

D&O Liability Insurance

The Corporate Governance Code⁴¹ recommends companies, at their own expense, to insure the liability of the Board of Directors so that losses, incurred by the company or third parties due to activities of the Board of Directors members, may be reimbursed.



During the reported period, the Company has concluded a D&O Liability Insurance contract with AO SOGAZ (with preliminary examination of the item by the Board of Directors), under which the following risks are covered:

- Risks of claims or demands, placed to the insured by third parties, related to reimbursement of losses caused by unintentional wrong actions of the insured in the realization of their managerial activities
- Risks of claims or demands, placed by third parties, related to reimbursement of losses on Company's securities

The insured entities according to the insurance contract are the Company, individuals or corporates which were, are or shall be:

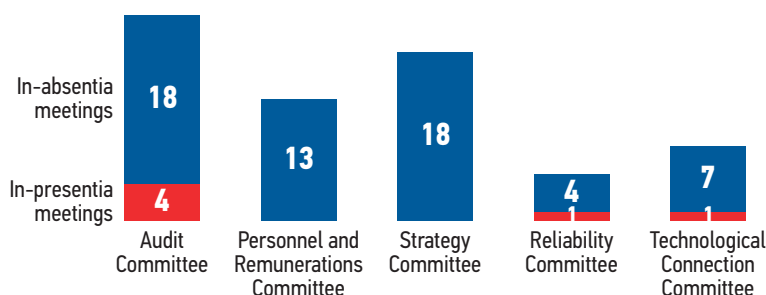
- A member of the Board of Directors, Supervisory Board or any other similar body, regardless of its title in any jurisdiction/country
- The sole executive body (General Director), deputy sole executive body (First Deputy General Director, Deputy General Director), member of the Executive Board, Chief Accountant
- Other entities, stipulated by the insurance contract

BOARD OF DIRECTORS COMMITTEES

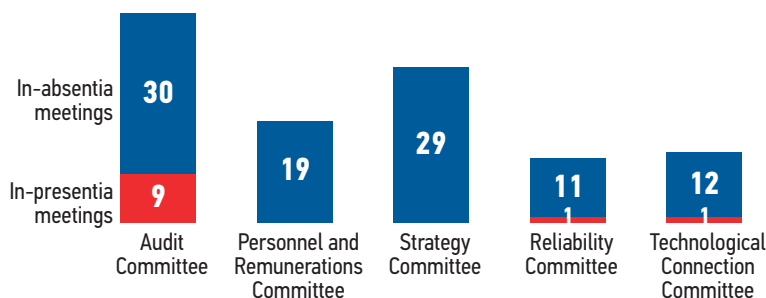
To enhance efficiency of the Board of Directors and investigate matters under its purview, the Board of Directors has established specialized functional consultative and advisory bodies – Board of Directors Committees. Primary goals of each Committee lie in preliminary examination of vital topics referred to the Board of Directors competence and in generation of recommendations used by the Board of Directors to decide on relevant aspects. If the Committees require counseling and advisory services with regard to aspects demanding specialized knowledge and skills, they are entitled to engage outside experts into examination process, relevant remunerations being paid from the Committees' budgets, approved by the Board of Directors, within allotted limits.

The Board of Directors structure comprises five permanent Committees – the Audit Committee, Personnel and Remunerations Committee, Strategy Committee, Reliability Committee and Technological Connection Committee. Any action or operation of these Committees is performed in strict compliance with the relevant Regulations stipulating the legal status, goals and objectives, rights and liabilities, structure and composition of the Committees as well as federal laws and enactments of the Russian Federation, Charter, Regulations on the Board of Directors, resolutions of the Board of Directors and Committees' Regulations.

In-presentia and in-absentia Committee meetings in 2023



Agenda items examined by the Committees on in-presentia and in-absentia meetings in 2023



During the reported period, the Committees scrutinized 112 agenda items during 66 meetings. The share of in-presentia Committee meetings and share of agenda items reviewed during in-presentia meetings in 2023 totaled 9.1% and 9.8%, respectively. Find the exhaustive list of examined agenda items and wording of the Committees' resolutions at Committees of the Board of Directors Section the corporate website (Main/About us/Governing and Oversight Bodies/Committees of the Board of Directors).

THE AUDIT COMMITTEE

The Committee was established to examine issues related to the oversight of Company's financial and economic operations. The Committee plays a key role in overseeing integrity, accuracy and reliability of financial reporting, accountability and efficiency of the system of risk management, internal control and corporate governance and in fostering independence and impartiality of internal and external audit.

Guided by:

- The Regulations on the Board of Directors' Audit Committee⁵²
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Audit Committee⁵³

Primary Objectives:

- Review of Company's accounting (financial) statements and supervision over statements preparation process
- Supervision of reliability and efficiency of the systems of internal control and risk management and corporate governance practices
- Supervision of external audit and auditor selection
- Fostering of independence and impartiality of internal audit
- Supervision of efficiency of the system combating unfair practices of Company's employees and third parties

Compositions of the Committee and members' attendance

Name	Composition 1 (07.09.2022 – 20.02.2023)	Composition 2 (21.02.2023 – 25.07.2023)	Composition 3 (26.07.2023 – end of the reported period)	Attendance
R.A. Dmitrik	+	+	+	22/22 (100%)
I.A. Shagina	+	+	+	22/22 (100%)
Y.V. Goncharov	+	+	-	12/12 (100%)
A.V. Shevchuk	-	-	+	10/10 (100%)

Two independent directors with an expertise in the preparation, analysis, evaluation and audit of financial statements serves on the Committee:

- R.A. Dmitrik, OOO ESIH' General Director (Committee Chair);
- A.V. Shevchuk, Association of Professional Investors' Executive Director

Committee's 2023 progress report:

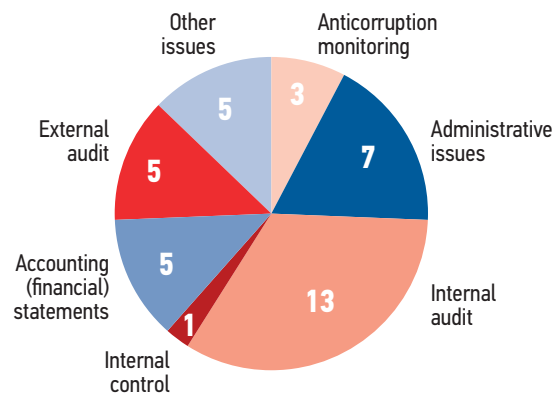
During the reported period the Committee conducted

22 meetings, incl.

18 in-absentia meetings,

4 in-presentia meetings (VC)

Agenda items examined: 39



Issues examined during 2023

Anticorruption monitoring	Examination of the 2022 and 1H2023 report on anticorruption monitoring outcomes (minutes dated 10.04.2023 No.155, dated 09.10.2023 No.167)
Administrative issues	Adoption of the Committee's activity plan (minutes dated 25.08.2023 No.164), Committee's budget (minutes dated 03.11.2023 No.170), engagement of the expert into the Audit Committee activities (minutes dated 13.02.2023 No.153, dated 25.08.2023 No.164)
Internal audit	Examination of Internal Audit Department's activity plans and revisions to them (minutes dated 29.08.2023 No.165, dated 21.12.2023 No.173), Internal Audit Department's progress reports (minutes dated 12.04.2023 No.172, examination of material aspects of the Company's 2022 accounting policy and slated revisions for 2023 (minutes dated 17.04.2023 No.157)
Internal control	Examination of the Risk Management and Internal Control Policy (minutes dated 26.07.2023 No.163)
Accounting (financial) statements	Examination of the Company's accounting statements (minutes dated 31.01.2023 No.152, dated 24.07.2023 No.162, dated 04.12.2023 No.171, dated 19.12.2023 No.172), examination of material aspects of the Company's 2022 accounting policy and slated revisions for 2023 (minutes dated 17.04.2023 No.157)
External audit	Examination of an external auditor candidate, specification of the fee due to the external auditor (minutes dated 10.03.2023 No.154, dated 24.07.2023 No.162)
Other issues	Examination of the CY2022-2023 Committee progress report (minutes dated 24.07.2023 No.162).

THE PERSONNEL AND REMUNERATIONS COMMITTEE

The Committee was established by the Board of Directors to examine aspects related to shaping of efficient and transparent remunerations policy and practices; HR planning, professional composition and efficiency of executive bodies and other key officers of the Company.

Guided by:

- The Regulations on the Board of Directors' Personnel and Remunerations Committee⁵⁴
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Personnel and Remunerations Committee⁵³

Primary Objectives:

- Preparation of recommendations regarding remunerations due to the Company's Board of Directors
- Elaboration of principles and criteria used to define remunerations due to the Board of Directors, members of the collegiate executive body and person performing functions of the sole executive body of the Company, including management firm or director
- Generation of proposals used to define essence of the contracts concluded with the Board of Directors, members of the collegiate executive body and person performing functions of the sole executive body of the Company
- Identification of criteria used to select nominees to the Board of Directors, members of the collegiate executive body and person performing functions of the sole executive body of the Company as well as preliminary evaluation of the nominees
- Regular evaluation of the person performing functions of the sole executive body (management firm or director) and members of the collegiate executive bodies, and generation of reappointment proposals for the Board of Directors

Compositions of the Committee and members' attendance

Name	Composition 1 (07.09.2022 – 20.02.2023)	Composition 2 (21.02.2023 – 08.08.2023)	Composition 3 (09.08.2023 – end of the reported period)	Attendance
N.A. Ozhe	+	+	+	13/13 (100%)
M.G. Tikhonova	+	+	-	4/4 (100%)
I.A. Shagina	+	+	+	13/13 (100%)
D.V. Borisova	-	-	+	9/9 (100%)

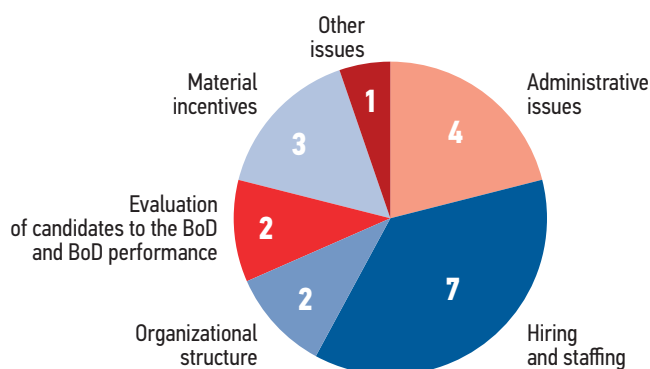
Committee's 2023 progress report:

During the reported period the Committee conducted

13 meetings, incl.

13 in-absentia meetings

Agenda items examined: 19



Issues examined during 2023

Administrative issues	Adoption of the Committee's activity plan and budgets (minutes dated 18.09.2023 No.122, dated 03.11.2023 No.125)
Hiring and staffing	Preliminary examination and approval of candidates for Deputy General Director positions, examination of their performance (minutes dated 12.05.2023 No.119, dated 04.12.2023 No.126, dated 21.12.2023 No.130)
Organizational structure	Preliminary examination of proposals regarding the Company's HQ organizational structure (minutes dated 06.12.2023 No.127, dated 08.12.2023 No.128)
Evaluation of candidates to the BoD and BoD performance	Examination of the CY2022-2023 report on the self-evaluation of Board of Directors' and Committees' performance (minutes dated 19.12.2023 No.129)
Material incentives	Adoption of the completion report regarding execution of the KPI "Efficiency of Innovative Activities" (minutes dated 08.12.2023 No.128)
Other issues	Adoption of the Corporate Secretary's CY2022-2023 progress report (minutes dated 18.09.2023 No.122)

THE STRATEGY COMMITTEE

The key role of the Committee is to assist the Board of Directors in developing the strategy, its revision and progress oversight as well as generating updating proposals.

Guided by:

- The Regulations on the Board of Directors' Strategy Committee⁵⁴
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Strategy Committee⁵³

The Committee's goal shall be to prepare and give recommendations (opinions) to the Board of Directors regarding Board of Directors' fields of concern, falling under the Committee's purview, namely: strategic development and business priorities, innovation-driven development, administration of business processes, business planning, dividend policy, risk management, evaluation of performance efficiency of the Company and its associates.

Compositions of the Committee and members' attendance

Name	Composition 1 (07.09.2022 – 20.02.2023)	Composition 2 (21.02.2023 – 30.08.2023)	Composition 3 (31.08.2023 – end of the reported period)	Attendance
A.A. Polinov	+	+	+	18/18 (100%)
R.A. Dmitrik	+	+	+	18/18 (100%)
M.V. Kaloeva	+	+	+	18/18 (100%)
D.V. Krainisky	+	+	+	18/18 (100%)
Y.G. Obrezkova	+	+	-	11/11 (100%)
N.A. Ozhe	+	+	+	18/18 (100%)
S.V. Podlutskiy	+	+	+	18/18 (100%)
V.V. Rozhkov	+	-	-	2/4 (50%)
A.V. Shevchuk	+	+	+	18/18 (100%)
P.N. Kanyuka	-	+	-	7/7 (100%)
O.V. Ocheredko	-	-	+	7/7 (100%)
M.V. Kalugina	-	-	+	7/7 (100%)

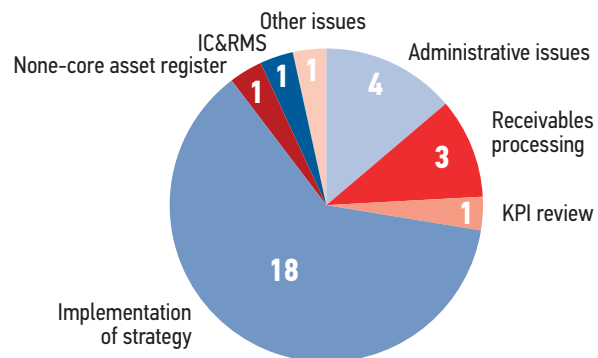
Committee's 2023 progress report:

During the reported period the Committee conducted

18 meetings, incl.

18 in-absentia meetings

Agenda items examined: 29



Issues examined during 2023

Administrative issues	Adoption of the Committee's activity plan and budgets (minutes dated 08.11.2023 No.203, dated 22.11.2023 No.204)
Receivables processing	Adoption of the Company's action plan regarding reduction of overdue transmission receivables and reconciliation (minutes dated 31.01.2023 No.188, dated 12.04.2023 No.192, dated 01.08.2023 No.197)
KPI review	Adoption of KPI completion reports (minutes dated 21.02.2023 No.190)
Implementation of strategy	Examination of the business plans and investment programs, business plan completion reports (minutes dated 22.02.2023 No.191, dated 26.04.2023 No.193, dated 13.06.2023 No.194, dated 28.07.2023 No.196, dated 03.08.2023 No.198, dated 03.10.2023 No.200, dated 22.11.2023 No.204), adoption of the progress report with regard to the Company's Innovative Development Program, progress report with regard to the implementation of the Digital Transformation till 2030 Program (minutes dated 01.08.2023 No.197, dated 12.09.2023 No.199)
None-core asset register	Examination of the non-core asset register (minutes dated 15.02.2023 No.189)
IC&RMS	Preliminary examination of the Risk Management and Internal Control Policy (minutes dated 28.07.2023 No.196)
Other issues	CY2022-2023 Committee progress report (minutes dated 28.07.2023 No.196)

THE RELIABILITY COMMITTEE

The key role of the Committee is to assist the Board of Directors in evaluating production programs, prevention and traumatism reducing programs and quality of incident investigations, etc.

Guided by:

- The Regulations on the Board of Directors' Reliability Committee⁵⁵
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Reliability Committee⁵³

Primary Objectives:

- Evaluation of production programs, plans for technical revamp, refurbishment, greenfield construction and facilities maintenance, their analysis in terms of compliance with reliability of operations and technical status of electric networks
- Evaluation whether follow-up measures from post-incident investigations are in-depth and consistent with the rules for investigation of power sector incidents⁵⁶, as well as oversight of their execution
- Expertise of quality of incident investigations
- Expertise of Company's incident-prevention activities (emergency preparedness, arrangement of recovery works on grid facilities)
- Expertise of programs focusing on mitigation and prevention of injury risks among personnel and outsiders as well as in oversight of their execution
- Oversight and evaluation of activities of Company's engineering teams in terms of operation reliability and safety
- Expertise of Company's internal technical control system
- Expertise of Company's labor protection management system
- Expertise of ecology policy program
- Expertise of fire and industrial safety systems

Compositions of the Committee and members' attendance

Name	Composition 1 (02.12.2022 – 20.02.2023)	Composition 2 (21.02.2023 – 15.08.2023)	Composition 3 (16.08.2023 – end of the reported period)	Attendance
S.V. Shpilevoy	+	+	-	3/3 (100%)
R.A. Dmitrik	+	+	+	5/5 (100%)
D.O. Ulrich	+	-	-	0/0*
V.A. Ryabushev	+	+	+	5/5 (100%)
A.V. Shevchuk	+	+	+	5/5 (100%)
V.A. Rozhdaykin	-	+	-	3/3 (100%)
V.A. Ukolov	-	-	+	2/2 (100%)
A.N. Zhukov	-	-	+	2/2 (100%)

* There were no Committee meetings since the member was elected to serve on the Committee.

Committee's 2023 progress report:

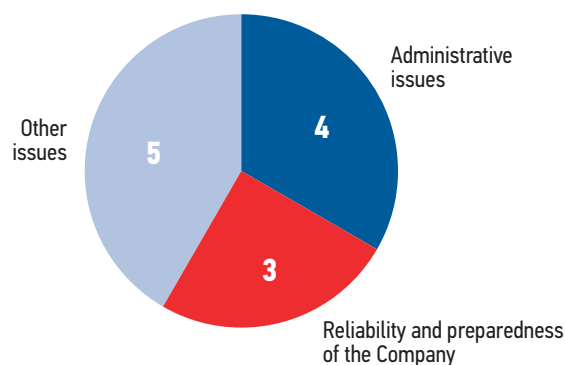
During the reported period the Committee conducted

5 meetings, incl.

4 in-absentia meetings,

1 in-presentia meeting (VC)

Agenda items examined: 12



Issues examined during 2023

Administrative issues	Adoption of the Committee's activity plan and budgets (minutes dated 29.09.2023 No.100, dated 03.11.2023 No.101)
Reliability and preparedness of the Company	Examination of reports on reliability indicators, progress report with regard to the Liquidation of Bottlenecks in the Company's Grids Program (minutes dated 01.03.2023 No.97, dated 14.04.2023 No.98)
Other issues	Examination of the CY2022-2023 Committee progress report (minutes dated 29.09.2023 No.100)

THE TECHNOLOGICAL CONNECTION COMMITTEE

The Committee was established by the Board of Directors to examine items related to generation of proposals improving antimonopoly laws, fostering non-discriminatory access to connection services, updating Company's bylaws and standards stipulating non-discriminatory access to connection services as well as to evaluate Company's efficiency in connection of customers to the networks.

Guided by:

- The Regulations on the Board of Directors' Technological Connection Committee⁵⁷
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Technological Connection Committee⁵⁸

Primary Objectives:

- Generation of proposals to improve legislation with regard to antimonopoly regulation and provision of non-discriminatory access of consumers to connection services
- Generation of proposals to improve Company's bylaws and standards with regard to provision of non-discriminatory access of consumers to connection services
- Preparation of principles and criteria for evaluation of Company's connection efficiency
- Evaluation of Company's connection efficiency
- Evaluation of Company's efficiency in enhancing grid development planning quality
- Analysis of current situation and generation of proposals for the Board of Directors in terms of connection to electric networks and perspective grid development
- Generation of proposals on the improvement of internal regulations and standards of the Company related to additional (non-tariff) services, etc.

The full list of the objectives is disclosed in the Regulations on the Technological Connection Committee.

Compositions of the Committee and members' attendance

Name	Composition 1 (02.12.2022 – 20.02.2023)	Composition 2 (21.02.2023 – 15.08.2023)	Composition 3 (16.08.2023 – end of the reported period)	Attendance
O.V. Klinkov	+	+	+	8/8 (100%)
V.A. Davydkin	+	+	+	8/8 (100%)
R.A. Dmitrik	+	+	+	8/8 (100%)
S.M. Kuryavyi	+	+	+	8/8 (100%)
A.V. Shevchuk	+	+	+	8/8 (100%)

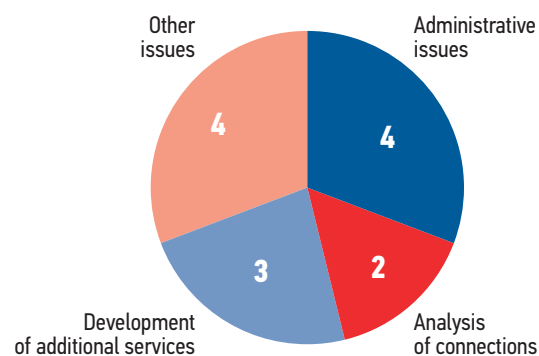
Committee's 2023 progress report:

During the reported period the Committee conducted 8 meetings, incl.

7 in-absentia meetings,

1 in-presentia meeting (VC)

Agenda items examined: 13



Issues examined during 2023

Administrative issues	Adoption of the Committee's activity plan and budgets (minutes dated 15.02.2023 No.70, dated 03.11.2023 No.75)
Analysis of connections	Examination of progress report with regard to connection (minutes dated 15.02.2023 No.70, dated 17.11.2023 No.76)
Development of additional services	Examination of the progress reports with regard to the implementation of the development of additional (non-tariff) services roadmap with due consideration of the 2030 Digital Transformation Concept (minutes dated 01.03.2023 No.71, dated 08.06.2023 No.72, dated 04.12.2023 No.77)
Other issues	Examination of the CY2022-2023 Committee progress report (minutes dated 05.10.2023 No.74)