

**Auditing Commission of  
of 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

### **DETAILS OF AUDITING COMMISSION COMPOSITION**

The Auditing Commission composition was elected by decision of the General Meeting of Shareholders	Decision of the annual General Meeting of Shareholders of IDGC of North-West, PJSC dated 28.05.2021 (Minutes No 17)
Chairman and Secretary of the Auditing Commission elected by decision of the Auditing Commission	Minutes No. 1 of the Auditing Commission of IDGC of North-West, PJSC dated 21.06.2021.
Chairman of the Auditing Commission	Svetlana Nikolayevna Kovaleva
Secretary of the Auditing Commission	Svetlana Mikhailovna Trishina
Members of the Auditing Commission	Natalya Aleksandrovna Tsyganova, Elena Mikhailovna Roptanova, Viktor Vladimirovich Tsarkov

**Audit examination timeframe:** In accordance with the work schedule of the Auditing Commission for 2021-2022 corporate year (Minutes of the meeting of the Auditing Commission of Rosseti North-West, PJSC No. 1 dated 21.06.2021), the audit of the financial and economic activities of Rosseti North-West, PJSC for 2021 is carried out from January to May of 2022.

**Audit examination grounds:** Federal Law on Joint-Stock Companies No. 208-FZ dated 26.12.1995, Charter of Rosseti North-West, PJSC, Regulations on the Auditing Commission of Rosseti North-West, PJSC, decision of the Auditing Commission of Rosseti North-West (Minutes of the meeting No. 1 dated 21.06.2021).

**Audit examination objective:** Confirmation of consistency of data contained in the 2021 Annual Report, accounting (financial) statements of Rosseti North-West, PJSC for 2021, report on the interested party transactions concluded in 2021 (hereinafter referred to as the “Statements”).

“Consistency”, in all material respects, is understood as a degree of the Statements data consistency enabling shareholders to draw correct conclusions on the result of economic activities and financial and property standing of Rosseti North-West, PJSC and to take well-substantiated decisions based on such conclusions.

In accordance with Federal Law No. 208-FZ dd. 26.12.1995 “On Joint Stock Companies”, Charter of Rosseti North-West, PJSC, the responsibility for organization, condition and consistency of accounting in Rosseti North-West, PJSC, timely submission of accounting (financial) statements lies with the executive body of Rosseti North-West, PJSC.

**Period audited:** from 01.01.2021 to 31.12.2021.

**Audit examination object:** Annual report for 2021, accounting (financial) statements for 2021, report on interested party transactions concluded in 2021, decisions of management bodies, local regulations and organizational and administrative documents of Rosseti North-West, PJSC, programs and plans, ledgers, primary accounting documents and other financial and economic documents of Rosseti North-West, PJSC.

**The following references were used during the audit examination (review):**

- Civil Code of the Russian Federation;
- Federal Law No 402-FZ “On Accounting” dated 06.12.11;
- Federal Law “On Joint-Stock Companies” No. 208-FZ dated 26.12.1995;
- Accounting standards (federal, industry-related);
- Order No. 34n of the Ministry of Finance of the Russian Federation “On approval of the Regulations for Accounting and Reporting in the Russian Federation” dated 29.07.1998;
- Order No 66n of the Ministry of Finance of the Russian Federation “On Organizations’ Accounting Statement Forms” dated 02.07.2010;
- Regulations of the Bank of Russia No. 714-P dd. 27.03.2020 “On Disclosure of Information by Issuers of Equity Securities”;
- Instruction of the Bank of Russia No. 4335-U dd. 31.03.2017 “On Setting of Limit Values for the Amount of Transactions Concluded by Joint-Stock Companies and Limited Liability Companies, where Such Transactions Can Be Recognized as Interested Party Transactions”;
- Accounting policy of Rosseti North-West, PJSC for accounting purposes approved by Order No. 746 dd. 30.12.202, as amended;
- other legislative instruments and internal organizational and administrative documents of Rosseti North-West, PJSC.

**COMPANY DETAILS**

Full registered name	Public Joint Stock Company “Rosseti North-West” (hereinafter referred to as the “Company”)
Abbreviated name	Rosseti North-West, PJSC (hereinafter referred to as the “Company”)
Location of legal entity	3 Konstitutsii Sq., Lit. A, Room 16N, Saint Petersburg, Russia
Postal address	196247, 3 Konstitutsii Sq., Lit. A, Room 16N, Saint Petersburg.

State registration (PSRN [Primary State Registration Number], date)	1047855175785 dd. 23.12.2004
INN (taxpayer identification number)	7802312751
Branches and standalone subdivisions	Arkhangelsk Branch, Vologda branch, Karelian branch, Murmansk branch, branch of Rosseti North-West, PJSC in the Komi Republic, 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 11.10.2018 to the present.
Chief accountant (full name, office, date of accession to office)	I.G. Zhdanova – Chief Accountant – Head of the Department for Financial and Fiscal Accounting and Reporting from 04.03.2019 to present day.
Average number of employees of the Company for 2021	13 473,28 persons.
Principal shareholders	of Rosseti, PJSC – 55.38%
The main areas of activities	Transmission of electrical energy, distribution of electrical energy, activities to ensure the operability of electric power grids, services for technological connection to distribution networks.

Rosseti North-West, PJSC, is a subsidiary of Rosseti, PJSC, which as of 31.12.2021 owns 55.38% of the Company's shares.

Types of the Company's activities are set forth in the Charter. The main types of activities of the company are the electricity transmission, electricity distribution, activities to ensure the operability of electric power grids, services for technological connection to distribution networks of the Company.

Clause 2.8 of the Charter stipulates that the Company is entitled to establish branches not being legal entities with the authorities to act on behalf of the Company and on the basis of the provisions approved by the Company. As of December 31, 2021, the Company manages seven regional branches:

- Arkhangelsk Branch (3 Svobody St., Arkhangelsk, 1630069, Russian Federation);
- Vologda Branch (68 Prechistenskaya emb. Vologda, 160000, Russian Federation);

Karelian Branch (45 Kirov St., Petrozavodsk, Republic of Karelia, 185035, Russian Federation);

- Murmansk Branch (2 Kirov St., Murmashi, Kola district, Murmansk region, 184355, Russian Federation);

Branch in the Republic of Komi (94 Internatsionalnaya St., Syktyvkar, Komi Republic, 167000, Russian Federation);

Novgorod Branch (3 Bolshaya Sankt-Peterburgskaya St, Veliky Novgorod, 173003, Russian Federation);

- Pskov Branch (47-A Sovetskaya St., Pskov, 180000, Russian Federation).

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 governing body of the Company is the General Meeting of Shareholders. The most important decisions related to the activities of the Company are made by the General Meeting of Shareholders 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, which is elected by the General Meeting of Shareholders, adopts decisions on determining the development strategy of the Company and controls the activities of its executive bodies in accordance with the Charter of the Company.

Day-to-day operations of the Company are managed by the sole executive body – General Director of the Company.

Supervision of the Company's financial and economic activity is performed by the Auditing Commission of the Company.

The current composition of the Board of Directors of Rosseti North-West, PJSC was elected by the annual General Meeting of Shareholders on May 28, 2021 (Minutes No. 17 dated June 1, 2021) consisting of: \_\_\_\_\_

Item No.	Full name	Position held at the time of election
1.	Aleksandr Viktorovich Golovtsov	did not work at the time of the election
2.	Andrey Vladimirovich Morozov	Legal Director, Association of Professional Investors
3.	Oleg Romanovich Fedorov	Member of the Board of Directors of IDGC of North-West, PJSC
4.	Artem Yuryevich Pidnik	General Director of IDGC of North-West, PJSC
5.	Andrei Vladimirovich Mayorov	First Deputy General Director – Chief Engineer, Rosseti, PJSC
6.	Aleksey Aleksandrovich Polinov	Advisor to General Director, Rosseti, PJSC

Item No.	Full name	Position held at the time of election
	(Chairman of the Board of Directors)	
7.	Pavel Vladimirovich Grebtsov	Deputy General Director for Economics and Finance of Rosseti, PJSC
8.	Aleksey Valeryevich Molsky	Deputy Director General for Investment, Capital Construction and Sales of Services, Rosseti, PJSC
9.	Daniil Vladimirovich Krainsky	Deputy General Director for Legal Support, Rosseti, PJSC
10.	Ekaterina Vladimirovna Nikitchanova	Deputy Director – Head of the RID Expert Center
11.	Yury Vladimirovich Goncharov	Chief Advisor to Rosseti, PJSC

Members of the Board of Directors of Rosseti North-West, PJSC that had powers until May 28, 2021, were elected at the annual General Meeting of Shareholders of IDGC of North-West, PJSC, held on May 29, 2020 (Minutes No. 16 dated June 01, 2020), consisting of:

Item No.	Full name	Position held at the time of election
1.	Konstantin Aleksandrovich Mikhailik (Chairman of the Board of Directors)	Deputy General Director for Investment Activities of Rosseti, PJSC
2.	Mikhail Aleksandrovich Bychko	Director of the Capital Construction Department of Rosseti, PJSC
3.	Aleksandr Viktorovich Golovtsov	did not work at the time of the election
4.	Yury Vladimirovich Goncharov	Chief Advisor to Rosseti, PJSC
5.	Aleksandr Yuryevich Korneyev	Director of the Department of Technological Connection and Infrastructure Development of Rosseti, PJSC
6.	Dmitry Dmitrievich Mikheev	Director of Sales of Services, Rosseti, PJSC
7.	Andrey Vladimirovich Morozov	Legal Director, Association of Professional Investors
8.	Yuliya Gennadyevna Obrezkova	Deputy Director of the Strategy Department of Rosseti, PJSC
9.	Irina Aleksandrovna Shagina	Director of the Tariff Policy Department of Rosseti, PJSC
10.	Oleg Romanovich Fedorov	Member of the Board of Directors of IDGC of North-West, PJSC
11.	Artem Yuryevich Pidnik	General Director of IDGC of North-West, PJSC

**AUDITOR DETAILS**

Full registered name of organization	Limited Liability Company “Ernst&Young”
Abbreviated name of the organization	Ernst & Young, LLC
Decision of the annual General Meeting of Shareholders on approval of the Auditor’s candidacy	Decision of the annual General Meeting of Shareholders of Rosseti North-West, PJSC dated 28.05.2021 (Minutes No 17)
Location	Building 1, 77 Sadovnicheskaya Embankment, 115035, Moscow, Russia
State Registration Number	1027739707203
Membership in self-regulatory organization	Member of the self-regulatory organization of auditors “Sodruzhestvo” Association (SRO AAS) main registration record number (ORNZ) 12006020327.
Contract for provision of auditor services	Audit Agreement: № 284/338/21 dd. 04.06.2021
Auditor’s Report	The independent Auditor’s Report on the accounting ( financial) statements of Public Joint Stock Company “Rosseti North-West” for 2021 (signed on 25.02.2022).

**I. ANALYTICAL PART**

While carrying out the audit examination, we considered whether the Company complied with the Russian Federation legislation and local regulatory instruments of the Company.

The Auditing Commission selectively inspected a number of financial and business operations performed by the Company for accurate and timely record of accounting events in accounting and (financial) statements for 2021, the reliability and completeness of information disclosure in the annual report for 2021, in the report on interested party transactions concluded in 2021. Based on the Accounting (Financial) Statements of the Company, an analysis of the Company’s financial standing and position was carried out.

In assessing the accuracy of the accounting (financial) statements for 2021, the Auditing Commission relied on the opinion of the auditor of the Company, expressed in the Auditor's Report of Ernst&Young LLC dated 25.02.2022 on the accurate, in all material respects, disclosure of the financial position and financial performance in the accounting (financial) statements for 2021.

According to Ernst & Young, LLC as the Auditor of the Company:

*“the accounting (financial) statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, as well as its profit and loss and cash flows for 2021 in accordance with the rules for preparing accounting (financial) statements established in the Russian Federation”.*

The inventory-taking of assets and liabilities of the Company based on the results of 2021 was carried out in accordance with the requirements of the law of the Russian Federation. The Auditing Commission noted certain shortcomings in the course of the annual inventory-taking of assets and liabilities based on the results of 2021.

The totality of accounting methods used by the Company that constitute the accounting policy approved by order of IDGC of North-West, PJSC No. 746 dd. 30.12.2020 (as amended by orders No. 4-1 dd. 11.01.2021, No. 566 dd. 01.11.2011), in the reporting year generally complied with the applicable law of the Russian Federation on accounting and federal standards.

The Statements were generated in accordance with legislative and normative instruments of the Russian Federation (RAS) and local regulatory instruments of the Company (in all material respects).

The carrying value of assets and liabilities of the Company as of December 31, 2021 amounted to RUB 55,105.4 million and as compared to the data of December 31, 2020, it increased by 1.3% or by RUB 728.3 million.

Non-current assets account for 85.9% of the property structure, their value as of December 31, 2021 amounted to RUB 47,355.1 million, which is 0.5% more than the size of non-current assets as of December 31, 2020, mainly due to the growth of fixed assets in view of an increase in the volume of construction in progress and advances made for capital construction and acquisition of fixed assets.

Current assets, as of December 31, 2021, account for 14.1% of all assets or RUB 7,750.4 million, of which the largest share is outstanding debt (65.9%) and inventories (14.7%). Value of current assets increased by 6.9% compared to the data as of December 31, 2020, mainly due to an increase in receivables.

As of December 31, 2021, the amount of receivables (line 1230 of the balance sheet) increased by 10.4% as compared to December 31, 2020 and amounted to RUB 5,109.7 million. The total amount of receivables accounted for under the terms of the contracts for 2021 decreased by 8.1% and, as of December 31, 2021, amounted to RUB 11,030 million, of which 68.2% of the debt is overdue receivables, 53.7% of which are recognized by the Company as doubtful debts, in view of which the Company created the relevant provision for doubtful debts. Overdue receivables (under the terms of contracts) for the reporting year decreased by 13.7%, the provision for doubtful debts decreased by 19.7% compared to the data as of December 31, 2020.

In the structure of assets and liabilities as of December 31, 2021

equity capital is 44.3% and amounts to RUB 24,388.3 million. Equity capital for the reporting year increased by 4.6%, which was due to the receipt of net profit by the Company in the reporting period.

The amount of non-current liabilities as of December 31, 2021 amounted to RUB 16,684.4 million, having increased by RUB 4,618.6 million over the reporting year or by 38.3% mainly due to borrowings.

The amount of current liabilities for the reporting year decreased by RUB 4,965.1 million or by 26.1% and amounted to RUB 14,032.7 million. In the structure of current liabilities, accounts payable account for the largest part, i.e. 62.3% or RUB 8,748.7 million (over the reporting year, accounts payable increased by 7.4%), estimated liabilities – by 19.7% or RUB 2,759.6 million (for the reporting year decreased by 6.7%) and borrowed funds – by 17.1% or RUB 2,405.2 million (for the reporting year decreased by 69.4%). Decrease in current liabilities as a whole occurred mainly due to a decrease in the cost of short-term borrowings by RUB 5,442.5 million or by 69.4% in connection with the repayment of obligations. As of December 31, 2021, the Company's current liabilities are 1.8 times higher than the Company's current assets. A significant share (30.7%) of the Company's accounts payable is represented by advances received from subscribers under contracts for technological connection to networks.

The Company's activities in the reporting year yielded net profit in an amount of RUB 1,074.9 million (net loss in the previous year was RUB 1,371.2 million).

The cost of net assets as of 31.12.2021 was RUB 24,424.1 million hence exceeding the chartered capital of the Company. The increase in the value of net assets for the reporting year amounted to 4.6%.

During the audit, a selective reconciliation of the data of the annual accounting (financial) statements and the data of the Company's annual report for 2021 was carried out. As part of the work done, the Auditing Commission did not find any material misstatements of the financial information contained in the Company's annual report for 2021.

The Auditing Commission inspected the disclosure of information in the Annual Report of the Company for 2021, for compliance with the requirements of the Regulation on Disclosure of Information by Issuers of Equity Securities, approved by order of the Bank of Russia No. 714-P on December 27, 2020.

The Annual Report of the Company to be submitted for approval to the annual General Meeting of Shareholders contains the details stipulated by the Regulation on Disclosure of Information by Issuers of Equity Securities, approved by order of the Bank of Russia No. 714-P on December 27, 2020.

At the time of issue of this Opinion, the Annual Report of the Company for 2021 submitted for approval by the annual General Meeting of Shareholders has not been approved by the Board of Directors of the Company.

The Auditing Commission selectively inspected the accuracy of information disclosure in the report on interested party transactions concluded in 2021, for compliance with the requirements of Federal Law No. 208-FZ of December 26, 1995 "On Joint Stock Companies".

No facts of misrepresentation of the information contained in the report on interested party transactions concluded by the Company in 2021 were revealed.

At the time of issue of this Opinion, the report on the interested party transactions concluded in 2021 has not been approved by the Board of Directors of the Company.

No facts of violating the legal acts of the Russian Federation in the course of implementation of financial and economic activities that could significantly affect the Statements of the Company were identified during the selective inspection.

### III. FINAL PART

In accordance with Article 88 of the Federal Law No. 208-FZ dd. December 26, 1995 “On Joint Stock Companies” based on the results of audit of the 2021 financial and economic activities of the Company, the Auditing Commission expresses its opinion on the reliability of the data in all material respects contained in the Annual Report of the Company for 2021 and in the annual accounting (financial) statements of the Company for 2021.

No facts of misrepresentation of the information contained in the report on interested party transactions concluded in 2021 were revealed.

#### Composition of the Company’s Statements to be confirmed by the Auditing Commission:

Item No	Statement form title	Date of signing by management	Number of sheets in the document
1	Balance Sheet as of December 31, 2021	25.02.2022	3
2	Profit and Loss Statement for the period from January to December 2021	25.02.2022	2
3	Equity Change Statement for January – December 2021	25.02.2022	3
4	Cash flow statement for January-December 2021	25.02.2022	3
5	Notes to the balance sheet and the profit and loss statement of Rosseti North-West, PJSC for 2021 in text and tabular form	25.02.2022	67
6	Annual report of Rosseti North-West, PJSC for 2021 (with annexes, including information (report) on transactions made by Rosseti North-West, PJSC in 2021, recognized as interested party transactions in accordance with the applicable law of the Russian Federation)	-	460

This opinion of the Auditing Commission shall be considered jointly with all the forms of Accounting (Financial) Statements to be validated and the Explanations on 2021 balance sheet and the profit and loss statement, with 2021 Annual Report, with Report on Interested Party Transactions concluded in 2021.

Chairman of the Auditing Commission	<u>Signature</u>	S.N. Kovaleva
Members of the Auditing Commission	<u>Signature</u>	V.V. Tsarkov
	<u>Signature</u>	S.M. Trishina
	<u>Signature</u>	E.M. Roptanova
	<u>Signature</u>	N.A. Tsyganova