Fedorov Oleg Romanovich	Member of the Board of Directors, Rosseti North-West, PJSC	7 of 7	100
Morozov Andrey Vladimirovich	Legal Director, Association of Institutional Investors	7 of 7	100
Golovtsov Aleksandr Viktorovich	Member of the Board of Directors, Rosseti North-West, PJSC	7 of 7	100
Mikheev Dmitry Dmitrievich	Head of the Service Sales Department, Director of the Service Sales Department, PJSC ROSSETI	7 of 7	100

Members of the Strategy Committee have the knowledge of the Company's business required for them to perform their functions.

⁶⁷ Information on participation in the Strategy Committee is given for the acting Committee members for the period from the election date to December 31, 2021.

Over 2021, the Strategy Committee held 20 meetings, including 3 by joint attendance, and considered 53 issues.



* The list of issues considered by the Strategy Committee of the Company Board of Directors in 2021 is given in Annex 26 to the full version of the Annual Report at the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Reliability Committee

Reliability Committee Report for 2021

Dear Colleagues!

One of the key areas of responsibility of the Reliability Committee was the emergency response and investigating the causes of accidents in the power industry, in connection with which the key Committee's activity was aimed at ensuring the prescribed level of reliability of the services provided and qualitative analysis of the process disturbance causes.

The Committee reviewed the updated Programme for the Modernization (Renovation) of the Company's Power Grid Facilities for 2021–2030 and approved the amendments to the Investment Programme of IDGC of North-West, PJSC for 2016–2025, as approved by Order No. 906 of the Russian Ministry of Energy of November 30, 2015, as amended by Order No. 24@ of the Russian Ministry of Energy of December 25, 2020.

Also, measures were taken to maintain the established level of reliability of the Company's services in accordance with the regulations adopted in 2020.

Andrey Olegovich Romankov
Chairperson, Reliability Committee

In the reporting period, the activities of the Reliability Committee were governed by the Regulations on the Reliability Committee of the Board of Directors of Rosseti North-West, PJSC, as approved by the Board of Directors on July 31, 2017 (Minutes No. 249/4 dated August 03, 2017).

The key Committee's objectives are:

- expert evaluation of production programs, plans for technical re-equipment, reconstruction, new construction and repair of electrical power grid complex facilities, analysis of their elaboration and execution from the point of view of ensuring satisfaction of the requirements to the reliability of functioning and technical condition of electric power grids;

- evaluation of the completeness and sufficiency of measures taken following the results of accident investigation in accordance with the Rules for Investigation into the Causes of Accidents in Electric Power Industry (approved by the Resolution of the Government of the Russian Federation) as well as control of their execution,

- expert evaluation of the quality of investigation into causes of technological disturbances (accidents);

- expert evaluation of the Company’s activities in the field of accident prevention work (ensuring preparedness, organization and conductance of emergency recovery works at electric power industry facilities);
- expert evaluation of the programs for prevention of the injury risks the Company personnel and outsiders are exposed to at the Company’s electric power installations as well as control over their execution;
- control and evaluation of the Company’s technical services activities to the extent of ensuring reliable functioning of electric power grids and production safety;
- expert evaluation of the system of internal control within the Company;
- expert evaluation of the occupational safety management system within the Company;
- expert evaluation of the environmental policy implementation program;
- expert evaluation of fire and industrial safety.

The acting Reliability Committee was elected by Decision of the Company Board of Directors of July 06, 2021 (Minutes No. 402/3) as 5 members.

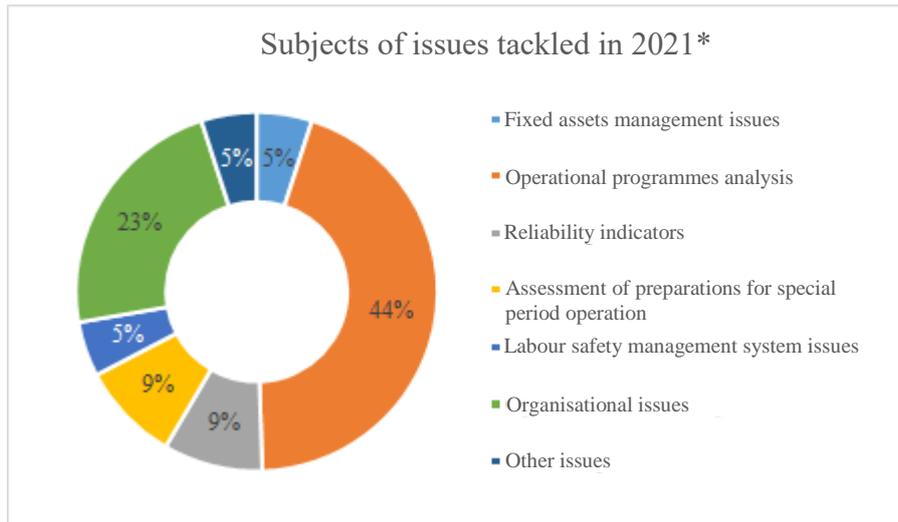
[GRI 102-22]

Personal data and contribution of the acting members of the Reliability Committee of the Board of Directors

Full Name	Position (as of December 31, 2021)	Participation ⁶⁸	% of participation
Romankov Andrey Olegovich (Chairperson)	Deputy Chief Engineer, PJSC ROSSETI	4 of 4	100
Zuikova Olga Valentinovna	Director, Technical Supervision Center (branch of PJSC ROSSETI)	4 of 4	100
Yagodka Denis Vladimirovich	Member of the Management Board, First Deputy General Director – Chief Engineer, Rosseti North-West, PJSC	4 of 4	100
Andrey Vladimirovich Morozov	Legal Director, Association of Institutional Investors	4 of 4	100
Golovtsov Aleksandr Viktorovich	Member of the Board of Directors, Rosseti North-West, PJSC	4 of 4	100

Over 2021, the Reliability Committee held 13 meetings, including 1 by joint attendance, and considered 22 issues.

⁶⁸ Information on participation in the Reliability Committee is given for the acting Committee members for the period from the election date – from July 06, 2021 to December 31, 2021.



* The list of issues considered by the Reliability Committee of the Company Board of Directors in 2021 is given in Annex 26 to the full version of the Annual Report at the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Committee for Technological Connection to Electric Grids

Technological Connection Committee Report for 2021

Dear Colleagues!

The key objective of the Technological Connection Committee is to ensure the transparency of activity and non-discriminatory access to services for technological connection of consumers to the Company's power grids. To achieve this goal, the Committee constantly monitors the Company's activity on the technological connection of consumers to distribution electric grids, including contractual work and general statistics of connection, considering individual groups of consumers and any reduction in the power consumption under existing contracts with any delay in the performance of the contractual obligations.

The Committee's efforts contributed to the improved the quality of assessing the efficiency of technological connection of consumers to power grids and ensured the timely preparation of proposals to the Company Board of Directors.

Molsky Aleksey Valerievich
Chairperson, Technological Connection Committee

The key purpose of the Committee for Technological Connection to Electric Grids is to ensure transparency and non-discriminatory access to the services of consumer technological connection to the Company's power grids.

In the reporting period, the activities Committee for Technological Connection to Electric Grids of the Board of Directors were governed by the Regulation on the Committee, as approved by the Board of Directors on March 11, 2020 (Minutes No. 353/30 dated March 13, 2020).

The acting Committee for Technological Connection to Electric Grids was elected by Decision of the Company Board of Directors of July 06, 2021 (Minutes No. 402/3 dated July 08, 2021) as 5 members.

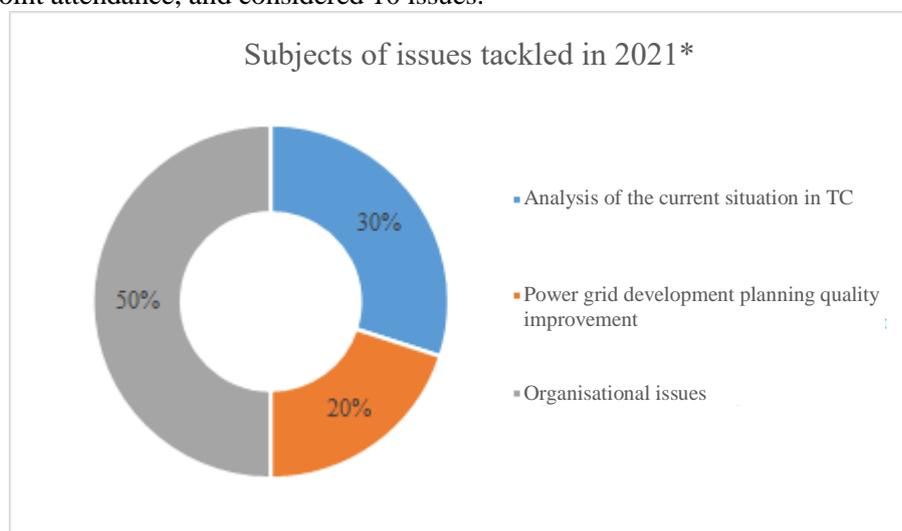
Members of the Committee for Technological Connection to Electric Grids have the knowledge of the Company's business required for them to perform their functions.

[GRI 102-22]

Personal data and contribution of the acting members of the Committee for Technological Connection to Electric Grids of the Board of Directors

Full Name	Position (as of December 31, 2021)	Participation ⁶⁹	% of participation
Molsky Aleksey Valerievich (Chairperson)	Deputy General Director for Investment, Capital Construction and Sales of Services, PJSC ROSSETI	3 of 3	100
Filatova Svetlana Valerievna	Member of the Management Board, Deputy General Director for Development and Realization of Services, Rosseti North-West, PJSC	3 of 3	100
Kozlov Nikolay Nikolayevich	Director for Legal Support and Property Management, Rosseti North-West, PJSC	3 of 3	100
Fedorov Oleg Romanovich	Member of the Board of Directors, Rosseti North-West, PJSC	3 of 3	100
Golovtsov Aleksandr Viktorovich	Member of the Board of Directors, Rosseti North-West, PJSC	3 of 3	100

In 2021, the Committee for Technological Connection to Electric Grids held 7 meetings, including 1 by joint attendance, and considered 10 issues.



* The list of issues considered by the Committee for Technological Connection to Electric Grids of the Company Board of Directors in 2021 is given in Annex 26 to the full version of the Annual Report at the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

Corporate Secretary

The Corporate Secretary of the Company ensures due procedures of preparation and holding the General Shareholders' Meeting at the Company, coordinates the efforts to protect the rights and interests of shareholders, contributes to efficient performance of the Company Board of Directors and the operations of the Board of Directors Committees⁷⁰.

⁶⁹ Information on participation in the Committee for Technological Connection to Electric Grids is given for the acting Committee members for the period from the election date – from July 06, 2021 to December 31, 2021.

⁷⁰ The Corporate Secretary data are posted on the Company website and given in the Annual Report in the same scope as those of members of the Company Board of Directors and its executive bodies.

The Corporate Secretary's activities are stipulated by the Regulations on the Corporate Secretary of Rosseti North-West, PJSC⁷¹, as approved by the Board of Directors on September 30, 2016 (Minutes No. 220/11 dated October 03, 2016).

To ensure independence of the Corporate Secretary of the Company, he/she is elected by the Board of Directors at the suggestion of the General Director of the Company and/or Chairperson of the Board of Directors. The Corporate Secretary is accountable to the Board of Directors. Administrative subordination of the Corporate Secretary is defined by the organisational structure approved by the Company.

The Corporate Secretary does not act as the secretary of the Management Board.

Since June 27, 2008, Lyudmila Yurievna Nazarenko fulfils the functions of the Corporate Secretary in the Company.

The Corporate Secretary has sufficient knowledge, experience, and qualification to perform her duties, and impeccable professional reputation. She regularly upgrades her qualification.

Biography of the Corporate Secretary

Lyudmila Yurievna Nazarenko, Corporate Secretary of Rosseti North-West, PJSC	<p>Born in 1971.</p> <p>Graduated from the Odessa Technological Institute of the Food Industry in 1993; studied Financial Management at the Intersectoral Institute of Advanced Training and Retraining for Managers of the Saint Petersburg State University of Economics in 2001-2002; graduated from St. Petersburg State University of Engineering and Economics in 2011, majoring in Law.</p> <p><u>Positions held in the recent five years:</u></p> <p>2006–present — Head of the Corporate Governance Unit at the Department for Corporate Governance and Shareholder Relations, Rosseti North-West, PJSC</p> <p><u>Awarded with sectoral awards:</u></p> <p>2002 — Certificate of Appreciation by RAO UES of Russia</p> <p>2006 — Certificate of Appreciation by IDGC of NorthWest, JSC</p> <p>2013 — Certificate of Appreciation by the Ministry of Energy of the Russian Federation</p> <p>Does not participate in the management bodies of other organizations.</p> <p>Participation in the authorized capital of Rosseti North-West, PJSC - 0.0026%.</p>
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The Corporate Secretary did not perform any transactions with the Company's securities in 2021.

In 2021, the Corporate Secretary did not receive any loans (credits) from the Company, or any legal entity incorporated in the Group the Company is part of.

Executive Management Bodies of the Company

General Director

The sole executive body – the General Director of Rosseti North-West, PJSC, performs routine management of the Company and is the Chairperson of the Management Board.

Pidnik Artem Yurievich

General Director, Chairperson of the Management Board

Born in 1983.

Holder of a Diploma of Higher Education. Education period: 2000–2005.

⁷¹ The Regulations on the Corporate Secretary of Rosseti North-West, PJSC are available on the Company's website at <http://www.mrsksevizap.ru/otherinternaldocuments>.

Graduated from St. Petersburg State University in 2005, majoring in Law with the qualification of Lawyer.

Received a diploma from St. Petersburg State University in 2017, in the retraining programme Executive MBA for managers.

2014–2018 — First Deputy General Director, General Director, LLC Sevkabel Group.

2017–2018 — General Director, LLC Politburo Managing Company (part-time).

2018–2018 — Advisor to the General Affairs Department, Acting Deputy General Director for Economy and Finance, IDGC of North-West, PJSC.

2018–present — General Director, Chairperson of the Management Board, IDGC of North-West, PJSC (from August 23, 2021 – Rosseti North-West, PJSC).

2019–present — member of the Board of Directors, Rosseti North-West, PJSC.

2021–present — Acting General Director (part-time), Chairperson of the Management Board, member of the Board of Directors, JSC “Yantarenergo”.

On October 10, 2018 (Minutes No. 298/11), the Board of Directors appointed Artem Yuryevich Pidnik as the General Director of the Company for the term from October 11, 2018 through October 10, 2021. On October 08, 2021 (Minutes No. 407/8), the Board of Directors re-appointed Artem Yuryevich Pidnik as the General Director of Rosseti North-West, PJSC for the term from October 11, 2021 through October 10, 2024.

The General Director’s frame of reference covers all issues related to the routine operations of the Company, except for the issues attributed to the competencies of the General Meeting of Shareholders, Board of Directors, and Management Board of the Company. The Company Charter authorizes the General Director to dispose of the Company’s property, enter into transactions on behalf of the Company, issue orders, approve guidelines and internal documents on the subjects within his frame of reference, and exercise other rights.

Management Board

The Management Board is a collective executive body of Rosseti North-West, PJSC.

The Company Management Board’s activity⁷² is regulated by the Federal Law “On Joint-Stock Companies”, the Company Charter, and the Regulations on the Management Board.

According to the Charter, members of the Management Board are elected by the Board of Directors of the Company, and their number is determined by the decision of the Board of Directors at the suggestion of the General Director.

In 2021, due to the HR decisions, the composition of the Company Management Board changed as follows:

- by decision of the Board of Directors of February 24, 2021 (Minutes No. 387/23), the powers of the Management Board member Dmitry Stanislavovich Rudakov were terminated, Karina Andreyevna Aganova was elected to the Management Board;

- by decision of the Board of Directors of August 09, 2021 (Minutes No. 404/5), the powers of the Management Board member Marina Mikhailovna Trofimova were terminated;

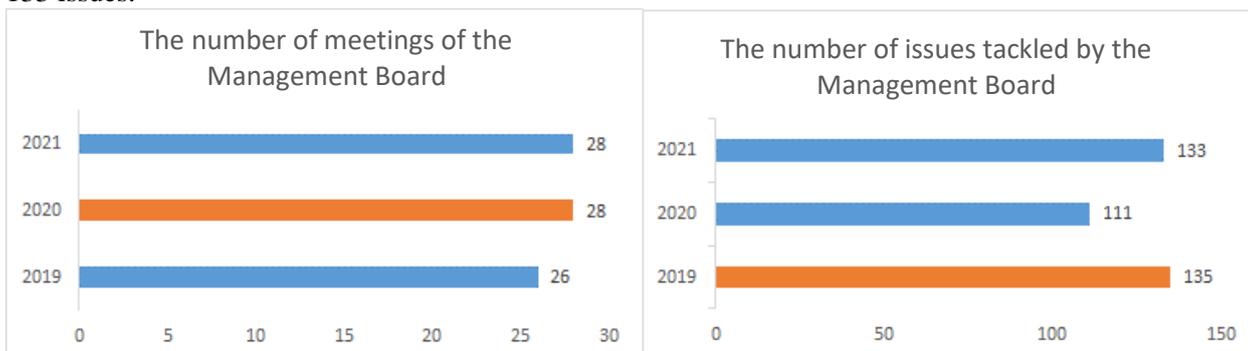
- by decision of the Board of Directors of October 08, 2021 (Minutes No. 407/8), Anna Vladimirovna Izotova was elected to the Management Board.

As of December 31, 2021, the Company Management Board comprised 7 members.

⁷²The frame of reference of the Management Board of Rosseti North-West, PJSC is stipulated by the Company Charter, which is available at <http://www.mrsksevizap.ru/charterinternaldocuments>.

The Management Board Report

In 2021, the Management Board of Rosseti North-West, PJSC held 28 meetings and considered 133 issues.

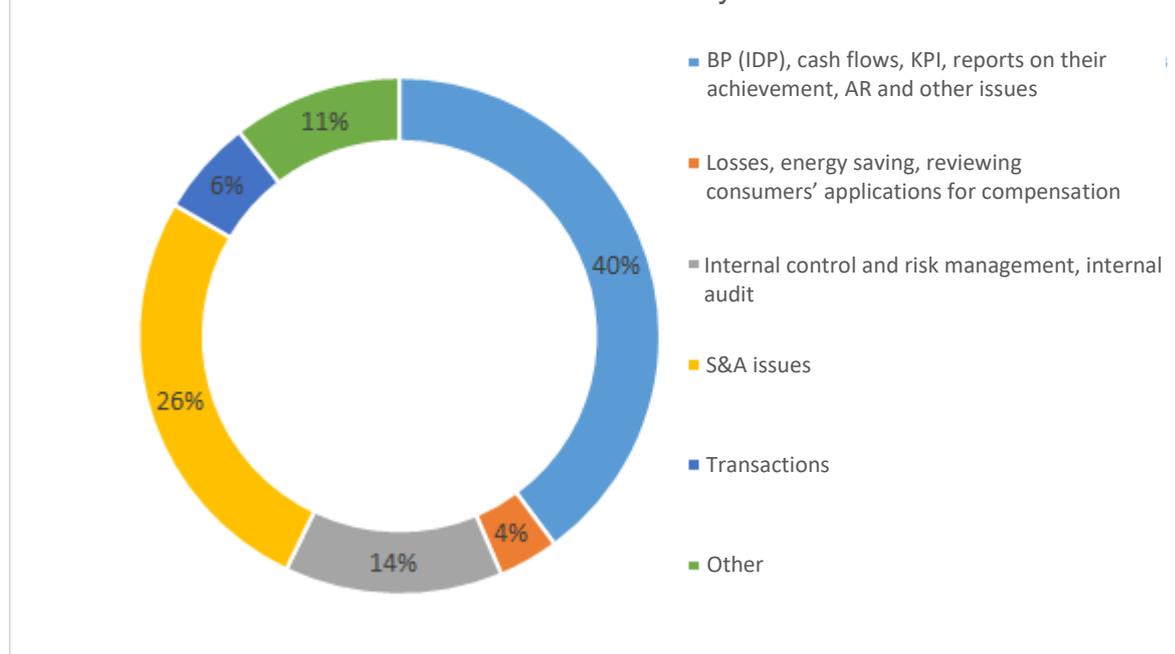


Participation of members of the Management Board in meetings held in 2021

Full Name	Total meetings	Meetings attended by the member of the Management Board, number	Participation rate, % of the total meetings
Pidnik Artem Yurievich	28	28	100
Aganova Karina Andreyevna	25	24	96
Izotova Anna Vladimirovna	10	10	100
Katkov Vadim Vladimirovich	28	28	100
Rudakov Dmitry Stanislavovich*	3	0	0
Trofimova Marina Mikhailovna*	15	1	6
Filatova Svetlana Valerievna	28	28	100
Shadrina Lyudmila Vladimirovna	28	27	96
Yagodka Denis Vladimirovich	28	28	100

* powers terminated.

Subjects of major issues considered by the Management Board in 2021 broken down by area



To ensure the effective activity of the Company Board of Directors and the adoption of balanced and well-grounded decisions by this body, the Company Management Board previews the most important and significant issues within the competence of the Company Board of Directors and gives appropriate recommendations. When the Board of Directors makes decisions with instructions to the Company Management Board, the latter should timely fulfil these instructions.

Biographies of members of the Management Board	
<p>Pidnik Artem Yurievich</p> <p>General Director, Chairperson of the Management Board</p>	<p>Biography is given in “General Director” section.</p>
<p>Aganova Karina Andreyevna</p> <p>Member of the Management Board, Deputy General Director for Operations</p> <p>Elected to the Management Board on February 24, 2021</p>	<p>Born in 1977. Holder of a Diploma of Higher Education. 1995–1999 — received bachelor’s degree in Law from Baltic University of Ecology, Politics and Law, with the qualification of Bachelor of Law. 1999–2000 — received master’s degree in Law from St. Petersburg Law Institute (Branch) of the Academy of the General Prosecutor’s Office of the Russian Federation, with the qualification of Lawyer. 2006–2009 — graduated from St. Petersburg University, majoring in Economics and Company Management with the qualification of Managing Economist.</p> <p><u>Positions held in the recent 5 years:</u></p> <ul style="list-style-type: none"> • 2015–2018 — Advisor to the General Director, Deputy General Director for Commercial Affairs and Business Development, Deputy General Director for Business Development and Procurement, Deputy General Director for Procurement and Logistics, JSC MOESK-Engineering. • 2018–2020 — Head of the Department of Logistics and Procurement, Acting Deputy General Director for Capital Construction and Investment Activities, IDGC of North-West, PJSC. • 2020–2021 — Deputy General Director for Capital Construction and Investment Activities, IDGC of North-West, PJSC. • 2021–present — member of the Management Board, Rosseti North-West, PJSC • 2021–2021 — Deputy General Director for Operations, Assistant General Director at the General Affairs Department, Rosseti North-West, PJSC. • 2021–present — Deputy General Director for Operations, Rosseti North-West, PJSC. • 2021–present — Advisor to the General Affairs Department, JSC “Yantarenergo” (part-time). <p>Participation in the management bodies of other organizations: Member of the Board of Directors, JSC North-West Energoservice</p>
<p>Izotova Anna Vladimirovna</p> <p>Member of the Management Board, Deputy General</p>	<p>Born in 1976. Holder of a Diploma of Higher Education. Holder of a specialist’s degree.</p>

<p>Director for Corporate Management</p> <p>Elected to the Management Board on October 08, 2021</p>	<p>1994–1999 — graduated from Gubkin Russian State University of Oil and Gas, majoring in Law with the qualification of Lawyer.</p> <p><u>Positions held in the recent 5 years:</u></p> <ul style="list-style-type: none"> • 2015–2021 — Deputy General Director for Legal and Corporate Affairs, LLC Rusenergosbyt. • 2021–2021 — Advisor to the General Affairs Department, Acting Deputy General Director for Corporate Management, IDGC of North-West, PJSC. • 2021–present — Deputy General Director for Corporate Management, Rosseti North-West, PJSC. • 2021–present — member of the Management Board, Rosseti North-West, PJSC • 2021–present — Advisor to the General Affairs Department, JSC “Yantarenergo” (part-time). <p>Did not participate in the management bodies of other organizations.</p>
<p>Katkov Vadim Vladimirovich</p> <p>Member of the Management Board, Deputy General Director for Security</p> <p>Elected to the Management Board on April 02, 2020</p>	<p>Born in 1973.</p> <p>Holder of a Diploma of Higher Education.</p> <p>1990–1995 — graduated from the Saratov State Academy of Law, majoring in Jurisprudence with the qualification of Lawyer.</p> <p>2010–2013 — graduated from ANCO HE Smolny Institute of the Russian Academy of Education, majoring in Finance and Credit with the qualification of Economist.</p> <p><u>Positions held in the recent 5 years:</u></p> <ul style="list-style-type: none"> • 2012–2019 — Deputy Head of the North-West Customs Directorate – Head of Logistics Service. • 2019–2019 — Head of the Security Department, Acting Deputy General Director for Security, IDGC of North-West, PJSC. • 2019–present — Deputy General Director for Security, IDGC of North-West, PJSC (from August 23, 2021 — Rosseti North-West, PJSC). • 2020–present — member of the Management Board, Rosseti North-West, PJSC. • 2021–present — Advisor to the General Affairs Department, JSC “Yantarenergo” (part-time) <p>Did not participate in the management bodies of other organizations.</p>
<p>Filatova Svetlana Valerievna</p> <p>Member of the Management Board, Deputy General Director for Development and Realization of Services</p> <p>Elected to the Management Board on September 30, 2019</p>	<p>Born in 1980.</p> <p>Holder of a Diploma of Higher Education. Holder of a specialist’s degree.</p> <p>1997–2003 — graduated from North West State Technical University, majoring in Power Supply with the qualification of Engineer.</p> <p><u>Positions held in the recent 5 years:</u></p> <ul style="list-style-type: none"> • 2017–2018 — Deputy Director for Development and Sales of Services, Gatchina Power Grids branch of “Rosseti Lenenergo”, PJSC. • 2018–2018 — Deputy General Director for Development and Realization of Services, LLC Renaissance Engineering. • 2018–2019 — Advisor to the General Affairs Department, Acting Deputy General Director for Development and Realization of Services, IDGC of North-West, PJSC. • 2019–present — Deputy General Director for Development and Realization of Services, member of the

	<p>Management Board, IDGC of North-West, PJSC (from August 23, 2021 — Rosseti North-West, PJSC).</p> <ul style="list-style-type: none"> • 2021–present — Advisor to the General Affairs Department, JSC “Yantarenergo” (part-time) <p>Participation in the management bodies of other organizations: Chairperson of the Board of Directors, JSC Pskovenergosbyt; member of the Board of Directors, JSC “Yantarenergo”.</p>
<p>Shadrina Lyudmila Vladimirovna</p> <p>Member of the Management Board, Deputy General Director for Economy and Finance</p> <p>Elected to the Management Board on December 20, 2018</p>	<p>Born in 1973.</p> <p>Holder of a Diploma of Higher Education. Holder of a specialist’s degree.</p> <p>1994–1999 — graduated from the Smolensk University for the Humanities, majoring in Finance and Credit with the qualification of Economist.</p> <p>Positions held in the recent 5 years:</p> <ul style="list-style-type: none"> • 2014–2018 — Advisor to the Executive Director for Finance, Deputy Director for Economics and Finance, Director for Finance, OJSC Klimov. • 2018–2018 — Advisor to the General Affairs Department (part-time), Acting Deputy General Director for Economy and Finance, IDGC of North-West, PJSC. • 2018–2019 — Deputy Chief Accountant, OJSC Klimov (part-time). • 2018–present — Deputy General Director for Economy and Finance, member of the Management Board, IDGC of North-West, PJSC (from August 23, 2021 — Rosseti North-West, PJSC). • 2021–present — Advisor to the General Affairs Department, JSC “Yantarenergo” (part-time) <p>Participation in the management bodies of other organizations: Chairperson of the Board of Directors of JSC Pskovenergosbyt.</p>
<p>Yagodka Denis Vladimirovich</p> <p>Member of the Management Board, First Deputy General Director – Chief Engineer</p> <p>Elected to the Management Board on December 20, 2018</p>	<p>Born in 1979.</p> <p>Holder of a Diploma of Higher Education. Holder of a specialist’s degree.</p> <p>1996–2001 — graduated from the Ivanovo State Power University, majoring in Power Supply (Industrial) with the qualification of Electrical Engineer.</p> <p>Positions held in the recent 5 years:</p> <ul style="list-style-type: none"> • 2017–present — First Deputy General Director – Chief Engineer, IDGC of North-West, PJSC (from August 23, 2021 — Rosseti North-West, PJSC). • 2018–present — member of the Management Board, Rosseti North-West, PJSC. • 2018–2019 — Chairperson of the Board of Directors, JSC North-West Energoservice. • 2021–present — Advisor to the General Affairs Department, JSC “Yantarenergo” (part-time) <p>Did not participate in the management bodies of other organizations.</p>

In 2021, the General Director and members of the Company Management Board did not perform any transactions with shares of Rosseti North-West, PJSC.

In 2021, the General Director and members of the Management Board did not receive any loans (credits) from the Company, or any legal entity incorporated in the Group the Company is part of.

In 2021, the General Director and members of the Management Board did not own any shares of Rosseti North-West, PJSC.

The biographies of the members of the Management Board, whose powers were terminated in 2021, are given in Annex 27 to the full version of the Annual Report (<https://www.mrsksevizap.ru/investors/shareholdersmeetinginfo/>) and posted on the Company website: <https://www.mrsksevizap.ru/about/controldepartments/rule/>.

The Company remuneration system

[GRI 102-35]

Remuneration System for members of the Board of Directors

In 2021, Remuneration and compensation types, amounts and procedures of payment to members of the Company Board of Directors were stipulated by the Regulations for Remuneration and Compensation for Members of the Board of Directors (hereinafter – the Regulations), as approved at the Annual General Meeting of Shareholders of the Company on June 14, 2019 (Minutes No. 14))⁷³.

[GRI 102-36]

The Regulations provide for the following payments:

1. Remuneration for participation in the Board of Directors.

The payment is made subject to the results of the activities in the period from the candidate's election to the Board of Directors till the Company Board of Directors is elected in the new composition.

Remuneration is paid quarterly to each member of the Board of Directors.

The amount of quarterly remuneration for each member of the Company Board of Directors depends on the total number of meetings of the Company Board of Directors (regardless of the form of holding) held in the reporting quarter, the number of meetings attended by the member of the Board of Directors for the period between the annual General Meetings of Shareholders, and the fixed amount of the remuneration.

The fixed amount of remuneration is determined based on the Company's revenue estimated under the RAS for the previous fiscal year preceding the election of the Company Board of Directors.

Along with remuneration for participation in the Company Board of Directors, the following additional payments are established:

- 30% – to the Chairperson of the Company Board of Directors;
- 20% – to the Chairperson of a specialized committee of the Company Board of Directors;
- 10% – for membership in a specialized committee of the Company Board of Directors.

The total amount of the quarterly remuneration per each member of the Company Board of Directors, including additional payments, cannot exceed 1/4 of the fixed amount of remuneration.

No remuneration is paid to:

- the Sole Executive Body (General Director) of the Company;
- persons who are restricted or forbidden by law to receive payments from commercial entities;
- members of the Board of Directors who attended less than 50% of the meetings held.

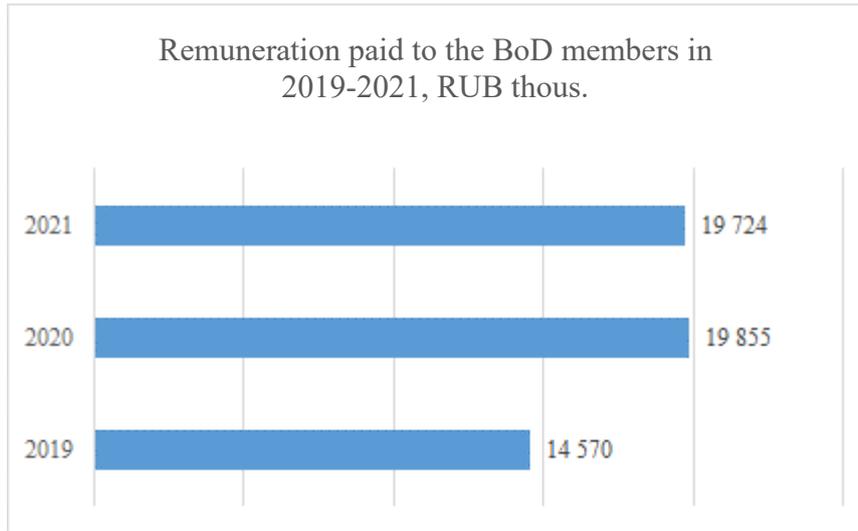
2. Compensation to members of the Board of Directors.

A member of the Board of Directors is entitled to compensation for expenses related to participation in meetings of the Board of Directors, a specialized Committee of the Board of Directors, and General Meetings of Shareholders of Company in line with the standards of reimbursement of travel expenses effective in the Company as of the date of the meeting.

No remuneration or compensation is paid to members of the Board of Directors who are the sole executive body of the Company, members of the Management Board of the Company, and government

⁷³ The full text of the Regulations for Remuneration and Compensation for Members of the Board of Directors, is available on the Company's website: <http://www.mrsksevizap.ru/remunerationcompensationregulation>

officials.



Remuneration paid to the BoD members in 2019-2021, RUB⁷⁴

Full name	For participation in meetings of the Board of Directors	Additional payments for chairpersonship of the Board of Directors, chairpersonship/ membership in Committees of the Board of Directors	For increase in the Company's market capitalization	Total
Paid in 2019	14,193,955	-	375,804	14,569,759
Paid in 2020	19,855,001	-	-	19,855,001
Paid in 2021, incl.:	19,723,846	-	-	19,723,846
Paid in 2021 to the Board of Directors elected by the AGSM 2020	14,689,231	-	-	14,689,231
Bychko Mikhail Aleksandrovich	1,303,077	10%	-	1,303,077
Golovtsov Aleksandr Viktorovich	1,650,000	50%	-	1,650,000
Goncharov Yuri Vladimirovich	1,523,077	20%	-	1,523,077
Korneev Aleksandr Yurievich	1,463,846	30%	-	1,463,846
Mikhailik Konstantin Aleksandrovich	1,540,000	30%	-	1,540,000
Mikheev Dmitry Dmitrievich	1,184,615	-	-	1,184,615
Morozov Andrey Vladimirovich	1,650,000	40%	-	1,650,000
Obrezkova Yuliya Gennadievna	1,303,077	-	-	1,303,077
Fedorov Oleg Romanovich	1,650,000	50%	-	1,650,000
Shagina Irina Aleksandrovna	1,421,539	20%	-	1,421,539
Total paid in 2021 to the Board of Directors elected at the 2021 AGMS	5,034,615	-	-	5,034,615
Polinov Aleksey Aleksandrovich	550,000	50%	-	550,000
Golovtsov Aleksandr Viktorovich	550,000	40%	-	550,000
Goncharov Yuri Vladimirovich	423,077	-	-	423,077
Grebtsov Pavel Vladimirovich	507,692	20%	-	507,692
Krainsky Daniil Vladimirovich	465,385	10%	-	465,385
Mayorov Andrey Vladimirovich	423,077	-	-	423,077
Molsky Aleksey Valerievich	507,692	20%	-	507,692

⁷⁴ Hereinafter in the Annual Report, the amounts of remuneration paid to management and control bodies are given without deduction of the individual income tax.

Morozov Andrey Vladimirovich	507,692	20%	-	507,692
Nikitchanova Ekaterina Vladimirovna	550,000	30%	-	550,000
Fedorov Oleg Romanovich	550,000	40%	-	550,000

The Regulation provides for neither a system of long-term motivation of members of the Board of Directors nor dismissal payments upon termination of their powers.

Compensation for the expenses paid to members of the Company Board of Directors in 2019-2021, RUB

	2019	2020	2021
Compensation of expenses related to performing the functions of members of the Board of Directors	430,465	248,242	15,833

Remuneration System for members of the Board of Directors Committees

Remuneration and compensation types, amounts and procedures of payment to members of the Company's Board of Directors Committees are stipulated by the Regulations on remunerations and compensations to members of the Board of Directors Committees of the Company approved by the Company Board of Directors on August 25, 2009⁷⁵ (hereinafter - the Regulations), as amended by the Board of Directors on December 29, 2015.

Under the Regulations, if the Chairperson or a member of the Committees of the Board of Directors are simultaneously members of the Company Board of Directors, their remuneration is regulated by the Regulations on Remunerations and Compensations to Members of the Board of Directors of Rosseti North-West, PJSC.

The Regulation provides for remuneration for each meeting attended by the member of the Committee of the Board of Directors:

For participation in a meeting of the Committee of the Board of Directors held in absentia	For participation in a meeting of the Committee of the Board of Directors held in the form of joint attendance
remuneration is paid in the amount equivalent to one minimum monthly wage rate of a first-category worker (hereinafter – MMWR) set by the Sectoral Tariff Agreement for the Russian Federation Power Industry (hereinafter – the Agreement) as of the date of the meeting of the Board of Directors Committee, considering the indexation stipulated by the Agreement.	remuneration is paid in the amount equivalent to two MMWRs set by the Agreement as of the date of the meeting of the Board of Directors Committee, considering the indexation stipulated by the Agreement.

The amount of remuneration paid to the Chairperson (Deputy Chairperson) of a Committee for each meeting at which he/she acted as Chairperson of the Committee of the Board of Directors increases by 50%.

Moreover, in line with the Regulations, members of the Committees of the Board of Directors are entitled to compensation of the actual expenses related to performing the functions of the member of a Committee of the Board of Directors.

No remunerations and compensations are paid to Committee members who are:

- the sole executive body (General Director) of the Company;
- persons who are restricted or forbidden by law to receive payments from commercial entities.

⁷⁵ The full text of the Regulations on Remunerations and Compensations to Members of the Committees of the Board of Directors is available on the Company's website at <http://www.mrsksevzap.ru/remunerationcompensationregulation>.

Remuneration paid to members of the Committees of the Board of Directors in 2019–2021⁷⁶

Period	Remuneration for participation in meetings of the BoD Committees, RUB ⁷⁷
Audit Committee	
2019	-
2020	-
2021	-
HR and Remuneration Committee	
2019	-
2020	-
2021	-
Strategy Committee	
2019	482,545
2020	2,133,198
2021	1,266,230
Reliability Committee	
2019	182,475
2020	295,193
2021	340,310
Committee for Technological Connection to Electric Grids	
2019	161,238
2020	83,130
2021	28,503
Total remuneration paid for participation in meetings of the Committees of the Board of Directors	
2019	826,258
2020	2,532,303
2021	1,635,043

Remuneration System for the General Director and Members of the Management Board

[GRI 102-36]

The incentive scheme for the Company General Director is governed by the relevant employment contract and the Regulations on Material Incentives for General Director of the Company, as approved by the Board of Directors on June 15, 2011 (Minutes No. 79/19), as amended by the Board of Directors on April 17, 2012 (Minutes No. 96/17), December 21, 2012 (Minutes No. 118/16), March 13, 2015 (Minutes No. 176/18), July 14, 2017 (Minutes No. 248/3), September 30, 2019 (Minutes No. 334/11), and December 30, 2020 (Minutes No. 285/21).

Members of the Company Management Board are classified as the Company's top managers. The incentive scheme for the top managers of the Company is governed by their relevant employment contracts and the Regulations on Material Incentives and Social Benefits for Top Managers of the Company, as approved by the Board of Directors on June 15, 2011 (Minutes No. 79/19).

The incentive scheme for the General Director and members of the Management Board (top managers) includes the following types of remuneration:

- **Salary.** The key principle of defining the salaries for the General Director and the top management is establishing a fair competitive level of remuneration (position-related salary). The level

⁷⁶ The data do not include additional payments to remuneration paid to the members of the Company Board of Directors who are simultaneously members of the Company BoD Committees.

⁷⁷ In 2021, the following MMWRs were used to calculate the remunerations for participation in the meetings of the Company BoD Committees: from January 01, 2021 — RUB 8,920, from July 01, 2021 — RUB 9,501.

of the salaries is consistent with the market conditions, which ensures the stability of the Management Board composition.

- **Remuneration for performing the functions of the Management Board member.** The Regulations on Material Incentives and Social Benefits for Top Managers of the Company provide for additional personal payments to the top managers for performing the functions of members of the Management Board in the amount up to 15% of their position-related salary (in proportion to the hours of work).

- **Additional payments for work with data classified as a state secret.** The amount of additional payment is determined as a percentage of the position-related salary in line with the Rules for the payment of monthly rated allowances to the salaries (wage rates) of the citizens, who have been authorized for access to state secret on a permanent basis, and employees of the structural units for protection of state secret as approved by the RF Government Order No. 573 dated September 18, 2006.

- **Bonus payments.** The Regulations on Material Incentives provide for the following types of bonus payments:

- bonus for achieving the quarterly KPIs (for Managers only);
- bonus for achieving the annual KPIs;
- additional incentives for achieving the targets (strategic priorities) at the year-end defined by the Company Board of Directors;
- special bonuses for achieving outstanding KPIs defined by the Company Board of Directors as priorities;
- bonus for performing tasks (work) of special importance.

Bonus payments are aimed at motivating the General Director and members of the Management Board to pursue priority tasks of the Company by achieving key performance indicators (KPIs)⁷⁸.

The KPIs used to assess the performance of the General Director and the specific weight of each KPI in the quarterly and annual bonuses of the General Director are set by the Company Board of Directors. The KPIs for top managers are set by the General Director based on the KPIs approved by the Company Board of Directors considering the degree to which a top manager can affect the achievement of the target KPI and the KPI of personal responsibility in the top manager’s area.

The KPIs set to motivate (define the amount of remuneration) of the General Director in 2021

No.	KPI
Annual KPIs	
1.1.	Total shareholder return
1.2.	Return on invested capital
1.3.	Operating profit (EBITDA)
1.4.	Decrease in specific operating costs (expenses)
1.5.	Power loss level
1.6.	Increase in labour productivity
1.7.	The efficiency of innovation activity
1.8.	Decrease in accounts receivable
1.9.	Compliance with the technological connection schedule
1.10.	Debt/EBITDA
1.11.	Compliance with the schedule for the commissioning of facilities
1.12.	Operational readiness for the heating season
1.13.	Implementation of the Company Development Plan
1.14.	Achieving the reliability of the services provided
1.15.	Zero occupational accidents

⁷⁸ The system of key performance indicators is given in the Section “Key Performance Indicators (KPI)” of the Annual Report.

The KPIs set to motivate (define the amount of remuneration) of the members of the Management Board in 2021

No.	Indicators
Annual KPIs set by the General Director (Order No. 217 dated May 12, 2021, Order No. 640 dated December 13, 2021)	
2.1.	Fulfillment of the OPEX Plan
2.2.	Operating profit (EBITDA)
2.3.	Power loss level
2.4.	Increase in labour productivity
2.5.	The efficiency of innovation activity
2.6.	Decrease in accounts receivable
2.7.	Implementation of the IP in terms of spending
2.8.	Ensuring reliability of accounting and timely presentation of accounting, tax, IFRS and statistical statements
2.9.	Compliance with the technological connection schedule
2.10.	Compliance with the schedule for the commissioning of facilities
2.11.	Operational readiness for the heating season
2.12.	Achieving the reliability of the services provided
2.13.	Zero occupational accidents
2.14.	Centralization of ODM
2.15.	Implementation of the Model PDZ Project
2.16.	Implementation of the Digital PDZ Project
2.17.	Improvement of the system of emergency and restoration operations
2.18.	Operational activities management system (OAMS)
2.19.	Safety consciousness
2.20.	Funding of RUB 500+ mln investments into additional activities (subject to approval by PJSC ROSSETI)
2.21.	Consolidation of power grid assets
2.22.	Judicial defense and handling of risks of incurring additional losses (Novgorod)
2.23.	Reduction of losses to the level required for additional bonuses
2.24.	Heat generation development (conclusion of contracts/concession agreements)
2.25.	Automation and centralization of the process of preparing specifications for technological connection by means of APAMS and geomodule
2.26.	Attracting investors — energy-intensive businesses (data centers and others)
2.27.	Improving labour productivity, balancing the workload of personnel in the main functional units of the Company's branches and in its production department
2.28.	Organisation of activities and increasing the productivity of construction and assembly crews
2.29.	Obtaining tariffs that exceed the 2022 forecast of the Ministry of Economic Development to achieve the growth of RGP (for the Murmansk, Vologda and Novgorod regions)
2.30.	Organisation of contestation of tariff and balance decisions for 2021 (including any change (growth) in the 2021 tariffs up to the threshold levels)
2.31.	Recognition by the Regional Electricity Company of the written-off debt of Arkhenergosbyt JSC and its accounting for the purposes of RGP for 2022 and next years
2.32.	Timely completion of major (significant) construction project(s)
2.33.	Conducting an inventory of electrical equipment in the APAMS based on the results of the examination of parameters (CU) of the 2017–2019 TBR, and reporting the CU increase for the tariff purposes
2.34.	Official communications from the region's administration to IDGC of the North-West, Rosseti PJSC, the Russian Ministry of Energy, and the Office of the Plenipotentiary Representative of the President of the Russian Federation in the Northwestern Federal District regarding the unsatisfactory level of the Company's operations in the region
2.35.	Unsatisfactory level of interaction with the executive authorities and local self-government bodies in carrying out emergency response and recovery activities in the regions of the Company's presence.
2.36.	Ensuring prevention of misconduct of employees, third-party legal entities and individuals, whose actions cause material damage to the Company, allowing to prevent damage of at least RUB 200 mln per year
2.37.	No instances of corruption/malfeasance offenses committed by employees that have been revealed by law enforcement agencies without the involvement of security units

2.38.	The amount of settled claims under the enforcement documents has to be at least 60% of the quantity of those received since the beginning of the current year
2.39.	Preventing misappropriation of the Company's property at the guarded facilities
2.40.	Implementation of the EGC (investment phase)

Bonuses are paid upon achievement of the key performance indicators and depend on the degree to which the KPIs were achieved in the reporting periods (quarters and year) Results of the KPI achievement by the General Director in the reporting period are considered by the Strategy and Development Committee of the Board of Directors and approved by Decision of the Company Board of Directors. Results of the KPI achievement by the top management in the reporting period are approved by Order of the General Director.

The General Director and top managers can receive bonuses for implementation of particularly important tasks approved by the management bodies of the Company. Particularly important tasks (activities) include those with special requirements regarding their timeframe and quality, responsibility and significance for the industry and the state.

- **One-off recreational leave payments.** It is established for the Company's top management and equals one position-based salary.

- **Severance package.** The conditions of the labour contracts with the General Director and the Management Board members do not provide for the possibility of any guaranteed payments in case of early termination of their office ("golden parachutes"), except for the guarantees provided for by the labour legislation.

Data on the amount of remunerations paid to members of the Management Board of the Company, including the person holding the position of the sole executive body, RUB.⁷⁹

Remuneration	2019	2020	2021
Salary	20,460,471	22,751,042	22,737,685
Remuneration for performing the functions of the Management Board member	3,140,042	3,410,164	3,469,028
Bonuses	4,163,993	65,998,370	30,001,770
<i>including annual incentives</i>		34,578,373	21,550,314
Other payments	7,555,257	12,221,006	13,004,236
Severance package	64,495	3,233,108	7,913,078
Total remuneration	35,384,258	107,613,689	77,125,797

Data on remunerations paid to the person holding the position of the sole executive body, RUB

Remuneration	2019	2020	2021
Salary	4,623,933	4,756,020	5,271,361
Remuneration for performing the functions of the Management Board member	-	-	-
Bonuses	409,327	6,812,480	2,971,818
<i>including annual incentives</i>		5,080,615	1,032,000
Other payments	2,394,174	3,095,668	3,110,833
Severance package	-	-	643,632
Total remuneration	7,427,434	14,664,168	11,997,644

⁷⁹The table includes data on the aggregate annual remuneration for all members of executive bodies, including the key managers of the Company subject to the Company remunerations policy, by remuneration types.

The introduction and implementation of the Company's Remunerations Policy are controlled by the Board of Directors.

Subsidiary management system

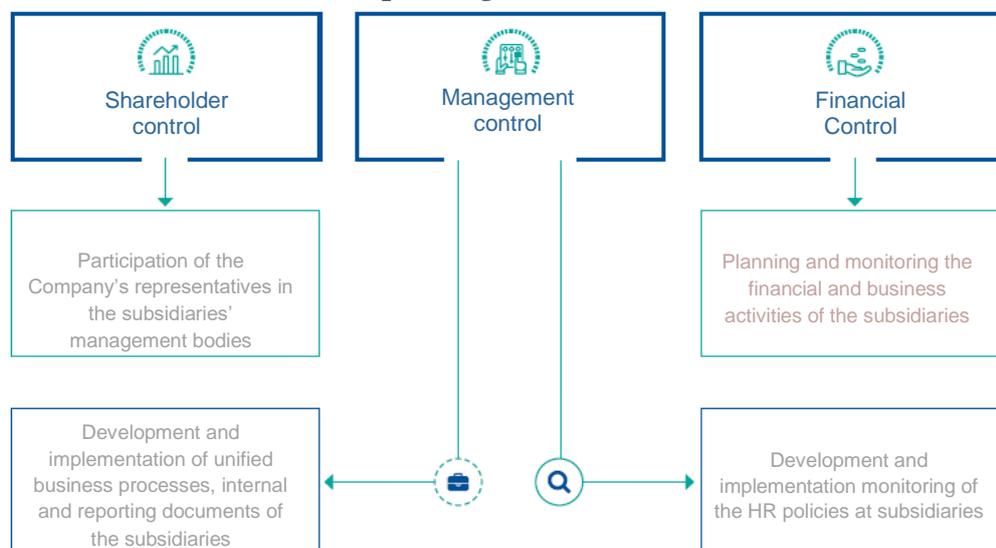
Rosseti North-West, PJSC interacts with its subsidiary entities (hereinafter – SE) using corporate governance methods subject to requirements of the Russian Federation legislation, the Articles of Association, the Procedure for Rosseti North-West interaction with the organizations, in which it participates, and other internal documents of SEs, stipulating the procedures for management and control bodies (Regulations on the Boards of Directors, Auditing Commissions, etc.).

The corporate governance of Rosseti North-West, PJSC SEs is performed via a system of management and control bodies in line with the Company's interests:

- Board of Directors of Rosseti North-West, PJSC;
- Management Board of Rosseti North-West, PJSC;
- SE Board of Directors;
- SE Auditing Commission.

Information on the management and control bodies of Rosseti North-West, PJSC SEs is given in Annex 28 to the full version of the Annual Report (<https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>) and is available on the Company's website: <http://www.mrsksevzap.ru/aboutnorthwestcompany>.

SE corporate governance forms



Supervisory bodies and risk management

Risk management system

[GRI 102-30]

The Company has a risk management system (hereinafter – the RMS) aimed at reducing uncertainty in the achievement of the Company's goals set at all management levels of the Company, including in the Rosseti's Group Development Strategy and in tactical and operational planning

documents (business plans, budgets, etc.). The RMS is aimed at identifying events that may affect the Company's activities, managing the risks associated with these events, and maintaining the maximum permissible level of risks at the preferred risk level.

The RMS is part of the overall management process, comprising mechanisms and tools that provide the organizational measures and structure for the development, implementation, monitoring, review and continuous improvement of the Company's risk management processes.

The Company's risk management objectives	ensuring the reduction of uncertainty with respect to achieving the Company's goals set at all management levels of the Company, including in the Rosseti Group's Development Strategy and in tactical and operational planning documents (business plans, budgets, etc.).
The Company's risk management goals	develop a risk-oriented corporate culture; achieve an optimal balance between the preferred risk (risk appetite) and the development strategy; improve the decision-making process to respond to emerging risks; reduce the number of contingencies and losses in business operations; ensure identification and management of the whole range of risks in business activities.

Risk management is a continuous, ongoing process.

The RMS development and performance in the Company is based on the general principles, which are accepted and observed by the management bodies and employees of the Company at all management levels:

- Continuity and comprehensiveness
- Goal orientation
- Integration into the management system
- Creation and preservation (protection) of the Company's value
- Balance between risks and returns
- Uncertainty
- Consistency
- Information quality
- Engagement and leadership
- Assignment of responsibility for risk management
- Efficiency
- Cross-functional interaction
- Reasonable confidence
- Adaptability
- Agility
- Continuous improvement

To operate the RMS, a new version of the Risk Management Policy of Rosseti North-West, PJSC was approved by the decision of the Board of Directors of March 11, 2021 (Minutes No. 389/25). The Risk Management Policy defines the Company's attitude to risks, including the RMS general principles, goals and objectives, general approaches to its setup, operation and improvement, as well as ensuring shared responsibility and interaction between the RMS participants.

The Company also implements the following regulatory documents in the field of risk management:

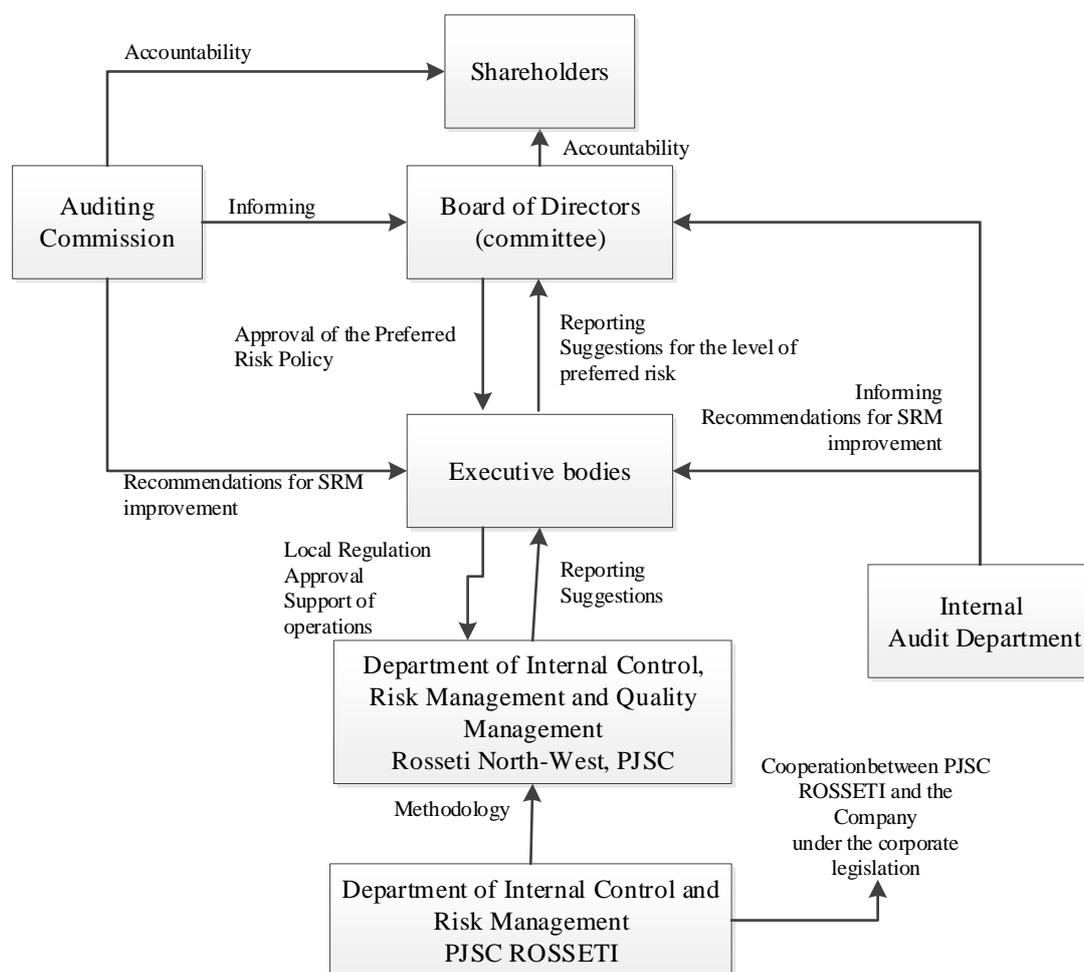
- Regulations on Risk Management.
- the tree-like risk model of the Company.

- the risk management system maturity model.
- the Methodology for Self-Assessment of the Risk Management System Efficiency by Risk Categories (Areas of Activity).

The Company has established the Department of Internal Control, Risk Management and Quality Management, which, in accordance with the Risk Management Policy and Regulations on business units, is responsible for coordinating risk management processes, developing a methodology to support the risk management process and RMS operation, preparing reports on risk management results and evaluating the RMS performance, etc.

The functions of the RMS participants are determined by the Company’s Risk Management Policy, Regulations on structural subdivisions, job descriptions, and are given in Annex 29 to the full version of the Annual Report at the Company’s web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

The interaction of the Company’s RMS participants is shown in the diagram:



To ensure the RMS efficiency and compliance with the objective evolution of requirements and conditions, the Company’s Internal Auditor assesses the RMS efficiency.

The internal independent assessment of the RMS efficiency is performed by the Company’s Internal Auditor. In 2021, the RMS efficiency was reviewed by the Board of Directors upon preliminary discussion of the issue by the Audit Committee of the Board of Directors. The Company’s RMS maturity level for 2021 was assessed as 4.3 points: intermediate between “Moderate” and “Optimal”.

Due to the amendments to the 2021 ICS and RMS assessment methodology introduced by Order No. 654 of December 21, 2021, no information on the dynamics of the maturity level compared to the previous year is provided.

Information about key risk management

Within the framework of the Company’s current risk assessment methodology, the dynamics of key risks are presented based on the results of the reporting period.

The Company regularly identifies, assesses and monitors the risks, takes measures to reduce their probability and potential consequences, and keep its shareholders and other stakeholders informed.

Pursuant to the Regulations on Risk Management, the Company’s Management Board approved the Company’s 2021 Risk Register for 48 functional risks, i.e. aggregated business process risks and risks that have material impacts on the Company’s activities, including KPIs of the Company’s sole executive body, and thus on the achievement of goals of the power grid facilities management and strategic goal of the Group Rosseti.

To define the risk impact on the Company’s activity, risk significance is identified. Risks are ranked by three levels of significance: moderate, significant, and critical.

Measures to mitigate the “significant” or “critical” risks are included in the Company’s Action Plan on Risk Management for 2022, which is updated quarterly.

Data on critical and significant functional risks’ management in the Company

Item No.	Name of the Risk	Impacted performance indicators	Risk significance level		Risk management actions	
			2020	2021		
1	FR01-04	Increase in prices for the power purchased to compensate losses	Achievement of EBITDA indicators	Significant	Significant	<ul style="list-style-type: none"> Monitoring of the power prices in the wholesale electricity and capacity market Monitoring of the regulated prices that the suppliers of last resort provide for sales premiums
2	FR01-05	Increase in costs for electric power transmission services of other grid organizations	Achievement of EBITDA indicators	Moderate	Significant	<ul style="list-style-type: none"> Reimbursement of costs to compensate
3	FR01-14	Court judgements (settlement of disputes) issued against the Company to recover debts for electric power transmission services	Achievement of EBITDA indicators	Moderate	Significant	<ul style="list-style-type: none"> Control over compliance with the requirements of the Company’s RADs regulating legal proceedings for collecting debts for electric power transmission services
4	FR01-15	Provision of dividend assignment	Achievement of EBITDA indicators	Critical	Significant	<ul style="list-style-type: none"> Control over compliance with the approved amount of operating expenses and achievement of the established target values for reducing specific operating expenses Development, updating and implementation of the action plan to improve performance and financial and economic condition <p>Managing the level of costs, depending on the expected level of revenues (with</p>

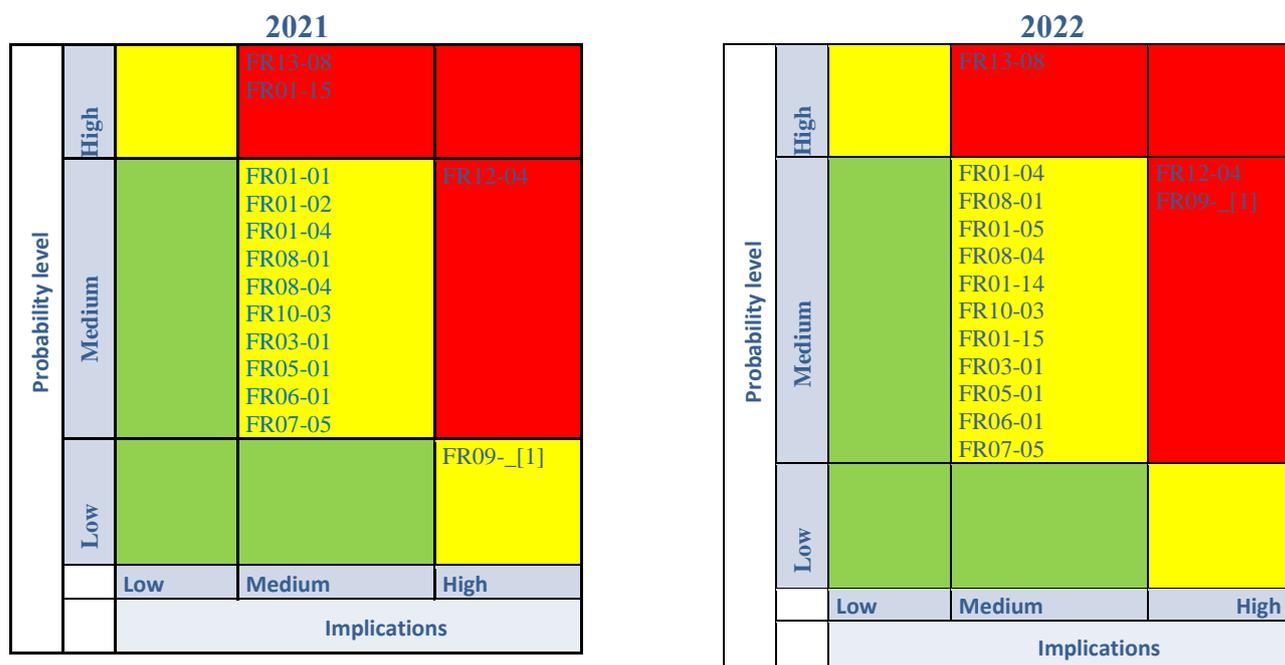
						due regard to the mandatory requirements for reliability and safety)
5	FR03-01	Failure or partial failure of contractors to fulfil their obligations on payments for power transmission services within the terms stipulated by the agreement/contract	Achievement of the planned level of accounts receivable for the rendered power transmission services	Significant	Significant	<ul style="list-style-type: none"> • Development of the measures on the decrease in overdue accounts receivable to be included into the scheduled plan of actions of Rosseti North-West, PJSC aimed at reducing overdue accounts receivable for the power transmission services dispute settlements • Control of overdue accounts receivable by measures aimed at its reduction • Taking actions to introduce a full or partial power consumption restriction mode for direct consumers • Imposing fines on the contractors breaking the payment terms under 307-FZ • Putting forward the issues of inadequate payment discipline for discussion at the meetings of regional interagency commissions for monitoring the situation with settlements for electric power and power transmission services
6	FR05-01	Absence of power meters, their obsolescence and physical deterioration	Power loss level, %	Significant	Significant	<ul style="list-style-type: none"> • Implementation of the programs on power saving and energy efficiency, including the programs to reduce power losses and to ensure the prospective development of power metering systems • Implementation and deployment of smart power metering tools, automated systems for collecting and processing data on readings of electric power metering devices, use this data as a basis for calculating power and capacity balances and the scope of electric power transmission services (except for measures carried out within the framework of Item 1)
7	FR06-01	Applicant's facilities are not ready for technological connection	Compliance with the technological connection deadlines	Significant	Significant	<ul style="list-style-type: none"> • Update of the demand for technological connection under the previously concluded technological connection agreements and issued technical specifications. Monitoring of the Applicant's readiness for technological connection (analysis and assessment of the Applicant's payment discipline, analysis and evaluation of the Applicant's dynamics of the work performance) • TC demand management (distributing information on the Internet and over the applicant service offices in the areas fed by under-loaded power stations as the connection to them requires minimum costs)

						<ul style="list-style-type: none"> • Setting up control over timely fulfilment of the technological connection agreements (at each of the stages: TOR development, calculation of technological connection cost, making technical design assignment, contractor agreement conclusion and implementation, TC agreement implementation using inhouse resources), including technological connection automation
8	FR07-05	Consumer's failure to fulfil contractual terms of payment for technological connection services	Compliance with the commissioning schedule, %	Significant	Significant	<ul style="list-style-type: none"> • Formation and maintenance of a list of substitution objects under agreements, the implementation of which is associated with the risk of their non-fulfilment because the applicants are not ready for technological connection • Improving the quality of business plan generation and adjustment (analysis and assessment of the Applicants' payment discipline, analysis and evaluation of the Applicants' work dynamics) • Providing pre-trial dispute settlement in terms of technological connection
11	FR09-[1]	Company professional risks (occupational health and safety)	Zero increase in the casualty toll among the employees of the Company's subsidiaries and affiliates	Significant	Critical	<ul style="list-style-type: none"> • Ensuring safety work conditions by providing certified and high-quality protection means, implementing and applying technologies for safe works performance in safe working environment • Control on the implementation of programs containing occupational health and safety requirements and aimed at injury prevention (programs for injury-risk place elimination, etc.), administrative regulatory documents • Timely instructions on occupational health and safety with the follow-up of knowledge acquisition. Using the press, radio and television to keep the public informed of the dangers of approaching and being in electrical installations and violating electrical grid safety rules, as well as hold electrical safety lessons at children's institutions • Timely fulfilment of the measures, prescriptive acts and operational orders issued by the results of the checks conducted by supervision and control bodies and within the technical supervision activities, as well as measures taken to eliminate the causes of incidents specified in the investigation reports
12	FR10-03	Lack of investment programme funds to implement	Efficiency of innovation	Significant	Significant	<ul style="list-style-type: none"> • Analysis of suggestions on the Company's investment program adjustment, control over the integration of the midterm action plan measures under the Innovative development

		innovative solutions				<p>program into the investment program upon the approval of the investment programme/adjusted investment program of the Company</p> <ul style="list-style-type: none"> • Development of the Company's investment program and suggestions on its adjustment with due regard for the activities included in the medium-term implementation plan of the Innovative Development Program. • Give priority in the implementation of the Company's investment program to measures included in the medium-term action plan of the Innovative Development Program
13	FR12-04	Involving the Company/the Company's employees into corrupt activities	Complying with the legislation, including the anti-corruption and antimonopoly laws	Critical	Critical	<ul style="list-style-type: none"> • Conduct of the public awareness work, training events according to the approved anti-corruption regulatory documents
14	FR13-08	Appeals against transactions entered into by the Company	Ensuring comprehensive security of the Company operations	Critical	Critical	<ul style="list-style-type: none"> • Initiating the process of amending the Company's administrative and organizational documents facilitating control of the potentially voidable transactions on AR settlement

Realized key risks for 2021

Item No.	Name of the Risk	Risk event and its consequences	Measures taken by the Company in 2021 to mitigate the consequences of the risk event
1	FR09-[1] Company professional risks (occupational health and safety)	Two fatal accidents and one accident with a minor harm to health of the victim	Measures to eliminate the causes of the accident are provided in Acts H-1. An in-house investigation of the causes and circumstances of the accident was conducted by a commission appointed under the Company's RADs. The development of a Compensation Plan is not required under Item 6.15 of the Regulations on Risk Management, approved by Order of IDGC of the North-West, PJSC No. 229 of April 09, 2020.

Key risks map of Rosseti North-West, PJSC for 2021-2022⁸⁰


Internal control system

The internal control system (hereinafter – the ICS) is a set of organizational measures, methods and procedures created and used for effective implementation of internal control.

The internal control system is flexible and can be applied to the entire organization at the level of subsidiaries, branches, business units or within a specific process/function relevant for operational, reporting or compliance purposes, depending on the specific needs or circumstances of the organization.

Internal control is an integral part of the Company’s risk management system, while risk management is a continuous and ongoing process within the Company’s overall management system.

The internal control system covers all the aspects of the Company’s business, control procedures are performed on an ongoing basis across all the Company’s processes (areas of activities) on all levels of management.

Aims of the Company in the field of internal control

Ensuring efficiency and high performance of the Company, safety of the Company’s assets;

Compliance with applicable legislation and local regulations of the Company, including in the course of business operations and accounting;

Ensuring reliable and timely accounting (financial) and other reporting.

⁸⁰Graphic presentation on risks with the significance levels “significant” and “critical” is provided on the Key risk map of the Company.

The Company, under Decision of the Board of Directors of February 29, 2016 (Minutes No.197/12), approved the Internal Control Policy of Rosseti North-West, PJSC (the new version). The Internal Control Policy stipulates the aims, operating principles and elements of the Company ICS, key functions and responsibilities of the ICS participants, as well as procedures for assessing the ICS efficiency.

The Company implements the Procedures for Internal Control Policy requirements approved by the Company's Order No. 277 dated June 16, 2021, which describes the pragmatic aspects of applying the rules of the Internal Control Policy.

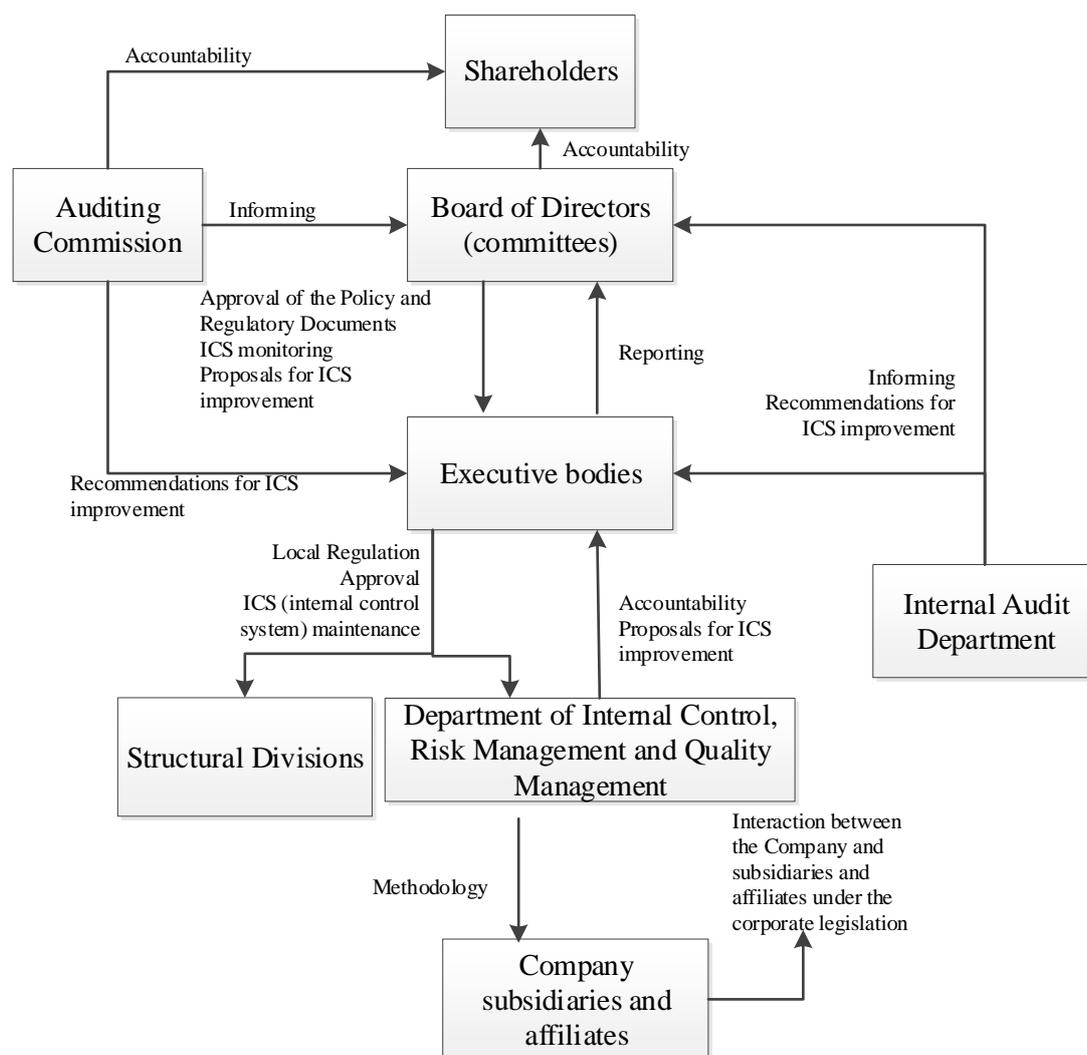
The ICS development and performance in the Company is based on the general principles, which are accepted and observed by the management bodies and employees of the Company on all management levels:

- Integrity
- Comprehensiveness
- Applicability
- Continuity
- Responsibility
- Consistency and interaction
- Uniform methodological guidelines
- Timeliness
- Transparency
- Delineation of liability
- Delineation of authority
- Documented procedures
- Documented results
- Authorization
- Availability of resources
- Expediency
- Development and improvement

The Company has established the Department of Internal Control, Risk Management and Quality Management, which, in accordance with the Risk Management Policy and Regulations on business units, is responsible for coordinating risk management processes, developing a methodology to support the risk management process and ICS operation, preparing reports on risk management results and evaluating the ICS performance, etc.

The functions of the IMS participants are set out in the Company's Risk Management Policy, Regulations on business units, job descriptions, and listed in Annex 30 to the full version of the Annual Report at the Company's web-site: <https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/>.

The interaction of the Company's ICS participants is shown in the diagram:



The ICS of the Company functions in line with the “three defence lines” model. This model stipulates the implementation of internal control in the Company on three levels (Figure 1):

- on the level of management bodies, divisions and units of the Company performing control procedures as part of their functions and job duties, — the first defence line;
- on the level of the Company’s control units — the second defence line;
- on the level of the Internal Audit Department — the third defence line.

Control procedures regarding the core, managing and supporting processes and sub-processes of the Company are documented in matrices of control and risk by areas of activity.

To ensure that the ICS is efficient and complies with the changing objective requirements and conditions, the evaluation of the ICS performance is carried out by the Company’s internal auditor.

Internal independent assessment of the ICS efficiency was carried out by the internal auditor of the Company. ICS efficiency in 2021 was submitted to the Board of Directors upon preliminary discussion of the issue by the Audit Committee of the Board of Directors. The ICS maturity level was estimated as 4.8 points – “Optimal”.

Due to the amendments to the 2021 ICS and RMS assessment methodology introduced by Order No. 654 of December 21, 2021, no information on the dynamics of the maturity level compared to the previous year is provided.

Implementation of measures to develop the ICS and RMS in 2021:

To increase the maturity level of ICS and RMS, the Company’s management developed the Plan for Maintaining Efficiency and Developing the Internal Control and Risk Management System for

2021-2023, approved by the Board of Directors' decision of March 25, 2021 (Minutes No. 390/26) and put into effect by the Company's Order No. 170 of April 14, 2021 (hereinafter – the Plan).

In the reporting year, the Company carried out the following key measures to improve the ICS and RMS:

- Updating the Risk Management Policy in accordance with the COSO concept "Enterprise Risk Management. Integrating with Strategy and Performance" and the ISO 31000-2018 standard Risk Management – Guidelines in accordance with the standards of the Rosseti Group (Minutes No. 389/25 of the BoD dated March 11, 2021, Order No. 136 dated March 29, 2021);
- In 2021, the Company began integrating the existing anti-corruption compliance system into the overall internal control system and risk management system in accordance with the Rosseti Group's standards.
- Updating the Procedure for implementing the requirements of the Internal Control Policy;
- Implementing updated forms of annual reports to be submitted to the Board of Directors in accordance with the Rosseti Group's standards;
- Training for the Internal Control and Risk Management Department personnel with subsequent independent qualification assessment for compliance with the occupational standards for internal control;
- Implementation of a mechanism to control financial sustainability, to support liquidation and bankruptcy procedures of counterparties (Order No. 761p dated November 30, 2021);
- Approving and implementing a uniform format and procedure for reporting on counterparty liquidation and bankruptcy procedures in accordance with the standards of the Rosseti Group (Order No. 786p dated December 02, 2021).

In 2021, 11 measures of the Plan are to be implemented. All activities were completed within the prescribed time limits.

Key objectives for the 2022 ICS and RMS development:

- Updating key risk indicators (KRIs) based on the unified KRI methodology for the Rosseti Group;
 - Updating the risk register in accordance with the strategic goals and objectives based on the standard basic risk registers for the Rosseti Group;
 - Updating the methodology for identifying, assessing, certifying, and managing risks in accordance with the Rosseti Group's standards;
 - Applying a mechanism for accounting and analyzing scenarios of and potential consequences of risk events while setting business goals, developing strategic initiatives, and planning and implementing the investment program in accordance with the Rosseti Group's standards;
- Compiling a unified database on counterparties in terms of initiated/initiated liquidation and bankruptcy proceedings, published notices of creditor meetings, posted notices of tenders to sell claims against the Company, court judgments on bankruptcy cases, revealed signs of interest, intentional and fictitious bankruptcies of counterparties discovered by bankruptcy administrators.

The Company's ICS and RMS are organized and operate in accordance with the local regulatory documents approved by the Company and show a general positive trend in all areas of activity. The current organization of functions is aimed at the effective and efficient performance and achievement of the Company's goals.

Internal Audit

The unit responsible for the internal audit implementation at the Company is the Internal Audit Department.

The internal audit functionally reports to the Company's Board of Directors, which means that the Board of Directors controls and organizes the activities of the Internal Audit unit, including approval of the Internal Audit action plan, report on the implementation of the Internal Audit unit action plan and budget, approval of the decisions on appointment and dismissal, as well as remuneration of the head of the Internal Audit Department.

The purpose of the Internal Audit Department is to assist the Board of Directors and executive bodies of the Company in enhancing the efficiency of the Company management, improving its financial and economic activities, including through a systematic and consistent approach to the analysis and assessment of risk management, internal control and corporate governance systems as tools to provide reasonable assurance that the Company will achieve its goals.

The aims and objectives, key principles of organization and operation of the internal audit, and the functions and authorities of the Internal Audit Department are stipulated by the Internal Audit Policy of Rosseti North-West, PJSC (new version) approved by the Board of Directors' decision on September 30, 2021, Minutes No. 406/7, and put into effect by Order No. 543 of the Company on October 25, 2021.

The Company approved the standards of the internal audit activities and practical applications developed on the basis of the International Standards for the Professional Practice of Internal Auditing including:

- The Company's Internal Audit Policy and Code of Ethics for Internal Auditors, approved by Decision of the Board of Directors of September 30, 2021 (Minutes No. 406/7);
- The Regulation on the Internal Audit Department of IDGC of North-West, PJSC, approved by Decision of the Company Board of Directors of November 21, 2016 (Minutes No. 223/14);
- The Programme for Internal Audit Quality Assurance and Improvement, approved by Decision of the Company Board of Directors of December 22, 2016 (Minutes No. 225/16), etc.

Feedback is received from the Audit Committee of the Board of Directors by the Head of the Internal Audit in a variety of forms in the course of interaction with the Audit Committee, including analysis of decisions/recommendations of the Audit Committee on matters within the competence of Internal Audit, as well as through polling members of the Audit Committee.

The satisfaction of the Audit Committee of the Company Board of Directors with the performance of the Internal Audit in 2021 is assessed as 1.1 points ("complies with reservations"). The quality assessment was conducted in line with the Programme of Internal Audit Quality Assurance and Improvement of the Company approved by the Company Board of Directors on December 22, 2016 (Minutes No. 225/16).

By the results of the assessment made at the end of 2019 the areas for improvement of the Company's internal audit were identified. Measures on the internal audit improvement were developed jointly with PJSC ROSSETI. The Board of Directors of the Company approved the Action Plan for the Development and Improvement of the Internal Audit in 2020–2024 (Minutes of March 31, 2020 No. 357/34).

The Plan comprises measures for the Company's internal audit development and improvement in the following areas

- improvement of internal audit regulatory support;
- increasing the efficiency and effectiveness of internal audit;
- development of internal audit skills and competencies;
- implementation of IT solutions for internal audit purposes.

The action plan to develop and improve the internal audit activities of the Company in 2021 was fully completed.

In 2021, there were seven employees performing the internal audit function.

Compliance Service

The Company's anti-corruption activities are improved and designed to boost the efficiency of anti-corruption measures stipulated by the law.

Under the provisions of p. 1 Part 2 Article 13.3 of the Law on Countering Corruption, the Company created a structural unit responsible for the prevention of corruption and other offenses. According to the organisational structure approved by the Board of Directors, such unit is the Anti-Corruption Compliance Procedures Unit of the Security Department (hereinafter – ACCP).

In 2021, the headcount of the Anti-Corruption Compliance Procedures Unit did not change (3 persons).

The ACCP functions are as follows:

- drafting organisational and administrative documents aimed at implementation of corruption prevention measures and their submission to the Company’s General Director for approval;
- organization of control measures to identify corruption related offenses committed by the Company’s employees;
- receiving and reviewing communications on inducing employees to commit corruption offenses in the interests or on behalf of another organization, as well as on corruption offenses committed by the Company’s employees, counterparties or other parties;
- arrangements for Company employees to fill out declarations on conflicts of interest, property, income and property obligations and review them;
- organizing individual consultations for the Company’s employees on corruption prevention and counteraction;
- providing assistance to authorized representatives of regulatory and law enforcement agencies when they conduct inspections of the Company’s activities related to corruption control and prevention;
- assisting authorized representatives of law enforcement authorities in carrying out activities to prevent or investigate corruption offences;
- evaluating the results of anti-corruption measures and preparing the relevant reports to the Company’s management.

Auditing Commission

The Auditing Commission of the Company controls the Company’s financial and business activities. The Auditing Commission is elected by the General Meeting of Shareholders for a term until the next Annual General Meeting of Shareholders.

The headcount of the Auditing Commission of the Company is stipulated by the Articles of Association as five persons.

In 2021, there were two sets of the Auditing Commission members, and three meetings of the Auditing Commission were held.

The current members of the Auditing Commission were elected by Resolution of the regular General Meeting of Shareholders of the Company on May 28, 2021 (Minutes No. 17).

Composition of the Auditing Commission since May 28, 2021 is as follows:	
Svetlana Nikolaevna Kovaleva Chairperson of the Auditing Commission First elected to the Auditing Commission: May 28, 2021	Born in 1980. Diploma of Higher Education. In 2002, graduated from the Civil Aviation Academy with a degree in Law. In 2019, graduated from National Research University “Moscow Power Engineering Institute” with a degree in Management. <u>Professional experience:</u> 2017 - present - Internal Audit Director – Head of Internal Audit Department, FGC UES, PJSC 2020 - present - Internal Audit Director – Head of Internal Audit Department, PJSC ROSSETI (part-time) Owned no shares of Rosseti North-West, PJSC in 2021. Did not enter into any transactions with the Company’s securities in 2021.
Viktor Vladimirovich Tsarkov First elected to the Auditing Commission: May 28, 2021	Born in 1977. Diploma of Higher Education. In 2005, graduated from Moscow Institute of Economics, Management and Law with a degree in Economics. In 2007, graduated from the Russian Academy of State Service under the President of the Russian Federation with a degree in Management. <u>Professional experience:</u> 2017 - present - First Deputy Head of the Internal Audit Department of FGC UES, PJSC.

	<p>2020 - present - First Deputy Head of the Internal Audit Department of PJSC ROSSETI (part-time).</p> <p>Owned no shares of Rosseti North-West, PJSC in 2021. Did not enter into any transactions with the Company's securities in 2021.</p>
<p>Svetlana Mikhailovna Trishina, Secretary of the Auditing Commission</p> <p>First elected to the Auditing Commission: May 28, 2021</p>	<p>Born in 1979.</p> <p>Diploma of Higher Education. In 2001, graduated from Amur State University with the qualification of Financial Economist, Bank Employee.</p> <p>In 2018, graduated from the International Academy of Expertise and Assessment, professional retraining in Internal Audit and Control in Commercial Organizations.</p> <p>In 2021, graduated from the International Academy of Expertise and Evaluation, advanced training in Internal Audit.</p> <p>Professional experience:</p> <p>2017 - present - Head of the Financial Audit Unit; Head of the Financial Audit, Methodology and Reporting Division; Head of the Corporate Audit and Control of Subsidiaries, Deputy Head of the Internal Audit Department, Deputy Head of the Internal Audit Department – Head of the Corporate Audit and Control of Subsidiaries of the Internal Audit Department of FGC UES, PJSC 2020-present – Deputy Head of the Internal Audit Department, Head of the Corporate Audit and Subsidiary Control Directorate of the Internal Audit Department of PJSC ROSSETI (part-time).</p> <p>Owned no shares of Rosseti North-West, PJSC in 2021. Did not enter into any transactions with the Company's securities in 2021.</p>
<p>Natalia Aleksandrovna Tsyganova</p> <p>First elected to the Auditing Commission: May 28, 2021</p>	<p>Born in 1980.</p> <p>Diploma of Higher Education. In 2003, graduated from the Moscow Academy of Entrepreneurship under the Government of Moscow with a degree in Law.</p> <p>Professional experience:</p> <p>2017-present - Chief Expert of the Corporate Audit and Control Directorate of the Internal Audit Department of FGC UES, PJSC 2020-present - Chief Expert of the Corporate Audit and Control Directorate of the Internal Audit Department of PJSC ROSSETI (part-time)</p> <p>Owned no shares of Rosseti North-West, PJSC in 2021. Did not enter into any transactions with the Company's securities in 2021.</p>
<p>Elena Mikhailovna Roptanova</p> <p>First elected to the Auditing Commission: May 28, 2021</p>	<p>Born in 1974.</p> <p>Diploma of Higher Education. In 1996, graduated from Samara State Academy of Economics with a degree in Economics and Management.</p> <p>Professional experience:</p> <p>2017 - 2020 - Chief Expert of the Internal Control Department of Moscow Communication Center of Energy (MUS Energetiki), JSC 2020-present - Chief Expert of the Corporate Audit and Control Directorate of the Internal Audit Department of FGC UES, PJSC 2020-present - Chief Expert of the Corporate Audit and Control Directorate of the Internal Audit Department of PJSC ROSSETI (part-time).</p> <p>Owned no shares of Rosseti North-West, PJSC in 2021. Did not enter into any transactions with the Company's securities in 2021.</p>

In the period from May 29, 2020 to May 27, 2021, the Auditing Commission of the Company comprised the following persons: M.A. Lelekova. E.A.Kabizskina, S.A.Kim, A.N.Kirillov, E.A.Barmina, On December 14, 2020, E.A. Kabizskina was elected the Chairperson of the Auditing Commission as M.A. Lelekova divested her authority as the member of the Auditing Commission.

Biographies of the members of the Auditing Commission of the Company elected by the decision of the Annual General Meeting of Shareholders dated May 29, 2000 (Minutes No. 16) are published in the Annual Report of the Company for 2020: https://www.mrsksevzap.ru/upload/infodisclosure/report/AR_2020_RUS.pdf.

There were no transactions between the Company and the members of the Auditing Commission in 2021. Rosseti North-West, PJSC did not file any lawsuits against the members of the Auditing Commission.

Based on the questionnaires provided by the members of the Auditing Commission, the Company believes:

- members of the Auditing Commission are not related by blood (spouses, parents, children, adoptive parents, adopted parents, siblings, grandparents, or grandchildren) to members of the Board of Directors, members of the collective executive body, or the person holding the position (performing the functions) of the sole executive body of Rosseti North-West, PJSC;
- members of the Auditing Commission have not been held administratively liable for offenses relating to finance, taxes and fees, insurance, securities market or criminal responsibility (criminal record) for economic crimes and (or) crimes against the State;
- members of the Auditing Commission did not hold positions in the management bodies of commercial organizations when bankruptcy proceedings were initiated against these organizations and (or) one of the bankruptcy procedures provided for in Article 27 of the Federal Law “On Insolvency (Bankruptcy)” was introduced.

The competence of the Auditing Commission of Rosseti North-West, PJSC is defined by Federal Law No. 208-FZ dated December 26, 1995 “On Joint-Stock Companies” and the Articles of Association of Rosseti North-West, PJSC.

Under p. 24.4 of the Articles of Association of Rosseti North-West, PJSC, the Company’s Auditing Commission has the following competencies:

- checking (auditing) the Company’s financial, accounting, payment and settlement and other documents relating to the Company’s financial and economic activities for their compliance with the laws of the Russian Federation, these Articles of Association, and the Company’s internal documents;
- auditing and analyzing the Company’s financial status, its solvency, the functioning of the internal control system and risk management system, assets liquidity, debt-to-equity ratio, correctness and timeliness of interest accrual and payment on bonds, income on other securities;
- control over the expenditure of the Company’s funds in accordance with the approved business plan and budget of the Company;
- control over the formation and use of the reserve fund and other special funds of the Company;
- checking the timeliness and integrity of settlement transactions with counterparties and the budget, as well as settlement transactions for payroll, social insurance, dividends accrual and payment and other settlement transactions;
- control over compliance with the prescribed procedure for writing off debts of insolvent debtors as losses of the Company;
- auditing of the Company’s business operations carried out in accordance with the existing contracts;
- checking compliance with existing agreements, standards and regulations, approved estimates and other documents regulating the Company’s activities when using material, labor and financial resources in its financial and economic activities;
- control over the safety and use of fixed assets;
- auditing the cash and property of the Company, the efficient use of assets and other resources of the Company, revealing the causes of non-productive losses and expenses, and identifying resources for improving the financial health of the Company;
- reviewing the implementation of orders to eliminate violations and deficiencies previously identified by the Company’s Auditing Commission;
- making recommendations to the management bodies of the Company;
- performing other actions (measures) associated with the audit of financial and economic activities of the Company.

Auditing Commission performance in 2021

Decisions adopted by the Company's Auditing Commission are posted on the Company's website at:

<https://www.mrsksevizap.ru/investors/controldepartmentsdecisions/minutesauditcommission/>.

In 2021, the audit of the Company's financial and economic activities for 2020 was carried out.

The program for auditing the Company's financial and business activities included the following issues: assessing the integrity of the accounting (financial) statements of Rosseti North-West, PJSC as of December 31, 2020, assessing the integrity of the Annual Report of Rosseti North-West, PJSC for 2020, auditing the activities of Rosseti North-West, PJSC involving technological and price audits of the reports of Rosseti North-West, PJSC on its investment program, as well as measures to eliminate violations and deficiencies specified in the opinions of expert organizations based on the findings of the technological and price audit reports of the investment program of Rosseti North-West, evaluation of the financial condition of Rosseti North-West as of December 31, 2020, assessment of the accuracy of the data contained in the Report on related-party transactions of Rosseti North-West, PJSC in 2020, auditing certain aspects of the corporate governance of Rosseti North-West, PJSC, and other issues related to the circumstances identified in the course of the audit.

The Auditing Commission Opinion was approved by the Company's Auditing Commission (Minutes No. 3 dated April 13, 2021), whereby it is stated that the data contained in the annual report for 2020 and the accounting (financial) statements of the Company for 2020 are reliable in all material respects. No instances of misrepresentation of information were found in the Company's 2020 Disclosure of Related-Party Transactions. The said Opinion was included in the materials provided to the Company's shareholders when making preparations for the Annual General Meeting of the Company's Shareholders in 2021.

Remuneration paid to the Auditing Commission

According to the Regulations, remuneration to a member of the Internal Auditing Commission of the Company depends on the extent of his/her participation in the Auditing Commission activities in the previous corporate year and the fixed amount of remuneration. The fixed amount of remuneration is defined on the basis of the Company's revenue estimated under the RAS in the last financial year. The rate of participation of an Auditing Commission member in its activities is determined based on the number of calendar days in the corporate year when he/she acted as a member of the Auditing Commission and the personal participation rate.

The personal participation rate shall be determined by the Chairperson of the Auditing Commission for each member of the Auditing Commission and reflects their contribution to the meetings of the Auditing Commission, as well as performance of additional responsibilities as the Chairperson or the Secretary of the Auditing Commission.

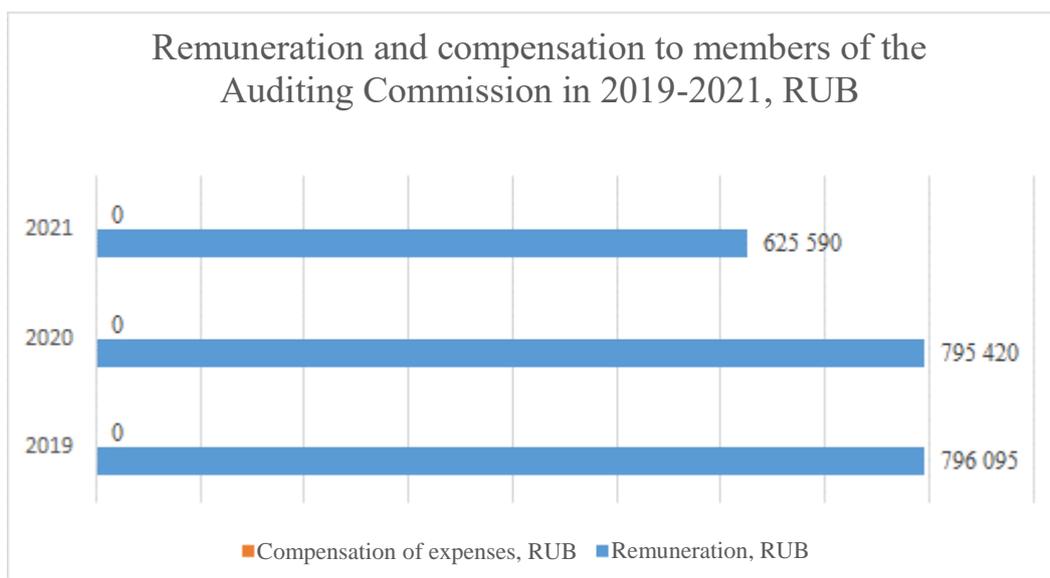
Remuneration is paid at the end of the corporate year. In accordance with the Regulation, a corporate year shall mean the period from the election of members of the Auditing Commission at the General Meeting of Shareholders of the Company til the next General Meeting of Shareholders of the Company.

Members of the Auditing Commission who failed to attend more than half of the meetings held in the period of their membership in the Auditing Commission are not entitled to remuneration.

In case a member of the Auditing Commission actively contributed in the corporate year to additional audits held by the Auditing Commission or control activities on certain issues organised by decisions of the General Meeting of Shareholders, the Company Board of Directors or upon request of a shareholder (shareholders) of the Company owning at least 10 percent of the Company's voting shares, the Chairperson of the Auditing Commission is entitled to apply to the General Meeting of Shareholders for increase in the actual amount of remuneration.

Moreover, according to the Regulation, Auditing Commission members receive compensation for the actual documented expenses incurred in the course of visiting the Company's facilities, participation in meetings of the Auditing Commission held at the Company's location and performing other activities of the Auditing Commission.

Remuneration and compensations are not paid to members of the Auditing Commission who are government officials.



External Audit

To ensure independent and unbiased activities of the Auditor, the External Auditor of the Company was selected by an open single-stage tender without preliminary qualification-based selection. In 2021, an auditor was selected to carry out an audit of the accounting (financial) statements of Rosseti North-West, PJSC compiled in line with the Russian Accounting Standards and the consolidated financial statements of Rosseti North-West, PJSC compiled under the International Financial Reporting Standards for 2021. The results of the tender were announced on March 18, 2021. The tender was held by PJSC ROSSETI on the basis of Order No. 329rof October 27, 2020. The official method of holding the open tender was the official website of the Russian Federation for placing tender information www.zakupki.gov.ru (No.32109904639 dated January 19, 2021), at the electronic trading facility RAD on behalf of Rosseti North-West, PJSC. Pursuant to the decision of the Tender Commission (Minutes No. 6/416pof March 18, 2021), Ernst & Young LLC was selected as the winner of the bid (leader of the collective participant). Assessment of candidates was based on the criteria previously identified and disclosed in the tender conditions.

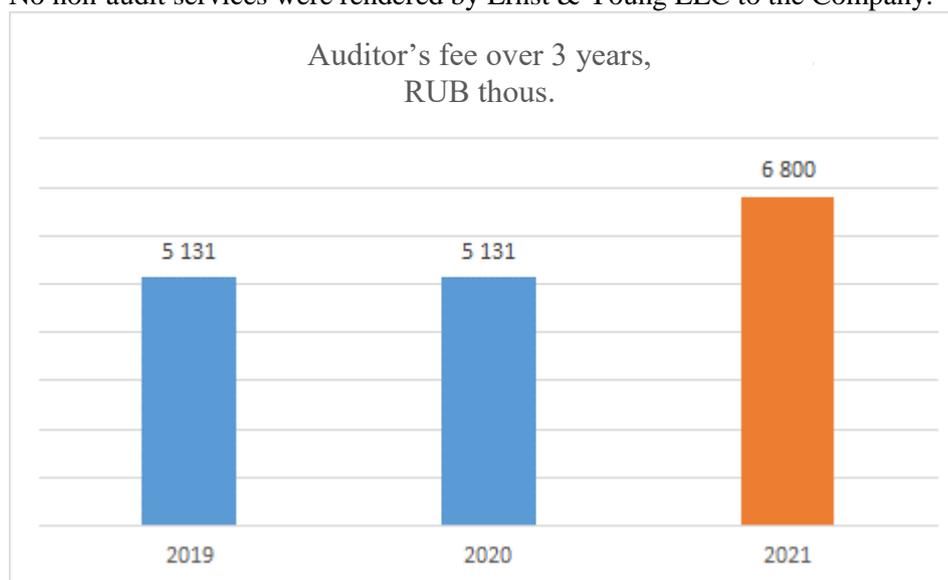
Under pp. 11 p. 10.2 Article 10 of the Company Articles of Association, the General Meeting of Shareholders has the authority to approve the Auditor of the Company. Subject to the tender procedures, as well as recommendations of the Audit Committee, the Board of Directors proposes and the General Meeting of Shareholders of Rosseti North-West, PJSC approves the independent auditor. Under the decision of the Annual General Meeting of Shareholders of Rosseti North-West, PJSC, dated May 29, 2021, Ernst & Young LLC was approved as the Company's independent External Auditor for 2021.

Full name: Ernst & Young Limited Liability Company
 Short name: Ernst & Young LLC
 Location: 77 bldg. 1 Sadovnicheskaya Emb., Moscow, 115035 Russia
 Mailing address: 77 bldg. 1 Sadovnicheskaya Emb., Moscow, 115035 Russia
 Phones: +7 495 755-97-00, +7 495 755-97-01
 Internet address: ey.com/ru/ru
 E-mail: moscow@ru.ey.com
 Full name of the branch: St. Petersburg Branch of Limited Liability Company Ernst & Young
 Location: 23 Malaya Morskaya St., Saint Petersburg, 190000 Russia
 Mailing address: 23 Malaya Morskaya St., Saint Petersburg, 190000 Russia

Identification of the amount of the Auditor service fee is within the competence of the Company Board of Directors. Under the contract for audit of the RAS financial statements and the IFRS

consolidated financial statements for 2021, the amount of remuneration to the Auditor was RUB6,800thousand, including VAT.

No non-audit services were rendered by Ernst & Young LLC to the Company.



The system for conflict of interest prevention and insider information

[GRI 102-25]

To limit the influence of employees' personal interests on their business decisions, the Company undertakes measures for identifying, preventing and settling conflicts of interests.

In order to prevent occurrence or probability of conflicts of interest, employees and candidates for positions in the Company continuously submit declarations of conflicts of interest, and verification of conflict of interest declarations is carried out. To settle the emerging pre-conflict situations in structural units, as well as to ensure full compliance with the requirements of Article 13.3 of the Federal Law "On Combating Corruption", the Company established the Commission on Compliance with Corporate Ethics and Settlement of the Conflict of Interest (hereinafter – the Commission).

In 2021, the Company verified 2,631 conflict of interest declarations submitted by the Company's employee. 100 employees (3.8%) did not submit the declarations for valid reasons (maternity leaves, protracted illness, dismissal in Q1 2021). In 2021, the electronic declaration process was seamless.

The risks of emerging conflicts of interests were assessed with due regard to, among others, simultaneous employment of close relatives who could become a reason for conflict of interests, and submission by employees of false or incomplete data, etc.

The security service of the Rosseti North-West, PJSC branch in the Komi Republic reviewed the conflict of interest declarations and found that the employee's conflict of interest involved influencing due to the participation of persons associated with the employee's personal interest in another organisation in accordance with the agreement signed (a transaction concluded with the organization). The case was reviewed at the meeting of Rosseti North-West, PJSC's Commission on Compliance with Corporate Ethics and Settlement of the Conflict of Interest and was deemed to be a conflict of interest. By order of the Company's branch in the Komi Republic, the employee was reprimanded and disqualified for bonus.

The report on the conflict of interest declaration measures was reviewed by the Rosseti North-West, PJSC Commission on Compliance with Corporate Ethics and Settlement of the Conflict of Interest on April 27, 2021 (Minutes No. 1). The Commission decided to approve the results of the conflict of interest declaration campaign for 2020, to recognize the work on the declaration campaign for 2020 as satisfactory.

Information for investors and shareholders

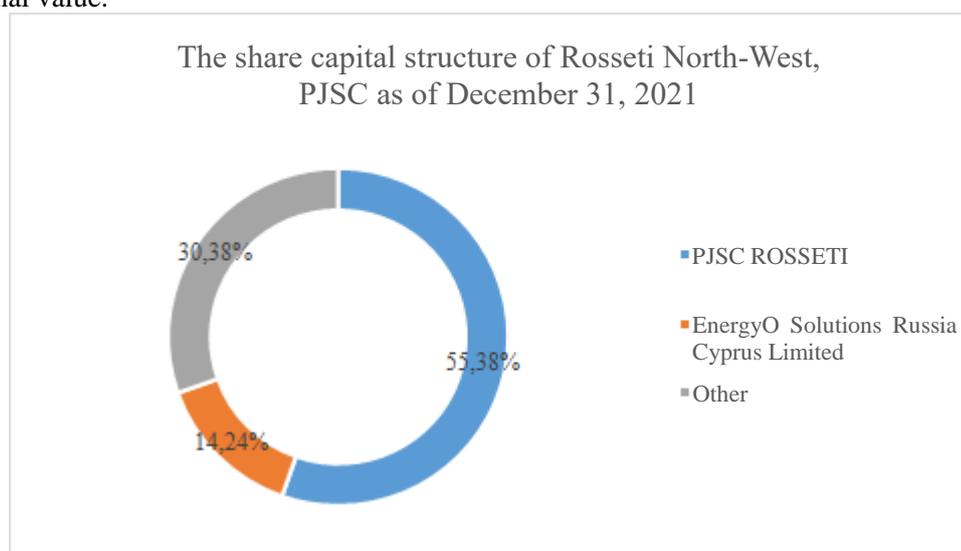
Capital structure

As of December 31, 2021, the authorized capital of the Company amounts to 9,578,592,313 (nine billion five hundred seventy eight million five hundred ninety two thousand three hundred thirteen) rubles 80 kopecks.

Data on each category (type) of shares

Type and category of shares	Ordinary registered
Form of issue	uncertified
Number of ordinary shares, items	95,785,923,138
Nominal value of 1 (one) security, RUB	0.10
Data on the state registration of the securities issue	No.1-01-03347-D

In accordance with the Company's Charter, the number of the authorized shares of the Company in addition to the placed shares is 1,076,862 (one million seventy six thousand eight hundred and sixty two) registered ordinary shares with the nominal value of 10 (ten) kopecks each for a total amount of 107,686 (one hundred seven thousand six hundred and eighty six) rubles and twenty kopecks at the nominal value.



[GRI 201-4] PJSC ROSSETI is the largest shareholder, owing 55.38% of the Company's authorized capital. The Russian Federation represented by the Federal Agency for State Property Management owns 88.89% of ordinary shares of PJSC ROSSETI (see the Statistics on the Share Capital Structure table. The table shows the shares of federal and municipal property).

There is no decision on the special right of the Company control ("golden share") by the Russian Federation.

The number of state-owned PJSC ROSSETI shares as of December 31, 2021*

Share ownership	% of ordinary shares	% of the authorized capital
The Russian Federation represented by the Federal Agency for State Property Management	88.89	88.04

Free float

The free-float shares of Rosseti North-West, PJSC account for 30%⁸¹.

Rosseti North-West, PJSC has no information on stock ownership shares exceeding 5%, apart from those that have already been disclosed by the Company.

As of December 31, 2021, the shares of Rosseti North-West, PJSC were not owned by the Company's subsidiaries and affiliates.

Statistics of share capital structure

Type of shareholder	December 31, 2020		December 31, 2021	
	Number of shareholders	% of AC	Number of shareholders	% of AC
Owners – individuals	16,443	14,2057	18,545	17,0835
Owners – legal entities, including:	177	84,8742	175	82,0256
<i>Federal property (RF, RF regions)</i>	3	0.0035	3	0.0035
<i>Municipal property</i>	3	0.0104	3	0.0104
Nominee shareholders	11	0.4032	9	0.0161
Trustees	10	0.3730	7	0.4397
Foreign custodian	1	0.1229	8	0.428
Unidentified persons	2	0.0071	2	0.0071
TOTAL	16,650	100.00	18,746	100.00

Number of shareholders, including individuals

Type of shareholder	December 31, 2020		December 31, 2021	
	Number of shareholders	% of AC	Number of shareholders	% of AC
RF Residents	16,589	74.5316	18,663	76.5199
RF non-residents	59	25.4613	81	23.4730
Unidentified persons	2	0.0071	2	0.0071
Total	16,650	100.00	18,746	100.0000

Geography of the Company's shareholders as of December 31, 2021 (RF non-residents)

Country	Number of shares	% of AC
Australia	1,180,964	0.0012
Bulgaria	2,630,000	0.0027
The British Virgin Islands	30,297,300	0.0316
The United Kingdom	10,545,278	0.0110
Germany	3,098,883	0.0032
Israel	3,799,984	0.0039
Ireland	347,101,106	0.3624
Cyprus	14,155,793,960	14.7786
Ukraine (Lugansk People's Republic)	2,438,802	0.0025
Latvia	868,653	0.0009
Moldova	917,598	0.0009
Norway	886,886,897	0.9259
The Cayman Islands	6,463,660,179	6.7481

⁸¹ Under the calculation methodology approved by the Moscow Exchange, the free-float ratio is calculated as the proportion of the number of free-float shares to the total number of the issuer's shares. For more details, as well as the regulatory base and the methodology of calculating the free-float ratio, see the official website of the Exchange at: <https://www.moex.com/ru/listing/free-float.aspx>.

The Commonwealth of the Bahamas	6,767,807	0.0071
Sweden	21,385,698	0.0223
Belarus	4,347,942	0.0045
Kazakhstan	326,456	0.0004
Lithuania	2,157,394	0.0023
The Channel Islands	200,000	0.0002
The USA	1,458,603	0.0016
Uzbekistan	800,000	0.0008
Finland	1,643,200	0.0017
Switzerland	511,898,537	0.5345
Estonia	5,531,364	0.0058

Exchange details on the Company stock

Shares Rosseti North-West, PJSC have been listed on the established securities market since 2008. The Company's securities are currently traded on the Russian stock market PJSC Moscow Exchange MICEX-RTS in the Level 2 Quotation List.

Platform	Ticker	The inclusion into the non-listed stock list)	Start of trading in Quotation list B	Start of trading in Quotation List A, Level 2	Date of inclusion in the Level 1 Quotation List based on the listing reform results	Date of inclusion in the Level 2 Quotation List based on the listing reform results
MICEX	MRKZ	26 May 2008	29 Dec. 2008	23 May 2011	09 Jun. 2014	31 Jan. 2017

Shares of Rosseti North-West, PJSC were included in the Level 2 Quotation List on January 31, 2017 by decision of the Moscow Exchange within the listing reform process.

The Company's shares are included in the calculation bases by the Moscow Exchange:

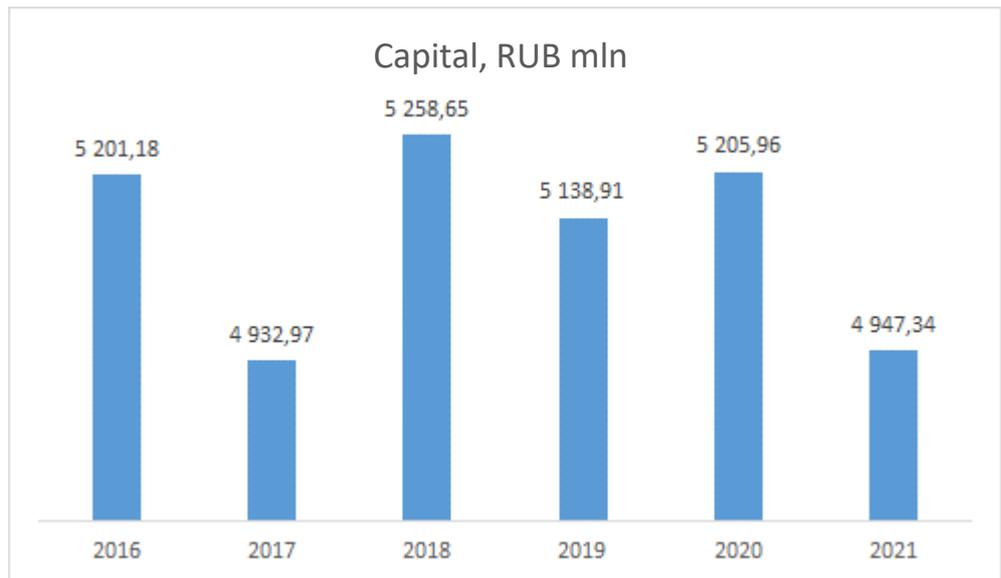
	Weight of the shares in the index calculation base as of December 31, 2021
MOEXBMI (broad market index)	0.01%*
MOEXEU (power industry index)	0.61%*

*Moscow Exchange data as of December 30, 2021

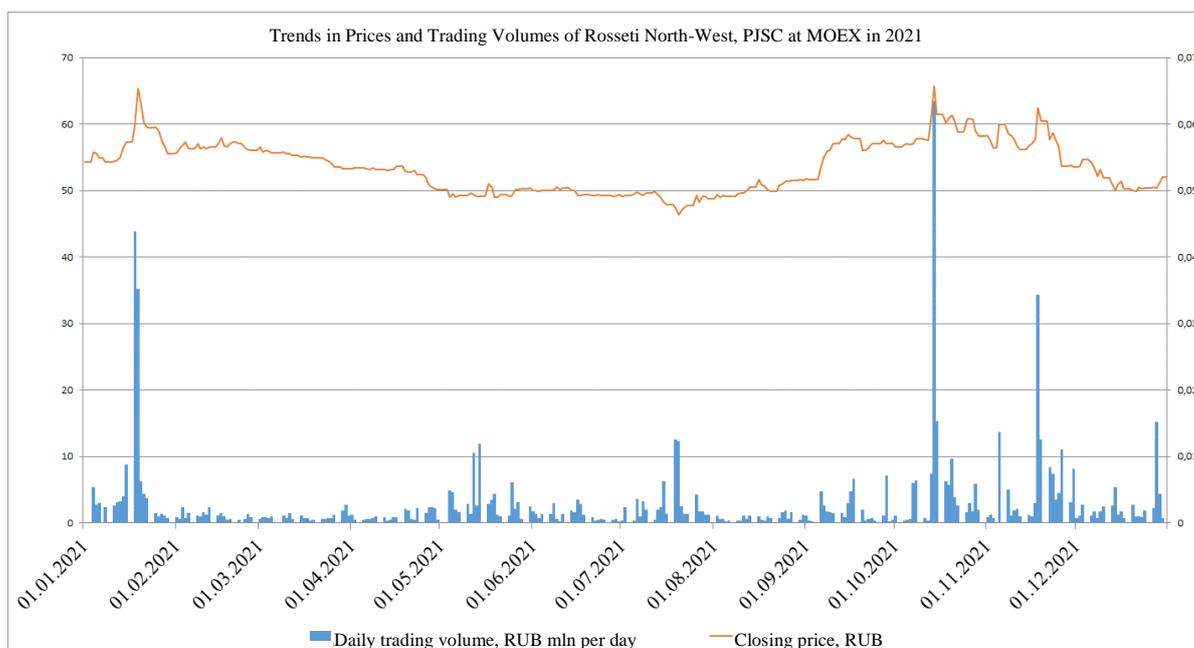
Market features

	Units of measurement	December 31, 2019	December 31, 2020	December 31, 2021	Change (2021/2020), %
Weighted average price	RUB	0.0534	0.05435	0.05165	-4.97
Capitalisation*	RUB mln	5,138.91	5,205.96	4,947.34	-4.97
Trading volume (one year before the indicated date)	RUB mln	772.48	563.99	730.86	+29.6
	mln items	13,504.15	10,928.23	13,052.94	+19.4%

* Calculated as the weighted average price per share as of the end of the reporting period multiplied by the total number of the Company's share.



IDGC of the North-West, PJSC shares	-4.1%
MICEX Index	+15.1%
MICEX power industry index	-15.2%



Investor and shareholder relations

Transparency is one of the principles underlying the Company's corporate governance, which implies timely disclosure of reliable information on all material facts related to the Company's operations, as well as free access to such information for all stakeholders.

The Company discloses information with the primary aim to achieve the highest possible level of trust toward the Company on the part of its shareholders, potential investors, contractors and other stakeholders by providing them with the information required for making informed and weighted decisions regarding the Company and its securities.

The Company provides free access to the system of Shareholders' Personal Accounts on the Company registrar's website. Through this service, shareholders can obtain required information online and exercise their rights (<https://www.mrsksevizap.ru/investors/shareholdersprivateoffice/>).

Information disclosure by Rosseti North-West, PJSC is primarily subject to the following requirements:

- Federal Law "On Joint Stock Companies";
- Federal Law "On the Securities Market";
- Regulations of the Bank of Russia of March 27, 2020 No. 714-P Disclosing Information by Securities Issuers
- Corporate Governance Code approved by the Company Board of Directors;
- Company Order No. 715 of October 13, 2017 "On the Information Disclosure Procedures of The Issuer of Equity Securities – Rosseti North-West, PJSC".

In line with the principles of open and transparent governance, the Company aims to provide access to the information on its business activities and securities to all stakeholders simultaneously and promptly.

Rosseti North-West, PJSC informs its stakeholders via the official Internet website (www.mrsksevizap.ru).

Besides, following the legislation of the Russian Federation, the information to be disclosed in accordance with the requirements set by the Bank of Russia is published on the webpage provided by the authorized information agency (Interfax-CCID) at <https://www.e-disclosure.ru/portal/company.aspx?id=12761&attempt=1>.

In addition to the information subject to mandatory disclosure under the RF regulatory documents, the Company provides other information to ensure a high degree of transparency of the Company and contribute to achievement of the targets of its Information Disclosure Policy. Thus, it

quarterly publishes its RAS accounting (financial) statements, IFRS consolidated financial statements and other information about the Company and its business on the corporate website.

The Company discloses insider information; its concept, scope and disclosure procedure are stipulated by the Company's Regulation on Insider Information, the revised version of which was approved by the Board of Directors of Rosseti North-West, PJSC on July 31, 2019 (Minutes No.328/5). The text of the Regulation is available on the Company website <https://www.mrsksevzap.ru/about/charterinternaldocuments/otherinternaldocuments/>.

To ensure equal access to information of all stakeholders, specifically, to secure informational rights and interests of foreign shareholders and investors, the Company maintains the English version of the corporate website.

To maintain a high level of transparency and develop its positive image, the Company participates in the Russian contests of issuers' annual reports held every year by PJSC Moscow Exchange in cooperation with RCB media group, Expert RA rating agency, as well as foreign organizations (ARC Awards, LACP, MarCom Awards etc.).

The quality of the 2020 Company Annual Report was rated high by the Russian and international professional community. The Annual Report received "gold" in the ARC Awards international annual report contest in the "Traditional Annual Reports" category.

In 2021, for the third year in row, the Company Annual Report won a prize of the Annual Moscow Exchange Contest of Annual Reports. The Report got the third place in the XXIV Annual PJSC Moscow Exchange Contest of Annual Reports in the main category of the Best Annual Report from a Company with the Capitalization of up to 40 Billion Rubles, and also received an award in an additional category for the best presentation of the Company strategy and investment appeal in the annual report. According to the expert opinion, the Report was prepared using high professional standards and largely complies with the best practices of information disclosure.

Actions taken in 2021 to improve the investment appeal

To ensure access of the investment community to material information, the Company maintains regular spoken and written bilateral communications with its shareholders and investors, as well as other professional securities market participants.

Rosseti North-West, PJSC also maintains regular communications with investor community representatives in other forms.

For the convenience of the shareholders and all stakeholders, the Shareholders Q&A section of the corporate website lists answers to the most frequently asked questions. Analytical presentation materials on IFRS reporting are shown on the Company's website (<https://www.mrsksevzap.ru/investors/investorscalendar-p/presentations/>).

Since 2019, the Company has arranged a hotline for prompt shareholder communication with the Company (www.mrsksevzap.ru/investors/shareholdersmeetinginfo/) and a shareholder forum (<https://forum.mrsksevzap.ru>) when the General Meetings of Shareholders are prepared and held.

Actions to attract ESG investors

To boost the trust of investors, consumers, and other stakeholders, the Company seeks to provide the most complete information in its Report concerning the sustainable development factors that are taken into account by socially responsible investors when making investment decisions (environmental, social, and corporate governance factors applied to the Company operations, hereinafter – the ESG factors).

In 2021, to increase the quality of information disclosure while preparing the 2020 Annual Report, the Company presented the document to the RSPP Council on Non-Financial Reporting for consideration.

While preparing this Report, the Company relied on the recommendations of the RSPP Council on Non-Financial Reporting on further development of the sustainable development reporting system in Rosseti North-West, PJSC.

Relevant ESG rating

In 2021, AK&M Rating Agency raised the ESG-rating of Rosseti North-West, PJSC to RESG1 level, which corresponds to the highest level of sustainable development information disclosure in the organization's public reports. In 2020 the Company was assigned RESG2 rating.

The Company discloses ESG-information in the Annual Report. Rosseti North-West, PJSC keeps its sustainable development activities consistent with international standards. The Company has active quality management systems and the environment management system.

The 2020 Report of Rosseti North-West, PJSC fully discloses the information on its contribution to the development of the regions of operation and charity, details Company's efforts to ensure its employees' occupational health and safety, discloses information on environmental indices and personnel development at a high level. Most of the indicators monitored by AK&M Rating Agency are presented in trends over three years and broken down by branch.

The ESG Reporting Rating has been calculated by the AK&M Rating Agency since 2020. The focus of the research is the completeness of the presentation of information about sustainable development in reports (annual and sustainable development reports), as well as its availability. The research examines 88 markers. The main aim of the rating is to show the professional community the best practices of disclosing information about the social and environmental activities of companies.

In 2021, the ESG Reporting Rating included leading Russian companies that were the first in Russia to build their business in accordance with the Sustainable Development Goals.

Calendar of investor activities for 2022

March. Publishing the 2021 IFRS reports.

April and May. Meetings with minority shareholders before the Annual General Meeting of Shareholders.

May and June. Annual General Meeting of Shareholders.

June. St. Petersburg International Economic Forum (provided there are meetings with analysts and investors organized).

July and August. The ATON Day of the Power Industry Sector (subject to the receipt of an invitation).

August. Publishing the IFRS reports for 3- and 6-month period finishing on June 30, 2022. Organizing a conference call.

November. *VTB Capital Russia Calling! Investment Forum* (subject to the receipt of an invitation).

The full scheduled plan of Rosseti North-West, PJSC investor events for 2022 is available on the Company website: <https://www.mrsksevzap.ru/investors/investorscalendar-p/investorscalendar/>.

Dividend Policy

The net profits allocation policy of Rosseti North-West, PJSC is based on the balance of the Company's interests and those of its shareholders, improving the Company's investment attractiveness and its capitalization, consistent acknowledgement of the rights of shareholders, stipulated by the current RF legislation, the Company Charter and its internal documents.

Dividend Policy of the Company, developed in accordance with Order of the RF Government of May 29, 2017 No. 1094-r, is defined by the Regulation on the Dividend Policy approved by Decision of the Company Board of Directors of February 02, 2018 (Minutes No. 265/20).

Key principles of the Dividend Policy of the Company are as follows:

- dividend calculation based on profit allocation without account of the impact of financial investment re-evaluation;
- the need to maintain a proper financial and technical condition of the Company (implementation of the Investment Programme), ensuring the Company's development prospects;
- compliance of the Company's dividend calculation and payment practice with the legislation of the Russian Federation and best corporate behaviour standards;
- the Company and the shareholders' interests shall be optimally balanced;
- the need to enhance the Company's investment appeal and capitalization;
- ensuring transparency (clarity) of the dividend calculation and payment mechanism;
- dividends on ordinary shares are only paid out after full payment of dividends on preferred shares according to the Company Charter (if any preferred shares are issued by the Company).

The Company aspires, along with achieving capitalization growth, to increase the amount of dividend paid to shareholders, subject to the amount of net profit gained in the reporting financial period and the development needs of the Company's operational and investment activities.

The recommended dividend amount is defined by the Board of Directors on the basis of the Company's financial performance, the Board of Directors aiming to ensure positive year-on-year dynamics of the dividend payments to shareholders.

History of dividend payments

	2018 (for 2017)	2019 (for 2018)	2020 (for 2019)	2021 (for 2020)
Dividends per one ordinary share, RUB	-	0.003985	0.0032724 12	-
Amount of dividend accrued, RUB thous.		381,707	313,451	
Share of net profit allocated to dividends, %		63.7	56.6	
Amount of dividends paid, RUB thous.		376,503	308,837	
Dividend yield*, %		7.16	5.72	
Announcement date		25.06.2019	09.06.2020	
Date of actual payment		The term of dividend payment to the nominal holder and a trustee who is also a professional actor in the securities market is not more than 10 working days, other shareholders registered in Registry receive them within 25 working days from the date of drawing up the list of persons entitled to receive dividends.		

* The dividend yield of shares is calculated as of the date of making the decision on the amount of annual dividends as the ratio of annual dividends per share and the median value of market prices for this share in the reporting year.

The share of dividend paid in the total amount of declared dividend for 2018 was 98.64%. On the basis of the performance in 9 months of 2019, the Company accrued interim dividends in the amount of 191,570 thousand rubles. On the basis of the performance in 2019 in general, dividends in the amount of 121,881 thousand rubles were added. Thus, the total amount of dividends for 2019 amounted to 313,451 thousand rubles. The share of dividends paid in the total amount of dividends declared for 2019 amounted to 98.53%. Dividends were paid to all the persons included in the dividend register, with the exception of those who had not submitted full and accurate details required for dividend payment. Due to the Company's loss of 1,371,155 thousand rubles in 2020, the Annual General Meeting of Shareholders decided not to pay dividends on the Company's ordinary shares.

*Profit allocation in 2018-2021**

	for 2018 (AGSM 2019)	for 2019 (AGSM 2020)	for 2020 (AGSM 2021)
Undistributed profit (loss) in the reporting period, thous. RUB, including:	599,356	553,876	- 1,371,155
Provisions	29,968	11,091	0
Profit for development	0	229,334	0
Dividends, including	381,707	313,451	0
Interim dividends For 9 months 2019 (by the decision of the extraordinary General Meeting of Shareholders of December 31, 2019, Minutes No. 15)		191,570	
Dividend amount due		121,881	
Coverage of loss from previous years	187,681	0	0

*Information on the distribution of profits in accordance with the decisions of the Annual General Meetings of Shareholders (AGSM)

AGSM 2019 (for 2018) - Minutes AGSM No. 14 of June 14, 2019

AGSM 2020 (for 2019) - Minutes AGSM No. 16 of May 29, 2020

AGSM 2021 (for 2020) - Minutes AGSM No. 17 of May 28, 2021.

In accordance with the Company Charter, the decision on distribution of profits for 2021 shall be taken by the Annual General Meeting of Shareholders (AGSM).

Minutes of the General Meetings of Shareholders are available on the Company's website:
<https://www.mrsksevizap.ru/investors/shareholdersmeetinginfo/>.

Information on major and interested-party transactions

In 2021, there were no major transactions with any state companies or the Company shareholders owning at least 5% of the Company's voting shares, as well as transactions classified as major by the Federal Law On Joint-Stock Companies.

Information on the list of transactions made by the Company in the reporting year, which under Chapter 11 of the Federal Law On Joint-Stock Companies are classified as interested-party transactions, is shown in Annex "Data on major transaction and the report on the interested-party transactions made by Rosseti North-West, PJSC in 2021".

The report was signed by the General Director of the Company. The meeting of the Auditing Commission on 25.04.2022 (Minutes No. 3) included assessment of the accuracy of the Report on the interested-party transactions made (concluded) by Rosseti North-West, PJSC in 2021.

Decision of the Company Board of Directors of May 12, 2022 (Minutes No. 425/26) approved the Report on the interested-party transactions made (concluded) by Rosseti North-West, PJSC in 2021.

Information on interested-party transactions is also available on the Company's website:
<https://www.mrsksevizap.ru/infodisclosure/disclosureissuer/dealings/>.

Major court proceedings in 2021

1. Subject to the decision of the Supervisory Board of Association NCP Market Council of December 21, 2017, PJSC Arkhenergosbyt was deprived of the status of wholesale electric power and capacity supplier and excluded from the registry of wholesale market participants. By Order of the Russian Ministry of Energy of December 22, 2017 No. 1202, the status of power supplier of last resort within the area previously covered by PJSC Arkhenergosbyt, was given to IDGC of North-West, PJSC from 01 January 2018 (from October 01, 2018, by Order of the RF Ministry of Energy dated September 14, 2018 No. 763, the SLR functions in the area of IDGC of North-West, PJSC have been transferred to LLC TGK-2 Energosbyt).

The Arbitration Court of Karachay-Cherkessia on December 29, 2017 initiated insolvency (bankruptcy) proceedings upon the lawsuit of LLC METEK against PJSC Arkhenergosbyt (No. A25-2825/2017).

On December 20, 2018, PJSC Arkhenergosbyt was deemed bankrupt, and a bankruptcy procedure was initiated against it – bankruptcy administration with V.A.Iosipchuk appointed as insolvency administrator. Periods of the bankruptcy administration procedure were extended a number of times. The court hearing of the report on bankruptcy administration results is scheduled for April 28, 2022.

In 2018, the Company's requirements for the total amount of 3,550,503 thousand rubles, 3,060,036 thousand rubles of which is the principal amount, and 490,467 thousand rubles is penalties and interest, were included into the creditor's claims register of PJSC Arkhenergosbyt.

As part of the PJSC Arkhenergosbyt bankruptcy case, the insolvency administrator filed four applications on invalidation of deals (funds transfer, writing off funds from payment account per warrants of execution, writing off funds from payment account per Orders of Court Bailiffs Service) with Rosseti North-West, PJSC for the total amount of 2,847,085.482 thousand rubles. On October 01, 2020 the court of the first instance dismissed three applications of PJSC Arkhenergosbyt insolvency administrator on challenging the deals with IDGC of North-West, PJSC for the total

amount of 245,650 thousand rubles. On December 02, 2020 the court of appeal upheld the abovementioned court rulings of the court of the first instance. The specified court rulings were not appealed in cassation instance. The court hearing on disputing payments, recoveries on the basis of enforcement documents submitted to the RF Federal Bailiff Service and credit organizations, in favour of IDGC of North-West, PJSC in the amount of 2,601,433.490 thousand rubles is set on April 06, 2022.

2. Subject to the decision of the Supervisory Board of Association “NCP Market Council” of March 23, 2018, PJSC Vologdaenergosbyt was deprived of the status of power supplier of last resort in the Vologda Region. By Order of the Russian Ministry of Energy of March 23, 2018 No.178, the status of power supplier of last resort within the area previously covered by PJSC Vologdaenergosbyt, was given to IDGC of North-West, PJSC from April 01, 2018.

The Arbitration Court of Karachay-Cherkessia on April 16, 2018 initiated insolvency (bankruptcy) proceedings upon the lawsuit of IDGC of North-West, PJSC against PJSC Vologdaenergosbyt (No. A25-846/2018).

On November 19, 2019 PJSC Vologdaenergosbyt was deemed bankrupt, and a bankruptcy procedure was initiated against it – bankruptcy administration with A.S.Solomonov appointed as insolvency administrator. Periods of the bankruptcy administration procedure were extended a number of times. The court hearing on the report on bankruptcy administration results is scheduled for April 26, 2022.

The Company’s requirements for the total amount of 457,459 thousand rubles, 406,049 thousand rubles of which is the principal amount, and 51,410 thousand rubles is penalties and interest, were included into the creditor’s claims register of PJSC Vologdaenergosbyt.

As part of the PJSC Vologdaenergosbyt bankruptcy case, the insolvency administrator filed 29 applications on invalidation of deals (funds transfer, set-offs) with IDGC of North-West, PJSC for the total amount of 766,511.958 thousand rubles.

In the period of March-June 2021, the court of the first instance dismissed invalidation of payments in the total amount of 94,118.531 thousand rubles and set-offs in the total amount of 663,856.697 thousand rubles. In the period of May-September 2021, the court of appeal upheld the decisions of the court of the first instance on refusal to invalidate payments in the total amount of 94,118.531 thousand rubles and set-offs in the total amount of 663,820.699 thousand rubles.

On June 07, 2021 the court of the first instance left without consideration the application on invalidation of the set-off in the amount of 8,572.727 thousand rubles.

3. Interregional Inspectorate for Large Taxpayers of the Federal Tax Service No. 4 (hereinafter – the Inspectorate) conducted a field tax audit of the Public Joint Stock Company “Rosseti North-West” (former IDGC of North-West, PJSC) regarding accuracy of accrual and duly payment (withholding, transfer) of taxes and other obligatory payments to budget for the period from January 01, 2013 to December 31, 2015, with the parallel audit of all Rosseti North-West, PJSC branches and structural subdivisions.

Following the results of the review of the field tax audit documents, the Inspectorate delivered the Decision to impose sanctions on the Company for the commission of a tax offence of June 04, 2018 No. 03-1-29/1/11 (hereinafter – the Decision), in accordance with which the Company was charged with additional taxes in the total amount of 54,716,209 rubles, and penalties in the total amount of 10,965,861.68 rubles. The Company was also held responsible in accordance with Articles 122, 123 of the Tax Code of the Russian Federation (hereinafter – RF TC) in the form of penalties in the total amount of 9,662,580 rubles. Besides, the Inspectorate proposed that the Company reduce 2013 losses in the amount of 229,336 rubles.

The Company did not agree with the Decision and applied to the higher tax authority – Federal Tax Service (hereinafter – FTS of Russia) with the petition for appeal to reverse the Decision.

By Decision of the FTS of Russia of October 26, 2018 No, CA-4-9/20975@ the Company’s claims were partially satisfied; the Decision was reversed in regards to:

- cl. 2.3.2 of the Decision, containing the conclusion on the Company’s untimely transfer to the budget of personal income tax in the amount of 4,145 rubles;
- cl. 2.4.2 of the Decision in regards to the conclusion on the improper understatement of the tax base for 2013-2015 profit tax in the amount of 1,472,619.87 rubles;

- cl. 2.8.1 of the Decision in regards to technical mistakes made by the Inspectorate during property tax calculation;

- relevant tax, penalties and punitive penalty charges, as well as the reduction of the relevant amount of loss.

The rest of the Company's appeal was dismissed.

On January 25, 2019 the Company addressed the Moscow Arbitration Court, the Interregional Inspectorate for Large Taxpayers of the Federal Tax Service No. 4 and the FTS of Russia with the claim to invalidate the tax authority decisions of June 04, 2018 No. 03-1-29/1/11 in regard to:

- additional charge of property tax arrears in the amount of 48,270,531 rubles, penalties in the amount of 9,429,268.77 rubles and fines in the amount of 8,478,306 rubles (cl. 2.8.1 of the tax authority decision);

- additional charge of profit tax arrears in the amount of 880,602 rubles, the relevant amount of penalties and fines (cl. 2.4.1 of the tax authority decision);

- non-recognition during the calculation of the tax base for profit tax in the period audited of the amounts of the additionally charged property tax, non-determination of actual tax liabilities for profit tax taking into account the amount of the additionally charged property tax (48,270,531 rubles X 20%) and the relevant amount of fines and penalties,

and the FTS of Russia decision of October 26, 2018 No. CA-4-9/20975@ in regard to the part where it finds the subordinate tax authority's decision of June 04, 2018 No. 03-1-29/1/11 justified and lawful (taking into account claim adjustments of December 01, 2020)

The decision of the Moscow Arbitration Court of June 08, 2021 in case No. A40-15775/2019 partially satisfied the Company's claims – the decision of the Interregional Inspectorate for Large Taxpayers of the Federal Tax Service No. 4 of June 04, 2018 No. 03-1-29/1/11 On the imposition of sanctions for the commission of a tax offence, taken in relation to the Company, was invalidated and declared non-complying with the Tax Code (hereinafter – RF TC), in regard to:

- additional charge of profit tax of 880,602 rubles, property tax in the amount of 7,315 rubles, and the relevant amount of penalties and fines,

- non-recognition of the additionally charged profit tax during determination of the Applicant's actual tax liabilities for property tax during the periods audited, in the amount of 48,263,216 rubles as other expenses, deductible for profit tax purposes.

Other claimed requirements by the court of the first instance were dismissed.

The court of appeal ruling of October 08, 2021 changed the decision, additional property tax in the amount 7,315 rubles was charged, as well as relevant penalties and fines, apart from that the decision of the court of the first instance was left unchanged.

Thus, the court rulings refused to invalidate: cl. 2.8.1 of the tax authority's decision concerning additional charge of property tax due to recharacterization of movable property to immovable.

On December 08, 2021, the Company filed the cassation appeal on the decision of the Moscow Arbitration Court of June 08, 2021, of the Ninth Arbitration Court of Appeal of October 08, 2021 under case No. A40-15775/2019 of December 17, 2021 the Inspectorate filed the cassation appeal on the court rulings passed by lower-level courts. Hearing of the cassation appeal set on February 24, 2022 is adjourned to March 24, 2022.

INFORMATION ABOUT THE REPORT

About the report and materiality

Report overview

[GRI 101]

Reporting cycle	Annual, for the period from January 01, 2021 to December 31, 2021 [GRI 102-50, GRI 102-52]
Report format	Integrated annual report of Rosseti North-West, PJSC
International reporting standards	 Sustainable development reporting standards GRI Sustainability Reporting Standards [GRI 102-54] (Core option, the compliance chart in shown in the section “Standards compliance charts”).  Sector supplement GRI G4 for the power industry, The Electric Utilities Sector Disclosures.  International integrated reporting standard The International <IR> Framework (the compliance chart in shown in the section “Standards compliance charts”).  Standard for interaction with stakeholders AA1000 Stakeholder Engagement Standard (2015).
Russian reporting standards and regulatory requirements	<p>Regulation of the Bank of Russia of March 27, 2020 No. 714-P Disclosing Information by Securities Issuers.</p> <p>Corporate Governance Code approved by the Board of Directors of the Bank of Russia on May 21, 2014 and recommended for use by the letter of the Bank of Russia dated April 10, 2014 No. 06-52/2463.</p> <p>Recommendations on the disclosure in the annual report of the public joint stock company of the information on remuneration of the Board of Directors’ (Supervisory Board’s) members, executive bodies’ members and other PJSC’s key executives (letter of the Bank of Russia dated December 11, 2017 No. IN-06-28/57).</p> <p>Recommendations on the disclosure by public joint-stock companies of nonfinancial information related to the activities of such companies (information letter of the Bank of Russia dated July 12, 2021 No. IN-06-28/49).</p>
PJSC ROSSETI requirements to its subsidiaries’ reporting	2021 Annual Report guidelines for S&A of PJSC ROSSETI.
Date of the previous report	May 2021 [GRI 102-51]
Scope of the Report	<p>The Report shows the performance of Rosseti North-West, PJSC, its branches, subsidiaries and affiliates.</p> <p>The Report discloses operational and financial results, as well as presents an overview of the corporate and social responsibility activities in 2021. Unless otherwise stated, the financial indicators of the Annual Report are provided and calculated on the basis of the IFRS consolidated financial reporting. The</p>

	<p>information on performance results in this document comprises consolidated data of the Rosseti North-West Group.</p> <p>There were no restatements of the indicators against the previous year. [GRI 102-48]</p>
Reported information verification	<p>In 2021, the Company engaged the RSPP Council on Non-Financial Reporting for public endorsement of the 2020 Annual Report.</p> <p>Following public endorsement, the RSPP Council on Non-Financial Reporting made a number of recommendations. Most of them were taken into account during preparation of this Report (full information is presented at the beginning of the document in the table “Recommendations of the RSPP Council on Non-Financial Reporting received as part of the public endorsement of the 2020 Integrated Annual Report of Rosseti North-West, PJSC”).</p> <p>The RSPP Council on Non-Financial Reporting confirmed that the Annual Report of Rosseti North-West, PJSC contains:</p> <ul style="list-style-type: none"> • material information on key areas of responsible business conduct in accordance with the principles of the Social Charter of Russian Business; • discloses the key results of the Company’s performance in those areas. <p>Opinion of the RSPP Council on Non-Financial Reporting is presented in the “<i>About the Report</i>” section. [102-56]</p>

Materiality definition

[GRI 102-46]

The Company shares and uses the key principles of international reporting on sustainable development, shown in the scheme “Report content definition principles”.

Report content definition principles



[GRI 102-43; GRI 102-44]

As part of the Report content formation, in accordance with the GRI Standards methodology and the best global and Russian practices, there was an additional cooperation with stakeholders – polling for the purpose of defining material topics for disclosure in the Report.

At the first stage, open sources were analysed and preliminary consultations with representatives of internal and external stakeholders were held. It permitted to widen the standard list of topics recommended by GRI, by adding topics which are specific for the Russian power supply industry in general and Rosseti North-West, PJSC in particular. As a result, an extended list of 25 topics was

formed; this list reflects with high probability the Company’s economic, environmental and social impact on stakeholders.

At the second stage, representatives of the major internal and external stakeholder groups were surveyed by polling. It is worth mentioning that responsible executives and employees of the Company’s key subdivisions were among the first group. The respondents assessed the materiality of topics on a scale of “High - Moderate - Low.”

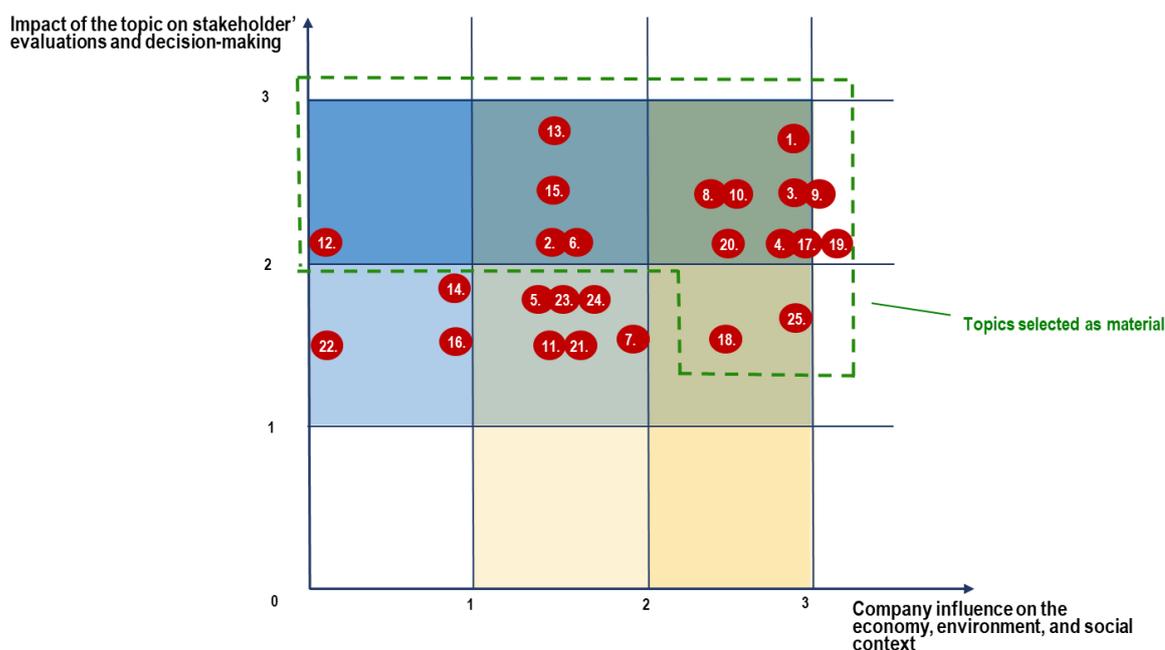
At the third stage, the responses of internal and external stakeholders were converted into a point system, and for each topic the average number of points was calculated for disclosure in the Report. The findings of the survey served to build a materiality matrix. On the basis of the aggregated assessments the topics were divided into three groups by the degree of materiality:

- Group I - material topics, scoring over 2.5 points by at least one parameter;
- Group II - less material topics with a score of 2.0 to 2.5 on at least one parameter;
- Group III - immaterial topics that scored less than 2.0 on both parameters.

A total of 14 topics were deemed material and selected for disclosure in the Report.

The boundaries of the topics: Rosseti North-West, PJSC, including all branches and SDCs [GRI 103-1].

Topic Materiality Matrix



	List of stakeholder survey topics	List of GRI Standards topics	Company influence on the economy, environment, and social context	Topic influence on stakeholder assessment and decision-making
Economic sphere				
1	Improving economic performance and financial stability	GRI 201: Economic Performance 2016	3.00	2.70
2	Social and charity projects	GRI 203: Indirect Economic Impacts 2016	1.50	2.10

3	Procurement management	GRI 204: Procurement Practices 2016	3.00	2.40
4	Anti-corruption policy	GRI 205: Anti-corruption 2016	3.00	2.10
5	Taxes	GRI 207: Taxes 2019	1.50	1.80
6	Innovation and digital transformation of the power grid complex	Additional topic	1.50	2.10
7	The Company's activities under COVID-19	Additional topic	2.00	1.50
8	Ensuring reliable and uninterrupted power supply	Additional topic	2.50	2.40
9	Preparedness for emergencies	Additional topic	3.00	2.40
Environmental sphere				
10	Energy efficiency and energy saving	GRI 302: Energy 2016	2.50	2.40
11	Water consumption	GRI 303: Water 2016	1.50	1.50
12	Biodiversity conservation	GRI 304: Biodiversity 2016	0.00	2.10
13	Atmospheric emissions	GRI 305: Emissions 2016	1.50	2.70
14	Solid and liquid waste and discharge to water bodies	GRI 306: Waste and Discharge 2016	1.00	1.80
15	Compliance with environmental requirements of law and regulatory bodies	GRI 307: Compliance with Environmental Standards 2016	1.50	2.40
16	Environmental requirements to suppliers and contractors	GRI 308: Supplier Environmental Assessment 2016	1.00	1.50
Social sphere				
17	Ensuring decent labour conditions	GRI 401: Employment 2016	3.00	2.10
18	Interaction with employees in case of considerable changes in labour arrangements	GRI 402: Employee-Management Relations 2016	2.50	1.50
19	Occupational health and safety in the workplace	GRI 403: Occupational health and safety 2016	3.00	2.10
20	Personnel development	GRI 404: Training and education 2016	2.50	2.10
21	Equal opportunities for men and women	GRI 405: Diversity and Equal Opportunity 2016	1.50	1.50

22	Freedom of associations and collective negotiations	GRI 407: Freedom of associations and collective negotiations 2016	0.00	1.50
23	Employee human rights observation	GRI 406. Non-Discrimination 2016 GRI 408. Child Labour 2016 GRI 409. Forced or Compulsory Labor 2016 GRI 412. Human Rights Assessment 2016	1.50	1.80
24	Impact on the social development in the operations area	GRI 413. Local Communities 2016	1.50	1.80
25	Economic and social legislation compliance	GRI 419. Economic and Social Legislation Compliance 2016	3.00	1.60

Responsibility for the Report

[GRI 102-32] The report shall be approved by the Board of Directors (preliminary) and the Annual General Meeting of Shareholders of Rosseti North-West, PJSC.

Standards compliance charts

GRI Index

[GRI 102-55]

The chart will be filled out after the report is prepared

GR indicator	Information disclosure in the Report	Report section / number of Annex to the Report	Excluded information / comments
GRI 101	Foundation 2016	Report overview, p. 228	
GRI 102 General disclosures 2016			
1. Organisation Profile			
GRI 102-1	Name of the company	Addresses and contacts, p. 244	
GRI 102-2	Key brands, products, and/or services	Key performance indicators, p. 13	Core businesses include power transmission and technological connection of consumers to grids, as well as sales of electric power to end users in the north-western region of Russia.
GRI 102-3	Location of headquarters	Addresses and contacts, p. 244	3A Konstitutsii Sq., Saint Petersburg, 196247, Russia, office 16H
GRI 102-4	Geographical footprint	Structure, fixed assets and geographical footprint, p. 16	
GRI 102-5	Ownership and legal form	Addresses and contacts, p. 244	
GRI 102-6	Markets served	Structure, fixed assets and geographical footprint, p. 16 Performance results, pp. 42	
GRI 102-7	Scale of the organisation	Key performance indicators, p. 13; Structure, fixed assets and geographical footprint, p.16; Power transmission and losses, p. 49; Financial performance analysis, p. 78, Personnel headcount and breakdown, p. 107. Capital structure is shown on p.11 of the IFRS consolidated financial reporting for 2021	
GRI 102-8	The Company' staff and employees	HR and Social Policy, p. 107	
GRI 102-9	Supply Chain	Business model, p. 18	
GRI 102-10	Significant changes to the scope of the organisation and its supply chain		No significant changes took place in the supply chain during the reporting period.
GRI 102-11	Precautionary principle or approach		In accordance with the precautionary principle, Rosseti North West, PJSC aims to avoid any anticipated environmental

			<p>damage, even in the absence of any scientifically proven data, that a certain activity causes such damage. The stage of developing design documentation for the construction/renovation of power grid facilities involves assessment of the environmental impact of their operation; and design arrangements are made to prevent or mitigate any possible negative impact.</p>
GRI 102-12	Charters, principles or other initiatives which the organisation has joined or supported		<ul style="list-style-type: none"> • International standard ISO 9001-2015 (GOST ISO 9001-2015) “Quality Management Systems. Requirements”. • International standard ISO 14001:2015 "Environmental Management Systems. Requirements with guidance for use”. • Global Reporting Initiative Recommendations (GRI Standards, SRS). • International Integrated Reporting (IR) Standard recommendations • Anti-Corruption Charter of the Russian Business.
GRI 102-13	Membership of the organisation in associations, industry and / or national and international organisations for protection of interests		<ul style="list-style-type: none"> • ANO Strategic Partnership of the North-West. • Association Non-Commercial Partnership of Territorial Power Grid Organisations. • Association Non-Commercial Partnership - Market Council for Organising Efficient System for Wholesale and Retail Trade in Electric Energy and Capacity. • Non-Commercial Partnership - Research and Development Council of the Unified Power System. • Non-Commercial Partnership - Union of Energy Auditors and Energy Service Companies. • Union Energostroy Self-Regulated Organisation – Interregional Industry Union of Employers, Association of Organisations Involved in Construction, Renovation and Overhauls of Power Facilities, Grids and Substations. • Non-Commercial Partnership Energoproekt - Association of Organisations Preparing Design Documents for Power Facilities, Grids and Substations. • Self-Regulated Organisation Association – Non-Commercial Partnership EnergoProfAudit. • Self-Regulated Organisation Association – Saint Petersburg Builders Union.

			• Interregional Industrial Association of Employers of the Power Sector of Russia (RaEI).
2. Strategy			
GRI 102-14	Statement from senior decision-maker in the organisation	Address by the Chairperson of the Board of Directors, p.6	
3. Ethics and good business practice			
GRI 102-16	Values, principles, standards and norms of behaviour	Responsible Business, p. 133; Overview of the Company's corporate governance, p. 150	
GRI 102-17	Mechanisms for reporting unethical or illegal behaviour		Under p. 13.3 of the Code of Ethics and Business Conduct, approved by the Board of Directors of the Company on May 03, 2017 (Minutes No. 240/31), if an employee is uncertain of further actions in a complicated situation described therein, or faces a situation involving a breach of the rules stipulated by the Code, he or she can seek consultation, advice or assistance from: - the immediate superior; - the unit performing the functions of preventing corruption and other violations.
4. Corporate governance			
GRI 102-18	Corporate Governance Structure	Overview of the Company's corporate governance, p. 150	
GRI 102-22	Composition of the highest governance body and its committees	Composition of the Board of Directors, p.163 Committees of the Board of Directors, p. 175, 178, 180, 182, 184	
GRI 102-23	Chair of the highest governance body	Composition of the Board of Directors, p.163	
GRI 102-25	Conflicts of interest	The system for conflict of interest prevention and insider information, p. 216	
GRI 102-26	Role of the highest governance body in setting purposes, values, and strategy	Company Board of Directors, p. 158 Strategy Committee, p. 180	
GRI 102-28	Assessment of the activities of the supreme management body	Independent assessment of the Board of Directors performance, p.173	

GRI 102-30	Efficiency of the risk management process	Risk management system, p. 199	
GRI 102-32	Responsible officer for formally reviewing and approving the organization's report and for ensuring that all material aspects are covered	Responsibility for the Report, p.232	
GRI 102-35	Remuneration policy for members of the highest management body and executive heads of the highest rank	The Company remuneration system, p. 192	
GRI 102-36	Process of determining remuneration	Remuneration system for members of the Board of Directors, p. 192; Remuneration system for the members of the Board of Directors Committees, p. 194; Remuneration system for the General Director and members of the Management Board, p. 195	
5. Stakeholder interaction			
GRI 102-40	List of stakeholders with whom the organization interacts	Stakeholder interaction, p. 101	
GRI 102-41	Percentage of employees covered by collective bargaining agreements	Modern standards of sustainable development, p. 10	The collective agreement is valid to all employees of IDGC of the North-West.
GRI 102-42	Identifying and selecting stakeholders for interaction	Stakeholder interaction, p. 101	
GRI 102-43	Approach of the organisation to stakeholder engagement	Stakeholder interaction, p. 101 Materiality definition, p. 229	
GRI 102-44	Key topics and concerns raised by stakeholders	Stakeholder interaction, p. 101 Materiality definition, p. 229	

6. Report overview			
GRI 102-45	List of legal entities whose reporting was included in the consolidated financial reporting		The consolidated financial reporting includes performance indicators of Rosseti North-West, PJSC, including all branches, Pskovenergoagent JSC, Pskovenergosbyt JSC, Energoservis Severo-Zapada JSC, and Lesnaya Skazka OJSC. The material topics of these companies are also covered by the Sustainable Development Report.
GRI 102-46	Defining the report contents and boundaries	Materiality definition, p. 229	
GRI 102-47	List of material topics	Materiality definition, p. 229	
GRI 102-48	Restatements of indicators	Report overview, p. 228	
GRI 102-49	Changes in the list of material topics and boundaries of topic disclosure	Materiality definition, p. 229	The list of material topics has undergone significant changes due to the updating of material topics during the Report preparation process. Material topics of this Report are reflected in the subsection “Materiality Definition” of the section “About the Report and materiality”.
GRI 102-50	Reporting period	Report overview, p. 228	
GRI 102-51	Date of the previous report	Report overview, p. 228	
GRI 102-52	Reporting cycle	Report overview, p. 228	
GRI 102-53	Contact information	Addresses and contacts, p. 244	
GRI 102-54	Option of reporting “in accordance” with GRI standards chosen by the organization	Report overview, p. 228	
GRI 102-55	GRI Index	GRI Index, p. 233	
GRI 102-56	External assurance	Report overview, p. 228	
GRI 103. Management Approach 2016			
GRI 103-1	Explanation of the material topic and its boundaries	Materiality definition, p. 229	
GRI 103-2	The management approach and its components	Specified individually for each material topic	
GRI 103-3	Evaluation of the management approach	Specified individually for each material topic	

Material topics (Group I at the materiality matrix)			
Improvement in economic efficiency and financial stability			
GRI 201. Economic Performance 2016			
GRI 103-2	The management approach and its components	Strategic priorities and development prospects, p. 23	
GRI 103-3	Evaluation of the management approach	Strategic priorities and development prospects, p. 23	
GRI 201-1	Generated and distributed direct economic value	Direct created and distributed economic value, p. 84	
GRI 201-3	Defined benefit plan obligations and other retirement plans		Information on the Rosseti North-West Group's obligations under the defined benefit retirement programmes is provided in Note 27 to the IFRS consolidated financial reporting for 2021, see http://www.mrsksevzap.ru/id_1yearfinreport#tab2 .
GRI 201-4	Financial assistance received from the government	Annex "Key financial and economic indicators of the Group under IFRS"	The Group has no state subsidies
Less material topics (Group I at the materiality matrix)			
Investment policy and investment programme implementation			
GRI 203. Indirect Economic Impact 2016			
GRI 103-2	The management approach and its components	Investment activities, p. 42	
GRI 103-3	Evaluation of the management approach	Investment activities, p. 42	
GRI 203-1	Infrastructure investments development and impact and pro bono services	Priority investment projects completed in 2021, p. 47	
Procurement management			
GRI 204. Procurement Practices 2016			
GRI 103-2	The management approach and its components	Procurement activities, p. 136	
GRI 103-3	Evaluation of the management approach	Procurement activities, p. 136	
GRI 204-1	Proportion of spending on local suppliers	Business model, p. 18	
Anti-corruption policy			

GRI 205. Anti-Corruption 2016			
GRI 103-2	The management approach and its components	Anti-corruption policy, p. 141	
GRI 103-3	Evaluation of the management approach	Anti-corruption policy, p. 141	
GRI 205-1	Operations assessed for risks related to corruption		<p>In 2021, the Company began integrating the existing anti-corruption compliance system into the overall internal control and risk management system in accordance with the Rosseti Group's standards.</p> <p>In 2021, corruption risks were identified and assessed.</p> <p>On November 30, 2021 (Minutes No. 23pr), the Management Board of Rosseti North-West, PJSC approved the updated Corruption Risk Register containing 21 business process risks.</p>
Occupational health and safety in the workplace			
GRI 403. Occupational Health and Safety 2016			
GRI 103-2	The management approach and its components	Occupational health and safety, p. 121	
GRI 103-3	Evaluation of the management approach	Occupational health and safety, p. 121	
GRI 403-4	Health and safety topics covered in formal agreements with trade unions	Annex 19. Labour safety report in the full version of the Annual Report on the Company's website: https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/	<p>The Company's obligations regarding personnel health are additionally stipulated by the collective agreement of Rosseti North-West, PJSC. The collective agreement of Rosseti North-West, PJSC contains a "Labour Safety" section.</p> <p>SDCs carrying out business operations with an average headcount of more than 10 people (Pskovenergosbyt JSC, Pskovenergoagent JSC) have their own collective agreements that include labour safety sections.</p>
Immaterial topics (Group III at the materiality matrix)			
Energy efficiency and energy saving			
GRI 302. Energy 2016			
GRI 302-1	Energy consumption within the organization	Energy saving and higher energy efficiency, p.126	
GRI 302-4	Reduction of energy consumption	Power transmission and losses, p. 49	2018 – base year.

Biodiversity conservation			
GRI 304. Biodiversity 2016			
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	Environmental policy, p. 124	
Interaction with employees under considerable changes in labour management relations			
GRI 402. Labour/Management Relations 2016			
GRI 402-1	Minimum notice period regarding operational changes, and whether the notice period is specified in collective agreements.		Under Article 74 of the RF Labor Code (RF LC) regarding changes of labour conditions and Article 75 of the RF LC regarding change in the organization's property owner, the minimum period of notice to employees and their elected representatives about material operational changes which can significantly affect them is 2 months. Section 4 "Employment" of the Collective Agreement stipulates that in case the Company is reorganized, the Employer is obliged to notify PTUO representatives of the forthcoming reorganization and provide them with information on the reorganization decision made by the Shareholders' Meeting, within 20 days from the date of the decision.
Personnel development			
GRI 404. Training and Education 2016			
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Personnel training and development, talent pool, p. 110	
Impact on the social development in the operations area			
GRI 413. Local Communities 2016			
GRI 413-1	Operations with local community engagement, impact assessment, and development programs	Highlights of the year, p.15	
GRI 413-2	Operations with significant actual and potential negative impacts on local communities		In 2021, there were no operations with significant actual or potential negative impacts on local communities
Socioeconomic compliance			
GRI 419. Socioeconomic compliance			

GRI 419-1	Non-compliance with laws and regulations in the social and economic sphere		In the reporting period no material fines or non-financial penalties were imposed for failure to comply with the social or economic legislation requirements.
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Standard elements of the sector supplement

GRI indicator	Information disclosure in the Report	Report section / number of Annex to the Report	Excluded information / comments		
EU4	Length of power grid lines by type	Company overview, p. 11 Annex 5. Data on the key production assets in 2019-2021 in the full version of the Company's web-site: https://www.mrsksevzap.ru/investors/shareholdersmeetinginfo/			
G4-DMA (previously EU8)	R&D conducted for the increase of power supply reliability and sustainable development of the Company	Innovative development, p. 70			
EU12	Power losses during power transmission and distribution as percentage of total volume of the power transmitted	Key performance indicators, p. 13 Power transmission and losses, p. 49			
			Indicator value		
		Indicator	total	by voltage level	
				HV and MV1	distributing grids (MV2 and LV)
		Power output to grid (generating losses), mln kWh	32,104.07	30,313.56	9,500.65
Actual (reported) line power losses, mln kWh	2,065.82	925.95	1,139.87		
Actual (reported) power losses as percentage of the power output to grid, %	6.43%	3.06%	12.00%		
EU28	Power outage frequency	Improving power supply efficiency, reliability and quality, p. 63			
EU29	Average power outage duration	Improving power supply efficiency, reliability and quality, p. 63			

International Integrated Reporting (IR) Standard Compliance Chart

Reflection of fundamental concepts of the IR Standard in the Report

Fundamental concepts	Used / not used
----------------------	-----------------

Value creation for the organisation and its stakeholders	Used
Capitals	Used
Value creation process	Used

Compliance of the Report with the guiding principles of the IR Standard

Guiding principles	Complies / does not comply
Strategic focus and future orientation	Complies
Connectivity of information	Complies
Stakeholder interaction	Complies
Materiality	Complies
Conciseness	Partially complies*
Reliability and completeness	Complies
Consistency and comparability	Partially complies**

* The presentation version of the Report complies with this principle.

** In 2018, the Company started using the GRI Standards, in 2019 — the Integrated Reporting Standard.

Availability of the IR content elements in the Report

Content elements	Report section	Page number
Company overview and operating context	“Company overview”, “Market overview”	11, 19
Governance	“Corporate governance report”	147
Business model	“Business model”	18
Risks and opportunities	“Risk management system”	199
Strategy and resource allocation	“Strategic priorities and development prospects”, “Key performance indicators”	23, 38
Performance results	“Key performance indicators”, “Business model”	38, 18
Future outlook	“Company development prospects”	34

Terms and abbreviations

Abbreviation, term	
JSC	joint-stock company
ANO	autonomous non-profit organisation
OL	overhead (power) line
HEI	higher education institution
AGSM	Annual General Meeting of Shareholders
HPP	hydroelectric power plant
SDC (S&A)	subsidiaries and affiliates
UNPG	Unified National Power Grid
IP	investment programme
IT	information technologies
CDP	comprehensive programmes of power grids development
KPI	key performance indicators
PL	power line
MICEX	Public Joint-Stock Company Moscow Exchange MICEX-RTS
IDGC	interregional distribution grid company
SME	small and medium enterprises
IFRS	International Financial Reporting Standards
MUE	municipal unitary enterprise
EMERCOM	Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters

FAS of Russia	Federal Antimonopoly Service
VAT	Value Added Tax
R&D	research and development
NSPF	non-state pension fund
RDB	research and development board
AWP	autumn-winter period
PJSC	public joint-stock company
FEED	Front-End Engineering Design
PTUO	primary trade union organisation
SS	substation
RAS	Russian Accounting Standard
RTS	Russian Trading System
RF	Russian Federation
RDZ	power distribution zone
ICS	internal control system
RMS	Risk management system
BoD	Board of Directors
NWFD	North-Western Federal District
SSIW	self-supporting insulated wire
DS&P	power industry development schemes and programmes of the Russian constituent entities
Media	mass media outlets
OAMS	operation assets management system
TGC	territorial generating company
TR&R	technical re-equipment and renovation
M&R	maintenance and repair
LGO	local grid operator
FEC	Fuel and energy complex
FTS of Russia	Federal Tariff Service
EBITDA	earnings before interest, taxes, depreciation, and amortization
IR	Investor Relations
c.u.	conventional unit
OS	organization standard
PU	production unit
PEI CPE	private educational institution of continuing professional education
QMS	quality management system
TC	technological connection
IP	investment project
CL	underground cable line
ACRA	Analytical Credit Rating Agency
AR	accounts receivable
CR	company regulation
LLC	Limited Liability Company
RAD	regulatory administrative document
PJSC	Public Joint-Stock Company
RF CC	Criminal Code of the Russian Federation
RAB	regulatory asset base
GRR	gross revenue requirement
CG	corporate governance
SLR	power supplier of last resort
RTD	research and technology documentation
CMIS	corporate management information system
APMS	automated process management systems
RPA	relay protection and automation

CJSC	Closed Joint Stock Company
Cont.	contract
SG	switchgear
DCTS	data collection and transfer system
AMIS EPFM	automated measuring and information system for electric power fiscal metering
UAV	unmanned aerial vehicles
SIU	situational information unit
FL	fault locators
AERD	automated emergency response devices
DCTD	data collection and transfer device
DPC	data processing center
GCC	grid control center
Measurement units	
A	ampere. Electric current measurement unit
Ha	hectare. Area measurement unit
Gcal	gigacalorie. Heat energy measurement unit
kV	kilovolt. Electric voltage measurement unit
MVA	megavolt-ampere. Measurement unit of apparent power
kWh	kilowatt hour. Electric power measurement unit
kW, MW	kilowatt, megawatt. Active power measurement units
km	kilometer. Length measurement unit
RUB mln	million roubles
RUB bln	billion roubles

Addresses and contacts

1. Company details: [GRI 102-1; GRI 102-3; GRI 102-5]

Full name:	Public Joint Stock Company “Rosseti North-West”
Short name:	Rosseti North-West, PJSC
Ownership and legal form	Joint private and foreign property Public Joint-Stock Company
Address (location) of the Company:	3A Konstitutsii Sq., Saint Petersburg, 196247, office 16H
Phones, fax:	tel. +7 (812) 305-10-00, fax +7 (812) 305-10-98
E-mail:	post@mrsksevzap.ru
Internet address:	www.mrsksevzap.ru
Bank details:	Tax ID 7802312751, KPP Code 781001001, OGRN code 1047855175785 OKPO code 74824610 current account 40702810855000000024 at the North-Western Bank of Sberbank PJSC, St. Petersburg correspondent account 30101810500000000653 BIC (bank identification code): 044030653

2. Registrar Rosseti North-West, PJSC:

Full name:	Joint Stock Company “Independent Registrar Company – R.O.S.T.”
Short name:	IRC-R.O.S.T., JSC
Location:	18 bldg. 13, Stromynka St., 107996, Moscow
Mailing address:	PO box 9, 18 Stromynka St., 107996, Moscow
Phones:	+7 (495) 771-73-38, 771-73-39

Internet address:	http://www.rrost.ru/
Bank details:	Bank: Alfa-Bank JSC, Moscow, current account: 40701810399929300006, BIC: 044525593, correspondent account: 30101810200000000593 Tax ID: 7726030449

3. IRC-R.O.S.T. JSC Standalone Branch in St. Petersburg:

Full name:	North-Western branch of Joint-Stock Company “Independent Registrar Company R.O.S.T.”
Location:	93 A, Obvodnogo Kanala Embankment, Semyonovsky Municipal District, St. Petersburg, 191119, office 5H
Mailing address:	93 A Obvodnogo Kanala Emb., St. Petersburg, 191119, floor 3, office 5H
Phones:	+7 (812) 401-63-13, 401-63-14
Internet address:	http://www.rrost.ru/
E-mail:	rrost-spb@rrost.ru

4. Auditor of Rosseti North-West, PJSC:

Full name:	Ernst & Young Limited Liability Company
Short name:	Ernst & Young LLC
Location:	77 bldg. 1 Sadovnicheskaya Emb., Moscow, 115035 Russia
Mailing address:	77 bldg. 1 Sadovnicheskaya Emb., Moscow, 115035 Russia
Phones:	+7 495 755-97-00, +7 495 755-97-01
Internet address:	ey.com/ru/ru
E-mail:	moscow@ru.ey.com

4.1. St. Petersburg Branch of Limited Liability Company “Ernst & Young”

Location:	23 Malaya Morskaya St., Saint Petersburg, 190000 Russia
Mailing address:	23 Malaya Morskaya St., Saint Petersburg, 190000 Russia

5. Hotlines on power supply issues:

Branch	Hotline number
Arkhangelsk branch of Rosseti North-West, PJSC	8-800-220-0-220
Vologda branch of Rosseti North-West, PJSC	8-800-220-0-220
Karelia branch of Rosseti North-West, PJSC	8-800-220-0-220
Murmansk branch of Rosseti North-West, PJSC	8-800-220-0-220
Komi branch of Rosseti North-West, PJSC	8-800-220-0-220
Novgorod branch of Rosseti North-West, PJSC	8-800-220-0-220
Pskov branch of Rosseti North-West, PJSC	8-800-220-0-220
Universal for the responsibility area	8-800-220-0-220

6. Shareholder and Investor Relations Department contacts: [GRI 102-53]

<https://www.mrsksevizap.ru/about/companycontacts/>

Full Name	Position	Phone, E-mail
Prikhodko Svetlana Vladimirovna	Head of Department	+7 (812) 305-10-34 prikhodkosv@mrsksevizap.ru
Peresvetova Irina Mikhailovna	Principal Specialist	+7 (812) 305-1010 ext. 560 peresvetova@mrsksevizap.ru

Annexes

Key financial and economic indicators of the Group under IFRS

Key results of the Group performance in 2021, RUB mln

	2019	2020	2021
Revenue	49,136	48,253	50,352
Operating costs***, including:	46,661	47,997	48,652
Variable costs	21,526	22,109	23,714
Fixed costs*	20,548	21,105	20,291
Depreciation	4,587	4,784	4,646
Net other income	494	417	1,045
Fixed capital and right-of-use assets impairment losses	429	991	2,766
Operational profit	2,541	-319	-21
Financial incomes and costs balance	-1,142	-953	-1,000
Profits before tax	1,399	-1,272	-1,020
Profits for the period	1,081	-1,141	-883
EBITDA**	7,572	5,544	7,386
EBITDA profitability	15.4	11.5	14.7
Net debt****	14,406	14,758	13,841
Return on assets (ROA)	2.84	-2.61	-2.05

* Without depreciation.

** EBITDA = profits/losses before taxes + Depreciation + % due on loans and lease + impairment losses.

*** With the expected credit loss reserves.

**** Net debt without lease obligations.

Revenue

The Group receives most of its profits through power transmission services. The changes in the size of this type of revenue mostly depends on the changes in approved tariffs and amounts of power supplied during the period. The Group also receives revenue from selling electric power, technological grid connections, and other services.

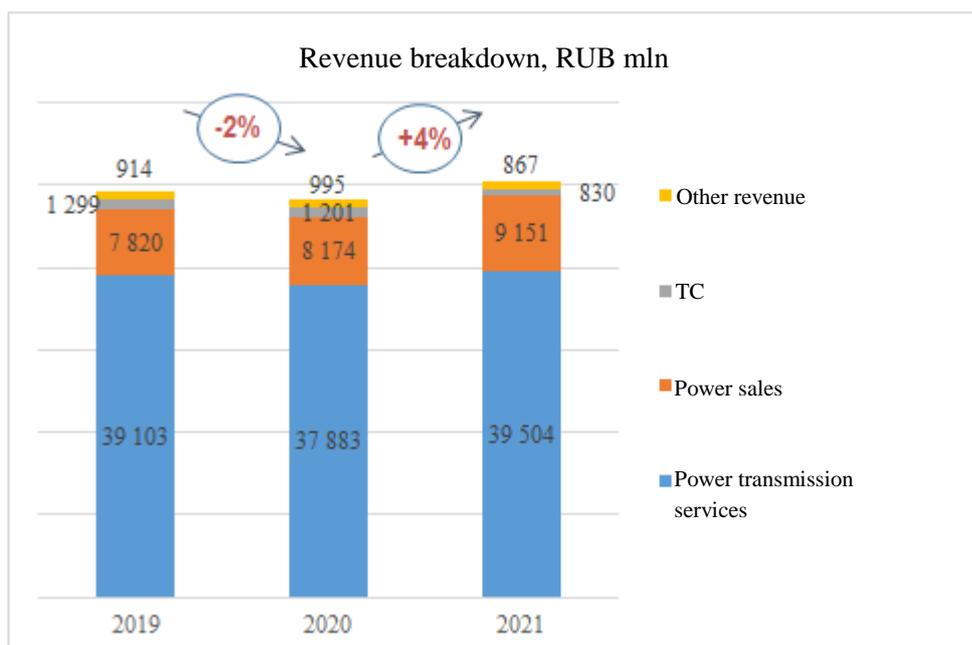
The revenue for 2021 equalled RUB 50,352 mln, which is higher than the same value for the previous year by RUB 2,099 mln (or 4%), including:

- an increase of RUB 1,621 mln in power transmission revenue due to a 1% increase in power consumption caused by the temperature factor (cold winter) and an increase in power consumption by large consumers

- an increase of RUB 977 mln in electric power and capacity sales revenue due to an increase in the average tariff and sales volumes across all consumer categories

- a decrease of RUB 371 mln in revenues from technological grid connection services in 2021 compared to the same period last year due to a different list of applicants in each year

- a decrease of RUB 128 mln in other revenues compared to 2020 due to the reclassification of contracts for relocation of power grid facilities from *Revenue* to *Other income* due to changes in the subject of the contract. Setting aside this factor, there was no actual decrease in *Other revenue*.



State subsidies

[GRI 201-4] The Group does not receive any state subsidies to compensate for low power tariffs.

Net other income

Other operational incomes include the revenue from contract-free power consumption, as well as fines, penalties, and forfeits under commercial contracts, the write-off of accounts payable, and insurance compensations.

The other income amounted to RUB 1,284 mln, showing an increase of RUB 717 mln or 127% against 2020. The change was mainly due to the fact that in 2021, contracts for the relocation of power grid facilities were included into *Other income* (reclassification of contracts for the relocation of power facilities into a cost reimbursement contract), and due to the lost profits and other amounts (including damages and stamp duty) awarded to the Group in the arbitration proceedings concerning a refusal to enter into a power grid maintenance agreement.

In 2021, the other expenses amounted to RUB 238 mln, showing an increase of RUB 89 mln compared to the same period last year due to the write-off of RUB 43 mln of expenses related to construction in progress and RUB 45 mln of expenses related to other property.

Thus, net income amounted to RUB 1,045 mln in 2021, showing an increase of RUB 628 mln as compared to the previous year's value.

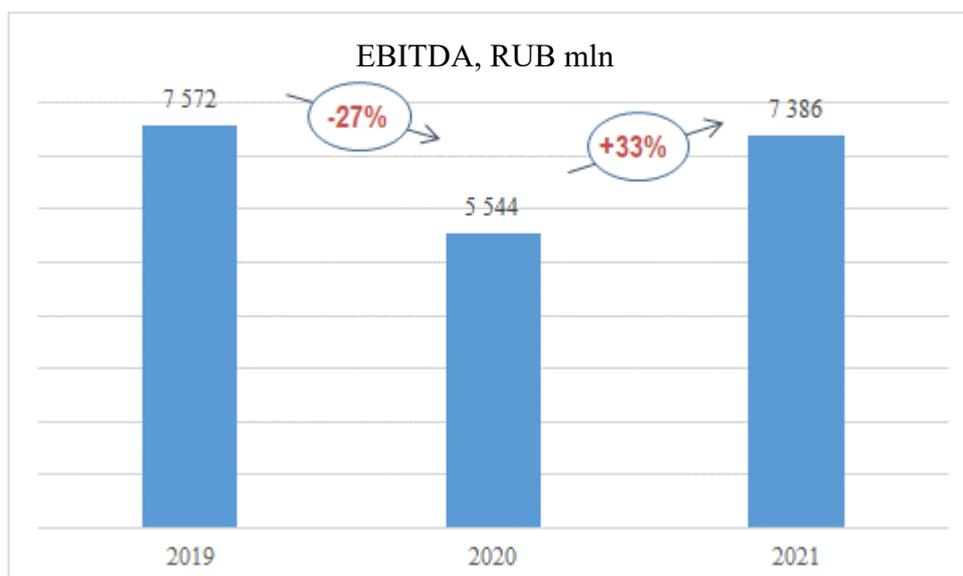
EBITDA

The EBITDA amounted to RUB 7,386 mln, showing an increase of RUB 1,842 mln or 33% compared to the same period in 2020.

EBITDA is mostly affected by the following factors:

1. In 2021, revenue increased by RUB 2,099 mln, including an increase of RUB 1,621 mln in power transmission revenue due to a 1% increase in power consumption caused by the temperature factor (cold winter) and the partial removal of restrictive measures, as well as changes in TBR (tariff rates and boiler schemes in the Arkhangelsk and Vologda Branches) and changes in the structure and composition of consumers.

2. The positive balance of other income increased by RUB 628 mln due to RUB 572 mln of income received under cost reimbursement contracts for the relocation of power grid facilities.

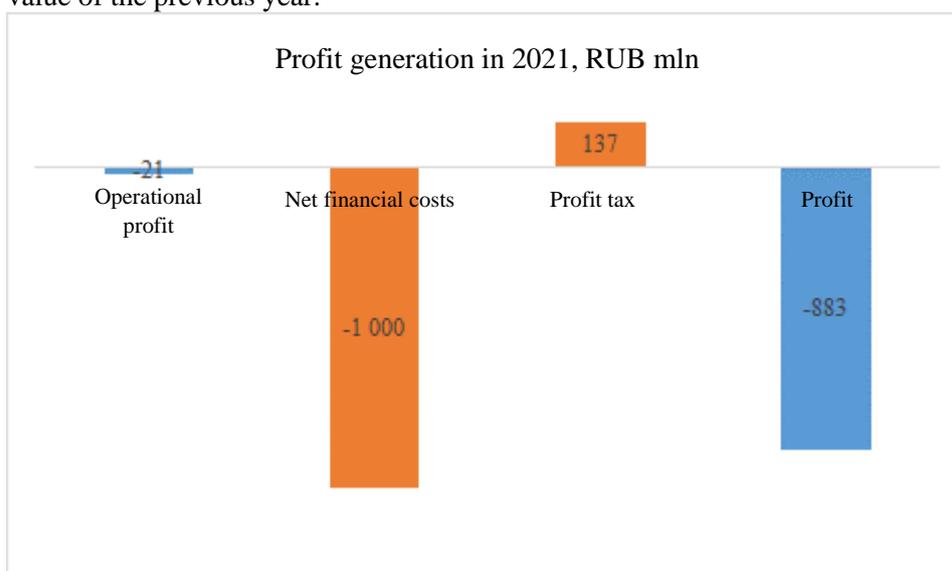


Profits before tax

The Group reported losses before taxed to the tune of RUB 1,020 mln for the year that ended on December 31, 2021, and losses before taxed to the tune of RUB 1,272 mln for the year that ended on December 31, 2020.

Financial results for the period

At year-end 2021, the Group reported a loss of RUB 883 mln, which is RUB 258 mln less than the value of the previous year.



The main consolidated financial statements of Rosseti North-West, PJSC in accordance with IFRS for 2021⁸²



Совершенство бизнес,
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ОКПО: 71457074
ОГРН: 1027739707203
ИНН: 7709383532

Independent auditor's report

To Shareholders and Board of Directors of
Public joint stock company
"Rosseti North-West"

Opinion

We have audited the consolidated financial statements of Public joint stock company "Rosseti North-West" and its subsidiaries (the Group), which comprise the consolidated statement of profit or loss and other comprehensive income for 2021, consolidated statement of financial position as at 31 December 2021, and the consolidated statement of cash flows and consolidated statement of changes in equity for 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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⁸² The full version of the consolidated financial statements is presented on the website of the Company: <https://www.mrsksevzap.ru/en/investors/ifrsfinancialstatements/>.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the matter
Recognition and measurement of revenue from electricity transmission services	
<p>Recognition and measurement of revenue from electricity transmission services was one of the most significant matters for our audit due to certain specifics of the electricity market mechanisms that give rise to the existence of disagreements among electricity supply, utilities, and other companies in relation to the volume and cost of the transmitted electricity. The amount of revenue challenged by counterparties is material to the Group's financial statements. Management's assessment of the probability of settling disputes in the Group's favor is highly subjective. Revenue is recognized when disagreements are to be resolved in favor of the Group with regard to assumptions.</p> <p>Information on revenue from electricity transmission services is disclosed in Note 7 to the consolidated financial statements.</p>	<p>We considered the applied accounting policy with regard to the recognition of revenue from electricity transmission services; examined internal controls over the recognition of this revenue; checked the correctness of the corresponding revenue amounts based on the existing electricity transmission contracts; received, on a selective basis, confirmations of balances of receivables from counterparties; analyzed the results of litigations concerning disputable amounts of services provided, if any; and examined existing procedures to confirm the volume of electricity transmitted with counterparties.</p>
Allowance for expected credit losses on trade receivables	
<p>The matter of creating allowance for expected credit losses on trade receivables is one of the most significant matters for our audit due to the material balances of trade receivables as at 31 December 2021, as well as due to the fact that management's assessment of the possible recoverability of these receivables is based on assumptions, in particular, on the projected solvency of the Group's customers.</p> <p>Information on allowance for expected credit losses on trade receivables is disclosed in Notes 20 and 32 to the consolidated financial statements.</p>	<p>We analyzed the adequacy of the Group's accounting policy on the trade receivables with respect to the creation of allowance for expected credit losses on trade receivables, as well as Group's management estimation procedures, including the analysis of repayment of trade receivables, the analysis of maturity and delayed performance of obligations, and the analysis of customers' solvency.</p> <p>We performed audit procedures in respect of the information used by the Group to determine the allowance for expected credit losses on trade receivables, the structure of receivables by age and maturity, and tested the correctness of the charged allowance amounts calculation.</p>

Key audit matter**How our audit addressed the matter*****Recognition, measurement and disclosure of provisions and contingent liabilities***

Recognition, measurement and disclosure of provisions and contingent liabilities in respect of litigations and claims from counterparties (including territorial electric grid and utilities companies) were among the most significant matters for our audit as they require significant judgments of management with respect to material amounts of balances of settlements with counterparties that are challenged in litigations or under the pretrial settlement.

Information on provisions and contingent liabilities is disclosed in Note 31 to the consolidated financial statements.

Impairment of non-current assets

Due to the existence of the impairment indicators of non-current assets as at 31 December 2021, the Group performed impairment testing. The value-in-use of fixed assets, forming a significant share of the Group's non-current assets, as at 31 December 2021, was determined by the projected cash flow method.

The matter of impairment testing of fixed assets was one of the most significant matters for our audit because the fixed assets balance forms a significant part of the Group's assets at the reporting date, and because management's assessment of the value-in-use is complex and largely subjective and is based on assumptions, in particular, on the projected electricity transmission volumes, transmission fees, as well as operating and capital expenditures that depend on the expected future market or economic conditions in the Russian Federation.

Information on the results of the impairment analysis of non-current assets is disclosed by the Group in Note 14 to the consolidated financial statements.

Audit procedures among others involved analyzing decisions made by courts of different instances; considering the adequacy of management's judgments with regard to assessment of the possibility of an outflow of economic resources due to the dispute settlement; examining the compliance of the prepared documentation with provisions of existing contracts and legislation; and reviewing disclosures on provisions and contingent liabilities in notes to the consolidated financial statements.

As part of our audit procedures, we also assessed the assumptions and methodologies applied by the Group, in particular, those relating to projected total revenue from the electricity transmission, fee solutions, operating and capital expenditures, long-term rates of fee growth and discount rates. We tested the incoming data applied in the model and the arithmetic accuracy of the model used to determine the recoverable amount in the impairment test of fixed assets. We engaged valuation specialists to analyze the model used to determine the recoverable amount in the impairment test of fixed assets. We also analyzed the sensitivity of the model to changes in the main indicators of assessment and the Group's disclosures of assumptions on which the results of impairment testing largely depend.

Other information included in the Annual report

Other information consists of the information included in the Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and Audit Committee of the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee of the Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



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From the matters communicated with Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is A.B. Kalmykova.



A.B. Kalmykova,
acting on behalf of Ernst & Young LLC
on the basis of power of attorney dated 1 March 2022,
partner in charge of the audit resulting in this independent auditor's report
(main registration number 21906101970)

15 March 2022

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo".
Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the audited entity

Name: Public joint stock company "Rosseti North-West"
Record made in the State Register of Legal Entities on 23 December 2004, State Registration Number 1047855175785.
Address: Russia 196247, St. Petersburg, Constitution square, 3, lit A, room 16N.

PJSC Rosseti North-West
Consolidated financial statements for the year ended 31 December 2021
Consolidated Statement of Profit or Loss and Other Comprehensive Income
(in thousand of Russian rubles, unless otherwise stated)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	7	50,351,512	48,252,863
Operating expenses	10	(48,452,194)	(47,082,171)
Expected credit losses		(199,522)	(915,604)
Impairment of property, plant and equipment and right-of-use assets	14, 16	(2,765,855)	(991,271)
Other income	8	1,283,633	566,269
Other expenses	9	(238,250)	(149,056)
Results from operating activities		(20,676)	(318,970)
Finance income	12	86,519	215,019
Finance costs	12	(1,086,128)	(1,168,088)
Total finance costs		(999,609)	(953,069)
Loss before tax		(1,020,285)	(1,272,039)
Income tax expense	13	137,484	131,518
loss for the period		(882,801)	(1,140,521)
Other comprehensive income/(loss)			
<i>Items that will never be reclassified subsequently to profit or loss</i>			
Change in the fair value of equity investments measured at fair value through other comprehensive income		(1,486)	(1,973)
Remeasurement of the defined benefit liability	27	9,016	44,068
Income tax		(1,506)	(8,419)
Total items that will not be reclassified subsequently to profit or loss		6,024	33,676
Other comprehensive income for the period, net of income tax		6,024	33,676
Total comprehensive loss for the period		(876,777)	(1,106,845)
Loss attributable to:			
Owners of the Company		(882,789)	(1,140,502)
Non-controlling interest		(12)	(19)
Total comprehensive loss attributable to:			
Owners of the Company		(876,765)	(1,106,826)
Non-controlling interest		(12)	(19)
Loss per share			
Basic loss per share (in RUB)	24	(0.0092)	(0.0119)

These consolidated financial statements were approved by management on 15 March 2022 and were signed on its behalf by:

General Director



A.Y. Pidnik

Deputy General Director
for Economy and Finance



L.V. Shadrina

Chief Accountant – Head of
Department of accounting and
tax accounting and reporting



I.G. Zhdanova

The accompanying notes are an integral part of these Consolidated Financial Statements.

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PJSC Rosseti North-West
Consolidated financial statements for the year ended 31 December 2021
Consolidated Statement of Financial Position
(in thousand of Russian rubles, unless otherwise stated)

	Notes	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	14	38,224,015	38,686,997
Intangible assets	15	496,093	400,219
Right-of-use assets	16	995,764	925,493
Trade and other receivables	20	81,750	113,045
Assets related to employee benefits plans	27	278,977	312,721
Other non-current financial assets	17	498,319	477,437
Deferred tax assets	18	2,688	7,541
Advances issued and other non-current assets	21	57,141	36,568
Total non-current assets		40,634,747	40,960,021
Current assets			
Inventories	19	1,136,354	1,036,343
Prepaid income tax		98,282	32,973
Trade and other receivables	20	5,839,195	5,054,769
Cash and cash equivalents	22	866,952	842,490
Advances issued and other current assets	21	1,286,540	766,423
Total current assets		9,227,323	7,732,998
Total assets		49,862,070	48,693,019
EQUITY AND LIABILITIES			
Equity			
Share capital	23	9,578,592	9,578,592
Reserve related to business combination		10,457,284	10,457,284
Other reserves		(52,122)	(58,146)
Accumulated deficit		(2,276,592)	(1,393,803)
Total equity attributable to owners of the Company		17,707,162	18,583,927
Non-controlling interest		205	217
Total equity		17,707,367	18,584,144
Non-current liabilities			
Loans and borrowings	25	12,975,606	8,521,062
Trade and other payables	28	1,652,707	143,917
Advances received	30	368,928	217,142
Employee benefit liabilities	27	851,324	860,491
Deferred tax liabilities	18	144,308	533,428
Total non-current liabilities		15,992,873	10,276,040
Current liabilities			
Loans and borrowings and short-term portion of long-term loans and borrowings	25	2,831,627	8,110,338
Trade and other payables	28	7,296,618	5,137,325
Taxes, other than income tax	29	1,421,682	1,424,395
Advances received	30	2,806,900	3,177,002
Provisions	31	1,792,157	1,938,914
Current income tax liability		12,846	44,861
Total current liabilities		16,161,830	19,832,835
Total liabilities		32,154,703	30,108,875
Total equity and liabilities		49,862,070	48,693,019

The accompanying notes are an integral part of these Consolidated Financial Statements.

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PJSC Rosseti North-West
Consolidated financial statements for the year ended 31 December 2021
Consolidated Statement of Cash Flows
(in thousand of Russian rubles, unless otherwise stated)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		(882,801)	(1,140,521)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	10	4,646,426	4,783,835
Impairment of property, plant and equipment and right-of-use assets		2,765,855	991,271
Finance costs	12	1,086,128	1,168,088
Finance income	12	(86,519)	(215,019)
(Gain)/loss on disposal of property, plant and equipment		(8,971)	3,085
Expected credit losses		199,522	915,604
Accounts receivable write-off		14,336	9,671
Accounts payable write-off		(40,119)	(3,862)
Change in provisions		(10,487)	1,055,724
Other non-cash transactions		239,433	(41,160)
Income tax expense	13	(137,484)	(131,518)
Total effect of adjustments		8,668,120	8,535,719
Change in assets related to employee benefit plans		46,256	25,556
Change in employee benefit liabilities		(46,533)	(130,846)
Change in long-term trade and other receivables		31,295	27,076
Change in long-term advances issued and other non-current assets		(20,573)	34,972
Change in long-term trade and other payables		(5,757)	(147,635)
Change in long-term advances received		151,786	(133,404)
Cash flows from operating activities before changes in working capital and provisions		7,941,793	7,070,917
<i>Changes in working capital</i>			
Change in trade and other receivables		(974,861)	(440,814)
Change in advances issued and other assets		(520,117)	(59,612)
Change in inventories		(102,573)	(70,482)
Change in trade and other payables		678,920	(137,313)
Change in advances received		(370,)	(433,617)
Use of provision		(150,431)	(114,980)
Cash flows from operating activities before income tax and interest paid		6,502,629	5,814,099
Income tax paid		(343,688)	(372,596)
Interest paid under lease agreements		(75,419)	(86,861)
Interest paid		(1,000,869)	(1,003,881)
Net cash from operating activities		5,082,653	4,350,761

The accompanying notes are an integral part of these Consolidated Financial Statements.

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PJSC Rosseti North-West
Consolidated financial statements for the year ended 31 December 2021
Consolidated Statement of Cash Flows (continued)
(in thousand of Russian rubles, unless otherwise stated)

	<u>Notes</u>	<u>Year ended 31 December 2021</u>	<u>Year ended 31 December 2020</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(5,429,008)	(4,244,419)
Proceeds from the sale of property, plant and equipment and intangible assets		12,533	3,917
Interest received		42,841	37,226
Dividends received		1,217	1,185
Net cash used in investing activities		(5,372,417)	(4,202,091)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		23,907,627	35,683,180
Repayment of loans and borrowings		(23,378,628)	(34,722,091)
Dividends paid	23	(197)	(309,100)
Repayment of lease liabilities		(214,576)	(190,257)
Net cash received from/(used in) financing activities		314,226	461,732
Net increase in cash and cash equivalents		24,462	610,402
Cash and cash equivalents at the year beginning	22	342,490	232,088
Cash and cash equivalents at the year end	22	366,952	842,490

The accompanying notes are an integral part of these Consolidated Financial Statements.

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PJSC Rosseti North-West
Consolidated financial statements for the year ended 31 December 2021
Consolidated Statement of Changes in Equity
(in thousand of Russian rubles, unless otherwise stated)

	Equity attributable to owners of the Company				
	Share capital	Reserve related to business combination	Other reserves	Retained earnings	Total
Balance at 1 January 2021	9,578,592	10,457,284	(58,146)	(1,393,803)	18,583,927
Loss for the period	-	-	-	(882,789)	(882,789)
Other comprehensive income	-	-	7,530	-	7,530
Income tax related to other comprehensive income	-	-	(1,506)	-	(1,506)
Total comprehensive income/(loss) for the period	-	-	6,024	(882,789)	(876,765)
Balance at 31 December 2021	9,578,592	10,457,284	(52,122)	(2,276,592)	17,707,162
				Non-controlling interest	Total equity
				217	18,584,144
				(12)	(882,801)
				-	7,530
				-	(1,506)
				(12)	(876,777)
				205	17,707,367

	Equity attributable to owners of the Company				
	Share capital	Reserve related to business combination	Other reserves	Retained earnings	Total
Balance at 1 January 2020	9,578,592	10,457,284	(91,822)	(132,938)	19,811,116
Loss for the period	-	-	-	(1,140,502)	(1,140,502)
Other comprehensive income	-	-	42,095	-	42,095
Income tax related to other comprehensive income	-	-	(8,419)	-	(8,419)
Total comprehensive income/(loss) for the period	-	-	33,676	(1,140,502)	(1,106,826)
Dividends to shareholders (Note 23)	-	-	-	(120,263)	(120,263)
Balance at 31 December 2020	9,578,592	10,457,284	(58,146)	(1,393,803)	18,583,927
				Non-controlling interest	Total equity
				217	18,584,144
				-	(120,263)
				-	18,584,144

Report of the Auditing Commission

**Auditing Commission
Rosseti North-West, PJSC**

Approved by
the Auditing Commission of
Rosseti North-West, PJSC
(Minutes No. 3 dated April 25, 2022)

**OPINION
OF THE AUDITING COMMISSION**

of Public Joint Stock Company
Rosseti North-West

FOR 2021

April 25, 2022

Moscow

I. INTRODUCTION

INFORMATION ON THE MEMBERS OF THE AUDITING COMMISSION

The members of the Auditing Commission were elected at the General Meeting of Shareholders	Resolution of the Annual General Meeting of Shareholders of IDGC of North-West, PJSC dated May 08, 2021 (Minutes No. 17)
The Chairperson and Secretary of the Auditing Commission were elected by the Auditing Commission	Minutes No. 1 of the Auditing Commission of IDGC of North-West, PJSC dated June 21, 2021
Chairperson of the Auditing Commission	Svetlana Nikolaevna Kovaleva
Secretary of the Auditing Commission	Svetlana Mikhailovna Trishina
Members of the Auditing Commission	Natalia Aleksandrovna Tsyganova Elena Mikhailovna Roptanova Viktor Vladimirovich Tsarkov

Duration of Audit: In accordance with the schedule of the Auditing Commission for the 2021/2022 corporate year (Minutes No. 1 dated June 21, 2021 of the meeting of the Auditing Commission of Rosseti North-West, PJSC), the audit of the financial and operating activities of Rosseti North-West, PJSC in 2021 is conducted from January to May of 2022.

Regulatory grounds for Audit: Federal Law No. 208-FZ of 26 December 1995 On Joint Stock Companies, Charter of Rosseti North-West, PJSC, Regulations on the Auditing Commission of Rosseti North-West, PJSC, Resolution of the Auditing Commission of Rosseti North-West, PJSC (Minutes No. 1 dated June 21, 2021).

Purpose of Audit: Verification of the accuracy of the information contained in 2021 Annual Report, 2021 financial statements, and 2021 Disclosure of Related-Party Transactions (the “Statements”) of Rosseti North-West, PJSC.

“Accuracy” is understood in all material respects as such degree of accuracy of the information reported in the Statements that would enable shareholders to draw correct conclusions on economic and financial performance, financial standing, and assets of Rosseti North-West, PJSC and to make informed decisions based on such conclusions.

In accordance with Federal Law No. 208-FZ of December 26, 1995 On Joint Stock Companies, the Charter of Rosseti North-West, PJSC, the executive body of Rosseti North-West, PJSC is responsible for the arrangement, state, and accuracy of accounts and for the timely financial reporting of Rosseti North-West, PJSC.

Audit period: From January 01, 2021 to December 31, 2021.

Audited items: The 2021 Annual Report, 2021 financial statements, 2021 Disclosure of Related-Party Transactions, resolutions of the management bodies, internal documents and regulatory and administrative documents of Rosseti North-West, PJSC, programs and plans, accounting ledgers, source accounting documents,

and other documents related to the financial and business-related activities of Rosseti North-West, PJSC.

Reference documents:

- Civil Code of the Russian Federation;
- Federal Law No. 402-FZ of December 06, 2011 On Accounting;
- Federal Law No. 208-FZ of December 26, 1995 On Joint Stock Companies;
- Accounting standards (federal, industry-related);
- Order No. 34n of the Ministry of Finance of the Russian Federation of July 29, 1998 On Approval of the Regulations for Accounting and Reporting in the Russian Federation;
- Order No. 66n of the Ministry of Finance of the Russian Federation of July 02, 2010 On the Forms of Accounting Statements of Organizations;
- Regulations No. 714-P of the Bank of Russia of March 27, 2020 Disclosing Information by Securities Issuers;
- Ordinance No. 4335-U of the Bank of Russia of March, 31 2017 On the Maximum Value of Transactions Entered into by JSCs and LLCs Exceeding Which Such Transactions Can Be Qualified as Interested Party Transactions;
- Financial Accounting Policy of Rosseti North-West, PJSC, as approved by Order No. 746 dated December 30, 2020, as amended;
- other applicable laws and regulations, internal, regulatory and administrative documents of Rosseti North-West, PJSC.

COMPANY INFORMATION

Full corporate name	Public Joint Stock Company “Rosseti North-West” (hereinafter – “Company”)
Short corporate name	Rosseti North-West, PJSC (hereinafter – “Company”)
Registered address	3A Konstitutsii Sq., Saint Petersburg, 196247, Russia, office 16H
Mailing address	3A Konstitutsii Sq., Saint Petersburg, 196247, Russia, office 16H
Registration details (OGRN (Primary State Registration Number), date of registration)	1047855175785 dated December 23, 2004
INN (Taxpayer Identification Number)	7802312751
Branches and standalone subdivisions	Arkhangelsk Branch, Vologda Branch, Karelia Branch, Murmansk Branch, Komi Branch of Rosseti North-West, PJSC, Novgorod Branch, Pskov Branch.
Executive body (full name, position, date of taking office (all in the reporting period and events after the reporting date))	A.Yu. Pidnik, General Director since October 11, 2018 to the present day.

Chief Accountant (full name, position, date of taking office)	I.G. Zhdanova, Chief Accountant, Head of the Department for Financial and Fiscal Accounting and Reporting since March 04, 2019 to the present day.
Personnel headcount in the Company in 2021	13,473.28 persons
Major shareholders	PJSC ROSSETI, 55.38%
Principal activities	Electricity transmission, electricity distribution, activities to ensure the operation of electric power grids, technological connection to distribution power grids

Rosseti North-West, PJSC is a subsidiary of PJSC ROSSETI, which as of December 31, 2021 owned 55.38% of shares in the Company.

The Company's activities are set forth in its Charter. The principal activities of the Company include electricity transmission, electricity distribution, activities to ensure the operation of electric power grids, technological connection to distribution power grids of the Company.

Paragraph 2.8 of the Charter provides that the Company may establish branches. Such branches shall not be independent legal entities and shall act on behalf of the Company and on the basis of regulations approved by the Company. As of December 31, 2021, the Company managed seven regional branches:

- Arkhangelsk Branch (3 Svobody St., Arkhangelsk, 1630069, Russia),
- Vologda Branch (68 Prechistenskaya Emb., Vologda, 160000, Russia),
- Karelia Branch (45 Kirova St., Petrozavodsk, Republic of Karelia, 185035, Russia),
- Murmansk Branch (2 Kirova St., Murmashi urban-type settlement, Kola District, Murmansk Region, 184355, Russia),
- Komi Branch (94 Internatsionalnaya St., Syktyvkar, Komi Republic, 167000, Russia),
- Novgorod Branch (3 Bolshaya Sankt-Peterburgskaya St., Veliky Novgorod, 173003, Russia),
- Pskov Branch (47-A Sovetskaya St., Pskov, 180000, Russia).

The management bodies of Rosseti North-West, PJSC are:

- General Meeting of Shareholders,
- Board of Directors of the Company,
- Management Board of the Company,
- General Director of the Company.

The supreme management body of the Company is the General Meeting of Shareholders. The General Meeting of Shareholders decides on the most important issues related to the management of the Company, within the scope of its competence, as established by the law of the Russian Federation and the Charter of the Company.

The Board of Directors is elected at the General Meeting of Shareholders and decides on the development strategy of the Company and supervises the Company's executive bodies, in accordance with the Charter of the Company.

The sole executive body of the Company, i.e., its General Director, manages routine operations of the Company.

The Auditing Commission of the Company supervises financial and business-related activities of the Company.

The current members of the Board of Directors of Rosseti North-West, PJSC, as elected at the Annual General Meeting of Shareholders on May 28, 2021 (Minutes No. 17 dated June 06, 2021), are:

No.	Full name	Position held at the time of election
1.	Aleksandr Viktorovich Golovtsov	unemployed at the time of election
2.	Andrey Vladimirovich Morozov	Legal Director, Association of Institutional Investors
3.	Oleg Romanovich Fedorov	Member of the Board of Directors, IDGC of North-West, PJSC
4.	Artem Yurievich Pidnik	General Director, IDGC of North-West, PJSC
5.	Andrey Vladimirovich Mayorov	First Deputy General Director – Chief Engineer, PJSC ROSSETI
6.	Aleksey Aleksandrovich Polinov (Chairperson of the Board of Directors)	Advisor to the General Director, PJSC ROSSETI
7.	Pavel Vladimirovich Grebtsov	Deputy General Director for Economy and Finance, PJSC ROSSETI
8.	Aleksey Valerievich Molsky	Deputy General Director for Investment, Capital Construction and Sales of Services, PJSC ROSSETI
9.	Daniil Vladimirovich Krainsky	Deputy General Director for Legal Support, PJSC ROSSETI
10.	Ekaterina Vladimirovna Nikitchanova	Deputy Director – Head of the Expert Center of the Non-Profit Partnership “Russian Institute of Directors”
11.	Yuri Vladimirovich Goncharov	Chief Advisor, PJSC ROSSETI

The members of the Board of Directors of Rosseti North-West, PJSC until May 28, 2021, as elected at the Annual General Meeting of Shareholders of IDGC of North-West, PJSC on May 29, 2020 (Minutes No. 16 dated June 01, 2020) were:

No.	Full name	Position held at the time of election
1.	Konstantin Aleksandrovich Mikhailik (Chairperson of the Board of Directors)	Deputy General Director for Operations, PJSC ROSSETI
2.	Mikhail Aleksandrovich Bychko	Director of the Capital Construction Department, PJSC ROSSETI
3.	Aleksandr Viktorovich Golovtsov	unemployed at the time of election
4.	Yuri Vladimirovich Goncharov	Chief Advisor, PJSC ROSSETI

No.	Full name	Position held at the time of election
5.	Aleksandr Yurievich Korneev	Director of the Department for Technological Connection and Infrastructure Development, PJSC ROSSETI
6.	Dmitry Dmitrievich Mikheev	Director of the Service Sales Department, PJSC ROSSETI
7.	Andrey Vladimirovich Morozov	Legal Director, Association of Institutional Investors
8.	Yuliya Gennadievna Obrezkova	Deputy Director of the Strategy Department, PJSC ROSSETI
9.	Irina Aleksandrovna Shagina	Director of the Tariff Policy Department, PJSC ROSSETI
10.	Oleg Romanovich Fedorov	Member of the Board of Directors, IDGC of North-West, PJSC
11.	Artem Yurievich Pidnik	General Director, IDGC of North-West, PJSC

AUDITOR INFORMATION

Full corporate name	Ernst & Young Limited Liability Company
Short corporate name	Ernst & Young LLC
Resolution of the General Meeting of Shareholders to approve the candidate as the Company Auditor	Resolution of the Annual General Meeting of Shareholders of Rosseti North-West, PJSC dated May 28, 2021 (Minutes No. 17)
Registered address	77 bldg. 1 Sadovnicheskaya Emb., Moscow, 115035 Russia
Registration number	1027739707203
Membership in SRO	Member of the self-regulatory organization of auditors Association “Sodruzhestvo” (SRO AAS) ORNZ (Principal Number of Registration Entry) 12006020327
Audit Agreement	Audit Agreement No. 284/338/21 dated June 04, 2021
Auditor’s Report	Independent Auditor’s Report on an Audit of 2021 Financial Statements of Public Joint Stock Company “Rosseti North-West” (signed on February 25, 2022)

II. ANALYSIS

In the course of the audit, the Auditing Commission reviewed whether the Company complied with the laws and regulations of the Russian Federation and the Company’s internal documents.

The Auditing Commission randomly audited some financial and business operations of the Company to verify whether the Company accurately and timely reported its accounting events in its accounts and financial statements in 2021. The Auditing Commission also verified the accuracy and completeness of the information reported in the Company’s 2021 Annual Report and 2021 Disclosure of Related-Party Transactions. The financial position of the Company was reviewed based on its financial statements.

In reviewing the accuracy of the 2021 financial statements, the Auditing Commission relied on the auditor’s opinion provided in the Auditor’s Report dated

February 25, 2022 prepared by Ernst & Young LLC, concluding that the 2021 financial statements presented fairly, in all material respects, the financial position and financial performance of the Company.

According to the Company Auditor, Ernst & Young LLC:

“the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Russian financial reporting standards”.

An inventory survey of the Company’s assets and liabilities at year-end 2021 was conducted in accordance with the applicable laws and regulations of the Russian Federation. The Auditing Commission identified certain shortcomings in the 2021 annual year-end inventory survey of assets and liabilities of the Company.

In the reporting year, the Company’s accounting methods that constituted its accounting policy, as approved by Order No. 746 of IDGC of North-West, PJSC dated December 30, 2020 (as amended by Orders No. 4-1 dated November 01, 2021 and No. 566 dated November 01, 2021), were generally compliant with the applicable accounting laws and regulations of the Russian Federation and with the federal standards.

The Statements were prepared, in all material respects, in accordance with the applicable laws and regulations of the Russian Federation (RAS) and the Company internal documents.

As of December 31, 2021, the book value of the Company’s assets and liabilities was RUB 55,105.4 mln, showing an increase of 1.3% or RUB 728.3 mln as compared to the figures reported as of December 31, 2020.

As of December 31, 2021, Non-Current Assets accounted for 85.9% of Total Assets and were valued at RUB 47,355.1 mln, showing an increase of 0.5% as compared to the figures reported as of December 31, 2020. Such increase was mainly due to the increase in Fixed Assets caused by the growth of such items as Construction in Progress and Advances Issued for Construction and Acquisition of Fixed Assets.

As of December 31, 2021, Current Assets accounted for 14.1% of Total Assets and were valued at RUB 7,750.4 mln, mostly consisting of Accounts Receivable (65.9%) and Inventories (14.7%). Current Assets increased by 6.9% as compared to the figures reported as of December 31, 2020. Such increase was mainly caused by the increase in Accounts Receivable.

As of December 31, 2021, Accounts Receivable (line 1230 of the Balance Sheet) amounted to RUB 5,109.7 mln, showing an increase of 10.4% as compared to the figures reported as of December 31, 2020. As of December 31, 2021, total Accounts Receivable amounted to RUB 11,030 mln, showing a decrease of 8.1% in 2021. Out of such Accounts Receivable, 68.2% were overdue and 53.7% were recognized by the Company as doubtful and included in Allowance for Doubtful

Accounts. In the reporting year, overdue Accounts Receivable decreased by 13.7%, and Allowance for Doubtful Accounts decreased by 19.7% as compared to the figures reported as of December 31, 2020.

As of December 31, 2021, Total Equity amounted to RUB 24,388.3 mln and accounted for 44.3% of Equity & Liabilities. In the reporting year, Total Equity increased by 4.6% due to the Company's positive Net Income in the reporting year.

As of December 31, 2021, Long-Term Liabilities amounted to RUB 16,684.4 mln, showing an increase of RUB 4,618.6 mln or 38.3% in the reporting year, mainly due to borrowings.

In the reporting year, Current Liabilities decreased by RUB 4,965.1 mln or 26.1% and amounted to RUB 14,032.7 mln. These include RUB 8,748.7 mln of Accounts Payable that accounted for 62.3% of Current Liabilities (showing an increase of 7.4% in the reporting year), RUB 2,759.6 mln of Provisions that accounted for 19.7% of Current Liabilities (showing a decrease of 6.7% in the reporting year), and RUB 2,405.2 mln of Debt that accounted for 17.1% of Current Liabilities (showing a decrease by 69.4% in the reporting year). The overall decrease in Current Liabilities was generally due to a decrease in Short-Term Debt by RUB 5,442.5 mln or 69.4% due to the repayment of debts. As of December 31, 2021, the Company had 1.8 times more Current Liabilities than Current Assets. Advance payments received from subscribers under contracts for technological connection to power grids accounted for a significant share (30.7%) of Accounts Payable.

In the reporting year, the Company's Net Profit amounted to RUB 1,074.9 mln (Net Loss amounted to RUB 1,371.2 mln in the previous year).

As of 31 December 2021, the Company's Net Worth amounted to RUB 24,424.1 mln and exceeded its Authorized Capital. In the reporting year, the Company's Net Worth increased by 4.6%.

For the audit purposes, figures reported in the Company's 2021 annual financial statements and in the Company's 2021 Annual Report were randomly cross-checked. In the course of the audit, the Auditing Commission did not find any material misstatements in the Company's 2021 Annual Report.

The Auditing Commission checked whether the Company's 2021 Annual Report contained all the necessary disclosures in accordance with Regulations No. 714-P of the Bank of Russia of March 27, 2020 On Disclosing Information by Securities Issuers.

The Company's Annual Report submitted to the Annual General Meeting of Shareholders for approval contains all the necessary disclosures required under Regulations No. 714-P of the Bank of Russia of March 27, 2020 On Disclosing Information by Securities Issuers.

As of the date of this Opinion, the Company's 2021 Annual Report submitted to the Annual General Meeting of Shareholders for approval has not yet been approved by the Board of Directors of the Company.

The Auditing Commission randomly checked the disclosures contained in the Company's 2021 Disclosure of Related-Party Transactions for compliance with Federal Law No. 208-FZ of December 26, 1995 On Joint Stock Companies.

The Auditing Commission did not find any material misstatements in the Company's 2021 Disclosure of Related-Party Transactions.

As of the date of this Opinion, the Company's 2021 Disclosure of Related-Party Transactions has not yet been approved by the Board of Directors of the Company.

A random audit did not reveal any violations of the applicable laws and regulations of the Russian Federation by the Company in the course of its business activities that could significantly affect the Company's Statements.

III. CONCLUSION

In accordance with Article 88 of Federal Law No. 208-FZ of December 26, 1995 On Joint Stock Companies, following an audit of the Company's financial and business-related operations in 2021, the Auditing Commission should provide its opinion as to whether the Company's 2021 Annual Report and 2021 financial statements present fairly, in all material respects, the financial position of the Company.

The Auditing Commission did not find any material misstatements in the Company's 2021 Disclosure of Related-Party Transactions.

List of Statements verified by the Auditing Commission:

No.	Statement type	Date signed by a chief executive	Number of pages
1	Balance Sheet as of December 31, 2021	February 25, 2022	3
2	Profit and Loss Statement for January–December 2021	February 25, 2022	2
3	Statement of Changes in Equity for January–December 2021	February 25, 2022	3
4	Cash Flow Statement for January–December 2021	February 25, 2022	3
5	Notes to the 2021 Balance Sheet and Profit and Loss Statement of Rosseti North-West, PJSC, in text and table formats	February 25, 2022	67
6	2021 Annual Report of Rosseti North-West, PJSC, with Appendices, incl. 2021 Disclosure of Related-Party Transactions	-	460

This Opinion of the Auditing Commission should be considered together with all the verified financial statements and notes to the 2021 Balance Sheet and 2021 Profit and Loss Statement, as well as with the Company's 2021 Annual Report and 2021 Disclosure of Related-Party Transactions.

Report on compliance with the principles and recommendations of the Corporate Governance Code of the Russian Federation

This Report on Compliance with the Principles and Recommendations of the Corporate Governance Code was reviewed by the Board of Directors of Rosseti North-West, PJSC on 12.05.2022 (Minutes No. 425/26)⁸³.

The Board of Directors confirms that the Report contains complete and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code in 2021.

№	Corporate governance principles	Evaluation criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Explanations of failure to meet the evaluation criteria for compliance with the corporate governance principle
1	2	3	4	5
1.1	The Company shall ensure fair and equitable treatment of all shareholders when they exercise their right to participate in managing the Company			
1.1.1	The Company creates for its shareholders the most favorable conditions for participation in the General Meeting and the conditions for developing reasoned positions on the agenda items of the General Meeting and coordinating their activities, and enables them to express their opinions on the issues under consideration.	1. The Company provides an accessible way of communication with the public, such as a hotline, email, or an Internet forum that enables shareholders to express their opinions and send questions regarding the agenda during the preparation of the General Meeting. These ways of communication were provided by the Company before every General Meeting in the reporting period.	Compliant	
1.1.2	The procedure for giving notice of the General Meeting and providing materials for the General Meeting enables shareholders to properly prepare for participation therein.	1. In the reporting period, the notice of the General Meeting of Shareholders is posted (published) on the corporate website at least 30 days prior to the General Meeting, unless a longer notification period is required by law.	Compliant	Criterion 2 is met when holding an in-person General Meeting of Shareholders. In 2021, the Annual General Meeting of Shareholders was held in absentia.

⁸³ The methodology used to evaluate compliance with the corporate governance principles is based on the Bank of Russia's Guidelines on Disclosing the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (Letter of the Bank of Russia No. IN-06-28/102 dated December 27, 2021).

		<p>2. The notice of the General Meeting specifies the documents required for admission to the premises.</p> <p>3. Shareholders were provided access to the information on who proposed the agenda items and nominees to the Board of Directors and the Auditing Commission of the Company (to the extent that the latter is required under the Articles of Association).</p>		
1.1.3	<p>In the course of preparing and holding the General Meeting, shareholders could, in an unobstructed and timely manner, receive information on the meeting and materials for it, address their questions to executive bodies and the Board of Directors, and communicate with each other.</p>	<p>1. In the reporting period, shareholders were enabled to address their questions to executive bodies and the Board of Directors prior to and during the General Meetings.</p> <p>2. The position of the Board of Directors (including any dissenting opinions recorded in the minutes (if any)) on each agenda item of the General Meetings held in the reporting period was included in the materials for the General Meeting.</p> <p>3. The Company provided eligible shareholders with access to the list of the persons entitled to participate in the General Meeting, starting from the date of its receipt by the Company, in all cases of the General Meetings held in the reporting period.</p>	Partially compliant	<p>Criterion 1 is met.</p> <p>Criterion 2 is partially met. The materials for the 2021 Annual General Meeting of Shareholders included excerpts from the minutes of the Board of Directors, containing the position of the Board of Directors on each agenda item.</p> <p>Criterion 3 is met.</p>
1.1.4	<p>The exercise of the shareholder right to request for a General Meeting to be convened, nominate candidates to the Company's governing bodies, and to propose agenda items for a General Meeting did not involve unjustified difficulties.</p>	<p>1. According to the Articles of Association, shareholders may propose items to be included on the agenda of the Annual General Meeting within at least 60 days after the end of the relevant calendar year.</p> <p>2. In the reporting period, the Company did not refuse to accept any proposed agenda items or nominees to the Company's bodies due to typos or other insignificant flaws in shareholders' proposals.</p>	Compliant	
1.1.5	<p>Each shareholder could freely exercise their right to vote in the simplest and most convenient way.</p>	<p>1. According to the Articles of Association, shareholders may complete an electronic ballot form on the website specified in the relevant</p>	Compliant	

<p>1.1.6</p>	<p>The Company’s procedure for holding the General Meeting provides all persons present at the meeting with equitable treatment with respect to expressing their opinions and asking questions.</p>	<p>notice of the General Meeting of Shareholders.</p> <p>1. In the reporting period, when the General Meetings of Shareholders were held in the form of meetings with voting in person (in-person meetings), sufficient time was provided for reports on and discussion of the agenda items, and shareholders were enabled to express their opinions and ask questions on the agenda items.</p> <p>2. Nominees to the Company’s management and control bodies were invited to attend, and the necessary measures were taken to ensure that the nominees attend, the General Meeting of Shareholders at which their nominations were put to a vote. Such attending nominees were available to answer questions from shareholders.</p> <p>3. The sole executive body, the person responsible for accounting, the Chairperson or other members of the Board of Directors of the Audit Committee were available to answer questions from shareholders at the General Meetings of Shareholders held in the reporting period.</p> <p>4. In the reporting period, the Company used telecommunications facilities to provide shareholders with remote access to attend the General Meetings, or the Board of Directors made an informed decision on the absence of the need (possibility) to use such facilities in the reporting period.</p>	<p>Partially compliant</p>	<p>Criteria 1, 2, 3 are met when holding an in-person General Meeting of Shareholders.</p> <p>In 2021, the General Meeting of Shareholders was held in absentia, in accordance with applicable law.</p> <p>Criterion 4 is partially met. The following Shareholder Online Account services were used:</p> <ul style="list-style-type: none"> - on the website of the Company’s registrar, NRC-R.O.S.T. JSC, at: https://www.rrost.ru/ru/shareholder/online-services/personal-cabinet/ - on the Company’s website at: http://www.mrsksevzap.ru/shareholdersprivateoffice.
<p>1.2</p>	<p>Shareholders shall receive fair and equitable treatment with respect to participation in the Company’s profits by receiving dividends</p>			

1.2.1	The Company developed and implemented a transparent and clear mechanism for determining the amount of dividends and paying dividends.	<p>1. The Company's Dividend Policy has been approved by the Board of Directors and disclosed on the Company's website.</p> <p>2. To the extent that the Company prepares consolidated financial statements and the Company's Dividend Policy relies on the Company's reporting figures to determine the amount of dividends, the respective provisions of such Dividend Policy shall employ the figures reported in the consolidated financial statements.</p> <p>3. The justification of the proposed distribution of net earnings, including that towards dividends and retained earnings, and an assessment of such distribution's compliance with the Company's Dividend Policy, with explanations and economic justification for the need to allocate a certain portion of the net earnings towards the Company's retained earnings in the reporting period, were included in the materials for the General Meeting of Shareholders, which agenda included an item on profit distribution (including the payment (declaration) of dividends).</p>	Compliant	
1.2.2	The Company shall not make a decision on the dividend payment if such decision, while formally compliant with the legislative restrictions, is economically unreasonable and may lead to misconceptions about the Company's activities.	1. In addition to the legislative restrictions, the Company's Dividend Policy clearly specifies the financial/economic circumstances in which the Company shall not pay dividends.	Compliant	
1.2.3	The Company does not allow the deterioration of the dividend rights of its existing shareholders.	1. In the reporting period, the Company did not take any actions leading to the deterioration of the dividend rights of its existing shareholders.	Compliant	
1.2.4	The Company strives to rule out any ways through which its shareholders can receive profits (income) at the Company's expense other than dividends and liquidation	1. In the reporting period, the controlling persons of the Company did not resort to any ways of receiving profits (income) at the Company's expense (e.g., through transfer pricing, unjustified provision of services by any	Compliant	

	value.	controlling person to the Company for an unreasonably high fee, through internal loans to any controlling person and/or to anyone controlled by such controlling person, in lieu of the dividends) other than dividends.		
1.3	The system and practices of corporate governance shall ensure equal conditions for all shareholders owning shares of the same category (type), including minority shareholders and foreign shareholders, and their equitable treatment on the part of the Company			
1.3.1	The Company created conditions which ensure that each shareholder is treated fairly on the part of the Company's governing bodies and controlling persons, including the conditions that eliminate the possibility of any abuse on the part of major shareholders with respect to minority shareholders.	1. In the reporting period, the Company's controlling persons did not abuse their rights with respect to the Company's shareholders, there were no conflicts between the Company's controlling persons and its shareholders, and if such conflicts did occur, the Board of Directors properly addressed such conflicts.	Compliant	
1.3.2	The Company does not take any actions that lead or may lead to artificial redistribution of corporate control.	1. There were no quasi-treasury shares, or such shares did not participate in any voting in the reporting period.	Compliant	
1.4	Shareholders shall be provided with reliable and effective methods for recording their rights in shares and shall be enabled to freely and easily dispose of their shares			
1.4	Shareholders shall be provided with reliable and effective methods for recording their rights in shares and shall be enabled to freely and easily dispose of their shares	1. The Registrar's technologies and terms of service meet the needs of the Company and its shareholders and ensure the recording of rights to shares and the exercise of shareholder rights in the most efficient way.	Compliant	
2.1	The Board of Directors shall be in charge of strategic management of the Company, determine the main principles of and approaches to organizing the Company's risk management system and internal control system, supervise the activity of the Company's executive bodies, and shall perform other key functions			
2.1.1	The Board of Directors is responsible for making decisions relating to the appointment and dismissal of members of executive bodies, including in connection with the improper performance of their duties. The Board of Directors also supervises their activities to ensure that the Company's	1. The Board of Directors has the authority set out in the Articles of Association to appoint and dismiss members of executive bodies and determine the terms and conditions of contracts in relation to them. 2. In the reporting period, the Nomination Committee addressed the issue of whether the professional qualifications, skills, and experience of members of executive bodies meet the	Partially compliant	Criterion 1 is met. Criterion 2 is met. Criterion 3 is partially met. The strategic areas of the Company's long-term development are set out in the Development Strategy of Public Joint Stock Company ROSSETI and Its Subsidiaries and Dependent Companies (ROSSETI Group) Until 2030, as approved by the Board of Directors of PJSC ROSSETI on December 26, 2019

	<p>executive bodies act in accordance with the approved development strategy and core business activities of the Company.</p>	<p>Company's current and future needs as dictated by the Company's approved strategy. 3. In the reporting period, the Board of Directors reviewed the report(s) prepared by the sole executive body and by members of the collective executive body (if any) on the implementation of the Company's strategy.</p>		<p>(Minutes of the Meeting No. 388) (the "Strategy"), however the Company's Strategy, as a separate document, was not itself approved. In the reporting period, the Board of Directors reviewed the Company's strategic business reports prepared with reference to the targets set out in the Strategy, including the following:</p> <ul style="list-style-type: none"> - Report on the implementation of the business plan of the Company; - Report on the implementation of the investment program of the Company; - Company Activity Report, including information on the progress in the implementation of the resolutions of the Board of Directors; - Report on the attainment of the key performance indicators for the General Director of the Company; - Report on insurance protection of the Company; - Report on the organization and functioning of the internal control system of the Company and on the organization, functioning, and effectiveness of the risk management system of the Company; - The Internal Audit Report on the effectiveness assessment of the internal control system and risk management system of the Company; - Report on progress in implementing the Register of Noncore Assets of the Company; - Report on the implementation of the development plan of the production asset administration system; - Report on the anti-corruption monitoring results.
<p>2.1.2</p>	<p>The Board of Directors determines the basic long-term targets of the Company's activities, evaluates and approves the key performance indicators and key business goals of the Company, evaluates and approves the strategy and business plans for the core activities of the Company.</p>	<p>1. In the reporting period, the Board of Directors at its meetings addressed the issues related to progress in implementing and updating the strategy, the approval of the financial and economic plan (budget) of the Company, and the review of the criteria and indicators (including interim ones) for the strategy and business plans of the Company.</p>	<p>Partially compliant</p>	<p>The strategic areas of the Company's long-term development are set out in the Development Strategy of Public Joint Stock Company ROSSETI and Its Subsidiaries and Dependent Companies (ROSSETI Group) Until 2030, as approved by the Board of Directors of PJSC ROSSETI on December 26, 2019 (Minutes of the Meeting No. 388), however the Company's Strategy, as a separate document, was not itself approved.</p>

			<p>In the reporting period, the Board of Directors reviewed the Company’s strategic business reports prepared with reference to the targets set out in the Strategy, including the following:</p> <ul style="list-style-type: none"> - Report on the implementation of the business plan of the Company; - Report on the implementation of the investment program of the Company; - Company Activity Report, including information on the progress in the implementation of the resolutions of the Board of Directors; - Report on the attainment of the key performance indicators for the General Director of the Company; - Report on insurance protection of the Company; - Report on the organization and functioning of the internal control system of the Company and on the organization, functioning, and effectiveness of the risk management system of the Company; - The Internal Audit Report on the effectiveness assessment of the internal control system and risk management system of the Company; - Report on progress in implementing the Register of Noncore Assets of the Company; - Report on the implementation of the development plan of the production asset administration system; - Report on the anti-corruption monitoring results.
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<p>2.1.3</p>	<p>The Board of Directors determines principles of and approaches to organizing the Company’s risk management system and internal control system.</p>	<p>1. The principles of and approaches to organizing the Company’s risk management system and internal control system were determined by the Board of Directors and integrated into the Company’s internal documents that govern the risk management and internal control policy of the Company.</p> <p>2. In the reporting period, the Board of Directors approved (revised) the preferred amount of risk (risk appetite) for the Company, or the Audit Committee and/or the Risk Committee (if any) considered the advisability of submitting to the Board of Directors the issue of revising the Company’s risk appetite.</p>	<p>Partially compliant</p>	<p>Criterion 1 is met. Criterion 2 is not met.</p> <p>In 2021, the Board of Directors approved the Company’s revised Risk Management Policy, according to which the Company’s risk appetite should be determined by the Company’s Management Board and approved by the Company’s Board of Directors, following a prior review thereof by its competent committee. Rosseti North-West, PJSC adopted the ROSSETI Group Plan for Maintaining the Efficiency and Development of the Internal Control and Risk Management System, as approved by the Board of Directors on March 25, 2021 (Minutes No. 390/26). One of the development objectives is to develop a unified methodology for determining the risk appetite for ROSSETI companies and to ensure that the risk appetite level is submitted to the Board of Directors of PJSC ROSSETI for approval. The Procedure for Determining the Preferred Risk (Risk Appetite) of the Company and its SDCs (ROSSETI Group), setting out the principles of and approaches to determining the preferred risk (risk appetite) for the Company and its SDCs, was approved (Order No. 460 of PJSC ROSSETI dated September 27, 2021; Order No. 538 of Rosseti North-West, PJSC dated October 19, 2021). Materials on the issue <i>Approval of the preferred risk (risk appetite) of PJSC ROSSETI and its SDCs (ROSSETI Group)</i> are in the process of corporate approval: the assessment of ROSSETI Group’s risk appetite was approved at the Management Board level (extract from Minutes No. 1112/1 dated March 01, 2022). The issue was submitted to the Board of Directors of PJSC ROSSETI for approval.</p>
<p>2.1.4</p>	<p>The Board of Directors determines the Company’s policy on remuneration and/or reimbursement (compensation) for</p>	<p>1. The Company developed and implemented the policy (policies), as approved by the Board of Directors, on remuneration and reimbursement (compensation) for the members of the Board of</p>	<p>Compliant</p>	

	members of the Board of Directors, executive bodies, and other key executives of the Company.	Directors, executive bodies, and other key executives of the Company. 2. In the reporting period, the Board of Directors addressed issues related to such policy (policies).		
2.1.5	The Board of Directors plays a key role in preventing, identifying, and resolving internal conflicts between the Company's bodies, shareholders, and employees.	1. The Board of Directors plays a key role in preventing, identifying, and resolving internal conflicts. 2. The Company established a system for identifying transactions involving conflicts of interest and a system of measures aimed at resolving such conflicts.	Compliant	
2.1.6	The Board of Directors plays a key role in ensuring the Company's transparency, full and timely information disclosure, and unhindered access of shareholders to the Company's documents.	1. The Company's internal documents determine the persons responsible for implementing the Information Policy.	Compliant	
2.1.7	The Board of Directors oversees the Company's corporate governance practices and plays a key role in the Company's material corporate actions.	1. In the reporting period, the Board of Directors reviewed the results of self-assessment and/or external assessment of the Company's corporate governance practices.	Compliant	
2.2	The Board of Directors shall be accountable to the shareholders of the Company			
2.2.1	Information on the work of the Board of Directors is disclosed and provided to shareholders.	1. The Company's annual report for the reporting period includes information on individual directors' attendance at meetings of the Board of Directors and committees. 2. The annual report contains information on the main results of performance assessment for the Board of Directors in the reporting period.	Compliant	
2.2.2	The Chairperson of the Board of Directors is available for communication with shareholders of the Company.	1. The Company applies a transparent procedure for enabling shareholders to address communications to and receive feedback from the Chairperson of the Board of Directors (or the senior independent director, if applicable).	Compliant	
2.3	The Board of Directors shall be an efficient and professional governing body of the Company able to make objective and independent judgments and pass resolutions in the best interests of the Company and its shareholders			
2.3.1	Only individuals that have a	1. In the reporting period, the Board of Directors	Compliant	

	flawless business and personal reputation and have the knowledge, skills, and experience necessary to make decisions within the competence of the Board of Directors and required for the effective performance of its functions are elected as members of the Board of Directors.	(or its Nomination Committee) evaluated nominees for the Board of Directors in terms of necessary experience, knowledge, business reputation, absence of conflicts of interest, etc.		
2.3.2	Members of the Board of Directors are elected through a transparent procedure enabling shareholders to receive sufficient nominee information to form an opinion about nominees' personal and professional qualities.	1. Whenever the agenda of any General Meeting of Shareholders held in the reporting period included items on the election of the Board of Directors, the Company provided shareholders with background information on all nominees for the Board of Directors, with the results of their evaluation by the Board of Directors (or its Nomination Committee), as well as the information on whether nominees met the independence criteria set forth in Recommendations 102–107 of the Code, and information on the availability of the written consent of nominees to election to the Board of Directors.	Compliant	
2.3.3	The composition of the Board of Directors is well-balanced, including in terms of the qualifications, experience, knowledge, and business qualities of its members, and such members enjoy the confidence of shareholders.	1. In the reporting period, the Board of Directors analyzed its own requirements for the qualifications, experience, and skills of its members and identified which competencies the Board of Directors needed in the short and long term.	Compliant	
2.3.4	The number of members of the Board of Directors makes it possible to organize the activities of the Board of Directors in the most efficient manner, including the possibility of forming committees of the Board of Directors, and	1. In the reporting period, the Board of Directors addressed the issue of whether the number of members of the Board of Directors met the Company's needs and shareholders' interests.	Compliant	

	enables significant minority shareholders of the Company to have the nominees for whom they vote elected to the Board of Directors.			
2.4	The Board of Directors shall include a sufficient number of independent directors			
2.4.1	<p>An independent director is a person who has sufficient professional skills, experience, and independence to form his/her own opinions and make objective and fair judgements independent from the Company's executive bodies, separate groups of shareholders, or other stakeholders.</p> <p>It should be noted that under normal conditions, a nominee (an elected member of the Board of Directors) cannot be recognized as independent if he or she is affiliated with the Company, any of its substantial shareholders, material contractors or competitors, or the government.</p>	<p>1. In the reporting period, all independent members of the Board of Directors met all the independence criteria specified in Recommendations 102–107 of the Code, or were recognized as independent by the Board of Directors.</p>	Compliant	
2.4.2	<p>Nominees for the Board of Directors are evaluated for compliance with the independence criteria, and independent members of the Board of Directors are regularly evaluated for compliance with such criteria. Such evaluation should be in line with the substance over form principle.</p>	<p>1. In the reporting period, the Board of Directors (or its Nomination Committee) formed an opinion about the independence of each nominee and provided shareholders with such opinion.</p> <p>2. In the reporting period, the Board of Directors (or its Nomination Committee) at least once reviewed the independence of the current members of the Board of Directors (upon them being elected).</p> <p>3. The Company developed procedures that determine the necessary actions to be taken by members of the Board of Directors in the event they cease to be independent, including their obligation to notify the Board of Directors</p>	Compliant	

2.4.3	Independent directors constitute at least one third of the elected members of the Board of Directors.	accordingly and in a timely manner. 1. Independent directors constitute at least one third of the members of the Board of Directors.	Not compliant	<p>The Board of Directors, as elected at the Annual General Meeting of Shareholders on May 29, 2020 (Minutes No. 16), included 3 independent directors:</p> <ul style="list-style-type: none"> - Oleg Romanovich Fedorov (meets all the independence criteria specified in Recommendations 102–107 of the Code); - Alexander Viktorovich Golovtsov (recognized as an independent director by the resolutions of the Board of Directors dated June 30, 2020 (Minutes No. 367/3) and December 30, 2020 (Minutes No. 385/21)); - Andrey Vladimirovich Morozov (recognized as an independent director by the resolutions of the Board of Directors dated June 30, 2020 (Minutes No. 367/3) and December 30, 2020 (Minutes No. 385/21)). <p>The Board of Directors, as elected at the Annual General Meeting of Shareholders on May 28, 2021 (Minutes No. 17), included 3 independent directors:</p> <ul style="list-style-type: none"> - Oleg Romanovich Fedorov (meets all the independence criteria specified in Recommendations 102–107 of the Code); - Alexander Viktorovich Golovtsov (recognized as an independent director by the resolution of the Board of Directors dated June 30, 2021 (Minutes No. 401/2)); - Ekaterina Vladimirovna Nikitchanova (recognized as an independent director by the resolution of the Board of Directors dated September 30, 2021 (Minutes No. 406/7)). <p>The Company strives to comply with the Code recommendations in terms of independence of members of the Board of Directors.</p> <p>The management regularly interacts with the representatives of shareholders (in particular, through negotiations and meetings) to form a well-balanced composition of the Board of Directors, in which independent directors constitute at least one third of its members.</p>
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				To ensure the most informed choice of directors by shareholders, materials for the relevant General Meeting of Shareholders include the results of the evaluation of nominees for the Board of Directors, conducted by the HR and Remuneration Committee, specifying whether the nominees meet the independence criteria.
2.4.4	Independent directors play a key role in preventing internal conflicts in the Company and in the performance by the latter of significant corporate actions.	1. In the reporting period, independent directors (that are free of any conflict of interest) from time to time carried out a preliminary assessment of material corporate actions involving a potential conflict of interest and reported the findings of such assessment to the Board of Directors.	Compliant	
2.5	The Chairperson of the Board of Directors shall facilitate the most effective performance of the functions entrusted to the Board of Directors			
2.5.1	The Chairperson of the Board of Directors is an independent director, or a senior independent director is selected from among the elected independent directors to coordinate the work of independent directors and interact with the Chairperson of the Board of Directors.	1. The Chairperson of the Board of Directors is an independent director, or a senior independent director is selected from among the independent directors. 2. The role, rights, and responsibilities of the Chairperson of the Board of Directors (and, if applicable, the senior independent director) are properly determined in the Company's internal documents.	Partially compliant	Criterion 1 is not met. No senior independent director was elected. The management of the Company regularly interacts with the representatives of shareholders (in particular, through negotiations and meetings) to form a well-balanced composition of the Board of Directors, which includes the required number of independent directors. If the number of independent directors elected to the Board of Directors is sufficient and if such independent directors agree to the election of a senior independent director, the issue of electing a senior independent director may be submitted to the Board of Directors for consideration. Criterion 2 is met.
2.5.2	The Chairperson of the Board of Directors ensures a constructive environment at meetings, free discussion of the agenda items, and follow-ups on the resolutions passed by the Board of Directors.	1. In the reporting period, performance of the Chairperson of the Board of Directors was assessed as part of the Board of Directors' performance assessment.	Compliant	
2.5.3	The Chairperson of the Board of Directors takes the necessary measures to provide members of	1. The responsibility of the Chairperson of the Board of Directors for taking measures in order to ensure that members of the Board of Directors	Compliant	

	the Board of Directors, in a timely manner, with the information required to make informed decisions on the agenda items.	are provided, in a timely manner, with complete and reliable materials for the agenda items of meetings of the Board of Directors is enshrined in the Company's internal documents.		
2.6	The members of the Board of Directors shall act reasonably and in good faith in the best interests of the Company and its shareholders on the basis of sufficient information, with due care and diligence			
2.6.1	Members of the Board of Directors make decisions on a fully informed basis, with no conflicts of interest, with due consideration of the equitable treatment of the Company's shareholders, within the limits of normal business risks.	<ol style="list-style-type: none"> 1. The Company's internal documents oblige members of the Board of Directors to notify the Board of Directors of any conflict of interest with respect to any agenda item of the meeting of the Board of Directors or a committee of the Board of Directors prior to the discussion of the relevant agenda item. 2. The Company's internal documents specify that members of the Board of Directors should abstain from voting on any issue in which they have a conflict of interest. 3. The Company established a procedure enabling the Board of Directors to receive professional advice on matters within its competence at the Company's expense. 	Compliant	
2.6.2	The rights and duties of members of the Board of Directors are clearly defined and specified in the Company's internal documents.	1. The Company adopted and published an internal document that clearly defines the rights and duties of members of the Board of Directors.	Compliant	

<p>2.6.3</p>	<p>Members of the Board of Directors have sufficient time to perform their duties.</p>	<p>1. Individual attendance at meetings of the Board of Directors and committees and the time allocated for preparation for such meetings were taken into account as part of the assessment (self-assessment) procedure for the Board of Directors in the reporting period.</p> <p>2. Pursuant to the Company’s internal documents, members of the Board of Directors are required to notify the Board of Directors of their intention to join management bodies of other organizations (apart from controlled and affiliated entities of the Company) and of the fact of such appointment.</p>	<p>Partially compliant</p>	<p>Criterion 1 is met. Criterion 2 is not met.</p> <p>The Company’s internal documents do not require that members of the Board of Directors notify the Board of Directors of their intention to join management bodies of other organizations (apart from controlled and affiliated entities of the Company) and of the fact of such appointment.</p> <p>At the same time, Article 82 of Federal Law No. 208-FZ <i>On Joint-Stock Companies</i> provides that a member of the Board of Directors must notify the Company about any entity in which they, their spouses, parents, children, full- and half-siblings, adoptive parents and adoptive children and/or their controlled persons hold any position, as well as of any changes in such circumstances.</p> <p>In 2021, members of the Board of Directors submitted to the Company the information required under Article 82 of Federal Law No. 208-FZ <i>On Joint-Stock Companies</i>.</p> <p>In addition, the Company on a quarterly basis requires that members of the Board of Directors submit information on their participation in management bodies of other entities, for the purposes of the Issuer’s Reports.</p> <p>Thus, throughout 2021, the Company had up-to-date information about the participation of members of the Board of Directors in the management bodies of other organizations.</p> <p>The Company is considering the possibility of amending its internal documents to introduce the procedure for notifying the Board of Directors of its member’s intention to join management bodies of other organizations.</p>
<p>2.6.4</p>	<p>All members of the Board of Directors have equal access to the Company’s documents and information. The newly elected</p>	<p>1. Pursuant to the Company’s internal documents, members of the Board of Directors may access any information and documents regarding the Company and its controlled</p>	<p>Compliant</p>	

	members of the Board of Directors are provided with sufficient information on the Company and the work of the Board of Directors as soon as practicable	entities, as such Board members may need to perform their duties, and the Company's executive bodies are obliged to provide the relevant information and documents. 2. The Company has a formalized induction program for newly elected members of the Board of Directors.		
2.7	Meetings of the Board of Directors, preparations for such meetings, and participation by members of the Board of Directors shall ensure the efficient operation of the Board of Directors			
2.7.1	Meetings of the Board of Directors are held as and when necessary, taking into account the scope of the Company's operations and its goals in a certain period.	1. The Board of Directors held at least six meetings in the reporting period.	Compliant	
2.7.2	The Company's internal documents establish the procedure for preparing to and holding meetings of the Board of Directors, enabling members of the Board of Directors to properly prepare for such meetings.	1. The Company approved the internal document defining the procedure for preparing and holding meetings of the Board of Directors, including the provisions specifying that the notice of an upcoming meeting shall be generally given at least 5 days prior to the date of the meeting. 2. In the reporting period, members of the Board of Directors who were not able to travel to the location of the meeting were given the opportunity to participate in the discussion of agenda items and vote remotely, i.e., via conference calls and video conferencing.	Compliant	
2.7.3	The format of a meeting of the Board of Directors is determined with due consideration of the importance of its agenda items. The most important items are resolved at meetings held in person.	1. The Company's Articles of Association or internal documents specify that the most important issues (including those listed in Recommendation 168 of the Code) should be addressed at meetings of the Board of Directors held in person.	Compliant	
2.7.4	Resolutions on the most important issues concerning the Company's activities are passed at a meeting of the Board of Directors by a qualified majority or by a majority of all elected members of the Board	1. The Company's Articles of Association provide that resolutions on the most important issues, including those specified in Recommendation 170 of the Code, shall be passed at a meeting of the Board of Directors by a qualified majority of at least three-fourths of	Not compliant	The Company's Articles of Association do not provide that resolutions on the issues specified in Recommendation 170 of the Code shall be passed at a meeting of the Board of Directors by a qualified majority of at least three-fourths of the votes or by a majority of all elected members of the Board of

	of Directors.	the votes or by a majority of all elected members of the Board of Directors.		<p>Directors.</p> <p>Article 18.7 of the Articles of Association provide that a resolution shall be passed at a meeting of the Board of Directors by a majority of votes of the members of the Board of Directors attending such meeting, unless otherwise provided by the applicable laws and regulations of the Russian Federation and the Articles of Association. Article 18.9 of the Articles of Association lists the issues to be resolved by a majority of at least two-thirds of the votes of the members of the Board of Directors attending the Board meeting. Such issues include, in particular, the issue specified in paragraph 8 of Recommendation 170 of the Code: consideration of material issues concerning the operations of entities controlled by the Company.</p> <p>In addition, pursuant to the Articles of Association, any issues related to the Company's participation in other entities and to determining the Company's credit policy shall be resolved by a majority of at least two-thirds of the votes of the members of the Board of Directors attending the Board meeting.</p> <p>Any risks associated with only partial implementation of the Code's recommendations are mitigated by the historically high attendance of Board meetings by members of the Board of Directors and the Company's decision-making procedures: its key decisions are pre-considered by the Board committees.</p>
2.8	The Board of Directors shall form committees for the preliminary consideration of the most important issues concerning the activity of the Company			
2.8.1	For preliminary consideration of issues related to the control over financial and economic activities of the Company, the Audit Committee composed of independent directors is established.	<ol style="list-style-type: none"> 1. The Board of Directors formed the Audit Committee composed entirely of independent directors. 2. The Company's internal documents determine the Audit Committee's objectives, including those set out in Recommendation 172 of the Code. 3. At least one member of the Audit Committee is an independent director having experience and 	Compliant	

		<p>expertise in drafting, analyzing, evaluating, and auditing accounting (financial) statements.</p> <p>4. In the reporting period, meetings of the Audit Committee were held at least once a quarter.</p>		
<p>2.8.2</p>	<p>The Remuneration Committee composed entirely of independent directors and chaired by an independent director, other than the Chairperson of the Board of Directors, is established for preliminary consideration of issues related to adopting efficient and transparent remuneration practices.</p>	<p>1. The Board of Directors formed the Remuneration Committee composed entirely of independent directors.</p> <p>2. The Remuneration Committee is chaired by an independent director who is not the Chairperson of the Board of Directors.</p> <p>3. The Company's internal documents determine the objectives of the Remuneration Committee, including those set out in Recommendation 180 of the Code, and the conditions (events) upon the occurrence of which the Remuneration Committee shall consider the issue of revising the Company's remuneration policy for members of the Board of Directors, executive bodies, and other key executives.</p>	<p>Partially compliant</p>	<p>Criterion 1 is not met.</p> <p>The functions of the Company's Remuneration Committee are performed by the HR and Remuneration Committee of the Company's Board of Directors.</p> <p>The HR and Remuneration Committee, as elected by the Board of Directors on June 30, 2020 (Minutes No. 367/3), was composed of one independent director (O.R. Fedorova) and two non-executive members of the Board of Directors.</p> <p>The HR and Remuneration Committee, as elected by the Board of Directors on July 06, 2021 (Minutes No. 402/3), is composed of two independent directors (O.R. Fedorova, E.V. Nikitchanova) and one non-executive member of the Board of Directors. The Company has been consistently trying to increase the number of independent directors on the Committee.</p> <p>At the same time, the Moscow Exchange Listing Rules do not set out any requirements for the composition of the HR Committee for issuers of Level 2 stocks.</p> <p>The management of the Company regularly interacts with the representatives of shareholders (in particular, through negotiations and meetings) to form a well-balanced composition of the Board of Directors and Committees of the Board of Directors, which include the required number of independent directors.</p> <p>Criterion 2 is not met.</p> <p>The Chairperson of the HR and Remuneration Committee of the Board of Directors is not an independent director.</p> <p>Criterion 3 is partially met.</p> <p>The objectives of the HR and Remuneration Committee of the Board of Directors, as those are set out in the Regulations on the HR and Remuneration</p>

				<p>Committee of the Board of Directors, as approved by the Board of Directors on August 22, 2014 (Minutes No. 163/5), largely comply with Recommendation 180 of the Code. The Remuneration Committee considers, and advises the Board of Directors on, the issue of revising the Company’s remuneration policy for members of the Board of Directors, executive bodies, and other key executives of the Company.</p> <p>The Company drafted amendments and additions to the Regulations for the HR and Remuneration Committee of the Board of Directors of the Company to bring it in compliance with the Code.</p>
2.8.3	<p>The Nomination Committee predominantly composed of independent directors is established for preliminary consideration of issues related to personnel planning (continuity planning), the professional staff, and the effectiveness of the Board of Directors.</p>	<ol style="list-style-type: none"> 1. The Board of Directors formed the Nomination Committee (or its objectives, as specified in Recommendation 186 of the Code, are fulfilled within another committee) predominantly composed of independent directors. 2. The Company’s internal documents determine the objectives of the Nomination Committee (or the relevant committee with combined functions), including those contained in Recommendation 186 of the Code. 3. To form a Board of Directors that best meets the Company’s goals and objectives, the Nomination Committee, in the reporting period, either independently or jointly with other Committees of the Board of Directors, or the Company’s Shareholder Relations Department arranged interaction with shareholders, not limited to the major ones, for the purposes of selecting the best nominees to the Board of Directors. 	Partially compliant	<p>Criterion 1 is met. Criterion 2 is partially met.</p> <p>The HR and Remuneration Committee’s objectives, as those are set out in the Regulations on the HR and Remuneration Committee, as approved by the Board of Directors on August 22, 2014 (Minutes No. 163/5), largely comply with Recommendation 186 of the Code.</p> <p>The Company drafted amendments and additions to the Regulations for the HR and Remuneration Committee of the Board of Directors of the Company to bring it in compliance with the Code.</p> <p>Criterion 3 is met.</p>
2.8.4	<p>Given the Company’s scope of operations and the risk level, the Board of Directors made sure that the composition of its committees is fully in line with the goals of the</p>	<ol style="list-style-type: none"> 1. In the reporting period, the Board of Directors addressed the issue of whether the composition of its committees met the Company’s scale, nature, business objectives, needs, and risk profile. Additional committees were either 	Partially compliant	<p>In the reporting period, the Board of Directors reviewed the issue <i>On the Composition of the Committees of the Board of Directors</i>, resulting in the election of members to 5 committees of the Board of Directors: the Audit Committee (Resolution dated</p>

	Company. Additional committees were either formed or found unnecessary (e.g., the Strategy Committee, the Corporate Governance Committee, the Ethics Committee, the Risk Management Committee, the Budget Committee, the HSE Committee, etc.).	formed or found unnecessary.		June 30, 2021, Minutes No. 401/2), the HR and Remuneration Committee, the Strategy Committee, the Reliability Committee, and the Committee for Technological Connection to Electric Grids (Resolution dated July 06, 2021, Minutes No. 402/3). There were no proposals from members of the Board of Directors to create any new committees or to terminate any existing committee.
2.8.5	The composition of the committees is determined so as to enable comprehensive discussions of the issues that are subject to pre-consideration, taking into account the diversity of opinions.	1. In the reporting period, the Audit Committee, the Remuneration Committee, the Nomination Committee (or the relevant committee with combined functions) are chaired by independent directors. 2. The Company's internal documents (policies) provide that any persons who are not members of the Audit Committee, the Nomination Committee (or the relevant committee with combined functions), and the Remuneration Committee may attend committee meetings only at the invitation of the Chairperson of the relevant committee.	Partially compliant	Criterion 1 is partially met. In 2021, the Audit Committee was chaired by independent directors (before June 30, 2021 – by A.V. Golovtsov, after June 30, 2021 – by E.V. Nikitchanova). The HR and Remuneration Committee, which functions include those of a Nomination Committee, was not chaired by an independent director. Criterion 2 is met.
2.8.6	The chairmen of the committees regularly inform the Board of Directors and its Chairperson of the work of their respective committees.	1. In the reporting period, the chairmen of the committees reported regularly to the Board of Directors on the work of their respective committees.	Compliant	
2.9	The Board of Directors shall ensure performance assessment of the Board of Directors, its committees, and members of the Board of Directors			
2.9.1	The Board of Directors performance assessment is aimed at determining the degree of effectiveness of the Board of Directors, the committees and members of the Board of Directors, their compliance with the Company's development needs, intensifying the efforts of the Board of Directors and identifying the areas for improvement.	1. The Company's internal documents determine the procedures for performance assessment (self-assessment) of the Board of Directors. 2. The Board of Directors performance assessment (self-assessment) in the reporting period included performance assessment in relation to the committees, individual members of the Board of Directors, and the Board of Directors as a whole. 3. The results of performance assessment (self-assessment) of the Board of Directors in the	Partially compliant	Criterion 1 is met. Criterion 2 is met. Criterion 3 is not met. Due to the epidemiological situation, the results of performance assessment of the Board of Directors in the reporting period were reviewed at a meeting of the Board of Directors held in absentia (by polling).

		reporting period were reviewed at an in-person meeting of the Board of Directors.		
2.9.2	Performance assessment in relation to the Board of Directors, its committees, and members of the Board of Directors is conducted on a regular basis at least once a year. An independent external organization (consultant) is engaged to conduct the external evaluation of the Board of Directors at least once every three years.	1. An independent external organization (consultant) was engaged to conduct the external evaluation of the Board of Directors at least once within the last three reporting periods.	Compliant	
3.1	The Corporate Secretary of the Company shall be responsible for efficient day-to-day interaction with shareholders, coordination of the Company's efforts to protect the rights and interests of its shareholders, and support for the efficient work of the Board of Directors			
3.1.1	The Corporate Secretary has sufficient knowledge, experience, and expertise to perform his/her duties, as well as a flawless reputation, and enjoys the confidence of shareholders.	1. The Company's website and annual report provide background information on the Corporate Secretary (including information on the Corporate Secretary's age, education, expertise, experience), as well as information about any positions the Corporate Secretary has held in the governing bodies of other entities over the past five years (at the very least).	Compliant	
3.1.2	The Corporate Secretary has sufficient independence from the Company's executive bodies and has the required authority and resources to perform the duties assigned.	1. The Company adopted and disclosed an internal document — <i>Regulations on the Corporate Secretary</i> . 2. The Board of Directors approves the Corporate Secretary's appointment, dismissal, and additional remuneration. 3. The Company's internal documents provide that the Corporate Secretary may request and receive the Company's documents and information from its governing bodies, structural divisions, and officers.	Compliant	
4.1	The level of remuneration paid by the Company shall be sufficient to recruit, motivate and retain persons having the competencies and qualifications necessary for the Company. Remuneration shall be paid to members of the Board of Directors, executive bodies, and other key executives of the Company in accordance with the Company's policy on remuneration			
4.1.1	The level of remuneration provided by the Company to members of the	1. Remuneration for members of the Board of Directors, executive bodies, and other key	Compliant	

	<p>Board of Directors, executive bodies, and other key executives creates sufficient motivation to ensure their effective work and enables the Company to attract and retain competent and qualified professionals. However, the Company avoids overrating the level of remuneration and an unreasonably large gap between the levels of remuneration for such officials and employees of the Company.</p>	<p>executives of the Company is determined based on the results of a comparative analysis of the level of remuneration in comparable companies.</p>		
4.1.2	<p>The Company's remuneration policy is developed by the Remuneration Committee and approved by the Board of Directors. With the help of its Remuneration Committee, the Board of Directors supervises the introduction and implementation of the Company's remuneration policy and revises and adjusts it as necessary.</p>	<p>1. In the reporting period, the Remuneration Committee reviewed the policy(ies) on remuneration and the practice of its (their) introduction, assessed its (their) efficiency and transparency and, if necessary, submitted the relevant recommendations to the Board of Directors.</p>	Partially compliant	<p>Criterion 1 is partially met. The remuneration policy and the practice of its introduction in the Company are reviewed regularly, on annual basis, and revised (adjusted) where necessary. For example, on December 29, 2020 (Minutes No. 4) the HR and Remuneration Committee pre-considered the proposals to amend the Regulations on Material Incentives for General Director, the Regulations on Material Incentives and Social Benefits for Top Managers (to reduce the costs and replace quarterly KPIs with annual KPIs). The amendments recommended by the Committee were approved by the Board of Directors on December 30, 2020 (Minutes No. 385/21). The next revision (adjustment) of the above documents is scheduled for the end of the 2021 reporting year.</p>
4.1.3	<p>The Company's remuneration policy contains transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies, and other key executives of the Company, and</p>	<p>1. The Company's remuneration policy(ies) contain(s) transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies, and other key executives of the Company, and regulate(s) all kinds of payments, benefits, and privileges granted to such persons.</p>	Compliant	

	regulates all kinds of payments, benefits, and privileges granted to such persons.			
4.1.4	The Company establishes the reimbursement (compensation) policy with an itemization of reimbursement expenses and the level of service for which members of the Board of Directors, executive bodies, and other key executives may qualify. Such policy may be integrated into the Company's remuneration policy.	1. The Company's remuneration policy(ies) or other internal documents establish the reimbursement rules for members of the Board of Directors, executive bodies, and other key executives of the Company.	Compliant	
4.2	The system of remuneration for members of the Board of Directors shall ensure alignment of directors' financial interests and shareholders' long-term financial interests			
4.2.1	The Company pays fixed annual remuneration to members of the Board of Directors. The company does not pay any remuneration for attending separate meetings of the Board of Directors or its committees. The Company does not apply any forms of short-term incentives and additional financial incentives for members of the Board of Directors.	1. In the reporting period, the Company paid remuneration for members of the Board of Directors in accordance with its remuneration policy. 2. In the reporting period, the Company did not apply any forms of short-term incentives or additional financial incentives for members of the Board of Directors based on the Company's performance indicators. No remuneration was paid for attending separate meetings of the Board of Directors or its committees.	Compliant	
4.2.2	The long-term ownership of the Company's shares ensures best alignment of the financial interests of the Board of Directors with the long-term interests of shareholders. However, the Company does not make the right to sell shares contingent on the achievement of certain performance indicators, and members of the Board of Directors do not participate in option programs.	1. If the internal document(s) of the Company, i.e., its remuneration policy(ies), specify that the Company's shares may be provided to members of the Board of Directors, the rules for shares owned by members of the Board of Directors shall be clearly defined and disclosed with the aim of promoting long-term ownership of such shares.	Partially compliant	Criterion 1. The IDGC of NorthWest, JSC Regulations on the Option Program, as approved by the Board of Directors (minutes No. 16 dated December 28, 2006), provide for granting Company shares to members of the Board of Directors. At the same time, the Rosseti North-West, PJSC Regulations on Remuneration and Compensation for Members of the Board of Directors do not provide for any such mechanism. Currently, no option program is available with the Company. The Company admits the possibility of

				implementing such option program in the future.
4.2.3	The Company does not provide any additional payments or compensations in cases where the powers of members of the Board of Directors are terminated early due to a change of control over the Company or other circumstances.	1. The Company does not provide any additional payments or compensations in cases where the powers of members of the Board of Directors are terminated early due to a change of control over the Company or other circumstances.	Compliant	
4.3	The system of remuneration for executive bodies and other key executives of the Company shall make remuneration dependent on the Company's performance results and their personal contribution to the achievement thereof			
4.3.1	Remuneration for members of executive bodies and other key executives of the Company is so determined as to ensure a reasonable and justified ratio between the fixed portion and the variable portion of remuneration that is dependent upon the Company's performance results and employees' personal (individual) contribution to the achievement of the final result.	<p>1. In the reporting period, annual performance indicators approved by the Board of Directors were used to determine the amount of variable remuneration for members of executive bodies and other key executives of the Company.</p> <p>2. In the course of the latest assessment of the system of remuneration for members of executive bodies and other key executives of the Company, the Board of Directors (its Remuneration Committee) ensured that the Company used an efficient ratio between the fixed and the variable portions of remuneration.</p> <p>3. When determining the amount of remuneration for members of executive bodies and other key executives of the Company, consideration is given to the Company's risk exposure in order to avoid creating incentives for making excessively risky management decisions.</p>	Compliant	
4.3.2	The Company implemented a long-term incentive program for members of its executive bodies and other key executives using the Company's shares (options or other derivatives whose underlying asset is the Company's shares).	1. To the extent that the Company implemented a long-term incentive program for members of its executive bodies and other key executives using the Company's shares (options or other derivatives whose underlying asset is the Company's shares), such program provides that the right to sell such shares and other financial instruments used in such program may be exercised no earlier than three years after the date of granting thereof. The right to dispose of such	Not compliant	<p>Criterion 1 is not met.</p> <p>The incentive scheme for members of executive bodies and other key executives of the Company does not include a long-term incentive program.</p>

		shares or other financial instruments is subject to achievement of certain performance indicators of the Company.		
4.3.3	The amount of compensation (golden parachute) paid by the Company to members of its executive bodies or other key executives in the event of early termination of their powers, provided that such termination is initiated by the Company with no misconduct on the part of the respective officers, does not exceed double the amount of the fixed portion of their annual remuneration.	1. In the reporting period, the amount of compensation (golden parachute) paid by the Company to members of its executive bodies or other key executives in the event of early termination of their powers, provided that such termination is initiated by the Company with no misconduct on the part of the respective officers, did not exceed double the amount of the fixed portion of their annual remuneration.	Compliant	
5.1	The Company shall have an efficient internal control and risk management system designed to provide reasonable assurance that the Company's goals will be achieved			
5.1.1	The Board of Directors determined the principles of and approaches to organizing the Company's internal control and risk management system.	1. The functions of the Company's various management bodies and divisions in the internal control and risk management system are clearly defined in the Company's internal documents / relevant policy approved by the Board of Directors.	Compliant	
5.1.2	The Company's executive bodies ensure the establishment and maintenance of an efficient risk management and internal control system in the Company.	1. The Company's executive bodies ensured the distribution of functions and responsibilities with respect to risk management and internal control among subordinate managers (heads) of divisions and departments.	Compliant	
5.1.3	The Company's internal control and risk management system provides an objective, fair, and clear view of the Company's current condition and prospects, ensures the integrity and transparency of the Company's reporting, and reasonable and acceptable risks taken by the	1. The Company has an approved Anti-Corruption Policy in place. 2. The Company established a safe, confidential, and easily accessible channel to inform the Board of Directors or the Audit Committee about violations of the applicable laws and regulations, internal procedures, or the Code of Ethics of the Company.	Compliant	

	Company. exposure.			
5.1.4	The Board of Directors takes the necessary measures to ensure that the Company's current internal control and risk management system functions efficiently and meets the principles and approaches established by the Board of Directors.	1. In the reporting period, the Board of Directors (or the Audit Committee and/or Risk Management Committee (if any)) assessed the reliability and effectiveness of the Company's internal control and risk management system. 2. In the reporting period, the Board of Directors reviewed the results of the reliability and effectiveness assessment of the Company's internal control and risk management system. The results of such assessment are disclosed in the Company's Annual Report.	Compliant	
5.2	In order to assess the reliability and efficiency of the risk management and internal control system and corporate governance practices on a regular and independent basis, the Company shall organize internal audits			
5.2.1	In order to conduct internal audit, the Company established a separate division or engaged an independent external organization. The administrative and functional accountability of the Internal Audit Department are delineated. The Internal Audit Department is functionally accountable to the Board of Directors.	1. In order to conduct internal audit, the Company established a separate division functionally accountable to the Board of Directors or the Audit Committee, or engaged an independent external organization with the same principle of accountability.	Compliant	
5.2.2	The Internal Audit Department assesses the reliability and effectiveness of the internal control and risk management system, and of the corporate governance system, and applies the generally accepted standards of internal auditing.	1. In the reporting period, the reliability and effectiveness of the internal control and risk management system was assessed as part of internal audit. 2. In the reporting period, the corporate governance practice (individual practices), including the procedures for sharing information (including that related to internal control and risk management) at all management levels of the Company, as well as interaction with stakeholders were assessed as part of internal audit.	Compliant	
6.1	The Company and its activities shall be transparent to shareholders, investors, and other stakeholders			
6.1.1	The Company developed and	1. The Board of Directors approved the	Partially compliant	Criterion 1 is met.

	introduced the Information Policy that ensures efficient exchange of information between the Company, shareholders, investors, and other stakeholders.	Information Policy developed in accordance with the recommendations of the Code. 2. In the reporting period, the Board of Directors (or one of its committees) considered issues related to the efficiency of information exchange between the Company, shareholders, investors, and other stakeholders and the advisability (necessity) to revise the Company's Information Policy.		Criterion 2 is partially met. In the reporting period, the Board of Directors considered the issue formulated as <i>General Director's 2020 Report on Compliance with the Regulations on Information Policy</i> .
6.1.2	The Company discloses information on the corporate governance system and practices, including detailed information on its compliance with the principles and recommendations of the Code.	1. The Company discloses information on its corporate governance system and on the general corporate principles of corporate governance applied by the Company, <i>inter alia</i> , by posting such information on the Company's website. 2. The Company discloses information on members of executive bodies and the Board of Directors of the Company, the independence of members of the Board of Directors and their membership in the Board committees (as defined in the Code). 3. If there is a person controlling the Company, the Company publishes a memorandum of the controlling person, disclosing the latter's plans for the Company's corporate governance.	Compliant	
6.2	The Company shall disclose complete, up-to-date, and accurate information on the Company in a timely manner so as to enable the Company's shareholders and investors to make informed decisions			
6.2.1	The Company discloses information in accordance with the principles of regularity, consistency and timeliness, as well as the availability, accuracy, completeness, and comparability of the data disclosed.	1. The Company established a procedure to ensure coordination of the operations of all structural divisions and employees who are associated with information disclosure or whose activities may result in the need to disclose information. 2. If securities of the Company are traded on foreign regulated markets, disclosure of material information in the Russian Federation and on such markets is done simultaneously and equivalently in the reporting year. 3. If foreign shareholders hold a substantial	Compliant	

		number of shares in the Company, disclosure was carried out during the reporting year not only in Russian, but also in one of the most widespread foreign languages.		
6.2.2	The Company avoids a formalistic approach to information disclosure and discloses material information about its activities even if the disclosure of such information is not required by law.	<p>1. The Company’s Information Policy determines approaches to the disclosure of information about any events (actions) that have a material impact on the value or quotation of its securities and the disclosure of which is not required by law.</p> <p>2. In accordance with Recommendation 290 of the Code, the Company discloses information on its capital structure in the Annual Report and on the Company’s website.</p> <p>3. The Company discloses information on its controlled entities that are material to it, including information on their core business activities, on the mechanisms ensuring the accountability of the controlled entities, on the Board of Directors’ authority to determine the strategy and assess the performance of such controlled entities.</p> <p>4. The Company discloses a non-financial report — a Sustainable Development Report, an Environmental Report, a Corporate Social Responsibility Report, or any other report containing non-financial information, including that on any factors related to the environment (including environmental and climate change factors), society (social factors), and corporate governance, other than an Issuer’s Report (for issuers of equity securities) and an Annual Report (for joint stock companies).</p>	Partially compliant	<p>Criterion 1 is partially met.</p> <p>The Company’s Regulations on the Information Policy (the “Regulations”), as approved by Resolution No. 274/29 of the Board of Directors dated March 29, 2018, determine the basic principles, goals, and objectives of the Information Policy, the methods and means of information disclosure, the list of information and documents to be disclosed to shareholders and other stakeholders, and also determine the procedure and terms for the disclosure and presentation of such information. The Regulations provide for additional disclosure of information over and above the mandatory disclosure requirements established by law. Thus, the Company strives to disclose, to the maximum possible extent, any information that could have a material impact on the valuation of the Company and the value of its securities.</p> <p>Currently, the Company is drafting the new version of the Regulations, taking into account the Bank of Russia Directive No. 5326-U dated November 21, 2019 and the Bank of Russia Regulation No. 714-P dated March 27, 2020 <i>On Information Disclosure by Equity Securities Issuers</i>, for the purposes of additional disclosure of material information.</p> <p>Criterion 2 is met. Criterion 3 is met. Criterion 4 is met.</p>
6.2.3	As one of the most important tools of the information interaction with shareholders and other stakeholders, the Annual Report contains information that helps to	<p>1. The Company’s Annual Report contains information on the results of the effectiveness assessment of the internal and external audit process performed by the Audit Committee.</p> <p>2. The Company’s Annual Report contains</p>	Compliant	

	assess the Company's performance for the year.	information on the Company's Environmental Protection Policy and Corporate Social Responsibility Policy.		
6.3	The Company shall provide shareholders with equal and unhindered access to information and documents as per their request			
6.3.1	The exercise of the shareholder right to access the Company's documents and information does not involve unjustified difficulties.	<p>1. The Company's Information Policy (internal documents regulating the Information Policy) determines an easy procedure for providing shareholders with access to the Company's documents and information, at their request.</p> <p>2. The Company's Information Policy (internal documents regulating the Information Policy) provides that upon receipt of a shareholder's request to access information about any entity controlled by the Company, the Company shall make every effort to obtain such information from such controlled entity.</p>	Compliant	
6.3.2	When providing information to the Company's shareholders, a reasonable balance is ensured between the interests of individual shareholders and the interests of the Company which wishes to ensure that sensitive business information that may have a material impact on the Company's competitiveness remains confidential.	<p>1. In the reporting period, the Company did not refuse to satisfy the shareholders' requests for information, or such refusals were justified.</p> <p>2. In cases determined by the Company's Information Policy, shareholders are warned of the confidential nature of the information provided and undertake to keep it confidential.</p>	Compliant	
7.1	Any actions that have or may have a material effect on the share capital structure and financial condition of the Company and, therefore, on the position of its shareholders (material corporate actions) shall be taken on the fair terms and conditions that provide protection for the rights and interests of shareholders and other stakeholders			
7.1.1	Material corporate actions shall be deemed to include reorganization of the Company, acquisition of 30 or more percent of the Company's voting shares (takeover), the Company's material transactions, increase or decrease in the Company's share capital, listing and delisting of the Company's	1. The Company's Articles of Association determine a list of transactions or other actions deemed to be material corporate actions and specify their relevant criteria. Decision-making with regard to material corporate actions is reserved to the Board of Directors. Where the implementation of such corporate actions is directly reserved by law to the General Meeting of Shareholders, the Board of Directors provides	Partially compliant	<p>Criterion 1. Pursuant to the Law on Joint-Stock Companies and the Company's Articles of Association, decision-making with regard to actions that paragraph 7.1.1. of the Corporate Governance Code recommends to treat as material corporate actions are reserved to the Board of Directors.</p> <p>Also, according to the Articles of Association, decision-making with regard to any transactions that, although failing to meet the legislative criteria for</p>

	<p>shares, and any other actions that may result in material changes in the shareholders' rights or violation of their interests. The Company's Articles of Association determine a list (criteria) of transactions or other actions deemed to be material corporate actions and reserved to the Board of Directors.</p>	<p>shareholders with relevant recommendations.</p>		<p>major transactions (under Recommendation 307 of the Corporate Governance Code), are material for the Company are also reserved to the Board of Directors. The Articles of Association and resolutions of the Board of Directors determine a list of such transactions and specify their relevant criteria. At the same time, the Articles of Association do not use the notions "material corporate action" or "material transaction". Thus, the criterion is met in substance but not in form. The Company intends to take these recommendations into account when developing amendments and additions to the Company's internal documents.</p>
7.1.2	<p>The Board of Directors plays a key role in making decisions or recommendations with regard to material corporate actions and relies on the position of the Company's independent directors.</p>	<p>1. The Company has a procedure whereby independent directors declare their positions on material corporate actions prior to their approval.</p>	Partially compliant	<p>Criterion 1. The Company's Regulations on the Board of Directors provide that members of the Board of Directors may send a dissenting opinion to the Corporate Secretary, which shall be attached to the minutes of the meeting. For instance, pursuant to Article 81 of the Federal Law <i>On Joint-Stock Companies</i>, subparagraph 24 of paragraph 15.1 of Article 15 of the Company's Articles of Association, a member of the Board of Directors may declare his/her position and request that a meeting of the Board of Directors be held to decide as to whether to consent to entering into a related party transaction. On March 19, 2021, A.V. Golovtsova, an independent director and a member of the Board of Directors, submitted a request to convene a meeting of the Board of Directors to consider the approval of a transaction. On March 31, 2021, the transaction was submitted to the Board of Directors for consideration. The transaction was approved. The Company intends to consider the possibility of taking these recommendations into account when developing amendments and additions to the Company's internal documents.</p>
7.1.3	<p>When taking material corporate</p>	<p>1. Taking into account the specific nature of the</p>	Compliant	

	<p>actions affecting the rights and legitimate interests of shareholders, equitable treatment is ensured for all shareholders, and, where statutory mechanisms protecting the shareholder rights are insufficient, additional measures are taken to protect the rights and legitimate interests of the Company's shareholders.</p> <p>In doing so, the Company is guided not only by compliance with the formal requirements of law, but also by the principles of corporate governance set out in the Code.</p>	<p>Company's activities, its Articles of Association reserve the approval of transactions that are material for the Company, in addition to those provided by the law, to the Board of Directors.</p> <p>2. In the reporting period, all material corporate actions were subject to approval prior to their implementation.</p>		
7.2	The Company shall ensure that material corporate actions are taken in accordance with the procedure that enables shareholders to receive complete information on such actions in a timely manner and influence them, and guarantees that the shareholders' rights are observed and duly protected in the course of taking such actions			
7.2.1	<p>When disclosing information on material corporate actions, explanations are given concerning the reasons for, conditions, and consequences of such actions.</p>	<p>1. To the extent that the Company took any material corporate actions in the reporting period, the Company disclosed information thereon in a timely and detailed manner, including the reasons for, conditions, and consequences of such actions.</p>	Compliant	
7.2.2	<p>The rules and procedures pertaining to the Company's material corporate actions are set out in the Company's internal documents.</p>	<p>1. The Company's internal documents determine the instances and the procedure for engaging an independent appraiser to evaluate the assets disposed of or purchased under a major transaction or a related-party transaction.</p> <p>2. The Company's internal documents envisage the procedure for engaging an independent appraiser to evaluate the purchase and redemption price of shares in the Company.</p> <p>3. In instances where none of the members of the Board of Directors, sole executive body, members of the collective executive body, controlling persons, or persons having the power to give binding instructions to the Company are</p>	Compliant	

		formally interested in the Company's transactions, but have a conflict of interests or other actual interest therein, the Company's internal documents provide that such persons shall not participate in the voting regarding the approval of such transactions.		
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Disclosure of Major and Related-Party Transactions made by Rosseti North-West, PJSC in 2021

Disclosure of major transactions made by Rosseti North-West, PJSC in 2021

No.	Description of transaction	Date of transaction	Material terms of transaction (parties, subject, price*, term)	Approving or ratifying management body, incl. Minutes No. and date, if any
There were no major transactions in 2021.				

Disclosure of related-party transactions (recognized as such under the applicable laws and regulations of the Russian Federation) made by Rosseti North-West, PJSC in 2021

No.	Description of transaction	Date of transaction	Material terms of transaction (parties, subject, price*, term)	Person(s) recognized as Related party	Details of notice of a related-party transaction (No. and date)	Approving or ratifying management body, incl. Minutes No. and date, if any
1.	Power Grid Operation and Development Agreement No. 175E/243/21	April 12, 2021	<p>Parties to the Agreement: Rosseti North-West, PJSC** (as the Customer), PJSC ROSSETI (as the Contractor).</p> <p>Subject: Subject to the terms and conditions of the Agreement, the Contractor shall provide to the Customer, and the Customer shall accept and pay for, services related to the operation and development of the Customer’s power grid facilities (hereinafter – Services).</p> <p>Price: The total fees payable for the Services in 2021 shall not exceed Ninety-Five Million Two Hundred Ninety-One Thousand One Hundred and Sixty Two Russian Rubles 38 kopecks (RUB 95,291,162.38), plus Nineteen Million Fifty-Eight Thousand Two Hundred and Thirty-Two Russian Rubles 48 kopecks (RUB</p>	PJSC ROSSETI is both a Controlling Person of Rosseti North-West, PJSC and a party to the transaction.	1.	Power Grid Operation and Development Agreement No. 175E/243/21

			<p>19,058,232.48) of 20% VAT, totaling One Hundred Fourteen Million Three Hundred Forty-Nine Thousand Three Hundred and Ninety-Four Russian Rubles 86 kopecks (RUB 114,349,394.86) at the most.</p> <p>Service duration under the Agreement: Service start date: January 1, 2021; Service end date: December 31, 2021.</p> <p>Agreement term: The Agreement shall become effective upon execution thereof by the Parties and shall continue in full force and effect until December 31, 2021, and with regard to settlements — until the Parties discharge their respective payment obligations in full. The Agreement shall apply to the Parties' legal relations arising from January 1, 2021.</p>			
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* Pursuant to Article 77 of the Federal Law on Joint Stock Companies, the price of assets or services to be alienated or acquired shall be determined by the Board of Directors, based on the market value of such assets or services.

** As of the date of the transaction and until August 23, 2021 — IDGC of North-West, PJSC.