

Approved
by the decision of the annual General Meeting
of Shareholders of PJSC " _____ " __.__.2023
(Minutes dated __.__.2023 No. __)

Preliminarily approved
by the decision of the Board of Directors
PJSC " _____ " __.__.2023
(Minutes dated __.__.2023 No. __)

**The reliability of the data contained in
the annual report was confirmed**
by the decision of the Internal Audit Commission
PJSC " _____ " __.__.2023
(Minutes dated __.__.2023 No. __)

ANNUAL REPORT
of the Public Joint Stock Company
"Rosseti South"
for 2022

General Director

Rosseti South, PJSC

B.B. Ebzeev

Rostov-on-Don
2023

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COMPANY PROFILE

ABOUT THE REPORT

The Annual Report of Public Joint Stock Company ROSSETI South for 2022 (hereinafter referred to as the "Report", the "Annual Report") is aimed at informing stakeholders about the most important events and production and financial results of the Company's work and sustainable development, as well as the impact on the ecology and the business environment.

The report for 2022 has been prepared in accordance with international and Russian standards and regulatory requirements, including:

Federal Law of April 22, 1996, No.39-FZ, "On the Securities Market";

Federal Law of December 26, 1995, No.208-FZ, "On Joint Stock Companies";

Bank of Russia's Regulation dated March 27, 2020, No.714-P, "On Disclosure of Information by Issuers of Equity Securities";

Recommendations on the disclosure by public joint stock companies of non-financial information related to the activities of the said companies (Information Letter of the Bank of Russia dated July 12, 2021, No.IN-06-28/49);

Corporate Governance Code approved by the Board of Directors of the Bank of Russia on March 21, 2014, and recommended for use by Bank of Russia Letter No. 06-52/2463 dated April 10, 2014 (hereinafter referred to as the "Corporate Governance Code of the Bank of Russia");

GRI sustainability reporting standards, etc.

In the text of the Report, Public Joint Stock Company ROSSETI South is also referred to as ROSSETI South, PJSC, Rosseti South, PJSC IDGC of the South (previous name until 14.02.2022), or the Company.

This Report also presents certain important events in the Company's activities that occurred after the reporting date, within the period from 01.01.2023 until the date when the Report was preliminarily approved by the Board of Directors.

"Energy is changing cities"

The concept of Rosseti South's annual report is devoted to an important topic, namely, how energy is changing cities. Our Company is engaged in the creation and maintenance of electrical networks that play a key role in people's daily lives and provide a stable supply of electricity to all our consumers. But electricity is not just a daily routine; it is development, it is opportunities, it is movement and growth in all spheres of the economy. At the same time, it is a great responsibility. The most valuable thing for the Company is its employees. Therefore, we are focused on creating a safe and reliable infrastructure for all our users, and for our staff, of course.

We make our best to help our employees achieve better results, provided that we remain loyal to the core values that are associated with labor protection and production culture. Our Company always remembers the importance of social responsibility and cares about every person in our society. We deeply believe that it is through our constant commitment to improving the quality of life for people and our responsibility to society that we can maintain our leadership in the industry and ensure our successful work in the long term.

The report contains certain forward-looking statements regarding the economic performance, business and financial condition of the Company, our plans, projects

and expected results. Also, the Report may contain estimates of trends in relation to changes in prices for services/products, production and consumption volumes, costs, estimated costs, development prospects and other similar factors and forecasts regarding the development of the industry and markets, the start and end dates of individual projects for the conduct of the Company's activities.

The Company does not represent or warrant that the results of operations set forth in the forward-looking statements will be achieved. ROSSETI South does not bear any responsibility for losses that may be incurred by individuals or legal entities that act on the basis of forward-looking statements. Such forward-looking statements represent only one of many possible scenarios in any particular case and should not be considered as the most probable one.

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ROSSETI SOUTH, PJSC

Krainsky Daniil Vladimirovich
Chairman of the Board of Directors of ROSSETI South, PJSC

Dear shareholders, partners, colleagues!

The activity of the Board of Directors of PJSC ROSSETI South is traditionally aimed at ensuring that the interests of all parties are balanced, including the state, consumers, stakeholders of the Company. The Company aims to reduce costs, make investments more efficient, and expand the range of services provided.

An analysis of the results of the work of ROSSETI South in 2022 shows that the past year has become a time for the Board of Directors and the management of the Company to make informed, quick decisions in difficult economic realities. The Company has taken steps to fully achieve the targets for reliable power supply to consumers in the regions of presence and to achieve the strategic goal of providing economic facilities in the Astrakhan, Volgograd, Rostov regions and the Republic of Kalmykia with uninterrupted and high-quality power supply.

The Company completed the construction of new, reconstruction and technical re-equipment of existing power grid facilities as planned. 4.8 bln rubles were invested in the development of the grid complex of regions of responsibility. Part of the capital investments is related to the Clear Sky federal program as part of the implementation of the government initiative to create a tourist center in the city of Taganrog, Rostov Region.

The past year was marked by an important event. The Ministry of Energy of the Russian Federation extended the Company's status of a guaranteeing supplier of electricity in the territory of Kalmykia and its capital, Elista, for one year.

In the reporting period, the Company's revenue increased by 1.6% compared to 2021 and amounted to 42.1 bln rubles. The positive dynamics is explained by the increase in tariffs for electricity transmission services, change in the structure of useful supply by voltage levels and categories of consumers, an increase in revenue from the resale of electricity due to the fact that functions of a supplier of last resort in the territory of the Republic of Kalmykia were taken over as of 01.08.2021. Revenue also increased due to the receipt of income for the fact that the Volgogradenergo branch completed restoration work on the 35 kV Bakhmetyevskaya-Klenovskaya power transmission line, and additional services for the repair and maintenance of networks and electrical equipment were provided.

At the same time, a net loss was received (559.3 mln rubles) according to the results of the year. This is due to the creation of a provision for the depreciation of financial investments in the subsidiary VMES JSC.

The Company remains one of the largest taxpayers in the south of Russia: 6.5 bln rubles of taxes and insurance premiums were transferred to the budgets of all levels.

The year of 2022 passed in ROSSETI South under the sign of improving industrial safety and introducing the concept of "zero injuries"; this concept provides

for new approaches to work on labor protection. The Company revised approaches to inspections of crews; systems of behavioral safety audit and operational assessment of injury risks have been introduced; training exercise were held with involvement of production personnel.

ROSSETI South increased the cost of implementing the environmental safety program by almost 19% (33.7 mln rubles). The volume of pollutant emissions into the air has been halved; the volume of waste transferred for recycling and neutralization increased by 16%. In order to preserve rare species of birds that are globally endangered, 5.7 thousand devices for their protection were installed on overhead line supports in the regions of presence.

In the past year, serious attention was traditionally paid to ensuring the high quality of working conditions, improving the skills of staff, and caring for health and well-being. During the year, 10.5 thousand employees (77.3% of the average headcount) were involved in training activities and programs. Almost 980 employees with their families had a rest in a corporate boarding house; more than 860 children underwent rehabilitation in summer camps; over 100 workers of pre-retirement age and those employed in harmful and dangerous jobs had a rest in the sanatoriums of the Krasnodar Territory and the Caucasian Mineralnye Vody.

The Company provides insurance and housing support for the personnel, implements motivational projects to attract and retain personnel, implements social corporate programs. In 2022, more than 360 employees received reimbursement for part of the interest on mortgage agreements for a total of 18.8 mln rubles.

Under the sanctions restrictions, the Company continued to switch to domestic electrical equipment, components, materials, devices and software for the power grid complex.

I am sure that in the new corporate year ROSSETI South will have a rich development stage associated with overcoming external challenges, which the staff and the management team will undoubtedly cope with. The Board of Directors and management of the Company will do their best to achieve the set goals as cost-effectively as possible.

MESSAGE FROM GENERAL DIRECTOR OF ROSSETI SOUTH, PJSC

Boris Borisovich Ebzeev
Member of the Board of Directors,
Chairman of the Management Board,
General Director of ROSSETI South, PJSC,
Acting General Director of PJSC Rosseti Kuban

Dear Colleagues!

2022 has become a difficult period for PJSC ROSSETI South, taking into account external challenges, as well as for the whole country. Thanks to the professionalism and responsibility of the Company's employees, the investment and repair programs were implemented, the obligations to improve the efficiency of customer service, technological connection of new consumers, commissioning of new energy capacities for the development of the south of the country were fulfilled.

Demand for technological connection services remains high in the regions where the Company operates. In 2022, requests for connection to electric grids were received by 6% more (almost 21.6 thousand); the number of completed technological connection agreements doubled (up to 19.9 thousand). New consumers were provided with 446 MW of power capacity. Among the connected facilities is Russia's largest Elista solar power plant. To connect it to the network, a 110 kV Narn substation was built, where 95% of Russian-made equipment was used.

In general, the Company allocated 4.8 bln rubles for the construction of new supply centers, power transmission lines, and the modernization of networks to ensure the technical connection of consumer facilities, including industrial enterprises, the agro-industrial complex, and housing development. During 2022, 325 MVA of new capacity was put into operation; almost 600 km of power lines were built.

One of the major projects of the investment program was the reconstruction of overhead power lines in the city of Taganrog, Rostov Region. The Clear Sky program was implemented as part of a government initiative. The company completed a large amount of reconstruction of power grids in the historical part of Taganrog; in particular, almost 10 trunk cable lines of 0.4 kV were laid underground.

These results indicate that ROSSETI South fully meets the development needs of the Astrakhan, Volgograd, Rostov regions and the Republic of Kalmykia.

Last year, the Company prepared the power grid complex for the autumn-winter maximum load as planned. To this end, all the measures envisaged by the program of maintenance and repair of power facilities have been carried out. Expenses for these purposes exceeded the initially approved planned expenses by 5% and amounted to 2 bln rubles. By the beginning of the heating season, about 2.4 thousand km of power lines, 6.6 thousand units of switching equipment were repaired, more than 6 thousand poles and supports, 55 thousand insulators and 690 km of wire were replaced.

Since the program of maintenance and repair of electrical networks, modernization and replacement of equipment was carried out, the accident rate for a

number of indicators decreased. Compared to 2021, the number of technological violations decreased by 5% in the 0.4 kV network, and by 3% in the 110 kV network and above.

In the context of a continuously growing need to connect new facilities to the infrastructure, the development and modernization of the grid complex is constrained by a high level of outstanding receivables. To reduce non-payments, the Company actively interacts with contractors; first of all, with guaranteeing suppliers in the regions; the Company also conducts claims activities. In 2022, overdue receivables for electricity transmission services decreased by 1.9 bln rubles (29.5%).

Measures are being taken to improve accounting systems, optimize the modes of electrical networks, install "smart" meters; this makes it possible to detect and stop unauthorized access to a grid in a timely manner. In the reporting year, 900 instances of unmetered and uncontracted electricity consumption with a total volume of 20 mln kWh were revealed.

During 2022, power grid assets continued to consolidate in order to form a unified energy system and improve the reliability of power supply to consumers. ROSSETI South, PJSC, took over 160 km of power transmission lines and 55 transformer substations with a total capacity of 157 MVA, including 94.51 km of ownerless networks. Furthermore, in 2022, the ownership of 686 ownerless facilities located in the territory of presence was recognized in court. Specialists audited the consolidated energy facilities and outlined measures for the trouble-free operation of the energy sector accepted for balance.

During the reporting period, the planned indicators of the quality of services provided, which were approved by state regulatory bodies, were achieved. In 2022, ROSSETI South, PJSC, provided more than 320,000 consultations to consumer requests through various communication channels.

The energy company faces arduous tasks in light of new macroeconomic realities; it can be said with certainty, nevertheless, that the Company will fulfill its plans and continue to maintain and develop labor corporate traditions based on key principles of work of power engineers such as caring for consumers, creating conditions for the development of the economy and business of the region, social responsibility, unity and high efficiency of achieving intended goals.

COMPANY INTRODUCTION

The history of ROSSETI South, PJSC, (Company) began on June 28, 2007, when IDGC of the South, JSC was registered on the basis of the decision of the sole founder, JSC RAO "UES of Russia" (Decree of RAO UES of Russia dated June 22, 2007 No. 192r).

Later, the Management Board of JSC RAO "UES of Russia", which performs the functions of an extraordinary General Meeting of Shareholders of the Company (Minutes No.1795pr/6 dated December 25, 2007), as well as General Meetings of Shareholders of five distribution grid companies (DGCs), namely: OJSC Astrakhanenergo, OJSC Volgogradenergo , OJSC Kubanenergo, OJSC Rostovenergo, OJSC Kalmenergo, decided to reorganize the companies by joining the DGC to the Company. On March 31, 2008, entries were made to the Unified State Register of Legal Entities (USRLE) regarding the termination of the activities of four of the five DGCs merged with the Company (OJSC Astrakhanenergo, OJSC Volgogradenergo, OJSC Rostovenergo, OJSC Kalmenergo). Since then, the Company has been operating as a single operating company.

Until December 01, 2010, the Company performed the functions of the sole executive body in relation to OJSC Kubanenergo.

From September 20, 2014 to March 14, 2019 (in accordance with the terms of the agreement on the transfer of powers of the sole executive body to the Managing Company), the Company performed the functions of the sole executive body in relation to Donenergo JSC.

In April 2018, the Company took over the management of the entire power grid complex of the city of Volgograd through an unprecedented procedure among the companies of the Rosseti group. ROSSETI South has acquired a 100% stake in PJSC VMES, an electric grid company that supplied electricity to consumers in the city of Volgograd. Historically, VMES was the legal successor to a municipal bankrupt company, in which more than 600 people were threatened with dismissal after the accumulation of debts for electricity transmission services was critical for the company. The main creditor of MUPE VMES was Rosseti South PJSC (at that time the legal name was IDGC of the South, PJSC); it proposed bankruptcy in the form of corporatization in order to preserve the entire workforce and the production site and prevent the growth of social tension in the region. The new company began operating on October 1, 2018, taking on all the obligations of its bankrupt predecessor to consumers. Most of the accumulated debt of MUPE VMES to the main creditor could be repaid from the funds that had been raised from the sale of shares. Thus, as of today, VMES JSC is a subsidiary of ROSSETI South, PJSC, significantly increasing the latter's share of the Volgograd Region's electricity transmission services market. The shares were purchased based on the results of an open auction. The consolidation of electric grid assets, which was carried out on the basis of a large company, resulted in a more efficient management of the electric grid complex, cost reduction, optimization of costs for connecting new consumers, formation of a single transparent responsibility center, and a transition to a comprehensive approach to technical upgrades and the implementation of development programs.

On November 5, 2019, the shareholders of the Company decided to rename the Company into the Public Joint Stock Company ROSSETI South (ROSSETI South, PJSC). The renaming procedure ended on February 14, 2020.

For more details on the Company's history, please visit the Company's official website at: <https://rosseti-yug.ru/o-kompanii/>.

GEOGRAPHY OF THE COMPANY'S OPERATIONS

Regions of operation

ROSSETI South, PJSC, unites the distribution grid complexes of the Southern Federal District of the Russian Federation, namely, the Republic of Kalmykia, as well as the Astrakhan, Volgograd, and Rostov Regions.



Information about the regions of operation

Subjects of the Russian Federation included in the area of responsibility	Service territory, thousand sq. km.	Population size, people
Astrakhan Region	49.024	950,389
Volgograd Region	112,877	2,468,877
Rostov Region	100.967	4,163,708
Republic of Kalmykia	74.731	264,210

The branches of the Company were established by the decision of the Board of Directors of the Company on January 11, 2008 (Minutes No. 6/2008 dated January 16, 2008). All branches of Rosseti South PJSC, except for Kubanenergo branch of Rosseti South PJSC, have been operating since March 31, 2008.

On February 14, 2020, all branches were renamed to the branches of ROSSETI South, PJSC. Kubanenergo, a branch of Rosseti South, PJSC, does not conduct any operating activities.

Astrakhanenergo, a branch of Rosseti South, PJSC	414000, Astrakhan, Krasnaya Embankment street, 32;
Volgogradenergo, a branch of Rosseti South, PJSC	400066, Volgograd, Lenin Ave., 15;
Kalmenergo, a branch of ROSSETI South, PJSC	358007, Republic of Kalmykia, Elista, Northern Industrial Zone
Kubanenergo, a branch of ROSSETI South, PJSC	353480, Gelendzhik, village of Kabardinka, Mira street, 12;
Rostovenergo, a branch of ROSSETI South, PJSC	344002, Rostov-on-Don, Bolshaya Sadovaya street, 49.

Core assets

The Company operates in four regions of the Southern Federal District of the Russian Federation, namely, in the regions of Rostov, Volgograd, Astrakhan and the Republic of Kalmykia. The main activities are electricity transmission and technological connection to distribution grids. The aggregate area of the regions in which ROSSETI South, PJSC, operates is over 337,000 km² (1.96% of Russia's territory), with a population of about 8 million people (5.4% of the population of the country).

Production assets

Name	2020		2021		2022	
	Quantity (pcs)	Length on circuits (km)	Quantity (pcs)	Length on circuits (km)	Quantity (pcs)	Length on circuits (km)
0.4-220 kV overhead lines	57658	159419.4	60342	159992.6	60656	160433.8
0.4-220 kV cable lines	6792	2806.1	8444	3253.2	9098	3322.6
TOTAL 0.4-220 kV transmission lines	64450	162225.5	68786	163246.0	69754	163756.4

Quantity and capacity of the Company's substations

Name	2020		2021		2022	
	Quantity	MVA	Quantity	MVA	Quantity	MVA
35 kV substation	567	3235.6	566	3217.6	566	3222.0
110 kV substation	641	15121.8	644	15546.8	645	15636.8
220 kV substation	2	126	2	126	2	126.0
Quantity and capacity of transformer substations (TS), distributing points (DP) 6-10/0.38 kV	31771	5528.1	32404	5692.7	32878	5779.1
Total	32981	24011.5	33616	24583.1	34091	24763.8

At the end of 2022, there is an increase in the volume of power grid equipment. The increase in physical volumes was due to new construction of electric power facilities as part of investment activities, as well as the implementation of measures to take ownerless facilities onto the Company's balance sheet.

BUSINESS MODEL

<p>Installed Capacity 24,583.1 MVA</p> <p><i>Substation - 35-220 kV - 18,890.4 MVA</i></p> <p><i>Substation 6-10 (35)/0.4 - 5,692.7 MVA</i></p> <p>The length of overhead lines along the route is 156,245 km</p> <p>The length of cable lines is 3,253 km</p> <p>Human resources Average headcount 13,535 employees</p>	<p>Revenue from technological connection 603 mln rubles without VAT revenue</p> <p>Revenue from electricity transmission 39,141 mln rub.</p> <p>Revenue from electricity sales 2,020 mln rub.</p> <p>Revenue from other types of operations 350 mln rub.</p>	<p>State (tax deductions) 3,084.711 mln rub.</p> <p>26,587.4 mln kWh supply to the grid, 24,121.3 mln kWh of supply from the grid, 9.28% electricity loss rate</p> <p>19,878 executed contracts 446 MW connected capacity</p> <p>Suppliers and contractors 866 purchases made 34.11 bln rub. total amount of purchases</p>
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KEY INDICATORS OF THE REPORTING YEAR

Electricity transmission and losses

The level of electric power losses in 2022 decreased by 0.03 percentage points compared to 2021.

	2020	2021	2022
Supply to the grid, mln kWh	25,261	26,671	26,587
Supply from the grid to consumers and LGOs, mln kWh	23,122	24,187	24,187
Grid losses, %*	8.47	9.31*	9.28

* The level of electric power losses is given in view of increased electric power losses, growth of load losses of electric power in Kalmenergo branch due to the overflow of electric power generated by RES to the adjacent constituent entities of the Russian Federation, i.e. Rostov Region and Stavropol Territory.



Technological connection to power grids

The Company's revenue from grid connection services in 2022 was 603 mln rubles, excluding VAT, while the plan was 579 mln rubles, excluding VAT. Growth against the plan was 4%.

The main grid connection contract, which formed the key share of revenue in the reporting period, is the contract No. 80-5-21-00560349 dated March 31, 2021 with LLC Fortum-New Generation 2 ("Elista SEZ"), signed with the Kalmenergo branch of Rosseti South, PJSC, the amount of revenue under which was 176 mln rubles without VAT.

	2020	2021	2022
Quantity of executed contracts	10,524	10,081	19,878
Connected capacity, MW	894	650	446

EBITDA, Net income

Compared to 2021, EBITDA decreased by 2,720 mln rubles.

	2020	2021	2022
EBITDA, mln rub.	4,400	7,652	4,932
Net profit, mln rub.	-209	2,061	-559

Key events at ROSSETI South, PJSC

January	ROSSETI South, PJSC, Rosseti South PJSC provided additional capacity to one of Russia's largest manufacturers of detergents, cleaning and polishing agents, TD Grass. The production site is located in the working village of Srednaya Akhtuba, not far from the city of Volzhsky. The company supplies its products to all regions of Russia and exports to 67 countries.
January	In 2021, the specialists of the Rostov branch of ROSSETI South, PJSC, connected over 4 thousand new consumers to their grids. The largest technological connection object was the Marchenkovskaya Wind Power Plant. The list of connected socially significant facilities includes rural medical institutions, kindergartens, and water supply facilities.
January	Rosseti South's distribution grids received 2.6 billion kWh of electricity from renewable energy sources in 2021.
January	In 2021, Rosseti South invested 7 billion rubles in the development of energy systems in the regions where it operates. 3.4 bln rubles were invested in the power complex of the Rostov region, 1.9 bln rubles for the Volgograd region, 798 mln rubles for the Astrakhan region, and 863 mln rubles for Kalmykia. The implementation of the investment program makes it possible to provide a reliable power supply to consumers and create the necessary conditions for power grid connection throughout the company's area of responsibility.
January	In 2021, Rosseti South paid 6.5 bln rubles to the budgets of all levels and non-budgetary funds as a result of the company's financial and economic activities.
March	Rosseti South PJSC connected the power equipment of the Khlebnash production company, one of the largest bakery companies in the Volgograd Region. The new production site of the bakery company was launched in order to expand production volumes and increase the range of products.
March	ROSSETI South specialists completely restored the power supply to the settlements of the Astrakhan region, which was disrupted by a storm. Wind gusts reached 35 m/s, while rain and wet snow caused irreparable damage to the grid complex. Power engineers restored more than 2,200 poles of various voltage classes. The work involved 334 teams from 22 regions of the country, which amounted to 1634 people and 839 pieces of equipment. 95 standby power supplies were used.
March	Specialists of ROSSETI South completed work to ensure reliable power supply to 280 points prepared for temporary accommodation of refugees from the DPR and LPR in the Volgograd and Rostov regions. They are intended for a one-time stay of more than 17 thousand people.
March	The Rostov branch of ROSSETI South hosted a meeting of the heads of production departments and districts of the company's electric networks to implement the concept of "zero injuries". The participants of the event discussed new approaches in the field of labor protection and occupational safety.
April	Rosseti South unveiled a memorial plaque on the facade of the building of Rosseti South's Astrakhan branch in the center of the Caspian capital in memory of Yuri Solyanichenko, the outstanding head of the Astrakhan energy system.
April	ROSSETI South, PJSC, provided power to a section of a road being built to bypass the Rostov agglomeration (better known as the "Aksai bypass") as part of the development of the M-4 Don federal highway in the Rostov region. As a result, the road infrastructure is connected to the power grid, including lighting, video surveillance, and weight and size control systems.
April	Specialists of ROSSETI South connected a sports and recreation complex and an indoor ice rink in the Myasnikovsky district of the Rostov region to the power grid. Both facilities appeared in the largest settlement and the administrative center of the region, the village of Chaltyr, where about 16 thousand people reside.
April	In the Matveyevo-Kurgan district of the Rostov region, specialists of ROSSETI South connected the lighting system of the monument to the soldiers of the Great Patriotic War "Breakthrough of the Mius Front" to the power grid. This made the monument as visible as possible at night. The monument was erected in honor of the 40th anniversary of the breakthrough of the Mius Front and the liberation of the region from Nazi invaders

May	Specialists of the Astrakhan and Kalmyk branches of ROSSETI South organized a motor rally "Roads of Victory". It was conducted in two directions, namely, from Astrakhan and Elista to the village of Khulhutu, Yashkulsky district of Kalmykia. On Saturday, employees of the branches, in private cars, together with children and family members, started to drive in two columns to the village of Khulhuta. It was here during the war years that the fighters of the 28th Army stopped the Nazis' breakthrough to Astrakhan.
June	Specialists of ROSSETI South connected two new gas-accumulating gas compressor stations of Gazprom Gas Engine Fuel to the power grids in the Rostov region. The stations will be able to refuel up to 500 vehicles daily with eco-friendly fuel.
June	ROSSETI South, PJSC, is recognized as the best employer in Rostov-on-Don among city's major companies. In Rostov-on-Don, the results of the municipal competition "Collective agreement as the basis of production efficiency and protection of social and labor rights of workers in 2022" were summed up.
June	At the St. Petersburg International Economic Forum, ROSSETI South and Streamer entered into an agreement on cooperation in the field of innovative and scientific and technical development of the electric grid complex. The companies will jointly implement projects to develop and implement import-independent promising technologies and equipment to improve the efficiency of the electric power sector.
June	The ROSSETI South project "#AdditionalPower" became the winner in the nomination "Best corporate special event + media project" of the interregional corporate media contest "Silver Threads - Volga Region and South 2022" and entered the Big National Corporate Media Contest "Silver Threads 2022".
July	ROSSETI South, PJSC, commissioned a 110 kV Narn highly automated substation ("Narn" means "sun" in the Kalmyk language). It provides power transmission from the largest solar power plant in Russia, the Arshan SPP. The construction and commissioning of the Narn station contributes to the implementation of the program for the development of renewable energy sources in the country and ensures the reliability of energy supply without serious harm to the environment.
July	The perinatal center of the Taganrog maternity hospital has been energized. ROSSETI South, PJSC, connected the object of the Healthcare national project to Company's networks. The medical facility is scheduled to open by the end of 2022. The renovated room of 960 square meters will house the wards. Mothers with newborns who need special treatment and additional diagnostics will come here.
July	ROSSETI South, PJSC, provided electricity to a cellular base station installed by VimpelCommunications in the village of Bogorodskoye, Remontnensky District. Previously, cellular communication services were not provided on the territory of this settlement. Commissioning of the station enabled more than 500 residents of the village to use high-quality voice mobile communications and fourth-generation Internet.
July	The Russian Ministry of Energy has extended the status of ROSSETI South, PJSC, as the last resort supplier of electricity in the Republic of Kalmykia from August 1, 2022 until the date of entry into force of the decision to grant the status of the last resort supplier to tender winners, but for no more than 12 months.
August	Pursuant to the results of the first half of the year, the specialists of the Rostov branch of ROSSETI South, PJSC, connected 22 socially significant facilities with a total capacity of 922 kW to the Company's networks. Including kindergartens, medical institutions (specifically those built within the framework of the national Healthcare project), houses of culture, a square, a library and a school.
August	Andrey Ryumin, Chief Executive Officer of ROSSETI South, PJSC, visited Taganrog during a business trip to the Rostov Region, where the company has implemented the Clear Sky program. This program includes a complex of works related to the transfer of wires of power lines underground. The project was launched in September 2021 by Federation Council Speaker Valentina Matvienko. Almost a thousand consumers have been transferred to the new power supply scheme. Investments of the Rosseti Group into the project amounted to 115 mln rubles.
August	In Rostov-on-Don, an open corporate championship of professional skills of the Rosseti Group of Companies "Young Professionals" was held according to the WorldSkills methodology, in which more than 100 specialists and experts from various regions of the country took part.

August	ROSSETI South, PJSC, has repaired the 110 kV Uryupinskaya substation, the largest substation of Uryupinsk, Volgograd region, the "capital of the Russian province". It provides electricity to part of the district center and eight other settlements, where 30,000 people reside.
September	ROSSETI South, PJSC, decorated the oldest substation in Taganrog with graffiti. Within the framework of the Window to Taganrog project, Taganrog artists painted the fence of the oldest T-1 substation in the city along the route of the tram route No.2.
September	Specialists of the Volgograd branch of ROSSETI South, PJSC, connected the "Grishins" company, which is one of the largest agricultural enterprises, to the Company's networks; this enterprise specializes in the cultivation of grain crops, as well as sunflower and corn. Moreover, this company pays serious attention to breeding activities. This is why the enterprise reaps high harvests and shares its experience and best practices with colleagues from the Volgograd agro-industrial sector and other regions.
September	Specialists of the Astrakhan branch of ROSSETI South, PJSC, completed the repair of the equipment of the largest substation of Astrakhan "Kiri-Kili", which is located in the Leninsky district. This power facility provides electricity to the Babaevsky neighbourhood unit and the Kiri-Kili settlement of the Astrakhan region, where a total of about 29 thousand people reside. Large industrial enterprises are located here, and construction of new social and cultural facilities and residential buildings is advancing.
October	ROSSETI South's projects were among the winners of the federal stage of the ConTEKst All-Russian Interindustry Award. The award was given to both projects presented by the Company. This is a project titled "#AdditionalPower", a series of videos about power engineers when they are not at work, without overalls and work helmets, i.e. about their hobbies outside of work. And the podcasts "City Lights. How energy changed cities. How cities changed energy industry".
October	Boris Ebzeev, General Director of Rosseti South, was a member of the delegation of the Rosseti Group of Companies and took part in the events of the Russian Energy Week business program in Moscow, where he held a number of business meetings.
October	In October 2022, specialists from the Volgograd branch of ROSSETI South connected outdoor lighting systems to the networks in 35 remote farms, villages and towns in 8 districts of the Volgograd region. That month, the total grid connection capacity of 90 outdoor lighting facilities was 125 kW. In total, since the beginning of the year, ROSSETI South has connected 276 outdoor lighting lines to the power grids in small towns in the region.
October	Nikolai Shulginov, Minister of Energy of the Russian Federation, discussed with the governor of the Astrakhan region the readiness of the region for the autumn-winter period. Together with the Astrakhan branch of ROSSETI South, the regional government developed the "Program for Improving the Reliability of the Electric Grid Complex of the Astrakhan Region for 2022-2027" and submitted it to the federal government. The project includes the reconstruction of the Astrakhan power grid facilities.
November	ROSSETI South has completed the preparation of the power grid complex for the winter peak demand and received a readiness certificate for the autumn-winter period of 2022-2023. The decision on the readiness of the subjects of the electric power industry was formalized by the relevant order of the Ministry of Energy of Russia. According to the Ministry of Energy, the final index of Rosseti South's readiness for the 2022-2023 heating season was 100 points, i.e., the maximum.
November	ROSSETI South, PJSC, took part in the grand opening of four electrical engineering laboratories at the Volgograd State Agrarian University. The new spaces for education were created as part of a partnership agreement between the electric grid company and the university on the basis of the federal program Professionalism.
December	In November 2022, ROSSETI South, PJSC, completed in Kalmykia the measures to recognize in court the ownership of all ownerless power facilities that were previously identified and put on the balance sheet of the Kalmenergo branch. Systematic work to identify ownerless power facilities in the republic has been performed by power engineers since 2018 in close cooperation with local administrations.
December	The Russian Ministry of Energy has extended the status of ROSSETI South, PJSC, as a last resort supplier of electricity in the city of Elista, the capital of the Republic of Kalmykia.
December	ROSSETI South, PJSC, and the Council of Representatives of the Primary Trade Union Organizations of the electric grid company, being the parties to the social partnership, have signed in Rostov-on-Don a new Collective Agreement, which established the rights to benefits and

	reimbursement for employees.
December	In 2022, ROSSETI South completed almost 20 thousand grid connection contracts in the whole territory of operations, which is twice as much as in 2021. More than 520 MW of capacity have been provided to new consumers.
December	In 2022, more than 3.5 bln kWh of electric power was supplied to ROSSETI South distribution grids from renewable energy sources, which is 21% more than a year before. Green energy accounted for 13% of the total supply to the grid.
December	More than 10 thousand employees of ROSSETI South improved their professional skills in 2022. This is 1.7 times more than last year. The Company's main partner in the field of training the operational and administrative staff is the corporate Interregional Energy Institute of the South.
December	In 2022, ROSSETI South, PJSC, received 277 thousand applications through remote services, which is 1.5 times more than in the previous year. In total, 324 thousand requests were received by the company through various communication channels. For the year, the share of requests sent through online services increased to 85%.

Key advantages of the Company

strong sides
<ul style="list-style-type: none"> natural monopoly high level of reliability of power supply investments in the company's power grid infrastructure low electricity losses high level of corporate governance qualified workforce and management personnel long-time experience increase in productivity favorable environmental situation
weak sides
<ul style="list-style-type: none"> dependence on state policy in the sphere of tariff regulation decrease in electricity transmission continued investment in infrastructure renewal
opportunities
<ul style="list-style-type: none"> competitive tariffs energy-saving technologies new consumers of electricity improved efficiency of company management
threats
<ul style="list-style-type: none"> consumer withdrawal due to high transmission tariffs competition, primarily on the part of the LGOs decrease in revenues from grid connection due to the completion of major investment projects

Market share of ROSSETI South, PJSC, in regions of operation

	2020	2021	2022
Share of ROSSETI South *	71.6%	70.7%	70.9%
Other LGOs, incl:	28.4%	29.3%	29.1%
<i>JSC Donenergo (Rostov Region)</i>	<i>13.5%</i>	<i>13.7%</i>	<i>13.7%</i>
<i>PJSC Volgogradoblenergo (Volgograd Region)</i>	<i>6.4%</i>	<i>7.5%</i>	<i>7.2%</i>
<i>Astrakhan municipal unitary enterprise Gorelectroset (Astrakhan Region)</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.1%</i>
<i>Other LGOs</i>	<i>8.4%</i>	<i>7.9%</i>	<i>8.1%</i>

**Market share is calculated on the basis of the data of the tariff-balance decisions on establishment of the unified (common pot) tariffs for the subject of the Russian Federation (in terms of the GRR for the maintenance of networks)*

In 2021, the share of ROSSETI South, PJSC, decreased compared to 2020, mainly because that new LGOs appeared, GRR for existing LGOs increased at a faster pace (due to an increase in the number of conditional units of equipment, taking into account the cost of capital investments in accordance with the investment program, the cost of paying for the services of PJSC FGC UES), and also because the costs of the branches of ROSSETI South, PJSC, for paying for the services of PJSC FGC UES have decreased (due to a decrease in the subscribed capacity).

In 2022, there is a slight increase in the GRR of ROSSETI South's branches, subsidiaries and affiliates, mainly due to a reduction in the GRR of LGOs in the Rostov and Volgograd regions.

MAIN COMPETITORS OF THE COMPANY

The Company competes with relatively small grid companies in the territory in which the Company operates. It should be noted that the smallest of them operate locally, are linked to certain municipalities, and do not have a significant impact on the activities of the issuer. Among the most significant competitors of the Company are JSC "Donenergo" in the Rostov region, MUE "Gorelektroset" in the Astrakhan region, PJSC "Volgogradoblektro" in the Volgograd region, which is due to the territory of coverage and a single level of tariffs for grid connection. The above mentioned companies have, however, an extremely limited market influence due to the established delimitation of the territorial responsibility of grid organizations in terms of services provision, including grid connection of consumers.

Moreover, on the stock market, when evaluating the attractiveness of investments in ROSSETI South's shares, potential investors usually compare the Company with other IDGCs, although the companies are not physically competitors and, moreover, they are subsidiaries of Rosseti PJSC.

The Company operates in the energy sector of the economy of the Russian Federation, which includes a complex of economic relations that arise in the process of production, transmission and sale of electricity to consumers.

General assessment of the state and trends in the development of the energy sector of the Russian Federation in accordance with the Energy Strategy of the Russian Federation for the period up to 2035, approved by Government Decree No.1523-r:

The general principles of organizing economic relations and the foundations of state policy in the field of electric power are:

- ensuring the energy security of the Russian Federation;
- the technological unity of the electric power industry;
- ensuring the uninterrupted and reliable functioning of the electric power industry in order to meet the demand for electric energy of consumers who ensure the proper performance of their duties to the subjects of the electric power industry, etc.

In order to stabilize prices for socially significant goods, the Government of the Russian Federation has taken a number of measures aimed at ensuring the balance of the relevant markets, namely: agreements have been concluded with manufacturers and retail chains; subsidy programs have been introduced; certain foreign trade measures have been implemented.

Along with problems that are common to the fuel and energy complex, in the electric power industry, sectoral risk factors are the low payment discipline of consumers in the retail electricity market and the imperfection of the current model of relations and pricing in the field of energy supply.

Factors that influence the electric power industry and the state of the Russian economy as a whole

Electricity generation by power plants of the UES of Russia in 2022 amounted to 1,121.6 bln kWh, which is 0.6% higher than in 2021. The volume of electricity consumption within the UES of Russia in 2022 amounted to 1,106.3 bln kWh, which is 1.5% higher than in 2021.

At the end of 2022, the average annual consumer price index amounted to 113.8% (106.7% at the end of 2021). The overall inflation rate for 2022 reached 11.94%, which is the highest value since 2015.

The volume of Russia's GDP for 2022, according to the first estimate, amounted to 151.456 trillion rubles in current prices. The index of the physical volume of GDP compared to 2021 is 97.9%. The GDP deflator index for 2022 against 2021 prices was 114.3%. The industrial production index in 2022 compared to 2021 was 99.4%.

Another factor that determines the state of the Russian economy as a whole and affects the power industry is the level of the Key Rate of the Bank of Russia, which amounted to 7.5% on December 31, 2022. The change in the Key Rate of the Bank of Russia during 2022 was characterized by its active volatility: as of January 3, 2022, the rate was 8.5%, while by February 28, 2022, there was a sharp increase in the rate to 20.0%, which decreased from September 19, 2022 to 7.5% and remained unchanged until the end of 2022.

Forecast for sustainable development of the economy and the electric power industry in 2023

In accordance with the Forecast of the socio-economic development of the Russian Federation for 2023 and for the planned period of 2024 and 2025, in order to ensure the sustainability of economic development, the Government of the Russian Federation developed and adopted on March 15, 2022 a Plan of Priority Actions to Ensure the Development of the Russian Economy in the Context of External Sanctions Pressure. A significant part of the activities under the Plan is aimed at supporting demand in the economy; these are programs of preferential lending to the corporate sector and mortgage programs for households, grant support for businesses, lending for critical imports, and other measures to promote the expansion of imports. Part of the implemented measures is aimed at restarting the investment cycle (improving the IPPA mechanism, reviewing infrastructure projects within the framework of infrastructure budget loans).

Given the implementation of these measures in 2024-2025, GDP growth is predicted to be at the level of 2.6% per annum. In 2025, GDP will exceed the level of 2021 by 1.2 percent.

The medium-term macroeconomic survey of professional market analysts, which was published by the Bank of Russia on March 6, 2023, stated that analysts expected in 2023 an improvement in the GDP forecast for 2023 from -1.5% to -1.1%, and up to 1.5% for 2024. Forecast for 2025 (+1.5%). The estimate of long-term GDP growth rates remains unchanged, i.e. 1.5%. The growth of the consumer price index is expected at the level of 6.0% in 2023, 4.1% in 2024, 4.0% in 2025. The Key Rate of the Bank of Russia is projected at 7.5% in 2023, 6.8% in 2024, and 7.8% in 2025. The median estimate of the neutral key rate is 6.0% per annum.

The data of the Rosstat website <https://rosstat.gov.ru/> were used.

The data from the website of the Ministry of Economic Development of Russia <https://www.economy.gov.ru/> were used.

The data from the website of the Bank of Russia https://cbr.ru/statistics/ddkp/mo_br were used

The data from the website of JSC "System Operator of the Unified Energy System" <https://www.soups.ru/> were used

THE COMPANY'S POSITION IN THE INDUSTRY

ROSSETI South, PJSC, unites distribution grid complexes of the subjects of the Southern Federal District of the Russian Federation: the Republic of Kalmykia, Astrakhan, Volgograd, Rostov regions and carries out the following main activities:

- paid provision of services for the transmission of electric power, which is provided by a set of organizational and technologically related activities, including operational and technological management;
- provision of services for the technological connection of power receivers (power plants) of legal entities and individuals to the electric grids of the Company;
- repair and maintenance activities.

By order of the Federal Tariff Service No. 208-e dated June 16, 2008, the Company is included in the register of natural monopoly entities in the fuel and energy complex, which are subject to state regulation and control by setting tariffs for the provision of electricity transmission services and services for technological connection of consumers to electric networks of the Company.

The main consumers of the company's services are power supply companies, entities of the wholesale and retail electricity markets, as well as local grid organizations.

A significant part of the electricity supplied to consumers that are located in the service area of ROSSETI South, PJSC, passes through the Company's electric grids.

For electricity consumers who are technologically connected directly to UNPG networks, Rosseti South PJSC entered into electric grid property lease agreements (last mile agreements) with the owner of UNPG network equipment (Public Joint Stock Company Federal Grid Company-Rosseti) and thus acquired the right to provide electricity transmission services to such consumers.

In 2022, the total revenue of ROSSETI South, PJSC amounted to 42,113 mln rubles, of which 93.0% is revenue from electricity transmission, 1.4% is revenue from technological connection, 4.8% is revenue from electricity sales services, and 0.8% is revenue from other activities.

Revenue and profit structure by business area and region:

Branch	Total revenue, mln rubles	Share in total revenue, %	Grid services (electricity transmission)	Share in total for ROSSETI South, PJSC	Network Services (TS)	Share in total for ROSSETI South, PJSC	Resale of electricity and capacity	Share in total for ROSSETI South, PJSC	Other services	Share in total for ROSSETI South, PJSC
Astrakhanenergo	5,927	14.1%	5,782	14.8%	103	17.1%	-	0.0%	42	12.1%
Volgogradenergo	10,839	25.7%	10,672	27.3%	80	13.3%	-	0.0%	86	24.6%
Kalmenergo	3,756	8.9%	1,564	4.0%	189	31.4%	1,978	98.0%	25	7.1%
Rostovenergo	21,498	51.0%	21,123	54.0%	230	38.2%	-	0.0%	144	41.2%

Branch	Total revenue, mln rubles	Share in total revenue, %	Grid services (electricity transmission)	Share in total for ROSSETI South, PJSC	Network Services (TS)	Share in total for ROSSETI South, PJSC	Resale of electricity and capacity	Share in total for ROSSETI South, PJSC	Other services	Share in total for ROSSETI South, PJSC
Kubanenergo	51	0.1%	0	0.0%	0	0.0%	-	0.0%	51	14.4%
Executive office	43	0.1%	0	0.0%	0	0.0%	41	2.0%	2	0.5%
TOTAL	42,113	100.0%	39,141	100.0%	603	100.0%	2,020	100.0%	343	100.0%

Assignment of the status of a supplier of last resort

In accordance with Order No. 1400 of the Ministry of Energy of the Russian Federation dated December 23, 2016, "On Assigning the Status of a Territorial Grid Organization Supplier of Last Resort", ROSSETI South, PJSC, was assigned the functions of a supplier of last resort in the city of Elista of the Republic of Kalmykia as of January 1, 2017. In 2018, 2019 and 2020, functions of a supplier of last resort on the territory of the Republic of Kalmykia within the city of Elista were performed on the basis of orders No.1139 dated November 30, 2017, No.1108 dated November 29, 2018, and No.1427 dated December 25, 2019, respectively. As of January 01, 2021, functions of a supplier of last resort on the territory of the Republic of Kalmykia within the city of Elista were performed on the basis of the order of the Ministry of Energy of the Russian Federation No.1034 dated November 25, 2020. In 2022, the performance of the last resort supplier function was carried out on the basis of Order No.1411 of the Russian Ministry of Energy dated December 17, 2021.

As of January 08, 2021, by Order of the Ministry of Energy of Russia dated June 29, 2021, No.509, the status of a supplier of last resort in the area of the Republic of Kalmykia (except for the area of the city of Elista) was assigned to Rosseti South PJSC because NP Market Council Association decided to deprive Kalmenergosbyt JSC of its status as a wholesale electricity and capacity market entity and exclude it from the register of wholesale market entities. As of January 08, 2022, functions of a supplier of last resort in the territory of the Republic of Kalmykia, with the exception of the city of Elista, have been extended based on the order of the Ministry of Energy of the Russian Federation dated July 22, 2022, No.700.

Thus, during 2022, ROSSETI South, PJSC, performed functions of a supplier of last resort throughout the Republic of Kalmykia.

Revenue from the sale of electricity in the retail market in 2022 increased by 645.19 mln rubles, or 48.39% compared to 2021, and amounted to 1,978.48 mln rubles. The growth is due to taking over the function of a supplier of last resort from January 08, 2021, on the territory of the Republic of Kalmykia and continuing to perform the function of a supplier of last resort in 2022.

The volume of electricity supplied to the retail market in 2022 increased by 147.15 mln kWh, or 57.15%, compared to 2021 and amounted to 404.65 mln kWh, including:

- 342.68 mln kWh under power supply agreements, of which 181.29 mln kWh for the population and equivalent consumers,
- 61.97 mln kWh under sale agreements.

98,141 consumers are served by the Kalmenergo branch as a last resort supplier throughout the territory of the Republic of Kalmykia, including:

- 6,171 legal entities, individual entrepreneurs and citizens engaged in commercial activities;

- 91,970 consumers from the "population" group.

The level of payment in cash in the retail electricity market for 2022 amounted to 93.5%, with the planned value of 100%; the backlog was 6.5%, or 154.9 mln rubles.

The recorded payment level of 93.5%, which was lower than the business plan for 2022, was due to the low level of payment by housing and utility consumers (Energoservice JSC, MUE Elistavodokanal, which is in bankruptcy proceedings), budget consumers financed from the Republic budget, population, and a group of non-industrial consumers (due to non-payment under statements of unaccounted consumption).

The cost of purchasing electricity in the wholesale electricity and capacity market for 2022 amounted to 1,451.21 mln rubles, VAT included; the volume of purchased electricity amounted to 618.47 mln kWh.

Obligations to pay for electricity purchased on the wholesale electricity and capacity market were met in full; the Company has no overdue payables for electricity purchased on the wholesale electricity and capacity market.

MISSION AND STRATEGIC PRIORITIES

The mission of ROSSETI South, PJSC, is to ensure a reliable and high-quality supply of electricity for the growing needs of the economy and social sector at a fee that is economically justified for consumers for the services provided.

Development Strategy

The top-level strategic planning document for the companies of the Rosseti Group is the Development Strategy of PJSC Rosseti and its subsidiaries and affiliates (the Rosseti Group of Companies) for the period up to 2030¹.

The strategic goals of the Rosseti Group companies are:

- ensuring the reliability and quality of power supply at a given level;
- increase in total shareholder return;
- ensuring resistance to changes in the global and local electricity market.

Particular attention in the Development Strategy of the Rosseti Group of Companies is given to the transition to a business model of a modern innovation infrastructure. The main strategic priorities include ensuring further improvements in the efficiency of current operations aimed at the development of the industry, as well as ensuring reliability, quality and access to infrastructure in the new digital environment. Particular attention is paid to balancing the interests of all parties, including the state, consumers, shareholders, investors, as well as the development of new business areas.

¹ Approved by the Board of Directors of PJSC ROSSETI (Minutes No. 388 dated December 26, 2019).

The declared goals are planned to be achieved through the main directions of the strategy implementation, which are: technological and innovative development, digital transformation, business diversification, increase of operational and investment efficiency, promotion of legislative initiatives, development of international activities and human resources, and others.

At the end of 2022, the following results were achieved:

- the level of electrical energy losses is 9.28%, while 9.50% was planned.
- the level of payment for the services of grid companies for the transmission of electric energy is 101.3% against 100.9% of the target.

Values of ROSSETI South, PJSC

The Company maintains a high corporate culture. In its activities, the Company adheres to the following corporate values set forth in the Company's Code of Corporate Ethics and Official Conduct approved by Order No. 368 of May 29, 2017:

1. Reliability. The Company strives to ensure a reliable and uninterrupted supply of electric power to the needs of the economy and social sector of the Russian Federation as far as possible by implementing the entire range of necessary organizational and technical measures to guarantee the reliable operation of electric grid infrastructure facilities.

2. Manpower resources. The key resource of the Company's activity is its employees, because thanks to them the Company creates, preserves and increases its own value and authority over a long period of time. The achievement of the strategic goals and objectives that the state has set for the Company depends to a large extent on the professionalism, integrity and safety of the Company's employees.

3. Efficiency. The Company is aware of its obligations to shareholders, investors and partners, so the performance efficiency is Company's basic value. The Company strives for continuous increase in profitability, which is facilitated by the strategic initiatives of the management and control bodies, top management and shareholders of the Company.

4. Safety. The Company takes a strictly regulated and balanced approach to the implementation of security measures and works to prevent possible offenses.

5. Social responsibility. The Company is a socially responsible enterprise that pays great attention to environmental issues, labor protection, and the implementation of social programs.

The Company seeks to increase its investment attractiveness through its efficient and effective operations, improving information transparency and maximizing the market value of its securities.

The Company's development plans are based on the Strategy for the Development of the Electric Grid Complex of the Russian Federation, approved by Decree of the Government of the Russian Federation dated April 3, 2013, No.511-r.

Development prospects in the regions of operation

In order to implement the strategic goals, the Company's activities in 2023 will be aimed at solving the following tasks:

- ensuring a customer-oriented policy and improving the availability of the power grid infrastructure;

- coordinating the procedure for concluding and monitoring the implementation of agreements between the administrations of constituent entities of the Russian Federation located in the area of responsibility and ROSSETI PJSC and the Company.
- estimating the topology of network development and forecasting the demand for power and electricity;
- effective planning of the development of the electrical network in view of the trends in socio-economic development and territorial planning of regions;
- modernization and technical re-equipment of electric power facilities;
- new construction of power grid facilities;
- energy efficiency and conservation.

KEY PERFORMANCE INDICATORS (KPIs)

The Company uses a system of key performance indicators (KPIs) to assess the achievement of the Company's priority development goals.

The system of key performance indicators of the Company's Chief Executive Officer is established on the basis of:

- clause 15.1 of Article 15 of the Company's Charter,
- decision of the Board of Directors of the Company dated September 24, 2020 (Minutes No. 398/2020 dated September 25, 2020).

The target values of key performance indicators were approved by the decision of the Board of Directors of the Company dated January 26, 2022 (Minutes No. 465/2022 dated January 28, 2022), as amended by the decision of the Company's Board of Directors dated December 20, 2022 (Minutes No. 507/2022 dated December 23, 2022).

In accordance with the above decisions of the Board of Directors of the Company in 2022, the following list of key performance indicators was approved:

Name of KPI	Calculation procedure
Aggregate dividend yield	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	The ratio of earnings before taxes and interest to equity and long-term loans and borrowings
Earnings from operations (EBITDA)	Section 1. Growth of actual EBITDA year-on-year is not lower than the average annual growth rate of tariffs Section 2. If this condition is not met, it is assessed whether the level of EBITDA to the planned value, which is calculated on the basis of the approved business plan, has been achieved
Decrease in specific operating expenses (expenses)	Reduction in the ratio of specific operating expenses to the volume of equipment serviced (c.u.) in the reporting year compared to the previous year
Electricity loss rate	The ratio of electricity supply to the grid minus electricity released from the grid and consumption for economic needs to electricity supply to the grid minus internal cross-flow balances
Increase in productivity	The ratio of value added to the number of insured persons. Comparison with base year 2020
Efficiency of innovation activities	Integral indicator of innovation performance assesses the degree of implementation of three composite indicators, namely, the indicator of R&D costs, the rate of procurement of innovative products, the quality of development (updating) of FEED/ implementation of FEED
Accounts receivable reduction index	Reduction in the actual value of overdue accounts receivable for all subsidiaries and affiliates (excluding moratorium and restructured debts, as well as debts of counterparties that were deprived of the status of a wholesale electricity market entity and/or last resort supplier)
Compliance with timeframes of grid connection	A comprehensive indicator that assesses the quality level of the ongoing grid connection of PJSC Rosseti's subsidiaries and affiliates, which consists of three components: the quality of consideration of requests for grid connection; the quality of completion of contracts for the implementation of grid connection for the requesters; compliance with the antimonopoly

	legislation of the Russian Federation
Debt/ EBITDA	Section 1. Evaluated according to the results of the debt to EBITDA ratio In the case of the financial stability of the Company, the target value is ≤ 3.0 ; otherwise, an improvement of at least 10% from the actuals of the previous year, but not less than 3.0. Section 2. If the specified condition is not achieved, the achievement of the planned level of the debt/EBITDA ratio calculated on the basis of the approved business plan is assessed.
Fulfillment of the commissioning schedule	The ratio of the total actual volume of acceptance of fixed assets to accounting (in monetary terms, in relation to facilities that are finally built and accepted as fixed assets in the reporting year, with quarterly detailing) to the planned volume in accordance with the approved investment program of the Company and its implementation schedules
Ready to work in the heating season	An indicator that assesses the readiness of the Company to work during the heating season based on monthly monitoring conducted by the Ministry of Energy of Russia
Implementation of the Company Development Plan	Bonus deduction indicator, the value of which is estimated by calculation depending on the number of unfulfilled activities of the Company Development Plan as approved by the Board of Directors of PJSC Rosseti in the reporting period
Achieving the level of reliability of the services provided	Indicators of the reliability of tariff regulation (SAIDI, SAIFI), as well as the number of major accidents in relation to the average annual values for 3 years
Absence of accidents at work	The number of employees of the Company injured in accidents (with mild, severe or fatal outcomes) in the reporting year, which are associated with the failure of officials to perform their duties
Indicator of transition to using domestic software predominantly	Assesses the timeliness of preparation and implementation of the plan for transition to the predominant use of domestic software; it is calculated as a share of the amount of funding of Russian software and related works (services) in the total amount of funding of software and related works (services)

Target values and achieved KPIs

Composition of indicators	Weight/percentage of bonus reduction in the bonus system for 2022, %	Actual value for 2021 // assessment of achievement for 2021 (achieved/not achieved)	Target value for 2022	Actual value for 2022 ² // % to the actuals of 2021	Assessment of achievement for 2022 (achieved/not achieved)// reasons for deviation
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² For 2022, the expected level of KPI achievement is given, taking into account the timing and procedure for reporting, which is the source of information for calculating KPIs. The final actual values are approved by the Board of Directors of ROSSETI South, PJSC

Aggregate shareholder return	10	0//not achieved	<p>≥ the arithmetic mean amount of funds used to pay dividends in accordance with the decisions of the General Meeting of Shareholders of the Company for 3 years preceding the reporting period, and ≥ the amount of funds provided for the payment of dividends in the reporting period, in accordance with the business plan of the Company</p>	<p>The achievement of the indicator will be assessed based on the results of the decision by the General Meeting of Shareholders of the Company on the distribution of the Company's profit based on the results of 2022</p>	
Return on invested capital	20	76.9%//not achieved	≥ 95.0%	100.0% //130%	achieved

earnings from operations (EBITDA)	15	completed (68.7%) //achieved	completed	completed (26.2%)	achieved
Decrease in specific operating expenses (expenses)	10	8.3% //achieved	≥ 2%	14.3%//172%	achieved
Electricity loss rate	10	10.83%//not achieved	9.79%	10.49%//103%	not achieved ³
Increase in labor productivity	5	11.55% //achieved	≥ 10% ⁴	26.34%//228%	achieved
Efficiency of innovation activities	20	101% //achieved	≥ 90%	not to be defined ⁵	not to be assessed
Accounts receivable reduction index	10	46.0% //achieved	≤ 100%	59.2%//78%	achieved
Compliance with timeframes of grid connection	-10	2.0//not achieved	≤ 1.7	1.6//125%	achieved
Debt/ EBITDA	-10	completed (3.2)//achieved	completed	completed (3.8)//119%	achieved
Fulfillment of the commissioning schedule	-10	Q1 101% Q2 127% Q3 139% Q4 109% Year 109% //achieved	≥ 90% (in all quarters)	Q1 115% //114% Q2 116% //91% Q3 112% //81% Q4 114% //105% year 114% //105%	achieved

³ Due to the reversal of electricity volumes reflected in the adjustment acts for the settlement of disputes, as well as judicial decisions for past years, which were formalized in 2022.

⁴ Growth relative to the 2020 baseline.

⁵ The KPI results shall be summarized by a separate resolution of the Board of Directors of the Company in accordance with the KPI Calculation and Assessment Methodology for the General Director of Rosseti South PJSC (Minutes No. 398/2020 dated September 25, 2020), as amended by the Company's Board of Directors (Minutes No. 507/2022 dated December 23, 2010, No. 507/2022) based on the results of the assessment conducted by the collegial body of the ROSSETI Group on the implementation and control over the implementation of the Innovative Development Program of ROSSETI and its subsidiaries and affiliates for 2020-2024 with a view to 2030, taking into account the principles and approaches defined by the current "Methodological guidelines for annual assessment of implementation of programs of innovative development of joint stock companies" and "Methodological guidelines for quality assessment of design (actualization) of programs of innovative development of joint stock companies".

Ready to work in the heating season	-10	Simultaneously: 1) 1.00 2) failure to achieve the set value of the specialized indicator// achieved	Simultaneously: 1) ≥ 0.95 2) failure to achieve the set value of the specialized indicator "Existence of unfulfilled measures to ensure compliance with the condition of readiness of an electric power industry entity"	Simultaneously : 1) 0.95 2) failure to achieve the set value of the specialized indicator //100%	achieved
Implementation of the Company Development Plan ⁶	-70	not to be summed up//not to be assessed	not to be set	not to be summed up	not to be assessed
Achieving the level of reliability of the services provided	-10	Simultaneously: 1) Ksaidi = 1.38; Ksaifi = 1.19 2) No significant deterioration in the indicators set by the tariff regulation authorities 3) 0 (no increase in major accidents) //achieved	Simultaneously: 1) $K_i \leq 1$ 2) No significant deterioration in the indicators set by the tariff regulation authorities 3) No increase in major accidents	Simultaneously : 1) Ksaidi = 1.31; Ksaifi = 1.14 2) No significant deterioration in the indicators set by the tariff regulation authorities 3) 0 (no increase in major accidents)	achieved
Absence of accidents at work	-10	Simultaneously: 1) 0 injured; 2) 0 //achieved	Simultaneously: 1) < 2 injured; 2) 0	Simultaneously : 1) $1 < 2$ injured; 2) 0//100%	achieved

⁶ In 2021 - 2022 There is no development plan for the Company.

Indicator of transition to using domestic software predominantly	-10	introduced as of 2022	≥ 69.32%	84.76%	achieved
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Target KPI values for 2023 are not reflected due to changes in the composition of KPIs and changes in approaches to the procedure for setting target and calculating actual KPI values, within the framework of implementation of the requirements of Decree of the Government of the Russian Federation No.3579-r dated December 28, 2020 (as amended by the Russian Federation Government Regulation No. 2072 dated November 16, 2022).

The system of key performance indicators used in the Company is interconnected with the size of the variable part of the management remuneration, namely: for each of the indicators, a specific weight or percentage of bonus deduction in the volume of bonuses paid is established; annual bonuses are subject to the achievement of the relevant KPIs.

KEY RISKS

Information about the Company's risk identification and assessment system, about documenting information about risks and developing measures to manage them.

On a regular basis, the Company identifies, assesses and monitors risks, implements measures to reduce the likelihood and potential consequences of risks coming true, and also informs shareholders and other stakeholders accordingly.

In accordance with the Regulations on Risk Management, the Company's Management Board approved the Company's Risk Register for 2022 (Minutes No. 406 of the Management Board dated August 31, 2021), which contains 48 functional risks, i.e. aggregate risks of business processes and risks that have a material effect on the Company's activities, including key performance indicators of the sole executive body of the Company and, through them, on achieving the goals of managing the electric grid complex and ensuring the strategic goals of the Rosseti group of companies.

In 2022, on a quarterly basis, the Management Board of the Company considered the reports of risk owners on managing functional and business process risks (Q4 2021: Minutes No. 427 dated February 18, 2022; Q1 2022: Minutes No. 442 dated May 16, 2022; Q2 2022: Minutes No. 455 dated December 08, 2022; Q3 2022: Minutes No. 469 dated November 15, 2022). Within the framework of the reports of risk owners, the risk register was updated, the report on the implementation of the action plan, the report on the implementation of compensatory measures were reviewed, and a risk map was formed based on the relevant Risk Register.

For the purpose of effective risk management, the Company has introduced a risk assessment system. The impact of risks on the Company's activities is assessed at three levels of materiality, which is a generalized assessment of the probability and consequences of the risk materialization:

Moderate: a risk that does not have a significant negative impact on financial and economic performance, but requires continuous monitoring to timely identify a possible increase in the level of risk materiality;

Significant: a risk, materialization of which can lead to significant deviations of key performance indicators, short-term suspension of activities, lower independent ratings, negative coverage of activities in the press;

Critical: a risk, the materialization of which can lead to failure to achieve the goals set by the management bodies; prolonged interruption of activities; negative coverage of activities in the media, and a decrease in the market quotation of the Company's shares.

The results of assessing the level of materiality of critical and significant functional risks of the Company in 2021 and 2022, as well as the main measures aimed at reducing and minimizing the consequences from the materialization of risks:

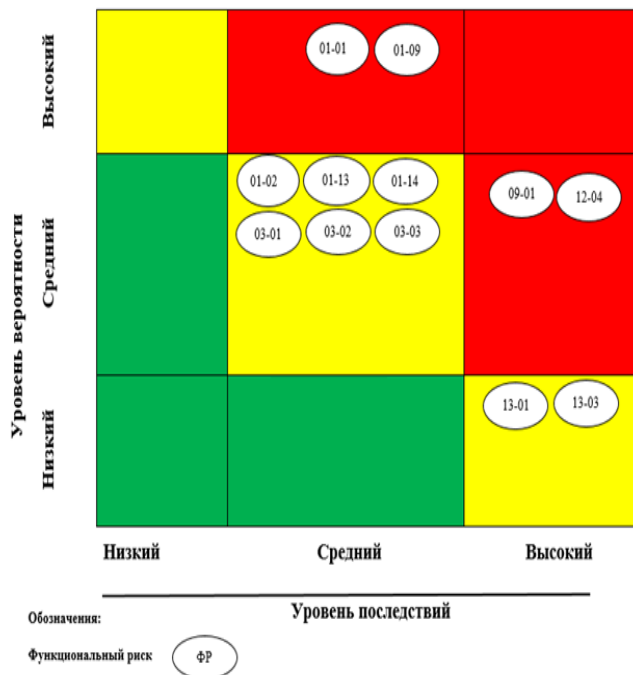
Item No	Risk ID	Risk name	Impact on key performance indicators	Risk materiality level		Main risk management measures
				2021	2022	
1	FR01-01	Reducing the volume of services for the transmission of electricity to consumers connected to regional distribution networks	Achieving indicators of consolidated profit from operating activities (EBITDA)	C	C	1. Monitoring and forecasting electricity consumption by voltage levels, according to which the price (tariff) for services is differentiated for the transmission of electrical energy, and categories of consumers, as well as monitoring the physical parameters of the balance of electrical energy and capacity. 2. Performing activities for the reference taking of readings of electricity meters, including involvement of additional personnel. 3. Carrying out patrol inspections to identify instances of unaccounted consumption of electrical energy, including inspections on weekends, with the involvement of law enforcement agencies, as well as "cross" inspections between regional structural divisions.

2	FR01-09	GRR fines for failure to fulfill investment program parameters	Achieving indicators of consolidated profit from operating activities (EBITDA)	C	C	<p>1. Timely preparation of information materials for approval of the draft investment program (draft adjustment of the investment program) and submission of these materials to the Ministry of Energy of Russia.</p> <p>2. Timely financing of objects of investment programs, compliance with the terms of payment under the concluded contracts with contractors, taking into account the fulfillment of counter-obligations by contractors and compliance with the title-by-title schedules for the development of DIPs.</p> <p>4. Quality management of capital construction.</p> <p>5. Constant interaction with executive authorities in the field of state regulation of tariffs within the framework of the effective legislation of the Russian Federation in the field of tariff regulation when establishing the TBD.</p>
3	FR09-01	Professional risks of the Company No increase in the number of employees of subsidiaries and affiliates, who are injured in accidents	No increase in the number of employees of subsidiaries and affiliates, who are injured in accidents	C	C	<p>1. Implementation of activities of the Comprehensive Program to Reduce the Risk of Personal Injury.</p> <p>2. Conducting medical examinations of employees.</p> <p>4. Ensuring the effective functioning and continuous improvement of the labor protection management system.</p>
4	FR12-04	Involvement of the Company / employees of the Company in corrupt activities	Compliance with legislation, including legislation on preventing and combating corruption and antitrust laws	C	C	Implementation of activities of the Anti-Corruption Plan in ROSSETI South, PJSC, for 2022.
5	FR01-02	Change in the structure of electricity transmission services rendered by voltage levels, tariff options, consumer groups	Achieving indicators of consolidated profit from operating activities (EBITDA)	S	S	Monitoring and forecasting electricity consumption by voltage levels, according to which the price (tariff) for services is differentiated for the transmission of electrical energy, and categories of consumers, as well as monitoring the physical parameters of the balance of electrical energy and capacity.
6	FR01-13	Bankruptcy and liquidation of counterparties	Achieving indicators of consolidated profit from operating activities (EBITDA)	S	S	Monitoring of payment discipline and the amount of receivables, as well as the use of specialized information products (SPARK, SBIS) to determine the risk of bankruptcy of a counterparty.

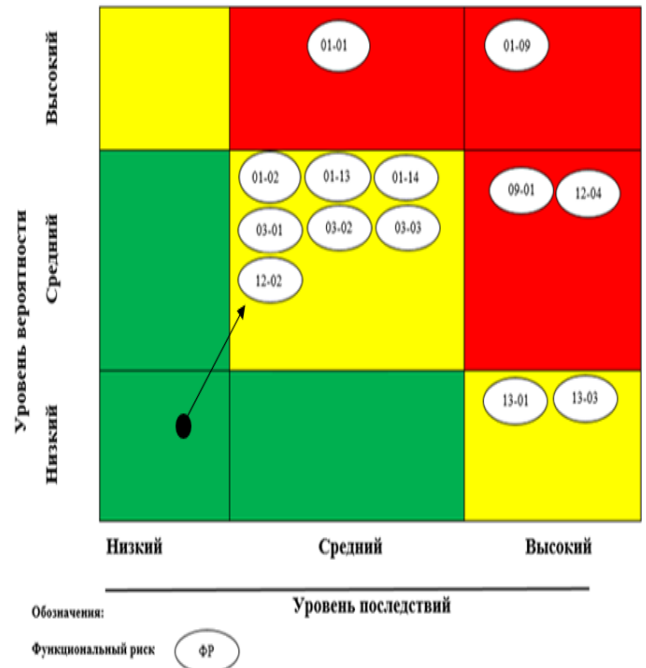
7	FR01-14	Issuance of judicial acts (dispute resolution) to recover debts for electric power transmission services not in favor of the Company	Achieving indicators of consolidated profit from operating activities (EBITDA)	S	S	<p>1. Formation of judicial practice on the collection of disputes on the scope of electricity transmission services and (or) the amount of electricity losses.</p> <p>2. Conducting a monthly analysis of court practice in cases of debt collection for unmetered power consumption and sending letters to the directors of the Company's branches to prevent the formation of disputes over unmetered consumption, in respect of which court practice is negative</p> <p>3. Carrying out measures to resolve disagreements that have arisen with regard to the amounts and costs of electric power transmission services provided under contracts for electric power transmission services and to prevent them from arising in the future.</p>
8	FR03-01	Failure of counterparties to perform their obligations to pay for electricity transmission services in accordance with the terms specified in the agreement/contract and/or to pay in an incomplete amount	Achievement of the planned level of accounts receivable for electricity transmission services	S	S	<p>1. Tightening control over the procedure and timing of FEED compliance, including control through approval of the reporting form and responsible persons, as well as quarterly analysis of the timing of FEED initiation by the Company's branches</p> <p>2. Monitoring of payments and coordination of monthly payment schedules with last resort suppliers</p> <p>3. Restriction of consumption in relation to contractors who violate the terms of contracts for payment for electric power transmission services.</p>
9	FR03-02	Failure to execute judicial acts on collection of receivables	Achievement of the planned level of accounts receivable for electricity transmission services	S	S	<p>1. Interaction with the service of the Federal Bailiff Service of the Russian Federation at the stage of enforcement proceedings; signing agreements with the Federal Bailiff Service of the Russian Federation on cooperation; implementation of control of debt repayment under enforcement proceedings on obtained court decisions to collect overdue debts.</p> <p>2. Initiation of bankruptcy proceedings against debtor enterprises that are persistent non-payers.</p>
10	FR03-03	Disagreements on the amounts and cost of services rendered, including acts of unaccountable electricity consumption	Achievement of the planned level of accounts receivable for electricity transmission services	S	S	<p>1. Analysis of UMC acts over 300 thousand kWh in order to prevent unreasonable disagreements from being formed</p> <p>2. Carrying out measures to resolve disagreements that have arisen with regard to the amounts and costs of electric power transmission services provided under contracts for electric power transmission services and to prevent them from arising in the future.</p>

11	FR12-02	Violations by the Company of legal requirements as a result of non-fulfillment by counterparties of their obligations to the Company, as a result of which the Company is held liable	Compliance with legislation, including legislation on preventing corruption and antitrust laws	M	S	Regular reviewing of the execution of grid connection contracts (GCC) at meetings of the Operational Headquarters for Control over the Execution of Grid Connection Contracts; Regular updating of the demand for grid connection under previously concluded GCCs; Ensuring pre-trial resolution of issues with applicants regarding GC; Organization of control over the timely execution of GCCs, including the automation of GC activities
12	FR13-01	Natural technical failures in the protection systems of information and telecommunication systems of electric grid facilities	Ensuring comprehensive security of the Company's operations	S	S	1. Administration of information security systems. 2. Timely purchase and renewal of licenses for specialized software. 3. Timely maintenance of personal protection equipment (PPE). 4. Funding for license purchases and technical support from a manufacturer.
13	FR13-03	Disruption and (or) interruption of information infrastructure facilities and telecommunications systems of electric grid facilities	Ensuring comprehensive security of the Company's operations	S	S	1. Administration of information infrastructure systems by qualified personnel. 2. Timely purchase and renewal of licenses for specialized software. 3. Timely maintenance of personal protection equipment (PPE). 4. Funding for license purchases and technical support from a manufacturer.

Map of Critical and Significant Functional Risks as of 31.12.2021:



Map of Critical and Significant Functional Risks as of 31.12.2022:



Information Security and Cyber Threat Risks:

1. The risk associated with the implementation of information threats, including those caused by deficiencies (vulnerabilities) of applied information technologies.

The reasons for this risk may be the use of obsolete equipment, lack of technical support, use of equipment after the end of its service life. The implementation of this risk may lead to a decrease in the security of electric grid facilities, and temporary downtime in information and telecommunication systems. The Company assesses the risk as "moderate" with a low level of consequences from its materialization.

In order to prevent this risk from being materialized, the Company provides technical support for information protection facilities, conducts periodic analysis of the performance of information protection facilities, repairs and/or replaces equipment, and controls that the protection systems are provided with guaranteed and backup power.

2. Risk of disruption and (or) interruption of operation of information infrastructure facilities and telecommunications systems of electric grid facilities

The main sources of risk may be unlawful actions of third parties as a result of a computer attack, which can result in material damage to the Company, damage to goodwill, and disconnection of power consumers. The Company assesses the risk as "significant" with a high level of consequences in a case of its materialization.

Inclusion of information security requirements in the specifications for the creation of information infrastructure facilities and telecommunications systems of electric grid facilities.

Introducing information security measures at information infrastructure facilities in accordance with the technical specifications for their creation.

The Company monitors the actions of the Company's employees through information security systems, monitors and analyzes external information security events, and uses certified information protection equipment.

[Risks in the field of sustainable development:](#)

1. Environmental risk

The probability of incurring damage (compensation for harm) related to negative environmental impact of the Company's production and economic activities is estimated as "insignificant", since the Company does not operate any production facilities that have a significant adverse impact on the environment. The Company carries out its production activities in accordance with the requirements in the field of environmental protection and ecological safety.

The Company assesses the risk as "moderate" with a low level of consequences from its materialization.

2. Natural and climatic risk

Risks related to climate change may have a certain impact on operations and financial outcomes.

Climatic risks are associated with an increase in the average annual air temperature. Furthermore, changes in traditional climatic conditions can cause natural emergencies.

In particular, natural phenomena caused by temperature changes such as hurricanes, flooding, heavy snowfalls and freezing rains can damage the Company's

assets, primarily power transmission lines, thereby disrupting uninterrupted power supply to consumers.

The regions where the Company carries out its production and business activities are not among the regions of permanent high danger of natural disasters (such as earthquakes, floods, storms, epidemics). The Company assesses the risk as "moderate" with a low level of consequences from its materialization.

3. Risks related to failure to respect social rights and benefits of labor protection of employees.

Social rights extend to fair and favorable working conditions, protection against unemployment, fair and satisfactory remuneration, equal pay for equal work, the ability to maintain the health and well-being of employees and their families, as well as a right to education.

The Company works to respect the social rights of employees, protection from unemployment, fair remuneration, reimbursement of expenses for sports, and improvement of the level of education of the Company's employees.

In view of the Company's high level of responsibility in implementing its social obligations, this risk is assessed as "moderate" with a low level of consequences in case of its materialization.

OPERATING RESULTS

PRODUCTION RESULTS

Electricity transmission and losses

For the Company for 2022:

26,587.4 mln kWh supply to the grid,
24,121.3 mln kWh of supply from the grid,
9.28% electricity loss rate

Balance indicators of electric power for 2022

Name of branch	Power in, mln kWh	Power out, mln kWh	Electric power losses	
			mln kWh	%
Astrakhanenergo	3,233.5	2,724.2	509.3	15.75
Volgogradenergo	8,597.0	7,947.6	649.4	7.55
Kalmenergo	813.2	618.7	194.6	23.93
Rostovenergo	13,943.7	12,830.9	1,112.8	7.98
Rosseti South, PJSC	26,587.4	24,121.3	2,466.1	9.28

In 2022, the amount of the power out to consumers and related LGOs within the limits of the balance and operational responsibility was 24,121.3 mln kWh, which is lower than in 2021 (24,187.1 mln kWh) by 65.8 mln kWh, or 0.27%.

Electric power losses

In 2022, electricity losses decreased by 17.4 mln kWh or 0.03% compared to 2021.

Dynamics of electric power losses in 2018-2022

Period	Electricity losses, mln kWh	Electricity losses, %
2018	2,679.0	9.80
2019	2,323.8	8.95
2020	2,139.8	8.47
2021	2,483.5	9.31
2022	2,466.1	9.28

Grid connection⁷

19,878 executed contracts

446 MW connected capacity

In accordance with Russian Government's Order No.147-r of January 31, 2017, in each region where the Company operates, the Company, in cooperation with regional executive authorities, implemented the target model "Grid Connection" to simplify business procedures and increase the investment attractiveness of the constituent entities of the Russian Federation.

The Company organized:

- implementation of roadmaps for implementing the target model, for which a grid organization was responsible, and the Company also organized for the branches to submit quarterly reports to the regional executive authorities;
- cooperation with regional executive authorities in order to take the necessary measures to implement the indicators of the roadmaps, the responsibility for achieving the targets for which lies with the relevant ministries and municipalities in the regions.

Indicators	UoM	Period			
		2020	2021	2022	change 2022/2021, %
1	2	3	4	5	6
Grid connection					
Accepted requests for GC	pcs	18,342	21,368	22,624	6 %
Accepted requests for GC	kW	1,724,985	1,687,011	1,789,549	6 %
Signed GC contracts	pcs	14,090	14,738	14,606	- 1 %
Signed GC contracts	kW	654,451	545,647	557,283	2 %
Completed GC contracts	pcs	10,524	10,081	19,878	97 %
Completed GC contracts	kW	894,171	650,337	445,588	- 31 %
Current GC contracts	pcs	14,456	17,504	11,509	- 34 %
Current GC contracts	kW	1,308,939	1,110,193	1,195,747	8 %
<i>The structure of completed contracts by categories of requesters:</i>					
Up to 15 kW inclusive	pcs	9,588	9,151	18,693	104 %
Over 15 and up to 150 kW inclusive	pcs	784	771	1,014	32 %
Over 150 kW and below 670 kW	pcs	80	65	90	38 %
670 kW at least	pcs	65	87	79	- 9 %
Generation	pcs	7	7	2	- 71 %
Up to 15 kW inclusive	kW	97,272	92,616	203,804	120 %
Over 15 and up to 150 kW inclusive	kW	53,837	56,936	71,786	26 %
Over 150 kW and below 670 kW	kW	26,404	20,785	25,617	23 %

⁷ A complete list of regulatory documents regulating connection activities is publicly available on the Company's website at <https://rosseti-yug.ru/potrebitelyam/tekhnologicheskoe-prisoedinenie/>

670 kW at least	kW	101,467	147,823	111,763	- 24 %
Generation	kW	615,191	332,177	32,619	- 90 %
<i>Revenue from GC activities by categories of requesters (excluding VAT):</i>					
Up to 15 kW inclusive	mln rub.	29	27	97	259 %
Over 15 and up to 150 kW inclusive	mln rub.	32	39	82	110 %
Over 150 kW and below 670 kW	mln rub.	82	168	139	- 17 %
670 kW at least	mln rub.	277	137	109	- 20 %
Generation	mln rub.	1,489	1,654	176	- 89 %
<i>The structure of completed contracts by sectors of business activity:</i>					
Individuals	pcs	7,216	6,844	15,154	121 %
Agriculture and forestry, fishing	pcs	280	267	389	46 %
Industry	pcs	311	238	445	87 %
Production and distribution of electricity, gas and water	pcs	30	74	101	36 %
Civil construction	pcs	61	114	145	27 %
Trading	pcs	180	176	276	57 %
Transport and communications	pcs	409	276	556	101 %
Healthcare, education, social services	pcs	107	84	90	7 %
Others	pcs	1,930	2,008	2,722	36 %
Individuals	kW	77,642	74,914	171,350	129 %
Agriculture and forestry, fishing	kW	14,849	21,299	29,424	38 %
Industry	kW	33,263	44,774	12,244	- 73 %
Production and distribution of electricity, gas and water	kW	633,140	354,497	43,415	- 88 %
Civil construction	kW	4,802	11,379	13,406	18 %
Trading	kW	21,998	8,402	35,356	321 %
Transport and communications	kW	18,850	12,671	29,475	133 %
Healthcare, education, social services	kW	3,204	2,147	2,663	24 %
Others	kW	86,423	120,254	108,255	- 10 %

In 2022, 22,624 requests for grid connection with a total capacity of 1,790 MW were accepted; 14,606 contract for grid connection with a capacity of 557 MW were signed.

The number of requests to ROSSETI South, PJSC, in 2022, as well as the total amount of capacity thereunder, increased by 6% in comparison with 2021.

The changes in the number of contracts signed and the amount of capacity compared to 2021 are insignificant, i.e. 1% and 2%, respectively.

In 2022, 19,878 contracts for grid connection with an aggregate capacity of 446 MW were completed, including 18,693 contracts in the category of requesters up to 15 kW with a total capacity of 204 MW.

The increase in completion of contracts by 104% over the previous year is due to the work performed by ROSSETI South, PJSC, aimed at reducing the accumulated liabilities under grid connection contracts.

The amount of connected capacity decreased by 31% because in 2021 contracts for the connection of "generation" facilities were completed, the capacity of which was relatively larger than in 2022.

PROVIDING ADDITIONAL (NON-TARIFF) SERVICES.

The most demanded additional (non-tariff) services.

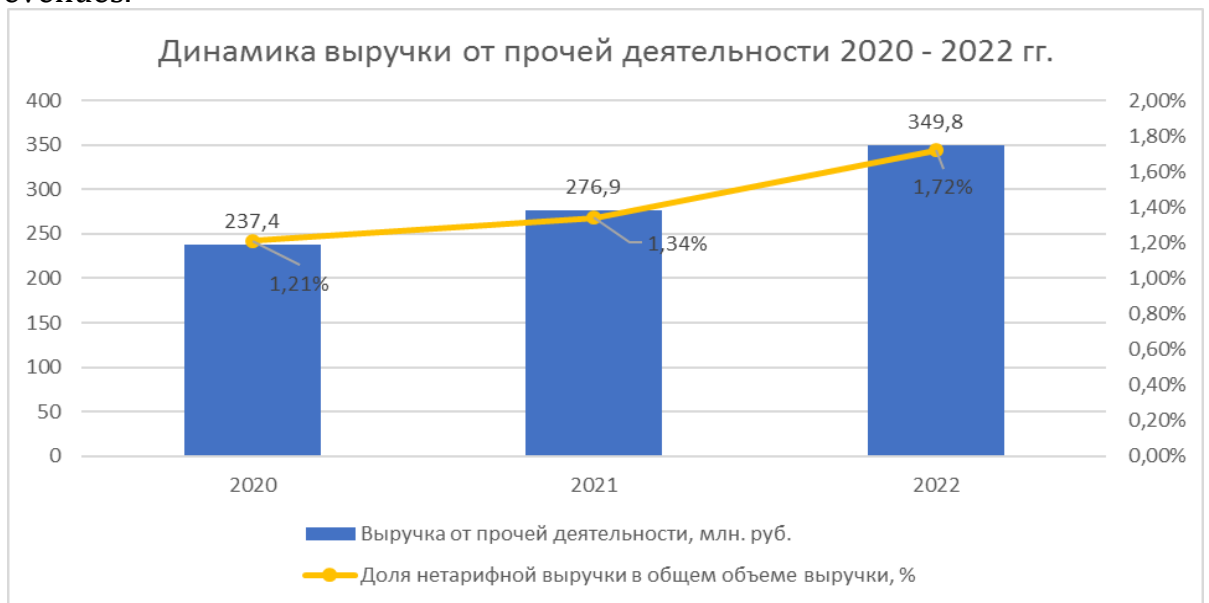
In addition to the core activities subject to state regulation, the Company carries out other activities within the framework of provision of additional (non-tariff) services.

Revenue from additional services in 2022 amounted to 349.8 mln rubles. In other revenue, the largest share is accounted for by indicators from the provision of the following services: repair and maintenance of electric grid facilities and outdoor lighting networks; placement of telecommunications equipment, including fiber-optic communication lines; construction and installation works; as well as services for the admission of third-party organizations to the security zone of electric grid facilities.

At the moment, ROSSETI South, PJSC, is faced with the task of effectively developing additional (non-tariff) services; this is only possible with an integrated approach to the renovation of all key components of this area, which will make a significant contribution not only to measures to achieve target indicators, but also to improve the financial and economic condition of the Company as a whole.

The Company provides, on a fee basis, services for electricity metering, technical and maintenance services for electric grid facilities, shared use of towers, placement of equipment, construction and installation work, etc.

In 2022, revenues from other activities accounted for 0.8% of the Company's total revenues.



Providing additional (non-tariff) services					
Indicators	UoM	Period			
		2020	2021	2022	change 2022/2021, %
1	2	3	4	5	6

Proceeds from sales of additional (non-tariff) services of other activities	mln rub.	237.4	276.9	349.8	26%
Rental and accommodation services	mln rub.	90.3	113.8	127.8	12%
Maintenance, repair and operation services	mln rub.	81	62	75.8	22%
Construction and installation works	mln rub.	18.5	7.4	29.6	300%
Consulting, organizational and technical services	mln rub.	23.2	41.8	47	12%
Agency services	mln rub.	-	0.8	5.5	562%
Communication and information technology services	mln rub.	1.1	0.98	0.9	-8%
Other services due to other activities	mln rub.	8.5	9.5	11	16%
Not mentioned "other services"	mln rub.	14.8	40.5	52.1	29%
Non-tariff revenues from other activities	%	1.21	1.34	1.72	

Revenue from leasing out property and equipment was 127.8 mln rubles, which is 6.2 mln rubles below the planned target for 2022 (134 mln rubles), but 14 mln rubles more than the actual revenue for 2021.

Revenue from leasing out on the basis of concluded contracts amounted to 19.4 mln rubles, which is 2.97 mln rubles more than in 2021, or 18% more than in 2021 (the actual value in 2021 was 16.45 mln rubles). Small areas that are part of production-related land plots (in Astrakhanenergo branch, part of non-core land plot), as well as parts of premises and property of both core (parts of non-residential administrative premises) and non-core (part of the building of the Cultural Center "Energetik" of Rostovenergo branch, which is a non-core property) purposes are leased out.

Income from the provision of services for the placement of outdoor lighting under contracts concluded mainly with local municipalities in the territory of the Company's operations amounted to 5.4 mln rubles. Usually, the said contracts are concluded at the beginning of each year with a validity period of not more than 12 months. Revenue is 1.283 mln rubles more than in 2021, but the target was met by only 45%. This is primarily due to a decrease in the number of outdoor lighting placement services due to low demand from potential customers.

Pursuant to the results of 2022, the revenue of ROSSETI South, PJSC, from services for the placement of telecommunications equipment, including from the placement of a fiber-optic communication line on the towers of overhead power lines (hereinafter referred to as "FOCL"), was formed in the amount of 102.9 mln rubles, which is 9.8 mln rubles more than in 2021, or by 10% (actual in 2021: 93.04 mln rubles). The main share in the revenue is the income from agreements concluded with Rostelecom PJSC, Megafon PJSC, MTS PJSC, VimpelCom PJSC, etc.

At the end of 2022, revenues from the provision of technical and maintenance services amounted to 75.8 mln rubles, which is 13.8 mln rubles more than in 2021, or by 22.3% (actual in 2021: 62 mln rubles) and by 20.98 mln rubles more than the planned target (plan for 2022: 54.85 mln rubles). The main share of the revenue was received under agreements with a number of key counterparties, such as Caspian Pipeline Consortium-R JSC (CPC-R), Iceberg LLC, Astrakhan Agro-Industrial Complex LLC, Volzhsky Pipe Plant JSC, Gazprom Geotechnologies LLC , JSC Black Sea Trunk Oil Pipelines, JSC Novoshakhtinsky Oil Products Plant, JSC Russian Railways, JSC Gazprom, as well as local governments, budgetary institutions and agricultural enterprises. Usually, the said contracts are concluded at the beginning of each year with a validity period of not more than 12 months.

Pursuant to the results of 2022, revenue from construction and installation works was formed in the amount of 29.6 mln rubles, which is higher than the actual figures for 2021 by 22.2 mln rubles, or 300% (actual 2021: 7.4 mln rubles). The revenue is, however, less than the target for 2022 by 33.1 mln rubles. The reason for the failure to fulfill the plan is mainly associated with a decrease in the income from the provision of services for the performance of work related to the requester's competence "Turnkey grid connection", because it was not demanded by requesters.

Pursuant to the results of 2022, the revenue from the provision of services for organizing electricity metering was formed in the amount of 6.3 mln rubles, which is 1.3 mln rubles or 26.9% higher than the actual figures for 2021 (actual for 2021: 4.9 mln rubles).

The revenue from the provision of consulting and organizational and technical services at the end of 2022 amounted to 47 mln rubles, which is 5.2 mln rubles more than in 2021, or 12.3%. (actual in 2021: 41.6 mln rubles). The revenue is, however, less than the target by 13.29 mln rubles. This is due to the low number of requests from consumers for additional (non-tariff) services, in particular from individuals and legal entities, for the introduction of a restriction/resumption of the electricity consumption regime. At the same time, as regards the service of admission to the security zone of electric grid facilities owned by the Company, the planned figure was exceeded by more than 10 million rubles due to new inquiries from interested parties.

Pursuant to the results of 2022, revenue from agency services under agency agreements concluded in the Republic of Kalmykia with resource providers (suppliers of public utilities) for subscription services and accepting payments from individuals amounted to 5.5 mln rubles, which is 4.6 mln rubles more, than in 2021, or by 562% (actual in 2021: 0.8 mln rubles).

In the territories of Rostov and Volgograd regions, revenues from communications and information technology services in accordance with the contracts for the provision of telephone communications services (provision of access to telephone communications and the ability to use telephone communications) were formed in the amount of 0.9 mln rubles, which is 1.5 mln rubles less than the planned indicator. The decrease in revenues from telecom services relative to the plan was due to subscribers' cancellation of telephone services in the Volgograd and Rostov regions (15 contracts with legal entities and

individuals (29 numbers) were terminated in the Rostovenergo branch in 2021-2022, 1 contract was terminated in the Volgogradenergo branch).

Revenue from other services for other operating activities in 2022 was 11 mln rubles, which is 1.5 mln rubles more than in 2021, but less than the target by 168.5 mln rubles. In 2022, it was planned to develop new projects, for example, a project to develop the infrastructure of regional and intermunicipal roads, taking into account the elements of the Smart City in the Rostov region. Bidding with potential customers in 2022 for the above services did not take place due to circumstances beyond the Company's control; the Ministry of Transport of the Rostov region suspended examination of projects at the stage of work being performed by the working groups, and this decision affected the achievement of planned targets for services of other operating activities.

According to the item "Other "other" services", the revenue in 2022 amounted to 52.1 mln rubles, which is 5.7 mln rubles more than the planned value, and this revenue was distributed among the following types of services:

Services of recreation centers and children's camps (recreation vouchers): 50.2 mln rubles.

Accommodation services: 0.1 mln rubles.

Canteen services: 1.9 mln rubles.

At the end of 2022, ROSSETI South, PJSC, concluded 20 compensation agreements for the reconstruction of the Company's power grid facilities to be carried out at the initiative of third parties, of which:

17 agreements for compensation in cash. The total amount of cash advance compensation under the agreements concluded amounted to 228.9 mln rubles including VAT. Counterparties are commercial enterprises, local authorities, municipal and budgetary institutions in the territory where the Company operates.

3 agreements for compensation in a tangible form. The amount of compensation in property form, according to preliminary calculations, is 19.8 mln rubles, including VAT.

Cash receipts under compensation agreements in 2022 amounted to 46.1 mln rubles, VAT included.

Income from the completion of compensation agreements at the end of 2022 amounted to 27.9 mln rubles, VAT excluded.

In 2022, the following activities were implemented to develop and implement major projects in the area of other activities:

1. Projects were studies, which are related to energy service contracts for the modernization of outdoor lighting lines, between the Astrakhan branch and the Administration of the municipal formation "City of Astrakhan".

Work was carried out to develop the infrastructure of regional and intermunicipal roads, taking into account the elements of the "Smart City" in the Rostov region.

2. Meetings were conducted for long-term cooperation with potential "big" contractors, such as Lukoil-Volgogradnefteprodukt LLC, Eco Product LLC, PK ECOFORM LLC, others.

3. The Company signed an agency agreement with Volta Energy for the sale of standard sets of solar power plants and related equipment. The companies are in the process of implementation of ready-made solutions in the field of microgeneration based on renewable energy sources for owners of private houses and suburban areas, taking into account the individual needs of each consumer.

4. In order to take part in tender procedures on electronic trading platforms as a contractor of non-tariff services/works in ROSSETI South, PJSC, training was organized and conducted under the professional retraining program "Expert in the field of procurement" (Federal Laws Nos. 44-FZ and 223-FZ).

5. In 2022, the Board of Directors of ROSSETI South, PJSC, approved the Roadmap for the Development of Additional (Non-tariff) Services of ROSSETI South, PJSC, (hereinafter referred to as the "Roadmap") (Minutes No.497/2022 dated September 23, 2022).

The Roadmap provides a set of activities for the development and implementation of additional (non-tariff) services to achieve the target indicators of the Company's business plan and increase the share of income from other activities in the total revenue.

At the moment, ROSSETI South, PJSC, is faced with the task of effectively developing additional (non-tariff) services; this is only possible with an integrated approach to the renovation of all key components of this area, which will make a significant contribution not only to measures to achieve target indicators, but also to improve the financial and economic condition of the Company as a whole.

In order to achieve the target parameters, the Company is studying the issue of rendering new types of services such as those related to the implementation of energy saving and energy efficient measures; at the same time, the Company continues to improve the quality of the provision of existing additional services.

Interaction with consumers

The key principle of the client-oriented policy of ROSSETI South, PJSC, is to enhance consumer loyalty to the Company through high-quality services, comfortable servicing and effective interaction through corporate communication platforms.

The requirements of the Uniform Consumer Service Quality Standards, approved by Order No. 186 of the Ministry of Energy of Russia, are met in a timely manner and in full, including requirements for service offices and mandatory disclosure of information on the Company's official website.

Guiding principles for arranging work with consumers:

- awareness of consumers about the Company and services;

- availability and efficiency of remote and interactive services of the Company;
- transparency of customer service business processes and fair approach to dealing with customer complaints.

In order to improve the quality of rendering services to consumers, the quality of business processes of face-to-face and remote interaction with consumers, the procedure of assessing the quality of customer services, the Company approved the Consumer Service Quality Standards of ROSSETI South, PJSC.

At the end of 2022, ROSSETI South, PJSC, received about 324.2 thousand requests from consumers, including 46.9 thousand requests for the provision of services, 166 thousand calls to the hotline, as well as 100.6 thousand consultations.

5.6 thousand out of 324.2 thousand requests received by ROSSETI South, PJSC, are complaints, which is 1.73% of the total number of appeals.

Interaction with consumers					
Indicators	UoM	Period			
		2020	2021	2022	change 2022/2021, %
Total number of appeals	thousand pcs	202.7	238.6	324.2	36%
Share of requests for inadequate quality of services	%	1.21%	1.58%	1.73%	-

Remote service by means of telephone communication.

In 2022, the single hotline number ROSSETI South, PJSC, 8-800-220-0-220, continues to operate on the basis of the Unified Contact Center of the Rosseti Group of Companies.

The total number of phone calls from consumers was 166,098, of which 150,899 were answered by an operator; 15,199 phone calls were processed automatically by the interactive voice menu system (without operator involvement) In average, time to wait for a response by the consumer for the reporting period was 33 seconds. The average time for processing a telephone call from a consumer for the reporting period was 2 minutes 57 seconds.

Operators receive and register incoming calls, provide consultations to consumers of services in accordance with the requirements of the Consumer Service Quality Standards on issues of power supply disruption, grid connection, additional services and other issues of the company's activities.

The single contact center of the Rosseti group of companies made it possible to solve the problems of minimizing lost calls, creating a single communication format for operators, as well as maintaining comfortable and convenient conditions for customers.

Remote interactive service via the Internet.

ROSSETI South, PJSC, takes care of the accessibility of services for all consumers, saves them time, expands feedback and active dialogue tools, and actively develops interactive services.

Interactive customer service is organized on the basis of the “Consumers” section of the branch page on the corporate website of ROSSETI South, PJSC (<https://rosseti-yug.ru>).

In this section, the following information and services are available to consumers:

- Technical condition of networks and availability of free capacity for grid connection;
- Contact information for all offices and customer service centers;
- Regulatory documents, standard forms of contracts, tariffs for electric power transmission services;
- Regulatory documents, the procedure for grid connection, tariffs, deadlines for the fulfillment of obligations, information about submitted requests and concluded contracts, canceled requests, information about persons who intend to redistribute the maximum capacity;
- Price list, request forms and contracts for additional services;
- Internet reception, through which the consumer can send a complaint or appeal, and get answers to frequently asked questions.

Feedback services with consumers of services are available at a single access point implemented on the basis of the Power Grid Services Portal of PJSC Rosseti (<portal-tp.rf>).

For registered users of the Portal, it is possible to submit requests and appeals in electronic form to a selected network organization for:

- grid connection of power receiving devices;
- installation/replacement of metering devices;
- redistribution of power, restoration of GC documents;
- additional services.

With the help of the Portal, a consumer can:

- calculate the cost of services of the required capacity of connected devices;
- find a connection point on an interactive map;
- evaluate the quality and availability of grid connection to electric networks,

etc.

For the convenience of consumers, a mobile application also functions and there is a possibility to apply for grid connection through the public services portal.

Besides, interactive customer service is provided on the following Internet sites:

- Registration for Consumer Day (<https://dp.rosseti-yug.ru/>);
- Feedback portal “Bright country” (<svetlayastrana.rf>).

Through the Bright Country Portal, consumers can leave reports about problems such as:

- power outage;
- voltage fluctuations / low voltage;

– defects in electrical equipment.

The response time for a message is 8 business days from the date of publication of the message. The problem will be fixed, or a specific deadline will be assigned to solve the problem.

Assessment of customer satisfaction with the quality of services and servicing.

To study the opinion of consumers of services on the quality of services provided, consumers of services are regularly surveyed. In 2022, 567 respondents were surveyed.

In the course of the survey, respondents assessed the degree of compliance of the offered services with their expectations, the overall quality of service, and the accessibility of the grid connection procedure.

Tasks for ROSSETI South, PJSC, in the field of improvement of work with customers in 2023:

1. Increasing the level of awareness of potential consumers of services about the types of services provided, both in terms of core activities and in areas of additional services.

2. Improving the quality of customer service, as well as improving the quality of services that are provided in order to uplevel customer satisfaction.

3. Expanding the list (range) of additional services provided by branches of ROSSETI South, PJSC.

ROSSETI South, PJSC, monitors regularly the quality of services and customer service by implementing survey procedures. Deliverables of surveys are used to plan activities for the development and improvement of customer relations, form favorable conditions for cooperation and facilitate all stages of interaction with customers.

The received statistical data show that consumers in general assess positively the level of customer service and are satisfied with the quality of services rendered by branches of ROSSETI South, PJSC.

INVESTMENT ACTIVITY

Investment activity is one of the key areas of the Company's general development strategy; it is designed to ensure the growth of operating profit.

Indicators of investment activity

The final draft of amendments to the investment program of ROSSETI South, PJSC, for 2022 was approved by the Order of the Ministry of Energy of the Russian Federation dated 24.11.2022, No.31@, "On approval of the investment program of ROSSETI South, PJSC, for 2023-2027 and amendments made to the investment program of ROSSETI South, PJSC, approved by Order No.11@ of the Ministry of Energy of Russia dated 15.11.2018, as amended by Order No.30@ of the Ministry of Energy of Russia dated 22.12.2021". Investment activities are aimed at raising the reliability and performance of the electric grid sector and reducing losses in electric grids.

Indicators	Unit of measurement	Period				
		2020 actual	2021 actual	2022 actual	Change 2022/2021, %	
1	2	3	4	5	6	
4. Indicators of investment activity						
4.1. Implementation of the investment program						
Amount of financing	mln rub.	7,587	7,008	4,813	69%	
The volume of development of capital investment	mln rub.	9,711	4,938	4,050	82%	
Putting into fixed assets	mln rub.	8,876	6,268	3,417	55%	
Putting transformer capacity into fixed assets, MVA	MVA	224	668	325	49%	
Putting of power transmission lines into fixed assets	km	781	861	594	69%	
4.2. Long-term investment program for 2023-2027						
Amount of financing	mln rub.	4,048	3,650	3,141	88	3,607
The volume of development of capital investment	mln rub.	1,833	2,290	2 491	2,543	2,712
Putting into fixed assets	mln rub.	2,251	2,111	2,366	2,729	2,745
Putting transformer capacity into fixed assets, MVA	MVA	67	66	92	59	53
Putting of power transmission lines into fixed assets	km	369	448	371	406	357

Areas and structure of financing of capital investments

The list of priority facilities of subsidiaries and affiliates of PJSC ROSSETI for 2022 was approved by Order of PJSC ROSSETI dated March 30, 2022, No. 83r, "On Approval of the List of Priority Facilities Implemented by subsidiaries and affiliates of PJSC ROSSETI and Other controlled entities of PJSC ROSSETI" in order to exercise control over the course of implementation of investment programs and priority investment projects.

Pursuant to the approved investment program of the Company, four priority investment projects are to be implemented in 2022:

"Construction of a 110 kV Narn substation with two transformers with a capacity of 63 MVA each";

"Construction of 110 kV Elista North-Narn overhead line with an approximate length of 5.4 km".

The facilities were completed and commissioned in Q3 2022. The investment projects were implemented for the purpose of grid connection of electric power generation facilities of Green Energy Rus LLC.

Elista SPP, a new facility of "green" energy with a capacity of 115.6 MW, has become the largest solar power generation facility in Russia. The project is being implemented by Hevel Group within the framework of decisions of the Government of the Russian Federation on the implementation of the program to support generation based on the principles of renewable energy sources (RES).

In the course of implementation of investment projects, construction of a 110 kV Narn digital substation with two 63 MVA transformers and a 5.4 km 110 kV overhead line, which ensures power output to the Elista power plant, was performed within the established timeframe.

Reconstruction of 0.4 kV overhead lines in Taganrog, including the conversion of overhead lines into cable lines, in the territory with the address: Petrovskaya street, between the Italiyskiy lane and the Ukrainskiy lane" (approximate length of the transmission line is 1.117 km);

Reconstruction of 0.4 kV overhead lines in Taganrog, including the conversion of overhead lines into cable lines, in the areas with the following landmarks: Spartakovskiy lane/Frunze street; Frunze st., 41 (Alferaki Palace); Gogolevskiy lane/Frunze st.; Chekhov Square; Chekhov st., 69; Vosstaniya Square (approximate length of the transmission line is 2.495 km).

The facilities were completed and commissioned in Q4 2022.

Investment projects were implemented as part of governmental initiative for creation of a tourist center in Taganrog, Rostov region, as well as in accordance with clause 7 of the list of instructions dated 05.10.2021 No. 1-09/178 of the Chairman of the Federation Council of the Federal Assembly of the Russian Federation V.I. Matvienko following her working trip to the Rostov region.

Rostovenergo, a branch of ROSSETI South, PJSC, has carried out work on the transfer of overhead power lines to cable ones in the historical part of Taganrog (the "Clear Sky" program).

In the course of the project implementation, the following was accomplished:

9.92 km of 0.4 kV trunk cable lines were laid;

36 distribution cabinets were installed;

8.98 km of 0.23-0.4 kV cable inputs from distribution cabinets to the switchgears of end users;

936 power consumers were transferred to a new power supply scheme from newly installed distribution cabinets;

85 towers of 0.4 kV overhead lines were dismantled;

landscaping work was performed on a total area of 1,265 square meters.

Financing structure of capital investments, mln rub. (including VAT)

	2020	2021	2022
Total	7,587	7,008	4,813
Grid connection	2,893	4,329	2,130

Reconstruction, modernization and technical upgrading	4,323	2,598	2,630
Investment projects, implementation of which is stipulated by the schemes and programs of perspective development of the power industry	0	0	2
Other new construction of power grid facilities	1	1	-0
Purchase of land plots for the purpose of implementation of investment projects	0	4	0
Other investment projects	370	76	51

The investment program financing amount by sources for 2022 is as follows:

- Funds at state-regulated tariffs: 2,274 mln rubles, VAT included;
- Other financing sources: 2,539 mln rubles, VAT included.



Long-term investment program

The investment program of ROSSETI South, PJSC, for the period from 2021 to 2023 was approved by Order of the Ministry of Energy of the Russian Federation No.30@ of 22.12.2021.

Indicators	unit of measurement	2023	2024	2025	2026	2027
Amount of financing	mln rub.	4 048,138	3 650,314	3 140,651	2 907,693	3 606,671
The volume of development of capital investment	mln rub.	1 833,065	2 290,440	2 491,481	2 542,618	2 711,598
Putting into fixed assets	mln rub.	2 251,497	2 110,610	2 365,700	2 728,968	2 745,405
Putting transformer capacity into fixed assets, MVA	MVA	66,795	66,214	91,720	58,569	52,949
Putting of power transmission lines into fixed assets	km	368,838	448,166	371,410	406,489	356,866

Dynamics of financing amounts for the period of 2023-2027, mln rub., VAT included.

Parameters of investment activity according to the long-term investment program

	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2023	702,830	846,573	217,268	2 281,466	4 048,138
2024	876,809	550,457	237,801	1 985,247	3 650,314
2025	733,516	503,464	91,863	1 811,807	3 140,651
2026	578,805	493,303	91,863	1 743,722	2 907,693
2027	803,288	678,055	91,863	2 033,465	3 606,671

Dynamics of commissioning of power lines for the period of 2023-2027, km

	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2023	100,966	47,919	40,121	179,832	368,838
2024	115,805	105,185	51,844	175,332	448,166
2025	95,210	62,718	43,710	169,772	371,410
2026	115,497	84,276	43,710	163,006	406,489
2027	109,831	44,100	43,727	159,208	356,866

Dynamics of commissioning of capacity for the period of 2023-2027, MVA

	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2023	11,200	8,260	0.832	46,503	66,795
2024	42,200	5,410	1,081	17,523	66,214
2025	11,350	3,140	0.950	76,280	91,720
2026	9,100	3,226	0.950	45,293	58,569
2027	10,230	1,800	0.951	39,968	52,949

Dynamics of amounts of commissioning for the period of 2023-2027, mln rub., VAT excluded.

	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2023	364,278	317,475	114,545	1 455,198	2 251,497
2024	556,073	440,077	113,486	1,000,974	2 110,610
2025	404,468	378,464	75,637	1 507,130	2 365,700
2026	592,235	533,442	75,684	1 527,608	2 728,968
2027	627,430	434,893	75,597	1 607,485	2 745,405

Dynamics of amounts of development for the period of 2023-2027, mln rub., VAT excluded.

	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2023	350,041	238,606	102,396	1 142,021	1 833,065
2024	519,222	460,391	113,486	1 197,341	2 290,440
2025	508,980	430,350	75,637	1 476,513	2 491,481
2026	496,008	469,896	75,684	1 501,030	2 542,618
2027	615,980	517,294	75,597	1 502,726	2 711,598

The Long-Term Investment Program for 2023-2027 provided for capital investments of 11,869 mln rubles (without VAT), financing of 17,353 mln rubles (including VAT), commissioning of fixed assets for 12,202 mln rubles. For the period 2023-2027, 1,952 km are planned to be re-built and reconstructed, and transformer capacity in the amount of 336 MVA is planned to be put into operation.

Capital construction quality management

In order to verify the compliance of the work performed with the project documentation, the requirements of technical regulations, the results of engineering surveys, the requirements of the urban planning plan of the land plot in the process of construction, reconstruction, overhaul of capital construction objects, the Company exercises control over construction in accordance with the requirements of Article 53 of the Urban Planning Code of the Russian Federation within the framework of Decree of the Government of the Russian Federation No. 468 dated June 21, 2010, "On the procedure for conducting construction control in the course of construction, reconstruction and overhaul of capital construction projects". The implementation of construction control in ROSSETI South, PJSC, is regulated by the Procedure for the implementation of construction control at the facilities of the electric grid complex of ROSSETI South, PJSC, approved by order of ROSSETI South, PJSC, dated March 10, 2020, No.174.

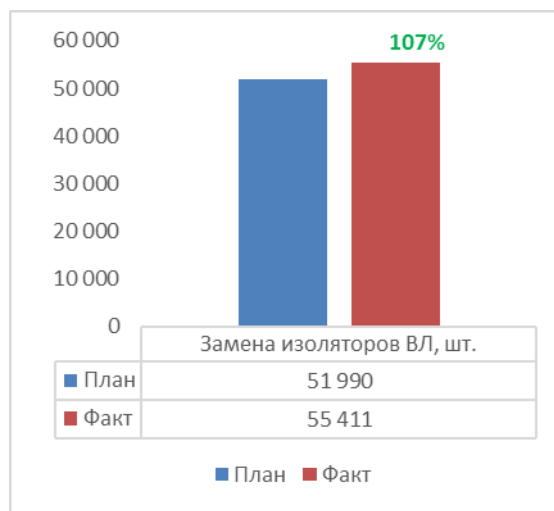
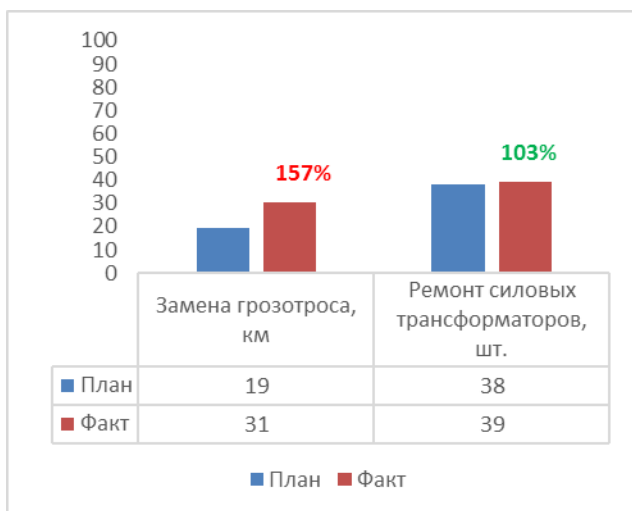
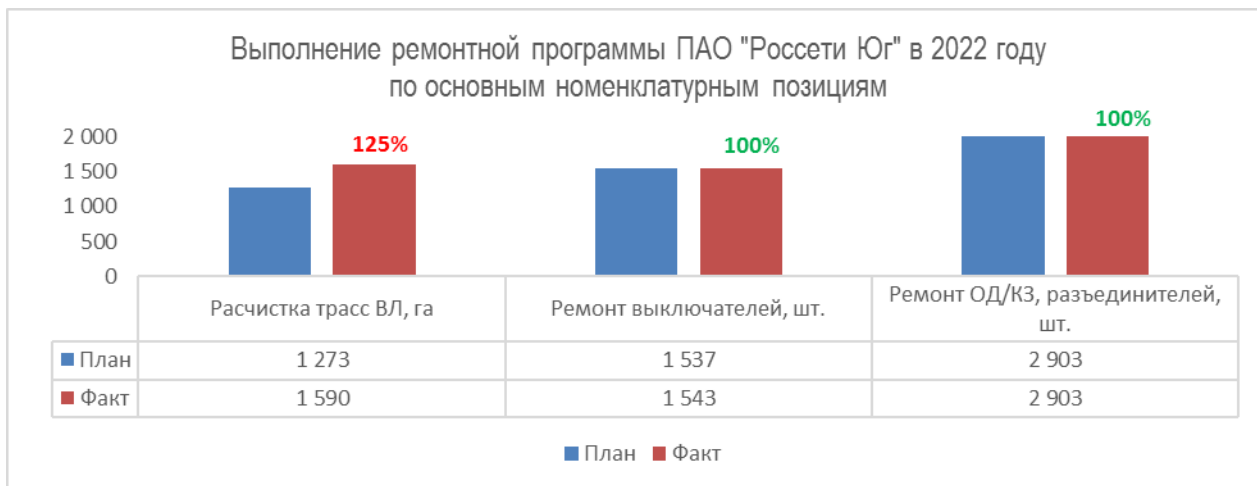
At the end of 2022, independent construction control covered 70% of the objects under construction of class 35 kV and above of the Company's investment program in order to ensure that the commissioned capital construction objects comply with the required technical characteristics, approved project documentation, reliability and safety requirements.

Maintenance and repair program

The Company maintains and repairs its own and leased property to keep it in good technical condition in order to provide consumers with a reliable power supply.

In 2022, actual expenses of ROSSETI South, PJSC, for maintenance and repair amounted to 2,024.9 mln rubles, or 105% of the year plan, including 101 mln of unscheduled works.

The physical indicators of the M&R program for 2022 were fulfilled by more than 100%.



The deviation of the actual data from the planned indicators (more than 10% in any direction) at the end of 2022 was recorded for the main range of repair work on the overhead lines and equipment of the 35-110 kV substation, which is due to

1. the implementation of overscheduled works to clear the routes of the overhead lines of the Rostovenergo branch, which are aimed to eliminate the instructions and warnings of the forestry of the Ministry of Natural Resources of the Rostov region, and also due to the implementation of above-planned volumes of work as part of the execution of the decision of the minutes of the meeting with the heads of the production department of the Rostovenergo branch dated March 28, 2022, No.8.

2. Performing unscheduled work to comply with the instructions of the supervisory authorities and the execution of measures based on the results of the reports of investigation of technological violations on the 110 kV A-20 - A-1 overhead line II circuit, 110 kV B3 - Sadkinskaya overhead line with taps; 110 kV Grain - V-1 overhead line with a branch line at Krasnoluchinskaya substation; 110 kV R-20 - A20 overhead line II circuit with taps; 110 kV Volchenskaya PTF - Zamchalovo overhead line; 110 kV Kamenskaya CHPP - Pogorelovo overhead line I circuit with a tap at SS K4.

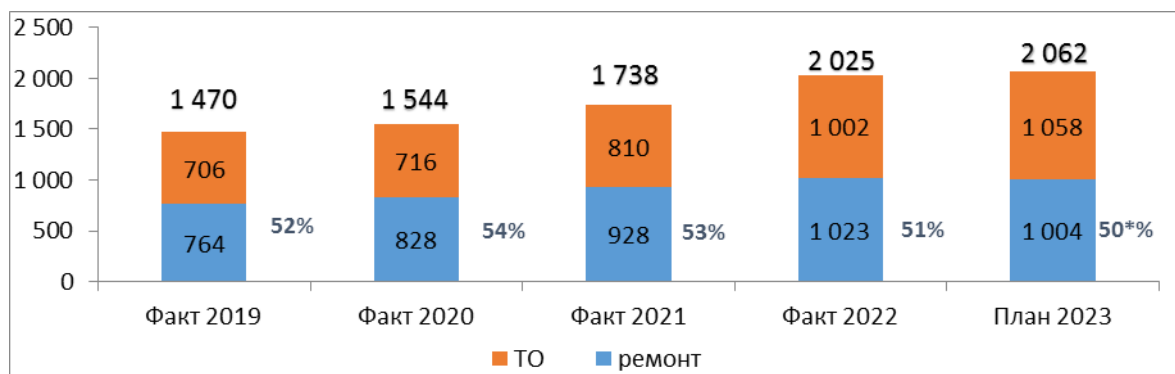
3. Performing unscheduled repair of power transformer T-1 at SS 110 kV LPC. Pursuant to the results of tests and measurements, the dynamics of the growth of the hydrogen content in transformer oil was revealed, including the achievement of the

maximum permissible value, which indicates the presence of partial discharges inside the transformer tank.

4. Unscheduled works on replacement of insulators of 0.4-110 kV overhead lines due to their unsatisfactory technical condition.

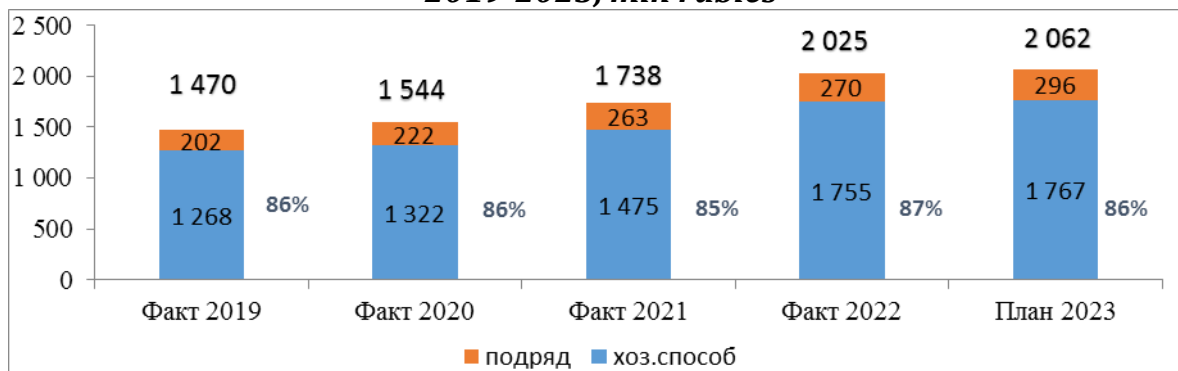
Indicators of the maintenance and repair program

*Distribution of maintenance and repair costs for 2019-2023, mln rubles**

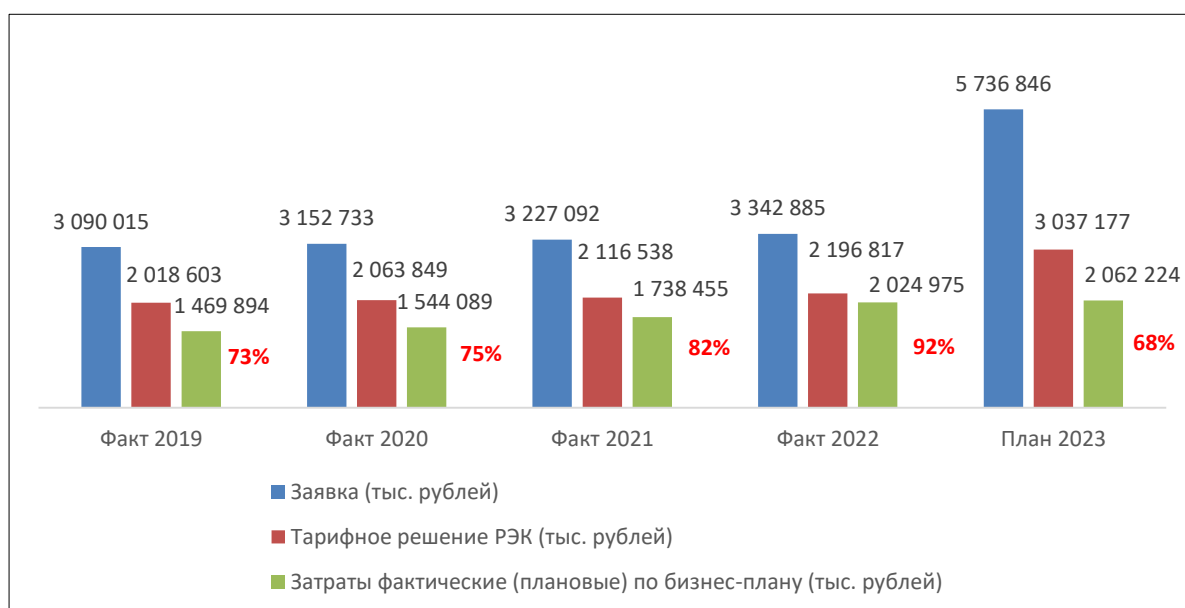


* Excluding expenses on metrology with regard to verification of devices: 26.5 mln rubles.

Distribution of maintenance costs between management and contractors for 2019-2023, mln rubles



The maintenance and repair component in the tariffs for 2019-2023.



Timely performance of works on maintenance and repair of the electric grid economy in full allowed to successfully prepare the electric grid facilities of the Company's branches for the autumn-winter maximum load and ensure reliable power supply to consumers located in the area of responsibility of ROSSETI South, PJSC.

A set of measures taken in preparation for the operation of the power grid complex in special periods

When preparing ROSSETI South, PJSC, for operation during a thunderstorm period, high-water period, fire hazard and autumn-winter periods in 2022, a set of measures was taken to ensure the reliable operation of the Company's power grid facilities.

In terms of preparation for operation during the thunderstorm period:

- engineering inspections of all substations, fuel and lubricant depots, oil facilities and antenna-mast structures were performed;
- connections of valve arresters and overvoltage limiters disconnected for the autumn-winter period were made;
- measurements of conductivity currents of surge arresters without disconnection from the network or thermal inspection of equipment were carried out;
- selective engineering inspections of sections of overhead lines were carried out;
- the sufficiency of the emergency stock of arresters, surge arresters, the most frequently damaged elements of overhead lines, both in terms of quantity and range, was checked;
- the branches developed and approved lists of measures to eliminate the identified violations before the start of the thunderstorm period based on the results of visual inspections and checks; activities were completed within the specified time frame.

In 2022, the average number of thunderstorm hours for the branches of ROSSETI South, PJSC, was 33.1 hours, with maximum thunderstorm activity in some areas reaching 53 hours, and in general the thunderstorm period lasted from 01.04.2022 to 02.10.2022.

During the lightning period of 2022, there were 134 lightning outages of 110 kV overhead lines, 107 of which were successfully reclosed (79.85%).

Specific number of lightning disconnections per 100 km and one year of operation on 110 kV overhead lines was 0.71, which does not exceed the permissible range of values as defined by RD 153-34.3-35.125-99, "Guidelines for the protection of electrical networks 6-1150 kV from lightning and internal overvoltages".

The activities carried out in accordance with the Order of PJSC Rosseti dated February 25, 2022, No. 52r/87r showed their effectiveness. Similar measures are planned to be taken for the preparation for the lightning season of 2023.

In terms of preparation for work in a fire hazardous period:

- fire breaks were created around 35-110 kV substations that are at high risk of damage from natural fires (a total of 807 substations);
- gravel was replaced (cleaned) within the onboard enclosures of oil receivers at substations; the operability of oil drains and the condition of emergency tanks for receiving oil from transformers and oil-filled equipment of substations was checked;
- dry grass and combustible materials were removed from the territories of the facilities in the protection zones of substations 35-110 kV, CS and switchgears 6-10/0.4 kV;
- buildings, structures, premises, territories of power facilities and automotive equipment were fitted with primary fire extinguishing means;
- firefighting drills were conducted jointly with the fire departments of the Ministry of Emergency Situations.

Implementation of the aforementioned measures made it possible to prevent significant fires at the Company's power facilities during the fire-hazardous period of 2022.

In terms of preparation for work during the high-water period:

In order to ensure the reliable operation of power grid facilities of ROSSETI South, PJSC, an order was issued on 06.12.2021, No.689, "On preparation for the operation during the high-water period of 2022"; this order:

- approved members of the Central High-Water Commission of ROSSETI South, PJSC;
- approved the plan of mandatory measures to ensure the reliable operation of power grid facilities during the 2022 high-water season;
- a list of electric grid facilities located in high-risk areas during the high-water period of 2022 was compiled;
- interaction and exchange of information with hydrometeorological services and territorial bodies of the Ministry of Emergency Situations of Russia during the high-water period was organized.

The Company's branches issued respective orders and manned high-water commissions.

Based on the results of inspections of the implementation of the Action Plans to ensure the operation of the electric grid during the flood period of 2022, the commissions of the branches of the Company issued conclusions on the readiness of the branches of ROSSETI South, PJSC, to the high-water season of 2022 and signed Readiness Certificates.

In the course of the high-water period of 2022, no exceedances of average annual water levels were observed in the area of operational responsibility of the branches of ROSSETI South, PJSC.

No emergency shutdowns of electric grid equipment as a result of the impact of the high-water, including power outages for consumers, were recorded.

In terms of preparation for autumn-winter operations:

- the repair program was implemented in full;
- the readiness of crews and special equipment for emergency recovery work was ensured, as well as the readiness of backup power supply sources for organizing temporary power supply to consumers for the period of emergency recovery work;
- an emergency stock of equipment and necessary materials for emergency recovery operations is fully stocked;
- technical readiness of ice melting schemes on overhead power lines was ensured. In accordance with the schedules approved and coordinated with the branches of SO UES JSC - RDO, trials of ice melting on 110 kV overhead lines were carried out.

On 03.11.2022, ROSSETI South, PJSC, received the passport of readiness to operate in the heating season of 2022-2023 on the basis of the decision of the Ministry of Energy of Russia (order No.1185 dated 03.11.2022).

INNOVATIVE ACTIVITIES

In order to transfer ROSSETI South, PJSC, to distribution electric networks of a new technological order with qualitatively new characteristics of reliability, efficiency, availability, controllability and a customer-oriented distribution grid complex, on July 30, 2021, the Board of Directors approved the Innovative Development Program of ROSSETI South, PJSC, for the period 2020-2024 with a perspective until 2030” (Minutes No. 445/2021).

The main areas of innovative development of ROSSETI South, PJSC, are:

- Transition to digital substations with higher voltage class 35-110 kV;
- Transition to digital active-adaptive grids with a distributed intelligent automation and control system;
- Transition to integrated efficiency of business processes and automation of control systems;
- Application of new technologies and materials in the electric power industry.

Financing of the Innovative Development Program for 2022

Indicators	Unit of measurement	Period ⁸			
		2020 actual	2021 actual	2022 actual	Change 2022/2021, %
1	2	3	4	5	6
6. Indicators for innovation activity					
Amount of innovation implementation	mln rub.	515.76	226.3	218.35	96.5
Amount of R&D performed	mln rub.	34.38	24.53	26.26	107.1

The main integrated innovative projects implemented in the reporting period:

Transition to 35-110 (220) kV class smart substations

1. A comprehensive innovative project for the construction of the smart substation 35/6 kV Nachalovo, including the replacement of transformers (and an increase in transformer capacity by 18.2 MVA to 32 MVA), during which design and survey work was carried out, which provided for the integration of equipment of an automated process control system process (APCS) and automatic power information and fiscal metering station (APIFMS) with information resources of the system of specialized monitoring, forecasting and support for making operational management decisions in the event of hazardous weather effects in the area of operational responsibility of ROSSETI South, PJSC.

The technology provides for the creation of a highly automated substation equipped with advanced information technology and control systems and tools

⁸ If it is not necessary/impossible to reflect the indicator for three years, specify for the reporting year 2022.

(APCS, RPA&PA, etc.), in which all the processes of information exchange between the elements of the substation with external systems, as well as the processes of managing the operation of the substation, are carried out in digital form on the basis of IEC protocols.

As a result of the above activity, it is planned to create a high-automated substation that makes the following to be implemented:

- standardization and unification of technical solutions and equipment requirements, which will reduce the time and cost of construction and reconstruction of grid infrastructure;
- increase in the speed and quality of decision-making at all levels of company management, as well as warning about evolving defects in equipment at the substation in a timely manner can be possible;
- use of extended, up-to-date information obtained from the substation to enable "as-is" maintenance;
- constructing a process bus in accordance with IEC 61850-8-1 (MMS, GOOSE);
- application of transformers, circuit breakers and disconnectors equipped with devices that enable telecontrol and remote state monitoring;
- construction of relay protection and emergency control systems using microprocessor-based devices to tune and monitor these systems remotely;
- remote tuning and monitoring of power quality control and metering devices;
- remote adjustment and monitoring of fire safety and security systems;
- concentration of all information flows from all equipment in the substation automated process control system (APCS);
- the ability to escalate all information concentrated in the APCS to a higher level of grid control;
- the possibility of remote adjustment and control of all equipment of the substation both from the level of the APCS, and from a higher level of grid control.

The actual amount of material resources utilization in 2022 is equal to the planned value and was equal to 4.85 mln rubles; this is attributed to the design and survey work (FEED).

2. A comprehensive innovative project for the construction of the 35/110 kV Narn substation with two transformers of at least 62.9 MVA each, which provides for the integration of equipment of the automated process control system (APCS) and APIFMS with information resources of the specialized monitoring, forecasting and support system for operational management decisions in the event of hazardous weather impacts in the operational responsibility of ROSSETI South, PJSC.

The technology provides for the creation of a highly automated substation equipped with advanced information technology and control systems and tools (APCS, RPA&PA, etc.), in which all the processes of information exchange between the elements of the substation with external systems, as well as the processes of managing the operation of the substation, are carried out in digital form on the basis of IEC protocols.

As a result of the above event, a high-automated substation was created, which made the implementation of the following possible:

- standardization and unification of technical solutions and equipment requirements, which will reduce the time and cost of construction and reconstruction of grid infrastructure;

- increase in the speed and quality of decision-making at all levels of company management, as well as warning about evolving defects in equipment at the substation in a timely manner can be possible;

- use of extended, up-to-date information obtained from the substation to enable "as-is" maintenance;

- constructing a process bus in accordance with IEC 61850-8-1 (MMS, GOOSE);

- application of transformers, circuit breakers and disconnectors equipped with devices that enable telecontrol and remote state monitoring;

- construction of relay protection and emergency control systems using microprocessor-based devices to tune and monitor these systems remotely;

- remote tuning and monitoring of power quality control and metering devices;

- remote adjustment and monitoring of fire safety and security systems;

- concentration of all information flows from all equipment in the substation automated process control system (APCS);

- the ability to escalate all information concentrated in the APCS to a higher level of grid control;

- the possibility of remote adjustment and control of all equipment of the substation both from the level of the APCS, and from a higher level of grid control.

The actual amount of material resources utilization in 2022 is equal to the planned value and was equal to 4.85 mln rubles; this is attributed to the design and survey work (FEED), construction and installation (C&I) and commissioning.

Application of new technologies and materials in the electric power industry

1. Construction of 110 kV Narn-Elista North overhead line with an approximate length of 5.8 km.

As a result of the above activity, high-temperature wire of the AST brand was used as part of the fulfillment of obligations for the technological connection of generation facilities, including the installation of the 1st post of the early ice formation detection system (EIFDS); this made it possible to completely abandon the withdrawal of overhead lines for repair for the period of ice melting on the phase wires of overhead lines; the reason is that during normal operation the temperature of the wire will be above 0°C (when calculating the currents of phase wires in the normal mode of operation of overhead lines and in the mode of their preventive heating at an expected air temperature of -5°C (the result of observations based on many years of experience in operating overhead lines), the temperature of the phase wires will be approximately + 1...+4 °C); as a result, no icy frost deposits will form on their surface.

The project provides for integration with information resources created in the area of operational responsibility of ROSSETI South, PJSC, as a result of R&D carried

out in relation to the system of specialized monitoring, forecasting and support for making operational management decisions in the event of hazardous weather effects

The actual amount of material resources utilization in 2022 is equal to the planned value and was equal to 9.92 mln rubles; this is attributed to the design and survey work (FEED), construction and installation (C&I) and commissioning.

2. Implementation of stationary autonomous power supply sources with an electric power accumulation system (EPAS) and a diesel generator set (DGS) to ensure uninterrupted power supply to electricity consumers powered by distribution networks.

The technology provides for the introduction of seven (7) autonomous hybrid power supply sources with the electric power accumulation system (EPAS); this provides for the creation of a system of electric power accumulation, which operates through a system of automation with diesel generator sets (DGS) and provides for the transfer of signals about the state of the installation (start-up/shutdown, fuel reserve, fire and security alarms, etc.) to the dispatching centers.

The main source of energy is a wind turbine or solar panel, which provides both power supply to consumers of electricity and its accumulation, while during periods of increased power consumption or insufficient generation, the batteries are discharged. In critical mode, when there is no electricity generation from RES, DGS is automatically connected to supply power to power consumers, and batteries are being charged. After the batteries are fully charged, the DGS is disconnected until they are discharged again. Calculation data for such technical solutions have been developed and continue to be studied, including by the Rosseti Group, in order to optimize the balance of autonomous generation parameters, such as RES capacity, EPAS capacity, climatic conditions for the placement of AGES, as well as the schedule and amount of the load consumption, etc.

The actual volume of material costs for the implementation of this activity in 2022 amounted to 32.84 mln rubles, with a planned value of 34.058 mln rubles; these costs are planned to be attributed to construction and installation (C&I) and commissioning works (CW). Provided that the actual volume of material costs for the implementation of this activity decreased in relation to its planned value because the planned amount of material costs was indicated approximately, i.e. taking into account the DGS previously introduced in 2021, due to the lack of agreed design and estimate documentation (DED) at the time when activities were designed for inclusion in the Medium-Term Implementation Plan for the Innovative Development Program of ROSSETI South, PJSC, for the period of 2022-2026.

Data on planned and actual values of costs in the main areas of innovative development

No.	Areas of innovative development	Plan of costs, mln rubles (VAT excl.)	Actual costs, mln rubles (VAT excl.)
1	Transition to 35-110 (220) kV class smart substations	70.15	67.23

2	Transition to digital active-adaptive grids with a distributed intelligent automation and control system	75.00	101.65
3	Transition to integrated efficiency of business processes and automation of control systems	0.00	0.00
4	Application of new technologies and materials in the electric power industry	43,978	42.76
5	Development of the management system of innovative development and the formation of innovative infrastructure	22,956	6.71

In general, the financing for the Innovative Development Program of ROSSETI South, PJSC, for the period 2023-2024 (taking into account the current investment program) is planned in the amount of 422 mln rubles.

Research and development work

One of the main areas of innovative development of the power grid complex is the implementation of the R&D Program; within the framework of this Program, activities are carried out to ensure reliable (uninterrupted) and high-quality energy supply to electricity consumers, reduction of material costs for repair and maintenance and maintenance of overhead lines with minimal material costs for repair and maintenance and maintenance of system equipment, as well as the transition to digital signal transmission at all levels of substation management.

In 2022, the following R&Ds were performed:

Research and development work (R&D) titled "Development of an automated digital X-ray complex for monitoring the state of high-voltage equipment in operation", which was carried out in accordance with the terms of the agreement dated September 15, 2021, No. 1509/2021/ 61002101000123 concluded between PJSC Rosseti South and JSC Inspectorate for Control of the Technical Condition of Electric Power Facilities (JSC Technical Inspectorate of the UES).

The planned effect of R&D performance:

Development of a mobile instrument-analytical complex on a self-propelled vehicle chassis in order to:

- Perform operational radiographic control of the technical condition of high-voltage electrical equipment at the place of its installation without disassembly and opening;
- Make diagnostics more informative and automatically transmit the results of inspections in electronic (digital) format to the level of information data collection and (or) local management of Rosseti South PJSC

Technical results of R&D in 2022:

A vehicle on a self-propelled chassis designed to carry a mobile radiographic diagnostic complex has been developed.

However, since JSC "Technical Inspectorate of UES" did not complete the 2nd stage of R&D titled "Development of an automated digital X-ray complex for monitoring the state of high-voltage equipment in operation" in 2022, the management of the technical unit of ROSSETI South, PJSC, made the following decision in order to ensure that in 2022 the top managers of ROSSETI South, PJSC, and ROSSETI, PJSC, fulfill the key performance indicator (KPI) "Efficiency of innovation activity":

In accordance with Section 2.7. "Efficiency of Innovative Activities" of the Methodology for Calculating and Evaluating the Implementation of Key Performance Indicators of the General Director of ROSSETI South, PJSC, the actual amount of material costs reported in 2022 in the area of "Electronic databases of information databases (as objects of related rights)" was used as material costs (amounts of actuation) accounted for in 2022 along with the results of R&D in ROSSETI South, PJSC, namely the activity "Application of the knowledge management system (KMS) in the process model for managing the technological and innovative development of ROSSETI South, PJSC".

Thus, the actual amount of material costs for the implementation in 2022 of a part of the 2nd stage of R&D, equal to 14.43 mln rubles, is mathematically summed up with the actual amount of material costs (11.83 mln rubles) spent for the provision in 2022 in accordance with the conditions of the agreement dated 07.07.2021, No. 61002101000077, concluded between ROSSETI South, PJSC, and LLC "GIS-Profi Consulting" for the services for the development and implementation of a knowledge management system (KMS) in ROSSETI South, PJSC, including the development of a Concept and a target model, formation of an information base of knowledge and its integration with the information base of knowledge of the Rosseti Group of Companies and the database of the Center for Innovative Competences to make up a single information complex. In 2022, the total actual material costs for the above activities amounted to 26.26 mln rubles.

In 2022, as part of developing a knowledge management system (KMS), GIS-Profi Consulting LLC

- formed a working group to provide services and developed a project charter;

- analyzed existing knowledge management processes at Rosseti South PJSC and existing tools for accumulating, storing, and disseminating knowledge through corporate databases, information and knowledge repositories, regulatory and reference systems, electronic technical libraries, and so on;

- analyzed:

- Main business processes in terms of defining sub-processes, in which formalized and non-formalized knowledge is created, as well as selection of the main business processes for analysis in terms of formalized and non-formalized knowledge;

- Current staff motivation tools in the field of innovative development, as well as the best Russian and foreign practices in the development and implementation of the KMS.

- The most advanced approaches to the organization of knowledge management activities were selected, taking into account the specifics and the possibility of adaptation in ROSSETI South, PJSC.

- The concept and target model of the KMS were developed, taking into account the integration of the system into business processes for innovative development and business processes of the main production activity, as well as a “road map” for the implementation and development of the target model of the KMS.

Besides, in 2022, within a framework of the design of an information knowledge base, GIS-Profi Consulting LLC:

- Formed a database (of content for IKDB) using databases registered by the Federal State Budgetary Institution "Federal Institute of Industrial Property" in the areas of industrial innovations, fuel and energy projects and energy saving, technologies and import substitution projects, industry and energy sectors of the regions of the Russian Federation;

- Developed the terms of reference for the creation of an IKDB, including requirements for comprehensive integration and platforming with the corporate information knowledge database of the Rosseti Group of Companies and the database of the Center for Innovative Competences;

- Developed a technical project for the IKDB, including the requirements for the creation of an information knowledge database of ROSSETI South, PJSC;

- Provided a platform for creating an information knowledge database of ROSSETI South, PJSC, ensuring its integration with the corporate information knowledge database of the Rosseti Group of Companies, the database of the Center for Innovative Competence and corporate information databases of ROSSETI South, PJSC, and information data repositories, etc.

The primary content content of the knowledge database platform of ROSSETI South, PJSC, was tested.

In 2023 and later, special attention will be paid to the activities of ROSSETI South, PJSC, aimed at adhering to the accomplishment of the most significant key performance indicators in the field of innovative development, namely:

- The planned share of material costs for the implementation of scientific research and (or) experimental design developments, amounting to 0.15% in 2023 and 0.19% in the period of 2024-2030 from the volume of planned revenue of ROSSETI South, PJSC, for these periods;

- The planned share of material costs for the introduction of innovative products (technologies, solutions, goods, works, services) of the total volume of the Investment Development Program of ROSSETI South, PJSC, for 2023 and for the period of 2024-2027, amounting to 4.8% in 2023, 4.9% in the period of 2024-2029, 5.0% in 2025;

- The planned share of material costs for R&D for the development of key technologies in the main areas of innovative development, which in 2023 is 90.0% of the total material costs for R&D, and 92.0% in the period of 2024-2030.

Conducting trial operation of new equipment

In 2022, a meeting was held with domestic equipment manufacturers to test new solutions (minutes of the meeting of the Technical Council of ROSSETI South, PJSC, dated August 28, 2022, No.145-pr).

As part of the meeting, agreements were reached regarding the start in 2022 of pilot operation of a new type of insulated wire SIP-2 manufactured by Energoservice LLC.

FINANCIAL RESULTS⁹

Proceeds from product (service) sales by the end of 2022 amounted to 42,113 mln rub., which is 659 mln rub. (1.6%) higher than in 2021, including proceeds from electric power transmission, 39,141 mln rub. (1,343 mln rub. higher than in 2021). This increase is due to a redistribution of productive supply both by consumer groups "other/household" and by voltage levels, with a 106 mln kWh, or 0.45% reduction in power transmission services rendered. Revenue from grid connection decreased by 1,423 mln rubles, because in 2022 there were no grid connection contracts with relatively high connection costs as compared to 2021. Revenue from power sales increased by 666 mln rub. due to an 183.5 mln kWh increase in productive supply in view of the taking over of last resort supplier functions in the Republic of Kalmykia on August 1, 2021.

The cost of sales is 634 mln rubles (1.8%) higher than in 2021. This was mainly caused by a 409 mln rub. increase, or 5.1%, in expenses for electric power purchased to compensate for losses due to an increase in the tariff for electric power purchased to compensate for losses of 218.8 rub./kWh or 6.8%; expenses for purchased electricity for sale in the amount of 284 mln rubles or 56.6%, which is associated with an increase in the purchase volume by 183.5 mln kWh due to taking over the functions of a supplier of last resort in the Republic of Kalmykia from 01.08.2021; personnel expenses in the amount of 680 mln rubles due to the increase in the minimum monthly tariff rate (MMTR) to the MMTR under the Industry Tariff Agreement; and also in connection with indexation of MMTR by 10% from 01.07.2022; an increase in the number of branches as follows:

Kalmenergo due to assignment of ROSSETI South, PJSC, the status of a last resort supplier in the area of the Republic of Kalmykia;

Rostovenergo due to the restructuring of the ownership of electric grid assets of YugStroyMontazh and, as a consequence, the transfer of personnel to the branch.

Other expenses were reduced by 517 mln rubles, mainly due to a decrease in property tax expenses of 201 mln rubles, based on the results of an impairment test as of December 31, 2021, for rental expenses following the application (from January 1, 2022) of a new Federal Accounting Standard, FSBU 25/2018, "Accounting for rent", registration of property rights and other expenses.

At the end of 2022, the financial result is by 2,620 mln rub. lower than in 2021. This decrease is due to the growth of the negative balance of other income and expenses in connection with the creation of a provision for the impairment of financial investments in JSC "VMES", as well as due to the reduction of the income

⁹ For the main indicators that describe the financial condition, refer to Appendix 1 to the Annual Report.

from the restoration of provisions for bad debts due to the restoration in 2021 a provision for doubtful debts of PJSC Astrakhan Energy Retail Company under the concluded Debt Restructuring Agreement.

Analysis of deviations of key indicators of financial and economic activity, mln rub.

Item No.	Indicator	2020	2021	2022	change 2022/2021, %
1	Proceeds from sales of products (services), including	39,122	41,454	42,113	1.6
1.1.	From electric power transmission	36,062	37,798	39,141	3.6
1.2.	From grid connection	1,909	2,025	603	-70.2
1.3.	From sales of electric power	913	1,354	2,020	49.2
1.4.	From other activities	237	277	350	26.3
2	Cost price of products (services)	33,781	36,010	36,644	1.8
3	Gross profit	5,341	5,444	5,469	0.4
4	Administrative expenses	800	877	902	2.9
5	Selling expenses	24	87	138	60.0
6	Profit (loss) from sales	4,516	4,481	4,428	-1.2
7	Interest income	148	379	476	25.5
8	Interest payable	1,615	1,747	2,350	34.5
9	Profits from participation in other organizations	0	0	7	4,081.6
10	Other revenues	8,660	3,664	3,279	-10.5
11	Other expenses	11,709	4,144	6,144	48.3
12	Income (loss) before taxation	1	2,633	-305	-111.6
13	Income tax and other payments	210	573	254	-55.2
14	Net income (loss)	-209	2,061	-559	-127.1
15	EBITDA*	4,400	7,652	4,932	-35.5

* EBITDA is calculated as follows:

Profit before tax before interest, depreciation, and net accrual/(reversal) of impairment loss on fixed assets and rights to use assets

Financial indicators¹⁰

Indicators	Unit of measurement	Period			Absolute deviation (2022/2021)
		2020	2021	2022	
Net debt/EBITDA		3.64	2.97	3.56	0.59
Current liquidity ratio		0.53	0.45	0.66	0.21
Share of long-term loans and borrowings		0.69	0.63	0.69	0.06
Net cash flow	mln rub.	-1,409.09	-2,935.62	1 355.35	4 290,97

The "Net debt/EBITDA" indicator increase by 0.59 is caused by the EBITDA decrease, mainly due to a decrease in revenue from grid connection, a decrease in income from the recovery of provisions for doubtful debts in connection with the recovery in 2021 of the provision for doubtful debts for PJSC Astrakhan Energy Retail Company under the concluded Debt Restructuring Agreement.

The increase in the Net Cash Flow indicator in 2022 is due to the improvement in the operating cash flow.

¹⁰ Calculation is based on IFRS consolidated financial statements, where impairment losses of fixed assets are recognized as of December 31, 2022

Dynamics of change in the value of net assets and authorized capital

Name of indicator	31.12.2022	31.12.2021	31.12.2020
Net assets, thousand rubles	2,811,149	3,356,624	10,567,692
Share capital, thousand rubles	15,164,143	15,164,143	15,164,143

As of 31.12.2022, net assets of the Company were lower than the share capital by 12,353 mln rubles. The reason for such ratio is as follows:

- an additional issue of shares carried out in 2021, which made it possible to increase the authorized capital of ROSSETI South, PJSC, by 6,960.2 mln rubles by placing additional ordinary registered book-entry shares in the amount of 69,601,830,929 (sixty-nine billion six hundred one million eight hundred thirty thousand nine hundred and twenty nine) shares with a par value of 10 (ten) kopecks each for a total amount at par value of 6,960,183,092 rubles (six billion nine hundred sixty million one hundred and eighty-three thousand ninety-two) rubles 90 kopecks;

- recognition of a loss from impairment of electric grid assets as of the date of transition to FSBU 6/2020 (adjustment of indicators as of December 31, 2021) in the amount of 11,238.9 mln rubles and maintaining the amount of impairment based on the test results as of December 31, 2022.

As stated above, based on the requirements of Art. 35 of the Federal Law on Joint Stock Companies, the year 2022 is the second reporting year, when the value of net assets (as a result of the additional issue of shares) was less than the amount of the authorized capital of the Company.

Taking into account changes in the economic situation in the country, the legislator provided that the above provisions were not applied after the end of 2022 (Federal Law of March 8, 2022, No. 46-FZ, "On Amendments to Certain Legislative Acts of the Russian Federation", regarding the unification of the content of annual reports of state corporations (companies), public law companies, as well as regarding the establishment of specific features of the regulation of corporate relations in 2022 and the suspension of the provisions of certain legislative acts of the Russian Federation" (with amendments and additions) for the purposes of applying clauses 4 and 6 of Article 35 of Federal Law No. 208-FZ, "On Joint Stock Companies").

In order to improve the financial and economic performance of ROSSETI South, PJSC, including bringing the net asset value in line with the amount of the authorized capital, the management has developed and is implementing measures to challenge in court tariff and balance decisions (TBD) on the transmission of electric energy, on the growth of tariffs for the transmission of electric energy in excess of the parameters provided for by the current Forecast of the socio-economic development of the Russian Federation, as well as measures to optimize the investment program and reduce the debt burden.

Thus, for instance, measures were taken to ensure the growth of electricity transmission tariffs over the parameters of the BOT from 01.12.2022 by Volgogradenergo and Astrakhanenergo branches (for Volgogradenergo: 6.5% in terms of the maintenance rates, from 2.8 to 4.5% in terms of single-rate tariffs; Astrakhanenergo: 6.5%).

As part of the challenge in courts of tariff and balance decisions on the transmission of electric energy for the branches of Astrakhanenergo (TBD 2021, TBD 2022) and Kalmenergo (TBD 2021), the judicial practice under the article "interest on a loan" was changed into a positive side. The court decisions came into force.

Income from the sale of non-core assets

Pursuant to Order No. 894-r of 10 May 2017 of the Government of the Russian Federation, Resolution No. 287 of the Board of Directors of ROSSETI South, PJSC (Minutes No. 462/2021 of December 30, 2021), a new version of the Non-Core Asset Disposition Program of ROSSETI South, PJSC, was approved ("Program").

The program defines the main approaches, principles and procedures for identifying and selling non-core assets, establishes the criteria for classifying assets as non-core assets, the procedure for maintaining the Non-core Assets Register, the approaches to determining the value of non-core assets, the main provisions on the alienation of non-core assets, as well as the procedure for submitting reports on the progress of execution of the Non-core Assets Register.

By decision of the Board of Directors on 16.02.2023 (Minutes #513/2023 dated 17.02.2023) the Non-core Assets Register was approved as of 31.12.2022, which was formed in accordance with the requirements of the Program.

For information about the structure of the property complex of ROSSETI South, PJSC, and its changes for the period from 01.01.2022 to 31.12.2022, refer to Appendix 3 hereto.

Information on sale of non-core assets for 2022

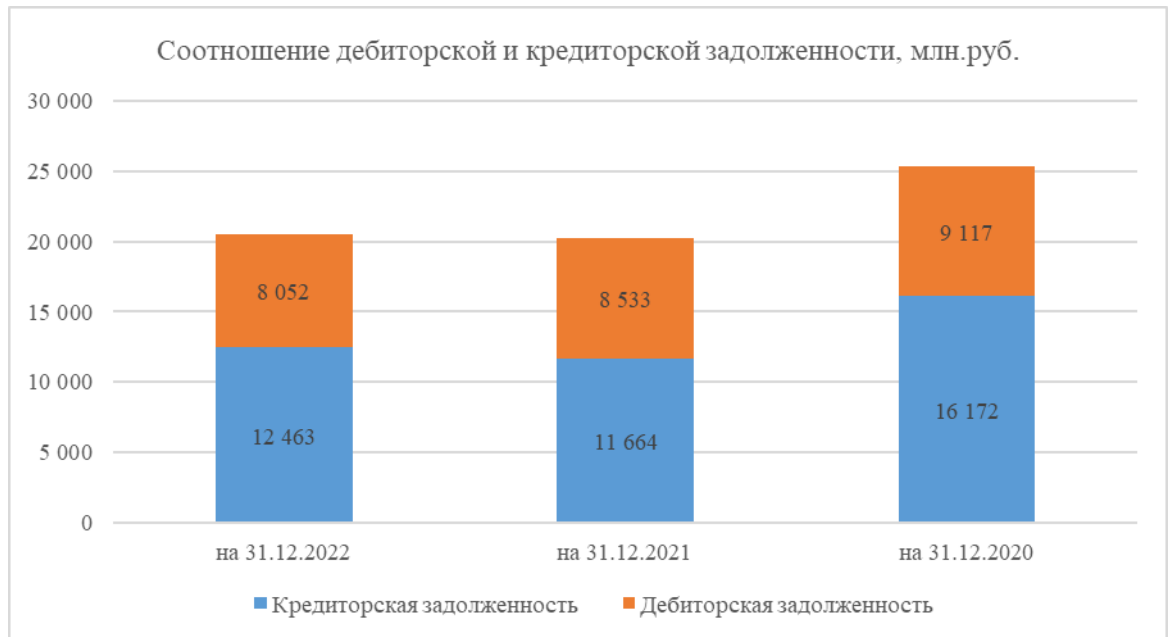
Item No.	Asset name	Inventory number (if applicable)	Balance sheet line where the asset was recorded on the balance sheet date prior to the sale of the asset	Accounts (including analytics) that reflect gains and expenses from the disposal of an asset (91.1. 91.2)	Carrying amount of the asset, thousand rubles	Actual sales value, thousand rubles	Deviation of actual sales value from the book value of the asset, thousand rubles	Reasons for the deviation of actual sales value from the book value of the asset
1	Part of a one-storey brick garage building built into the central heating substation, with a total area of 67.6 sq.m., address:	347000008255	1150	91.01 Income/expenses from the sale of fixed assets, except for apartments; Department (directorate/division) of property management; Income from the sale of fixed	125.43	1580.83		

	Volgograd, st. Soviet, 36, bldg 1			assets, except for apartments 91.02 Income/expenses from the sale of fixed assets, except for apartments; Department (directorate/division) of property management; Income from the sale of fixed assets, except for apartments				
2	Property complex, address: Krasnodar region, Seveskiy district, village Ilsky, Sverdlov street, 202	610010001334 610010001335 610010001336 610010001343 610010001345 610010001348 610010001350 610010001332 610010001333 For reference acc. MC.04: 00000011059 00000011060 00000011058	1152	91.01/91.02 Department of Administrative and Economic Support Income/expenses from the sale of fixed assets, except for apartments; Property management (property management department); Income from the sale of fixed assets, except for apartments	1724.11	1815.15		
3	Premises with a total area of 88.7 sq.m., address: Rostov region, Myasnikovskiy district, village of Chaltyr, Proletaskaya st., 8a;	611300000062	1152	91.01/91.02 Administrative and economic group Income/expenses from the sale of fixed assets, except for apartments; Department (directorate/division) of property management; Income from the sale of fixed assets, except for apartments	254.56	518.16		
4	Land plot, cadastral number 61:44:0010512:69, total area 453 sq.m., address:	612000001548	1151	91.01/91.02 Eastern group of substations Income/expenses from the sale of fixed assets, except for apartments;	74.93	533.48		

	Rostov region, Voroshilovskiy district, Volkov st., 18v,			Department (directorate/division) of property management; Income from the sale of fixed assets, except for apartments				
5	Land plot, cadastral number 61:44:00105 12:68, total area 384 sq.m., address: Rostov region, Voroshilovskiy district, Volkov st., 18b,	612000001547	1151	91.01/91.02 Eastern group of substations Income/expenses from the sale of fixed assets, except for apartments; Department (directorate/division) of property management; Income from the sale of fixed assets, except for apartments	63.52	559.51		
6	Land plot, cadastral number 61:44:00105 12:72, total area 181 sq.m., address: Rostov region, Voroshilovskiy district, Volkov st., 18g,	612000001545	1151	91.01/91.02 Eastern group of substations Income/expenses from the sale of fixed assets, except for apartments; Department (directorate/division) of property management; Income from the sale of fixed assets, except for apartments	29.94	193.01		
7	Ordinary registered uncertificated shares of PJSC FGC UES, in the amount of 10,872,380 shares, state registration number of the issue 1-01-65018-D, par value 0.50 rubles.	000000127	1173	91.01 "Income/expenses from the sale of shares", Property Management Department Income/expenses from the sale of shares; Department (directorate/division) of property management; Proceeds from the sale of shares (8.3.2 BDR) Public Joint Stock	833.69	982.86		

				Company "Federal Grid Company - Rosseti" 91.02 "Income/expense s from the sale of shares" Department of Corporate Governance and Shareholder Relations Income/expense s from the sale of shares; Department of Corporate Governance and Shareholder Relations; Expenses from the sale of shares (9.3.2 BDR); Public Joint Stock Company "Federal Grid Company - Rosseti"				
Total					3106.18	6183		

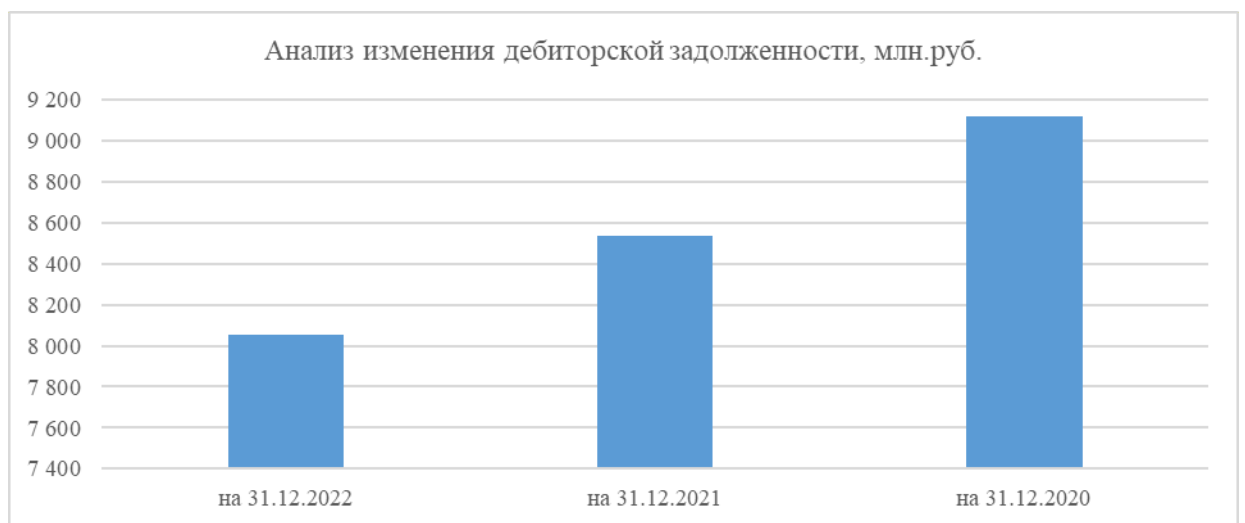
DEBENTURES



Indicator	as of 31.12.2022	as of 31.12.2021	as of 31.12.2019
Accounts receivable, mln rub.	8,052	8,533	9,117
Accounts payable, mln rub.	12,463	11,664	16,172

According to the results of activities for 2022, there is a decrease in accounts receivable and an increase in accounts payable.

Accounts receivable



Indicator	as of 31.12.2022	as of 31.12.2021	as of 31.12.2020
Accounts receivable, including	8,052	8,533	9,117
Buyers and customers	6,357	6,772	8,001
including for electricity transmission	5,949	6,441	7,742
Bills receivable	0	0	0
Advances issued	27	48	32
Other accounts receivable	1,668	1713	1,084

Indicators are shown in accordance with the Company's financial statements for the reporting period.

The total amount of accounts receivable from ROSSETI South, PJSC at the end of the reporting period was 8,052 mln rub.; as of December 31, 2021: 8,533 mln rub. The decrease was 481 mln rubles, which developed mainly on the debt of buyers and customers for the services provided for the transmission of electricity.

Accounts receivable from buyers and customers amounted to 6,357 mln rub., which is 415 mln rub. (6.1%) below than as of December 31, 2021 (6,772 mln rub). The decrease was due to the fulfillment of payment obligations for electricity transmission services and the reduction of debts of AESK PJSC by 380 mln rubles; Volgogradenergosbyt PJSC by 334 mln rubles; VMES JSC by 186 mln rubles; while the debt of Energosistema LLC increased by 96 mln rubles, JSC Donenergo by 47 mln rubles, UEC LLC by 42 mln rubles, KS Energosbyt LLC by 35 mln rubles, KES LLC by 26 mln rubles.

The main share of 73.9% of the Company's receivables was formed in payments for the services rendered for the transmission of electric energy.

As of December 31, 2022, the amount of receivables of ROSSETI South, PJSC, for the rendered electricity transmission services (including the provision) is 8,509 mln rubles, including overdue 4,655 mln rubles. The decrease in accounts receivable compared to December 31, 2021 amounted to 1,176 mln rubles (12.1%). The decrease in debt was mainly due to the completion of existing agreements on debt restructuring concluded with PJSC Astrakhan Energy Retail Company, PJSC Volgogradenergosbyt and JSC VMES, as well as the repayment of the debt by SUE RO URSV as a result of the allocation of financial assistance by the administration of the Rostov region in the form of target subsidies.

Accounts receivable under the item "Advances issued" amounted to 27 mln rub., which is 21 mln rub. (43.8%) below the level as of the end of 2021. This decrease occurred in connection with the performance of work and the closing of the advance payment for grid connection services to the networks of JSC "Energoservice South" in the amount of 15 mln rub. (Elista Solar Power Plant) and Public Joint Stock Company "Federal Grid Company-Rosseti" in the amount of 6 mln rub.

Other accounts receivable amounted to 1,668 mln rub., which is by 45 mln rub. (2.6%) below the level as of the end of 2021. The decrease in receivables in 2022 is associated with the repayment in August 2022 of the debt on previously received advance payments for the transfer of power transmission towers through the acquisition of objects under construction from the Public Joint Stock Company Federal Grid Company - Rosseti in the amount of 402 mln rub. Moreover, the growth was formed in interest for the use of other people's funds of 350 mln rub.

In order to collect the debt, the Company implements pre-trial measures (negotiations, appeals to executive authorities) and judicial measures in accordance with the Action Schedule approved by the Board of Directors of the Company.

Measures to collect receivables

The Company takes the following measures in relation to overdue receivables:

1. Collection of overdue debts in court. As of December 31, 2022, a debt was collected in favor of the Company in court with a total amount of claims as high as 926.7 mln rub.

2. Control of interaction with bankruptcy trustees in the framework of the bankruptcy procedure (JSC Kalmenergosbyt, LLC ESK Leader, LLC Donenergosbyt, LLC Rostovenergosbyt, MUE Elistavodokanal, MUE Communal Services of the MRMO RK, MUE Blagoustroystvo”, OJSC Nizhnovatomenergosbyt, SNT Zarya, LLC Orion, SEC Fishing Collective Farm Rybachy, LLC Centrolit, LLC ZhKH-Service, CJSC KLFZ).

As part of the bankruptcy procedure, ESK Leader LLC received funds in the amount of 81.3 mln rubles as a payment for the overdue debt included in the register of creditors' claims.

3. Interaction with regional executive authorities on the matter of increasing the level of payments for services rendered for the transmission of electrical energy.

4. Participation in the meetings of the working group under the Supervisory Board of the Association "NP Market Council" in order to analyze the situation with the settlements of PJSC "Volgogradenergosbyt" in the wholesale and retail electricity markets, as well as with grid organizations of the region.

5. Initiation of appeals to the administration of the Rostov region on the issue of repayment of the debt accumulated by SUE RO URSV for the services provided for the transmission of electrical energy. As a result of the work carried out by the Company, financial assistance in the form of a regional subsidy was allocated from the regional budget of the Rostov region for SUE RO URSV to repay debts for electricity transmission services; thanks to this, SUE RO URSV was able to repay 383.3 million rubles in overdue debt for electricity transmission services.

6. Control over the repayment of debts by counterparties under the concluded agreements on debt restructuring. During 12 months of 2022, counterparties repaid 1,284.6 mln rubles of overdue restructured debt, including:

- JSC VMES: 330.1 mln rub.,
- PJSC Volgogradenergosbyt: 424.3 mln rub.,
- PJSC Astrakhan Energy Retail Company: 530.2 mln rub.

7. Writing off overdue receivables due from PJSC Astrakhan Energy Retail Company under acts of unaccountable consumption, which are included on a "deferred payment" basis in the amount of 284.8 mln rubles.

8. Writing off overdue receivables due from LLC Vodokanal (1.5 mln rubles), LLC Vodoprovodstroyservis (2.6 mln rubles), LLC Clean Energy (0.3 mln rubles) and LLC Donenergoseti (1.1 mln rubles) because of the end of enforcement proceedings and the termination of the legal entity's activity.

9. Settlement of disputes for electricity transmission services/losses with PJSC Astrakhan Energy Retail Company for the period August 2016, April - December 2019, November - December 2021 in the amount of 160.9 mln rub.

As a result of the Company's efforts to recover overdue receivables for electricity transmission services in the reporting year, positive court decisions were obtained in 142 court cases totaling 926.7 mln rubles; 40.3 mln rubles were denied in 22 cases. The share of claims satisfied in favor of the Company was 96%, which exceeds the value of this indicator for the previous year by 9 p.p.

During the previous reporting year, positive court decisions were issued in respect of claims in the amount of 1,608.0 mln rubles (303 cases); positive decisions were denied in the amount of 229.7 mln rubles (33 cases).

Enforced collection in the reporting year was carried out on enforcement orders in the amount of claims of 1,690.77 mln rubles, of which 826.96 mln rubles were repaid (48.9%). In the previous year, enforcement was effected for the amount of 1,884.6 mln rubles, of which 439.7 mln rubles (23.3%) were repaid.

As of 01.01.2022, targets for repayment of overdue debts were fulfilled by 138.5%, exceeding the plan by 740.4 mln rubles. 1,925.0 mln rubles were planned, and 2,665.4 mln rubles were repaid.

As of December 31, 2022, coverage of overdue indebtedness reduction activities amounted to 97.2%.

Accounts payable



Indicator	as of 31.12.2022	as of 31.12.2021	as of 31.12.2020
Accounts payable, including:	12,463	11,664	16,172
Suppliers and contractors	8,085	8,047	11,453
Bills payable	0	0	0
Advances received	1,437	1,363	2,419
Taxes and duties	759	510	505
Other accounts payable	2,182	1,744	1,795

Accounts payable at the end of the reporting period are higher by 799 mln rub. (6.9%) in comparison with the beginning of the year, and as of December 31, 2022, the accounts payable were 12,463 mln rub.

At the end of 2022, the following changes were formed in comparison with the beginning of the year:

- debt under the item "Suppliers and contractors" is higher by 38 mln rubles; growth was formed in payment for losses (750 mln rubles), in payment for the services of the Public Joint Stock Company Federal Grid Company - Rosseti (47 mln rubles); due to an increase in the volume of services provided by territorial grid companies (44 mln), as well as for other services (104 mln rubles); at the same time, debt on investment activities decreased by 907 mln rubles.

- arrears in advances received was 1,437 mln rubles, which is 74 mln rubles (5.4%) higher than as of 2022. The growth was mostly due to the receipt of advance payments on the concluded grid connection service contracts.

- debt on taxes and fees as of December 31, 2022, amounted to 759 mln rubles, which is higher than the level as of the end of 2021 by 249 mln rubles (48.8%). Growth of VAT debt was mainly caused by decrease of VAT deductions in Q4 2022 in comparison with Q4 2021 in terms of VAT charged by contractors (builders) on completed capital construction works, as well as a reduction in the amount of VAT calculated from the amounts of payment (partial payment) subject to deduction from the date of shipment of the relevant goods (performance of work, provision of services).

- other accounts payable as of December 31, 2022 amounted to 2,182 mln rubles, that is, increased by 438 mln rubles (25.1%) as compared to 2021, which was mainly associated with the postponement of the deadline for paying insurance premiums in accordance with Decree of the Government of the Russian Federation of April 29, 2022, No.776, "On changing the deadlines for paying insurance premiums in 2022".

Bonds

Information on exchange-traded bond issues

Issue of exchange-traded bonds series BO-02 (issue identification number and the date of its assignment: 4B02-02-34956-E of 4.09.2014).	
Type of security	exchange-traded bonds

Authority that assigned an identification number to the issue	Public Joint Stock Company Moscow Exchange MICEX-RTS
Number of actually placed securities of the issue, pcs	5,000,000
Par value, rubles	1,000
Volume of the issue of securities at par value as stipulated by the issue documentation	6,000,000 thousand rubles
Status of securities of the issue	Issue placed on 19.07.2017
Maturity (date) of securities of the issue	<i>1813th day from the date of placement</i>
Coupon rate	9.24%
Number of coupon periods for which yield payment on securities of the issue is made:	20
Debt as of 31.12.2022	None (redemption made on 01.07.2022)
Series 001P Exchange-Traded Bond Program (identification number of the issue and the date of its assignment: 4-34956-E-001P-02E of 12.08.2016).	
Type of security	exchange-traded bonds
Authority that assigned an identification number to the issue	Public Joint Stock Company Moscow Exchange MICEX-RTS
Number of coupon periods for which yield payment on securities of the issue is made:	determined by the conditions of the issue
Volume of issue of securities: the value of all issues of exchange-traded bonds, within the program, rubles	up to 25,000 mln rubles inclusive
Status of securities of the issue	placement has not commenced
Maximum term of the issue under the program	<i>no later than 10920 days from the start date of the issue of exchange-traded bonds under the program</i>
Term of the program	indefinite
Issues under the Program	not placed
Debt as of 31.12.2022	none

No credit ratings were assigned to the Company in the reporting year.

TARIFF POLICY

The Guidelines for the calculation of tariffs for electric power transmission and grid connection services are approved by the Federal Antimonopoly Service of Russia (FAS of Russia), a federal executive body that regulates tariffs.

Maximum levels of tariffs for electric power transmission services are approved by the Federal Antimonopoly Service of Russia.

Tariffs for electric power transmission services

In 2022, unified ("common pot") tariffs for electric power transmission services were applied in all constituent entities of the Russian Federation that were within the responsibility of ROSSETI South, PJSC. The peculiarity of this pricing scheme is that all consumers of the same voltage class are transmitted at the same tariff, irrespective of which company's grids they are connected to.

In pursuance of Decree of the Government of the Russian Federation No. 1178 dated December 29, 2011, unified (common pot) tariffs for electric power transmission services for 2022 were approved by the executive bodies of the constituent entities of the Russian Federation in the field of state regulation of tariffs in the regions of operation of ROSSETI South, PJSC, broken down by six months, with periods of validity as follows:

- from 01.01.2022 to 30.06.2022;
- from 01.07.2022 to 31.12.2022.

Decree of the Government of the Russian Federation of November 14, 2022, No. 2053, "On the Peculiarities of Indexation of Regulated Prices (Tariffs) from December 1, 2022 to December 31, 2023 and on Amendments to Certain Acts of the Government of the Russian Federation" provides for the indexation of unified ("common pot") tariffs for the transmission of electricity from 01.12.2022.

Thus, in view of the requirements of Decree of the Government of the Russian Federation of November 14, 2022, No. 2053, in 2022, unified ("common pot") tariffs for electric power transmission services were applied, which were approved for the period from 01.01.2022 to 30.11.2022 and for the period from 01.12.2022 to 31.12.2023.

The main consumers of the Company's electricity transmission services are:

- power sales companies, i.e. wholesale and retail market entities involved in the sale of electricity to end consumers connected to the power grids of the Company's branches and the grids of other grid organizations;
- end consumers of electric power;
- territorial grid organizations, i.e. entities of the retail electricity market that transit electricity to end users via their networks.

Astrakhanenergo, the branch of ROSSETI South, PJSC

The "common pot" model in the region - "top common pot", the "common pot" holder, Astrakhanenergo, the branch of ROSSETI South, PJSC. Astrakhanenergo, the branch of ROSSETI South, PJSC, collects all the network gross revenue required (hereinafter referred to as "GRR") from power supply companies (hereinafter referred to as "PSC") of the region, direct consumers at uniform "common pot" tariffs and pays for transit through the networks of local grid organizations (hereinafter referred to as "LGO") at individual tariffs.

The unified "common pot" tariffs for 2022 were approved by the resolution of the Tariff Service of the Astrakhan Region dated December 28, 2021, No. 181; from December 1, 2022, by the resolution of the Tariff Service of the Astrakhan Region dated November 28, 2022, No.185.

Th gross revenue required of Astrakhanenergo, the branch of ROSSETI South, PJSC, for 2018-2022 was formed by the method of long-term indexation of the gross revenue required.

Volgogradenergo, the branch of ROSSETI South, PJSC

The "common pot" model in the region - "mixed common pot", the main "common pot" holder is Volgogradenergo, the branch of ROSSETI South, PJSC. Volgogradenergo, the branch of ROSSETI South, PJSC, collects network GRR from the region's PSCs, "direct consumers" at uniform "common pot" tariffs, as well as from profitable LGOs at individual tariffs, and gives part of the network GRR to downstream LGOs at individual tariffs.

Uniform "common pot" tariffs for 2022 were approved by Order of the Committee for Tariff Regulation of the Volgograd Region dated December 28, 2021, No.43/7; from 01.12.2022, by Order of the Committee for Tariff Regulation of the Volgograd Region dated November 28, 2022, No.45/15.

Individual tariffs for mutual settlements between Volgogradenergo, the branch of ROSSETI South, PJSC, and profitable LGOs for 2022 were approved by order of the Committee for Tariff Regulation of the Volgograd Region dated December 28, 2021, No.43/8, for the period from 01.01.2022 to 31.12.2022.

Th gross revenue required of Volgogradenergo, the branch of ROSSETI South, PJSC, for 2019-2023 was formed by the method of long-term indexation of the gross revenue required.

Kalmenergo, the branch of ROSSETI South, PJSC

There is only one LGO in the region, namely, Kalmenergo, the branch of ROSSETI South, PJSC.

Kalmenergo, the branch of ROSSETI South, PJSC, collects network GRR from the region's PSCs, "direct consumers" at uniform "common pot" tariffs.

Uniform "common pot" tariffs for 2022 were approved by order of the Regional Tariff Service of the Republic of Kalmykia dated December 27, 2021, No.104-p/e; from December 1, 2022, by order of the Regional Tariff Service of the Republic of Kalmykia dated November 28, 2022, No.96-p/e.

As part of the execution of the instruction of the President of the Russian Federation No. Pr-1792 dated November 04, 2020, the order of the Government of the Russian Federation dated May 27, 2021, No.1384-r, equal unified (common pot) tariffs for electric power transmission services through the networks of the Rostov region and the Republic of Kalmykia were approved and put into effect as of July 1, 2021 by the Resolution of the Regional Tariff Service of the Republic of Kalmykia dated June 17, 2021, No. 34-p/e, with the exception of unified (common pot) tariffs for services for the transmission of electrical energy supplied to the population and categories of consumers equated to it.

Th gross revenue required of Kalmenergo, the branch of ROSSETI South, PJSC, for 2018-2022 was formed by the method of long-term indexation of the gross revenue required.

In accordance with the order of the Ministry of Energy of Russia dated December 17, 2021, No. 1411, Kalmenergo, the branch of ROSSETI South, PJSC, in 2022, performed the functions of a supplier of last resort in the area of activity, the city of Elista (GP 1). Besides, in accordance with the order of the Ministry of Energy of Russia dated July 22, 2022, No. 700, Kalmenergo, the branch of ROSSETI South, PJSC,

was assigned the status of a supplier of last resort in the area of activity from August 1, 2022, which is "the territory within the administrative boundaries of the Republic of Kalmykia, with the exception of the zone titled "the city of Elista" (GP 2).

Sales premiums for 2022 of the last resort supplier of electric energy of Kalmenergo, the branch of ROSSETI South, PJSC, were approved by order of the Regional Tariff Service of the Republic of Kalmykia dated December 23, 2021, No.100-p/e with amendments dated June 22, 2022, No.48-p/e; as of 01.12.2022, by order of the Regional Tariff Service of the Republic of Kalmykia dated 28.11.2022, No. 97-p/e.

Rostovenergo, the branch of ROSSETI South, PJSC

The "common pot" model in the region is a "mixed common pot". There are two large grid companies in the region, namely, the holders of the "boiler", that is, Rostovenergo, the branch of ROSSETI South, PJSC, and JSC Donenergo. Rostovenergo, the branch of ROSSETI South, PJSC, collects its part of the network GRR from the region's PSCs, "direct consumers" at "common pot" tariffs and from JSC Donenergo at an individual tariff and gives part of the network revenue to downstream LGOs at individual tariffs.

The unified "boiler" tariffs for 2022 were approved by the resolution of the Regional Tariff Service of the Rostov region dated December 27, 2021, No.73/11; as of 1.12.2022, by the resolution of the Regional Tariff Service of the Rostov Region dated November 28, 2022, No.68/2.

As part of the execution of the instruction of the President of the Russian Federation No. Pr-1792 dated November 04, 2020, the order of the Government of the Russian Federation dated May 27, 2021, No.1384-r, equal unified (common pot) tariffs for electric power transmission services through the networks of the Rostov region and the Republic of Kalmykia were approved and put into effect as of July 1, 2021 by the Resolution of the Regional Tariff Service of the Republic of Kalmykia dated June 17, 2021, No.28/39, with the exception of unified (common pot) tariffs for services for the transmission of electrical energy supplied to the population and categories of consumers equated to it.

Individual tariffs for settlements between Rostovenergo, the branch of PJSC Rosseti South and JSC Donenergo were approved by the Resolution of the Regional Tariff Service of the Rostov Region dated December 27, 2021, No.73/12, for the period from 01.01.2022 to 31.12.2022.

Th gross revenue required of Rostovenergo, the branch of ROSSETI South, PJSC, for 2018-2022 was formed by the method of long-term indexation of the gross revenue required.

Indicators	UoM	Period			
		2020	2021	2022	change
					2022/2021, %
Tariff indicators					
Indicators on tariffs for electric power transmission services and fees for grid connection (tariff policy)					

Indicators	UoM	Period			
		2020	2021	2022	change
					2022/2021, %
Tariff indicators					
Indicators on tariffs for electric power transmission services and fees for grid connection (tariff policy)					
GRR for the transmission of electrical energy, approved as part of tariff and balance decisions, including:	mln rub.	39,390.16	38,361.72	40,208.83	4.8%
Astrakhanenergo	mln rub.	5,952.72	5,991.19	6,254.92	4.4%
Volgogradenergo	mln rub.	11,607.68	10,444.34	10,798.42	3.4%
Kalmenergo	mln rub.	1,772.59	1,801.42	2,633.45	46.2%
Rostovenergo	mln rub.	20,057.17	20,124.77	20,522.04	2.0%
own GRR	mln rub.	18,853.58	18,828.91	19,960.22	6.0%
Astrakhanenergo	mln rub.	3,418.24	3,392.37	3,459.67	2.0%
Volgogradenergo	mln rub.	4,844.97	4,654.73	4,701.13	1.0%
Kalmenergo	mln rub.	1,096.99	1,129.64	1,926.99	70.6%
Rostovenergo	mln rub.	9,493.38	9,652.17	9,872.43	2.3%
Services of PJSC FGC UES	mln rub.	7,834.79	7,663.75	7,658.16	-0.1%
Astrakhanenergo	mln rub.	333.88	310.29	342.07	10.2%
Volgogradenergo	mln rub.	2,679.58	2,590.84	2,662.23	2.8%
Kalmenergo	mln rub.	277.50	291.92	299.19	2.5%
Rostovenergo	mln rub.	4,543.84	4,470.70	4,354.68	-2.6%
Costs for the purchase of electrical energy losses	mln rub.	8,170.86	8,177.57	8,933.01	9.2%
Astrakhanenergo	mln rub.	1,877.64	1,904.98	2,036.29	6.9%
Volgogradenergo	mln rub.	2,012.47	2,044.88	2,330.19	14.0%
Kalmenergo	mln rub.	398.11	379.86	407.27	7.2%
Rostovenergo	mln rub.	3,882.63	3,847.85	4,159.25	8.1%
Costs for LGO services (in accordance with the current contractual scheme)	mln rub.	4,530.93	3,691.49	3,657.44	-0.9%
Astrakhanenergo	mln rub.	322.96	383.56	416.89	8.7%
Volgogradenergo	mln rub.	2,070.66	1,153.88	1,104.87	-4.2%
Kalmenergo	mln rub.	0.00	0.00	0.00	0%
Rostovenergo	mln rub.	2,137.32	2,154.05	2,135.68	-0.9%
Common pot useful supply of electrical energy	mln kWh	23,954.81	23,504.42	23,821.22	1.3%
Astrakhanenergo	mln rub.	2,852.73	2,877.09	2,867.76	-0.3%
Volgogradenergo	mln rub.	8,078.78	7,922.82	8,008.11	1.1%
Kalmenergo	mln rub.	630.27	542.67	623.64	14.9%
Rostovenergo	mln rub.	12,393.04	12,161.83	12,321.72	1.3%

Indicators	UoM	Period			
		2020	2021	2022	change
					2022/2021, %
Tariff indicators					
Indicators on tariffs for electric power transmission services and fees for grid connection (tariff policy)					
Average tariff for electricity transmission services by branches	rub/kWh	1.64435	1.63211	1.68794	3.4%
Astrakhanenergo	rub/kWh	2.08667	2.08238	2.18112	4.7%
Volgogradenergo	rub/kWh	1.43681	1.31826	1.34844	2.3%
Kalmenergo	rub/kWh	2.81245	3.31954	4.22273	27.2%
Rostovenergo	rub/kWh	1.61842	1.65475	1.66552	0.7%
Average GC charge rate per unit of capacity	rub/kWh	778.90	753.67	410.94	-45.5%
Astrakhanenergo	rub/kWh	781.77	537.09	345.80	-35.6%
Volgogradenergo	rub/kWh	1,034.09	938.41	268.48	-71.4%
Kalmenergo	rub/kWh	1,357.83	1,036.42	464.39	-55.2%
Rostovenergo	rub/kWh	688.07	723.24	486.22	-32.8%
Standardized tariff rates for covering the costs of grid connection of power-receiving devices of electric energy consumers, power grid facilities owned by grid organizations and other persons, for the activities specified in clause 16 of the Guidelines of the FAS Russia	rub. per grid connection	13,468.50	12,030.57	12,431.08	6.4%
Astrakhanenergo	rub. per grid connection	12,112.00	7,915.24	9,812.00	24.0%
Volgogradenergo	rub. per grid connection	13,644.51	12,089.57	14,253.75	17.9%
Kalmenergo	rub. per grid connection	14,933.95	11,934.54	12,451.85	-16.6%
Rostovenergo	rub. per grid connection	13,183.53	12,986.63	13,206.70	0.2%
Rates per unit of maximum power (rub/kW) to determine the payment for connection to electric networks at a voltage level of 20 kV or less and a power of less than 670 kW for the implementation of measures provided for in clause 16 of the Guidelines of the FAS Russia	rub/kWh	965.44	808.79	423.45	-44.3%

Indicators	UoM	Period			
		2020	2021	2022	change
					2022/2021, %
Tariff indicators					
Indicators on tariffs for electric power transmission services and fees for grid connection (tariff policy)					
Astrakhanenergo	rub/kWh	781.77	537.09	363.50	-32.3%
Volgogradenergo	rub/kWh	1,034.09	938.41	260.27	-72.3%
Kalmenergo	rub/kWh	1,357.83	1,036.42	492.50	-52.5%
Rostovenergo	rub/kWh	688.07	723.24	577.55	-20.1%

The amount of the required gross proceeds from electricity transmission activities of ROSSETI South, PJSC, in 2022 is 4.8% higher than the value of the GRR approved for 2021.

Moreover:

1. The own GRR increased by 6.0%, namely:

- by +2.0% for Astrakhanenergo;
- by +1.0% for Volgogradenergo;
- by +70.6% for Kalmenergo;
- by +2.3% for Rostovenergo.

2. Amount of expenses for purchase of electric power to compensate for losses increased by 9.2%:

- for Astrakhanenergo, the amount of expenses increased by 6.9% due to a 4.9% increase in grid losses against the TBD 2021 and a significant growth of the sales premium for the category of consumers "grid organizations that purchase electricity to compensate for losses" (2.6 times from the second half of 2022 or by 71.0% on average for the year);

- Volgogradenergo expenses increased by 14.0%. The increase in costs is mainly due to an increase in the weighted average price for the purchase of electricity (power) on the wholesale market, as well as a significant increase (2.2 times from the second half of 2022) in the sales premium for the consumer category "grid organizations that purchase electricity to compensate for losses" of the last resort supplier Volgogradenergosbyt PJSC;

- for Kalmenergo, the expenses accrued by 7.2% as a result of a 2.7% growth of grid losses as compared to the TBD 2021 and an increase in the weighted average price on the wholesale market;

- For Rostovenergo, the costs increased by 8.1% due to a 4.2% increase in grid losses relative to the TBD 2021 and an increase in the weighted average price of the wholesale market.

3. The value of expenses for services of FGC UES decreased by (-) 0.1%:

- For Astrakhanenergo, the costs increased by 10.2%, which is associated with both the change in the amount of the subscribed capacity and the amount of electricity losses in the UNPG networks, and the increase of the rate for the upkeep of

grids from 01.07.2022 by 6.3% and the rate for payment of the standard electricity losses of the UNPG by 14.2%;

- For Volgogradenergo, the costs increased by 2.8%, which is associated with both the change in the amount of the subscribed capacity and the amount of electricity losses in the UNPG networks, and the increase of the rate for the upkeep of grids from 01.07.2022 by 6.3% and the rate for payment of the standard electricity losses of the UNPG by 4.7%;

- For Kalmenergo, the costs increased by 2.5%, which is associated with both the change in the amount of the subscribed capacity and the increase of the rate for the upkeep of grids from 01.07.2022 by 6.3% and the rate for payment of the standard electricity losses of the UNPG by 8.5%;

- For Rostovenergo, the costs decreased by (-) 2.6%, which is associated with both the change in the amount of the subscribed capacity and the amount of electricity losses in the UNPG networks, and the increase of the rate for the upkeep of grids from 01.07.2022 by 6.3% and the rate for payment of the standard electricity losses of the UNPG by 3.9%.

4. The value of the cost of LGO services decreased by (-) 0.9%.

- costs of Astrakhanenergo increased by 8.7%, which is mainly due to the application of positive GRR adjustments under the LGO tariff regulation and the 71.0% growth of the sales premium of last resort suppliers for the category "grid organizations that purchase electric power to compensate for losses";

- The decrease in costs of Volgogradenergo amounted to (-) 4.2%, which is mainly due to a decrease in the GRR of JSC Russian Railways because of the reduction of the share of balancing flows in relation to outside customers from 47.9% to 41.2%, as well as the GRR of JSC Kaustic (a branch of the Volgograd CHP-3) due to the reduction of the subscribed capacity of consumers of services of electricity transmission via the UNPG networks from 60 MW to 47.1 MW.

- expenses of Rostovenergo decreased by (-) 0.9%.

5. The approved average tariff for electric power transmission services decrease in 2022 compared to 2021 in ROSSETI South, PJSC, by:

- 4.7% for Astrakhanenergo;

- 2.3% for Volgogradenergo;

- 0.7% for Rostovenergo;

- in Kalmenergo this indicator increased by +27.2% (the main factor in the growth of the average tariff was the increase in the GRR for transmission of electric power of the branch in TBD 2022 compared to TBD for 2021).

Grid connection fee

Grid connection (GC) fee is calculated in cases of connection of devices put into operation for the first time; previously connected devices, the maximum power of which increases; and also if, in relation to previously connected devices, the category of reliability of power supply, points of connection, types of production activities change, which do not entail a revision of the maximum power value, but change the scheme of external power supply of such devices.

When the reliability category is changed, the GC fee is calculated for the amount of maximum power of the requester's power receivers, for which the reliability category is changed.

The fee for GC in cases of changes in the external power supply scheme, which do not entail a revision of the maximum capacity as a result of changes in points of connection, types of production activities, is calculated for the amount of maximum capacity specified in the request for GC.

The executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs (hereinafter referred to as "RST") approve the following for calculating the fee for GC to territorial distribution networks:

1) for the period of regulation:

- standardized tariff rates (which, in accordance with Federal Law No. 450 of December 30, 2015, are single for all local grid organizations on the territory of a constituent entity of the Russian Federation);

- rates per unit of maximum power (rubles/kW);

- payment formula for GC;

- for a requester, who submitted a request for the purposes of GC of power receivers with a maximum power not exceeding 15 kW inclusive (with account for the previously connected power at a given point of connection), the fee does not exceed 550 rubles (VAT included), when connecting objects that are classified in the third category reliability (for the same source of power supply), provided that the distance from the boundaries of the Requester's site to the electric grid facilities of the voltage level required by the Requester, which belong to the grid company to which the request is submitted, does not exceed 300 meters in cities and urban-type settlements and 500 meters in rural areas. Within the boundaries of municipal districts, city districts and in the intracity territories of cities of federal significance, the same person can carry out GC of power receiving devices owned by this person on the right of ownership or on another legal basis that meet the above criteria, with a GC fee in the amount not exceeding 550 rubles, no more than once within 3 years.

2) at the request of the grid organization: payment for GC to local distribution electric networks according to an individual project.

Amendments, which were introduced by Federal Law No.12-FZ of February 16, 2022, to Article 23.2. of Federal Law of March 26, 2003, No.35-FZ, "On the Electric Power Industry", Resolution of the Government of the Russian Federation of June 30, 2022, No.1178, in the Rules for grid connection of power receiving devices of consumers of electrical energy, power generation facilities and electric grid facilities owned by grid organizations and other persons, approved by Resolution of the Government of the Russian Federation of December 27, 2004, No.861 (hereinafter referred to as the "Rules"), are reflected in tariff decisions from July 1, 2022:

1. A preferential rate has been established for 1 kW of the requested capacity in relation to the entire set of measures for grid connection:

- Astrakhanenergo: from 01.07.2022 to 30.11.2022: 5,899 rubles (VAT included); from 01.12.2022 to 31.12.2022: 6,276 rubles (VAT included);

- Volgogradenergo and Kalmenergo: 3,000 rubles (VAT included);

- Rostovenergo, the branch of ROSSETI South, PJSC: 5,303.76 rubles (VAT included).

2. A preferential rate has been established for 1 kW of the requested power in the amount of 1,000 rubles (VAT included) in relation to the category of requesters specified in paragraphs 11 to 19 of Clause 17 of the Rules, if a requester provides documents drawn up by the authorized federal executive body, which confirm that the requester complies with the category established by paragraphs 11 to 19 of

Clause 17 of the Rules, when connecting power receiving devices of the requester, which owns objects classified as reliability category 3 (for one power supply source), provided that the distance from the boundaries of the applicant's site to the electric grid facilities of a voltage level of 0.4 kV and lower than the voltage class required by the applicant is at least 300 meters in urban and urban-type settlements and not more than 500 meters in rural areas.

3. The amount of the investment component included in the fee for the GC of power receivers with a maximum capacity not exceeding 150 kW (which are included to cover the costs of construction of power grid facilities from existing power grid facilities to connected power receivers and (or) power industry facilities) cannot be more than 50 percent from the amount of these expenses.

The rate per unit of maximum power and the fee for GC in the amount of 550 rubles ceased to be valid from 01.07.2022.

For ROSSETI South's branches, standardized tariff rates, payment rates per unit of maximum capacity, preferential rates, fee formulas and shortfalls in income associated with preferential grid connection are approved for 2022 by the following acts of regulatory bodies:

1) Astrakhanenergo, the branch of ROSSETI South, PJSC: Resolution of the Tariff Service of the Astrakhan Region dated December 28, 2021, No.182 (published on the Official Internet Portal of Legal Information of the Government of the Astrakhan Region (hereinafter referred to as the "official Internet portal of JSC"): <http://pravo-astrobl.ru/documents/document-0002202112290012/>, publication number: 0002202112290012, publication date: 29.12.2021; as amended by the Resolution of the Tariff Service of the Astrakhan Region dated February 02, 2022, No.2 (published on the official Internet portal of JSC : <http://pravo-astrobl.ru/documents/document-0002202202100002/>, publication number: 0002202202100002, publication date: 10.02.2022); as amended by the Resolution of the Tariff Service of the Astrakhan Region dated June 29, 2022, No.17 (published on the official Internet portal of the JSC: <http://pravo-astrobl.ru/documents/document-0002202206290009/>, publication number: 0002202206290009, publication date: 29.06.2022); as amended by the Resolution of the Tariff Service of the Astrakhan Region dated July 14, 2022, No. 23 (published on the official Internet portal of the JSC: <http://pravo-astrobl.ru/documents/document-0002202207140020/>, publication number: 0002202207140020, publication date: 14.07.2022); as amended by the Resolution of the Tariff Service of the Astrakhan Region dated September 5, 2022, No. 31 (published on the official Internet portal of the JSC: <http://pravo-astrobl.ru/documents/document-0002202209080021/>, publication number: 0002202209080021, publication date: 08.09.2022); as amended by the Resolution of the Tariff Service of the Astrakhan Region dated November 28, 2022, No.179 (published on the official Internet portal of the JSC: <http://pravo-astrobl.ru/documents/document-0002202211280019/>, publication number: 0002202211280019, publication date: 28.11.2022).

2) Volgogradenergo, the branch of ROSSETI South, PJSC: order of the Committee for Tariff Regulation of the Volgograd Region No.42/2 dated December 23, 2021 (published: Official Internet Portal of Legal Information State System of Legal Information (hereinafter referred to as the "Legal Information System"): <http://publication.pravo.gov.ru/Document/View/3401202112280002/>, publication

number: 3401202112280002, publication date: 28.12.2021), as amended by the order of the Committee for Tariff Regulation of the Volgograd Region dated February 16, 2022 No. 3/1 (published in the legal information system <http://publication.pravo.gov.ru/Document/View/3401202201220008>, publication number: 3401202201220008, publication date: 22.01.2022), as amended by the order of the Committee for Tariff Regulation of the Volgograd Region dated February 16, 2022, No.3 /1 (published in the legal information system <http://publication.pravo.gov.ru/Document/View/3401202202180009>, publication number: 3401202202180009, publication date: 18.02.2022), as amended by the order of the Committee for Tariff Regulation of the Volgograd Region dated April 13, 2022, No.11/1 (published in the legal information system: <http://publication.pravo.gov.ru/Document/View/3401202204150007>, publication number: 3401202204150007, publication date: 15.04.2022), as amended by the order of the Tariff Regulation Committee of the Volgograd Region dated July 01, 2022, No. 21 (published in the legal information system <http://publication.pravo.gov.ru/Document/View/3401202207060001>, publication number: 3401202207060001, publication date: 06.07.2022), as amended by the order of the Tariff Regulation Committee of the Volgograd Region dated September 09, 2022, No.31/2 (published in the legal information system <http://publication.pravo.gov.ru/Document/View/3401202209120002>, publication number: 3420220912002, publication date: 12.09.2022), as amended by the order Tariff Regulation Committee of the Volgograd Region dated September 28, 2022, No.34 (published in the legal information system <http://publication.pravo.gov.ru/Document/View/3401202210030001>, publication number: 3401202210030001, publication date: 03.10.2022).

3) Kalmenergo, the branch of ROSSETI South, PJSC: order of the Regional Tariff Service of the Republic of Kalmykia No. 98-p/tpe dated December 23, 2021 (published in the legal information system <http://publication.pravo.gov.ru/Document/View/0801202112230006/>, publication number: 0801202112230006, publication date: 23.12.2022), as amended by the order of the Regional Tariff Service of the Republic of Kalmykia dated June 23, 2022, No.49-p/tpe (published in the legal information system: <http://publication.pravo.gov.ru/Document/View/0801202206230001> publication number: 0801202206230001, publication date: 23.06.2022), as amended by the order of the Regional Tariff Service of the Republic of Kalmykia dated July 01, 2022, No.57-p/tpe (published in the legal information system <http://publication.pravo.gov.ru/Document/View/0801202207110002> publication number: 0801202207110002, publication date: 11.07.2022), as amended by the Order of the Regional Tariff Service of the Republic of Kalmykia dated October 20, 2022, No.79-p/tpe (published in the legal information system <http://publication.pravo.gov.ru/Document/View/0801202210210001> publication number: 0801202210210001, publication date: 21.10.2022).

4) Rostovenergo, the branch of ROSSETI South, PJSC: resolution of the Regional Tariff Service of the Rostov Region No. 75/1 dated December 29, 2021 (published in the legal information system: <http://publication.pravo.gov.ru/Document/View/6101202112300006/>, publication number: 6101202112300006, publication date: 30.12.2021), as amended by the Resolution of the Regional Tariff Service of the Rostov Region dated January 18, 2022, No.2/1 (published on the website: <http://publication.pravo.gov.ru/Document/View/6101202201210003/>, publication number: 610120201210003, publication date: 21.01.2022), as amended by the Resolution of the Regional Tariff Service of the Rostov Region dated February 15, 2022, No.7/1 (published on the website: <http://publication.pravo.gov.ru/Document/View/6101202202150001/>, publication number: 6101202202150001, publication date: 15.02.2022), as amended by the Resolution of the Regional Tariff Service of the Rostov Region dated May 23, 2022, No. 24/2 (published on the website: <http://publication.pravo.gov.ru/Document/View/6101202205250003/>, publication number: 6101202205250003, publication date: 25.05.2022), as amended by the Resolution of the Regional Tariff Service of the Rostov Region dated June 14, 2022, No.29/2 (published on the website: <http://publication.pravo.gov.ru/Document/View/6101202206150002/>, publication number: 6101202206150002, publication date: 15.06.2022), as amended by the Resolution of the Regional Tariff Service of the Rostov Region dated July 01, 2022, No.34/1 (published on the website: <http://publication.pravo.gov.ru/Document/View/6101202207040010/>, publication number: 6101202207040010, publication date: 04.07.2022).

The standardized tariff rates adopted by the regulatory authorities, payment rates per unit of maximum power, preferential rates approved in the territories of operation of ROSSETI South's branches for 2022 include differentiation by power ranges, voltage levels, permanent/temporary power supply scheme, by material, wire section and brand, and are reflected in the RST tariff decisions posted on the official website of ROSSETI South, PJSC, at the following link: <https://rosseti-yug.ru/potrebityam/tseny-tarify-po-tp-na-2022/>

The value of the average rate per unit of maximum power C1 is calculated (in accordance with the Federal Law of the Russian Federation of December 30, 2015, No.450-FZ, the rates are approved as the same for all LGOs in the region) as the ratio of the gross revenue required (without the investment component) to the total volume of the connected power (without preferential requester category up to 15 kW and without connected maximum power over 670 kW).

An analysis of the dynamics of standardized tariff rates to cover the costs of organizational and technical measures showed an increase in rates compared to 2021 for Volgogradenergo; for Astrakhanenergo, Kalmenergo and Rostovenergo, there is a decrease in the size of rates, which is associated with their new differentiation, as well as the influence of the average actual data included in the sample (meaning the data of all territorial grid organizations of the regions of the Russian Federation participating in tariff regulation).

As part of the execution of instructions from the Federal Headquarters on the issue of consolidating the electric grid property of LGOs that do not meet the criteria for classifying owners of electric grid facilities as LGOs, branches analyzed in 2022 how third-party LGOs met the developed criteria; based on the results of this analysis, proposals for consolidation were sent to all LGOs that failed to retain their status from 2023. Meetings were also held with interested LGOs.

In order to consolidate the power grid assets that belong to the state (municipal) property, the branches of ROSSETI South, PJSC, carried out work on sending proposals to the heads of municipalities regarding transfer of power grid facilities for the use of ROSSETI South, PJSC.

As part of the implementation of the tasks of consolidating power grid assets in the area of responsibility of the Astrakhanenergo, Agreement No.02-02-061 dated November 14, 2011, was concluded between the Government of the Astrakhan region, the Administration of Astrakhan, the Nizhne-Volzhsy Department of the Federal Service for Environmental, Technological and Nuclear Supervision and ROSSETI South, PJSC, regarding the implementation of measures to ensure reliable power supply to consumers connected to ownerless power grid facilities; a working group was created to identify and determine the technical condition of ownerless (abandoned) power supply facilities located in the city of Astrakhan.

In 2022, activities continued, which are aimed at acquiring ownerless movable property into the ownership of the Company. On the basis of the consolidation measures taken, 5 ownerless power grid facilities located on the territory of the Limansky District and Narimanov District of the Astrakhan region were accepted on the balance sheet of the branch.

Volgogradenergo, the branch of ROSSETI South, PJSC, took part in the auction for the right to conclude contracts for the gratuitous use of municipal property. As a result of participation, between ROSSETI South, PJSC, and the management department of the Chernyshkovsky urban settlement of the administration of the Chernyshkovsky municipal district of the Volgograd region, two agreements were concluded for the gratuitous use of power grid property located on the territory of the farm of Volotsky and village of Chernyshkovsky, Chernyshkovsky district, Volgograd region.

Monitoring the volume of consolidation of power grid assets

In 2022, the total volume of consolidated power grid assets amounted to 4,380.16 c.u., the total length of power transmission lines was 457.93 km, the total capacity of transformer substations was 288.37 MVA. In 2023, ROSSETI South, PJSC, plans to continue implementing activities to consolidate power grid assets.

Monitoring the volume of consolidation of power grid assets

Name of IDGC/DGC (IDGC subsidiaries and affiliates)	2020			2021			2022		
	Volume of consolidation of electric grid assets for the period			Volume of consolidation of electric grid assets for the period			Volume of consolidation of electric grid assets for the period		
	MVA	Km	C.u.	MVA	Km	C.u.	MVA	Km	C.u.
1	2	3	4	6	7	8	10	11	12
TOTAL Rosseti South, PJSC	331.25	598.69	5324.77	286	392.02	4287.4	288.37	457.93	4,380.16
Acquisition of power grid facilities	0	0	0	6.5	3.76	31.2	80	0.0	121.7
Lease of power grid facilities	246.6	154.4	2760.2	208.8	82.6	2041.0	128.82	82.5	1,919.23
Other (permanent rights of possession and use)	19.9	193.0	536.8	5.5	54.5	179.8	4.74	100.24	219
Other (temporary rights of possession and use)	64.8	251.3	2027.8	65.2	251.2	2035.4	74.82	275.19	2,120.23

NOTE:

purchased: the entire actual volume of acquired power grid assets during the calendar period;

leased: the entire actual volume of leased power grid assets at the end of the period (i.e. all existing contracts, including those previously concluded, the number of existing transactions at the end of the period);

other (permanent rights of possession and use): all the actual acquisition of property during the calendar period;

other (temporary rights of possession and use): all contracts in force at the end of the period, incl. those concluded earlier;

** The information is summarized for the company (without disclosure by branches), and the information on the controlled companies is shown separately.*

*** N: the reporting period*

DIGITALIZATION, INFORMATION TECHNOLOGIES.

ROSSETI South, PJSC, is a modern energy company, whose performance is highly dependent on the use of information technologies and automation means. Under current conditions, the activities of the electric grid complex at ROSSETI South are aimed at achieving a new level in ensuring the reliability and continuity of power supply, availability, efficiency, and customer focus of the company, which is based on the introduction of digital technologies and the digitalization of networks in the electric grid complex.

Implementation of new projects, development of existing ones and maintenance of already implemented projects in the context of information technologies refers to continuous activities, which are carried out in accordance with the Program "Digital Transformation of ROSSETI South, PJSC, 2020 - 2030" (updated in 2022 and approved by the decision of the Board of Directors of ROSSETI South, PJSC, dated January 26, 2023 (Minutes No.511/2023), hereinafter referred to as the "PDT"), the Action Plan for the transition of ROSSETI South, PJSC, to the predominant use of domestic software for the period 2022-2024, approved by the decision of the Board of Directors of ROSSETI South, PJSC, dated 05.12.2022 (Minutes No. 505/2022) and the Digital Transformation Strategy of the Rosseti group of companies for the period up to 2030 (Minutes of the Board of Directors of the Public Joint Stock Company Federal Grid Company - Rosseti dated December 15, 2022, No.601/2022). These organizational and administrative documents define the following main goals for the development of information technologies of the Company, strategic initiatives, areas for technological and organizational changes in the work of the Company in order to find new mechanisms, methods, algorithms for corporate and technological

management of the Company's processes and its subsequent transformation with the aim to improve reliability, efficiency, quality and availability of services for the transmission of electrical energy and grid connection of consumers, as well as the formation of a new infrastructure for the most efficient process of transmission of electrical energy between subjects of the electric power industry:

- measures to ensure cybersecurity, development of the information security system;
- measures for the transition to the predominant use of domestic software;
- introduction of corporate information systems for managing services for accounting and transportation of electricity and management of production assets;
- introduction and development of corporate centralized information systems;
- introduction and development of the system of financial and economic activity;
- optimization and development of ITT infrastructure;
- development of automated process control systems;
- development of telecommunication support;
- optimization of ITT business processes.

Automated process control systems

The Company is constantly expanding the share of telemechanized substations. As part of these projects, outdated telemechanics devices are being replaced with modern digital software and hardware systems that increase the amount and improve accuracy of transmitted information; this leads to an improvement of the quality of dispatch control and management of the work of production teams. Modern digital technologies are also used in the construction of new facilities.

State of telemechanization of substations 35-220 kV, pcs.

Name of branches	110-220 kV substation				35 kV substation			
	Total	Telemechanized Total (including minimally observable ones)	including those that meet modern requirements	Telemechanized in 2022	Total	Telemechanized Total (including minimally observable ones)	including those that meet modern requirements	Telemechanized in 2022
Astrakhanenergo	91	91	0	1	43	43	0	0
Volgogradenergo	259	258	2	0	130	125	0	0
Kalmenergo	51	51	3	1	68	68	0	0
Rostovenergo	244	244	4	0	322	150	0	0
Rosseti South	645	644	9	2	563	386	0	0

Communication systems

Digital networks make it possible to organize multi-channel transmission of data, provide flexibility in responding to changing loads, remote control from single control centers, and reduce operating costs and reliability.

Number of 35-220 kV substations equipped with digital communication channels

Branch/Rosseti South	110-220 kV substation			35 kV substation		
	Total	Provided with DCC	Provided with DCC in 2022	Total	Provided with DCC	Provided with DCC in 2022
Astrakhanenergo	91	91	2	43	43	0
Volgogradenergo	259	236	5	130	113	3
Kalmenergo	51	51	2	68	68	0
Rostovenergo	244	182	0	322	91	0
Rosseti South	645	560	9	563	315	3

1. In Astrakhanenergo, the branch of ROSSETI South, PJSC, in 2022, as part of the implementation of the Program for Upgrading and Expanding the Information Collection and Transmission System at Substations of Rosseti South PJSC, 110 kV Nikolskaya substations were telemechanized in the operational service area of Astrakhanenergo and two digital communication channels were organized, leased from different telecom operators.

2. Volgogradenergo, a branch of ROSSETI South, PJSC, implemented the following target programs and measures in 2022:

Within the framework of the Program for Upgrading and Expanding the Information Collection and Transmission System at Substations of Rosseti South PJSC, in the Service Area of Volgogradenergo for the Period 2021-2025 approved on December 28, 2021:

- Telemechanics and communications systems at the 110 kV Zadonskaya and Kremenskaya substations have been put into commercial operation.

As part of the operating budget, the following activities were performed:

- Leased digital communication channels were organized: with two 110 kV substations: (Rassvet, Raigorod-2) and three 35 kV substations (Prudentovo, Bor'ba, Tractorstroi).

- Leased GPRS communication channels were established with three 110 kV substations (GPZ, Yubileynaya, and Yelshanskaya).

- Construction of the "last mile" fiber-optic cable to the 110 kV Filino substation with a length of 1.14 km is completed.

- Construction of the "last mile" 0.12 km FOCL to organize a data transmission channel between Danilovsky Power Distribution Zone and Krasnoyarsky Power Distribution Zone of Kamyshinsky Power Plants is completed.
- The work to retrofit the telemechanics systems on the 110 kV Linevo substation in Kamyshinskiye Power Plants was carried out in a non-contracted manner.
- A Motorola GM340 subscriber radio is installed on the 110 kV Leninskaya substation.

3. In Kalmenergo, the branch of Rosseti South PJSC, as part of the implementation of the project "Construction of the 35/110 kV Narn substation with two transformers of at least 62.9 MVA each", a modern APCS system was installed and put into operation on the 110 kV Narn substation. In addition, in 2022, new digital communication channels were arranged to transmit telemetry information from the 110 kV Narn substation and the 110 kV Elista-East substation.

4. Rostovenergo, the branch of Rosseti South, PJSC, did not carry out measures under the Program for Upgrading and Expanding the Information Collection and Transmission System at Substations of Rosseti South PJSC, in the area of operational responsibility of Rostovenergo, the branch of Rosseti South, PJSC, under the IPR of the Company in 2022 due to lack of funding.

Corporate and technology business applications.

In 2022, the Company implemented the following measures:

- in accordance with the schedule for developing (updating) the digital transformation strategy (program) of the rosseti group of companies and the digital transformation strategy (program) of Public Joint Stock Company Federal Grid Company - Rosseti, approved by Order No. 345/228 of July 19, 2022, of ROSSETI PJSC and Public Joint Stock Company Federal Grid Company - Rosseti, the Digital Transformation of ROSSETI South PJSC Program 2020-2030 was developed and approved by the Board of Directors of ROSSETI South, PJSC (Minutes No. 511/2023 dated January 26, 2023);
- in accordance with cl. 1 of the Company's Board of Directors on 05 December 2022 (Minutes No. 505/2022), the Action Plan for the Transition of PJSC ROSSETI South to the Preferential Use of Domestic Software for the Period 2022-2024 was approved;
- pursuant to the Standard Plan for the Development of the PAMS of PJSC Rosseti, approved by the Management Board of PJSC Rosseti, in accordance with the Schedule of Measures for the Implementation of the Production Asset Management System in Rosseti South PJSC, approved by the decision of the Board of Directors of Rosseti South PJSC on 12.12.2022 (Minutes No. 506/2022), in order to ensure a unified approach to updating the power grid complex and systematical improving the reliability of power supply to consumers, the software modules "Integration of the subsystem for managing production assets with an automated system for personnel management" and "Automation of the calculation of the planned coefficient of unworked time for PDZ (SD) and a report on the productivity of personnel employed in maintenance and repair, taking into account the coefficient of unworked time"

were put into commercial operation on the basis of "1C: Holding Management" software suite;

– in order to implement the activities of the Program "Digital Transformation of Rosseti South, PJSC, 2020-2030", improve the efficiency of making managerial decisions of the Company, ensure the automation of business processes in accordance with current legislation, the Company is working on the development of a unified corporate system based on "1C: Holding Management" (implementation of the subsystems "Grid connection", "Capital construction", "Procurement and logistics management", "Investment projects"); on the implementation of a planning system for the development of an electric network below 35 kV in the pilot zone of Rostovenergo, the branch of Rosseti South, PJSC; on the implementation of a knowledge management system, including the development of a Concept and a target model, the formation and integration of an information knowledge base with the information base of the Rosseti Group of Companies and the database of the Center for Innovative Competences, within a single information complex;

– in order to comply with the requirements of Resolution of the Government of the Russian Federation dated June 19, 2020, No.890, "On the procedure for providing access to the minimum set of functions of intelligent metering systems for electric energy (capacity)", the Company is taking measures to create an integration solution for business processes for the provision of services and interaction with customers as part of the creation of a Unified platform for interaction with customers of Rosseti of the segment of Rosseti South PJSC and the modernization of a single integration solution (segment of subsidiaries and affiliates);

– since changes in the legislation of the Russian Federation regarding personnel records and payroll came into force as of 01.01.2023 (Federal Law No.263-FZ dated July 14, 2022), based on the introduction of the red level of counter-terrorism support, since the secure SoAP protocol needs to be used to transfer data, in order to ensure the uninterrupted operation of a unified corporate system based on "1C: Holding Management" (hereinafter referred to as 1C: EKS), the following works were carried out in the Company: finalization of the functionality according to the Equipment Repair Plans; data transfer in SoAP protocol format; elimination of a technical gap in the configuration of payroll and personnel management based on 1C: ZUP KORP of the Company and the standard release of the vendor 1C: ZUP KORP release 3.1.23.167; finalization of the configuration of payroll and personnel management based on 1C: ZUP KORP of the Company on the current version of release 3.1.11.153; database optimization 1C: EKS.

– Rostovenergo, the branch of ROSSETI South, PJSC, purchased and put into operation the following IT equipment:

- DEPO Storm 3450A2 virtualization server, 8 pcs;
- DEPO Storm 3450A2 database management server, 3 pcs;
- DEPO Storm 3450A2, application server 1C, 3 pcs;
- EonStor GS 3000 Gen2 data storage system, 1 pc.;
- Eltex ESR-21, service router, 13 pcs.

Server equipment was purchased to ensure the trouble-free operation of technological and corporate systems, including 1C:Holding Management; continue work on automating business processes; and ensure the uninterrupted performance of the functions of the operational dispatch control of the NCC of the Rostovenergo.

– in order to perform the functions of a supplier of last resort in the Republic of Kalmykia and the city of Elista, server equipment was purchased in the amount of 2 servers and 1 data storage system.

Indicators regarding the activities of the Digital Transformation Program:

Indicator	Unit of measurement	2020 actual	2021 actual	2022 actual
Amount of funding for the activities of the Digital Transformation Program of subsidiaries and affiliates of Rosseti PJSC for the reporting year	mln rub.	7.44	0	15,032

Implementation of the import substitution policy administration plan

As part of the administration of the import substitution policy, the following activities were carried out in 2022:

- a corporate employees' data book based on "1C: Holding Management" was put into commercial operation,
- work is underway to transfer the automated Service Desk system to domestic software based on "1C:DSS",
- Eltex ESR-21 routers (13 pcs) were purchased to replace Cisco 2921 boundary routers (made in the USA), which are morally and physically outdated and which are used in the production departments of the Rostovenergo and to install additional routers in the AC of the Rostovenergo to organize secure access via means of GSM channels to APIFMS and APCS. Moreover, the replacement of Cisco equipment with Eltex will make it possible to take import substitution measures and significantly enhance the protection of communication channels.

Reporting results as compared with 2021.

In 2022, all activities for the implementation of the Digital Transformation Program and the Action Plan for the transition of ROSSETI South, PJSC, to the predominant use of domestic software for the period 2022-2024 were being performed as scheduled.

From 01.01.2022, the Company introduced a new indicator "2.16. KPI "Indicator of transition to using domestic software predominantly". This indicator evaluates the percentage ratio of the actual value of financing volumes of Russian software and related works (services) for a reporting period for the Company to the actual value of financing volumes of foreign software and related works (services) for the reporting period for the Company. The target values of the Indicator for 2022 are 69.32% (according to Appendix 3 to the decision of the Board of Directors of ROSSETI South, PJSC, dated December 20, 2022 (Minutes No. 507/2022)). The actual value of the Indicator as of December 31, 2022 was 84.75% , which indicates the achievement of the KPI of the General Director of ROSSETI South, PJSC, in the field of IT activities.

Ensuring information security of activities.

Work to protect the information infrastructure of the Company is performed on the basis of regulatory legal acts of the Russian Federation, the Ministry of Energy of the Russian Federation, Rosseti PJSC.

The main efforts are aimed at: ensuring the security of the information telecommunications infrastructure of the Company (ITCI); bringing into compliance with the requirements of the Federal Law of July 26, 2017, No.187-FZ, "On the Security of the Critical Information Infrastructure of the Russian Federation" (hereinafter referred to as No.87-FZ) of critical information infrastructure facilities (CIIF); achieving the goals of the Development Strategy of PJSC ROSSETI and its subsidiaries and affiliates for the period up to 2030; as well as at implementing the programs "Digital Transformation of ROSSETI South, PJSC, 2019-2030" and "Information Security" of ROSSETI South, PJSC

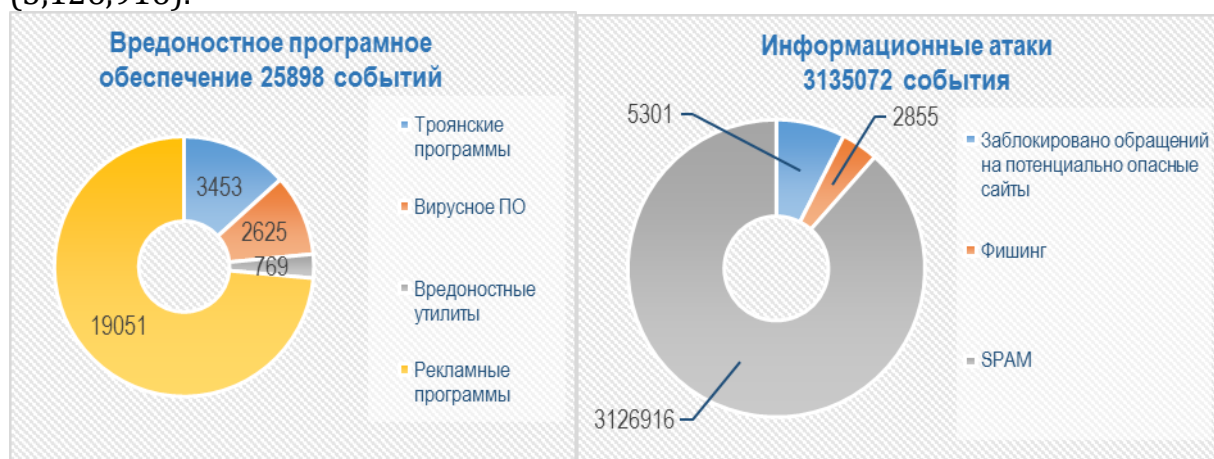
For the purposes of implementation of the Digital Transformation Program, work continues to create an Integrated Information Security System (IISS).

Construction and installation works have been completed to commission the information security management system (ISMS) at the NCC of the Kalmenergo, which is based on the Security Information and Event Management (SIEM) system. 3 production departments and 12 substations were equipped with information security tools and included in the system

The timely work of the information security department and the department of corporate and technological automated control systems made it possible to implement recommendations of the GosSOPKA system's departmental segment of the monitoring center in the Southern Federal District of the Federal Security Service of Russia, timely response to information security events and high-quality preventive work; there were no successful unauthorized actions against the Company's LAN and incidents of information security.

Together with the department of corporate and technological automated control systems, the requirements for segmenting the corporate and technological networks are being observed; this will generally ensure the security of the network infrastructure.

3,160,970 information security events were identified and prevented, of which 25,898 were based on signs of malware detection, 8,156 were based on access to potentially dangerous websites, more than 3.1 mln SPAM mailings were filtered (3,126,916).



Key directions in 2022 for the implementation of the PJSC Rosseti's Regulations "On a Unified Technical Policy in the Electric Grid Complex".

In accordance with the decision of the Board of Directors of the Company dated December 27, 2019, the PJSC Rosseti's Regulations "On a Unified Technical Policy in the Electric Grid Complex" (hereinafter referred to as the "UTP") was approved by Order of ROSSETI South, PJSC, dated January 22, 2020, No. 44, which is the Company's internal document.

The technical policy is a set of goals, principles, effective technical, technological, and organizational requirements and solutions aimed at improving and enhancing the efficiency, reliability, security, and cost-effectiveness of electricity transmission and distribution for the purposes of implementation of the Strategy for Development of the Electric Grid Sector of the Russian Federation.

The main objectives of the UTP are:

- ensuring and improving the availability of electric networks for the transmission and distribution of electric energy to ensure a reliable supply of electric energy to consumers, the functioning of the wholesale and retail electric energy markets, the parallel operation of the UES of Russia and electric power systems of foreign states;
- ensuring the output of capacity of electrical power generation facilities to the grid;
- creation of conditions for grid connection of participants of the wholesale and retail markets on the terms of non-discriminatory access to electric networks;
- involvement in improving the efficiency and development of performance and emergency control systems of the UES of Russia;
- development and improvement of the structure of operational and process management of grid facilities;
- development and improvement of information and telecommunication infrastructure, increase in the observability of the electrical network and the quality of information exchange with other subjects of the electric power industry;
- optimization and reduction of capital investments and operating costs and expenses in power grid facilities by optimizing engineering and process solutions in the development of project documentation, the use of state-of-the-art technologies and types of equipment, building structures and materials, reducing the footprint occupied by power grid facilities;
- improvement of the efficiency of power grid asset management;
- improvement of the energy efficiency of applied technologies, equipment, materials, systems and reduction of technological losses of electrical energy in electrical networks;
- overcoming the tendency toward the aging of fixed assets of electric grids and electric grid equipment through their modernization, optimization of work on their reconstruction and technical refurbishment, and by improving the efficiency of electric grid asset management;

- development of automation of electric power transmission and distribution processes, introduction and development of modern systems of technical health control, diagnostics and monitoring of process equipment, protection and automation systems, emergency control systems, communication systems, engineering systems, commercial and technical power metering, creation and development of digital substations and electric networks;
- perfecting the technologies and improving the efficiency of operation, maintenance and repair of power grid facilities;
- ensuring, improving and developing the professional training of operating and maintenance personnel;
- minimization of environmental impact during new construction, reconstruction, operation, repair and maintenance of electric grid facilities;
- ensuring safety during the operation of power grid facilities;
- formation of incentives aimed at developing the production of modern types of equipment, building structures and materials on the territory of the Russian Federation, as well as the development of scientific, technical and design potentials.
- creation of conditions to ensure energy supply to consumers without the creation/reconstruction of power grid assets.

Key directions for 2022 in the development of social communications.

In 2022, employees of branches of ROSSETI South, PJSC, organized on-line workshops/meetings with involvement of business representatives and executive authorities of the constituent entities of the Russian Federation.

The participants of the meetings discussed issues of grid connection, including the general procedure for concluding a grid connection contract and considered problems arising from the grid connection, the possibilities of interactive services, which are covered in detail on websites of the Company and the Branches.

This approach of holding meetings and workshops with representatives of various authorities, businesses, and the public has been recognized as effective and the Company intends to continue this practice.

Information about technological violations

Implementation of a set of measures for the maintenance and repair of electrical networks, planned measures to improve reliability, programs for modernization and replacement of equipment made it possible to reduce the number of accidents in the 0.4 kV network in 2022 compared to 2021 by 5% (8578 accidents in 2022 vs. 9074 accidents in 2021).

The number of accidents in the 110 kV network and higher in 2022 decreased by 3% compared to 2021 (840 accidents in 2022 vs. 863 accidents in 2021).

Average frequency and duration of power outages

	2020	2021	2022	Change 2021/2020 %
System Average Interruption Frequency Index (SAIFI), hours	1,677	1,995	2,123	+6.4
System Average Interruption Duration Index (SAIDI), hours	2,117	2,920	3,251	+11.3
Number of technological disturbances (accidents) in the 110 kV network and above	698	863	840	-2.7

The planned values of the indicators were approved by orders of the RST for 2018-2022 for Astrakhanenergo, Kalmenergo, Rostovenergo and for 2019-2023 for Volgogradenergo.

At the end of 2022, the values established by the regional tariff regulation authorities were not exceeded. These indicators were met in all branches of the Company.

At the same time, in 2022, there was an increase in the actual values of the reliability indicators Psaidi, Psaifi relative to 2021 without deterioration in the actual technical health of power grid facilities, which was due to the fact that ROSSETI South implemented measures to improve the system for recording process failures that improve the quality of recording data on the duration and number of interruptions in the transmission of electricity to consumers, namely:

- ROSSETI South, PJSC, developed "Regulations for verifying data on the number of supply points left without power at each power grid equipment shutdown", within the framework of which checks were carried out to control the completeness and correctness of the completed data on the number of de-energized supply points entered in the "Accident" Outage Log; adjustments were made when necessary;

- to ensure personnel motivation to increase the level of transparency and verification of data on outages of electric grid facilities, ROSSETI South, PJSC, issued orders No.374 and No.375 dated June 28, 2021, under which all key performance indicators affecting the recording of data on outages of electric grid facilities and indicators of the reliability of services provided were excluded from ROSSETI South PJSC's management and personnel motivation system;

- monthly checks were carried out in order to update the statements of connection of consumers of services of a network organization, which are used in the formation of entries in the "Accident" Outage Log; including information on increase in the number of points of supply of consumers of services on the basis of supplementary agreements to contracts for the provision of services for the transmission of electricity and information on new grid connections;

- on a monthly basis, the interaction of the structural divisions of ROSSETI South, PJSC, was ensured to verify the data on the completeness and correctness of the number of points of supply of service consumers recorded in the "Accidents" Outage Log for unscheduled outages, when processing messages from service consumers on the Bright Country portal.

Implementation of the above measures made it possible to improve the quality of data recording and ensure reliable recording of violations of power supply modes for service consumers, primary information about outages and their effects.

Preparedness to eliminate possible technological violations

For any season and any weather conditions, 672 teams (3.5 thousand people, 1.7 thousand vehicles and special equipment) of ROSSETI South, PJSC, are always ready to eliminate possible technological violations. Moreover, 209 emergency teams of contractors can be involved in restoring power supply to consumers. To organize temporary power supply to consumers, a pool of 336 standby power supply sources with a total capacity of 13.9 MW has been formed.

To manage the means and facilities in daily activities, management centers have been prepared in branches of ROSSETI South, PJSC, and in the PDZ,

administrative and reference documents have been developed and are maintained up to date. Training is organized on an ongoing basis with the involvement of the management team and other personnel of ROSSETI South, PJSC, in the field of prevention and elimination of natural and man-made disasters.

To practice their emergency response skills, the territorial executive authorities and local municipalities, the Ministry of Civil Defense, Emergencies and Elimination of Consequences of Natural Disasters and housing and communal services organizations held eight joint exercises with headquarters to ensure the safety of electricity supply in the regions of the Russian Federation.

SUSTAINABLE DEVELOPMENT

SUSTAINABLE DEVELOPMENT MANAGEMENT

According to the UN definition: “Sustainable development is the mode of human development that meets current demands without compromising the needs of future generations”.

In order to comply with the precautionary principle, the Company works constantly to meet the requirements of environmental legislation, improve the level of industrial and environmental safety, and ensure a systematic and effective reduction of the negative impact of industrial activity on the environment.

In its activities, the Company focuses on the Sustainable Development Goals adopted by the UN on September 25, 2015.

Stakeholder Engagement

The sustainable development of ROSSETI South, PJSC, is directly dependent on the quality of interaction with stakeholders. The Company builds a responsible and open dialogue with all stakeholders and takes care of proper consideration of their interests when making decisions.

When identifying stakeholder groups, we relied on the following key principles:

- commonality of their interests and expectations towards the companies of the Rosseti Group;
- the nature of their influence on the achievement of strategic goals by the companies of the ROSSETI Group;
- the tools we use to interact with stakeholders.

The interested parties of the Company are organizations of the Rosseti Group of Companies, subsidiaries and affiliates of the Company, members of the Board of Directors and the Management Board of the Company, and other legal entities and individuals.

PERSONNEL POLICY IMPLEMENTATION RESULTS

The key goals of the personnel and social policy of the Company (hereinafter referred to as the "Policy") are designed to ensure the achievement of the targets of the Strategy for the Development of the Electric Grid Complex; these goals are:

- planning the numbers of personnel required: ensuring the availability of reliable information about what personnel are currently needed and will be needed in the future, their characteristics, which is adequate to perform the tasks set for the branch;

- timely provision of the Company with the duly qualified personnel required;
- ensuring the efficiency of the personnel; growth of labor productivity.

These key goals of personnel and social policy are achieved through the implementation of a package of measures in various areas of activity and the achievement of established targets in the following areas:

- design of organizational structure;
- headcount management;
- staffing as required and adequate staff involvement;
- personnel performance management (staff motivation);
- social benefits and safeguard;
- ensuring the safety of personnel activities and labor culture.

In order to maintain a high level of social protection for the personnel of ROSSETI South, PJSC, provide safeguard and compensations to employees and minimize the number of morbidity among the Company's personnel in 2022, the following measures were taken and implemented:

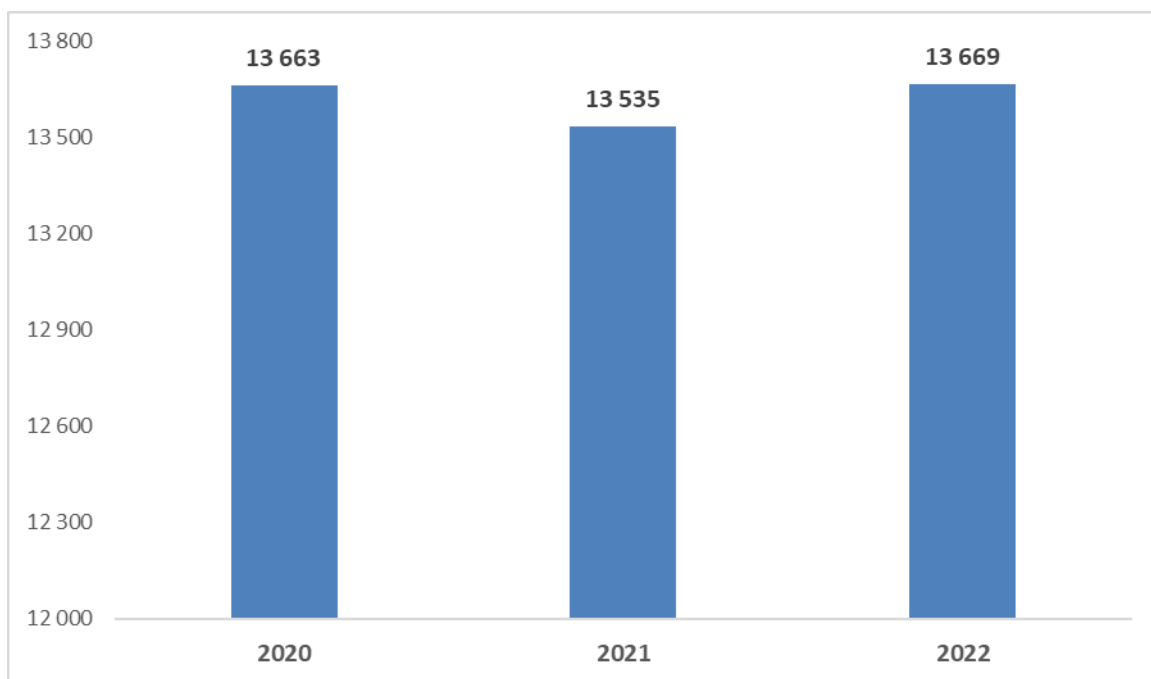
- conclusion of a Collective Agreement between the employer and employees of ROSSETI South, PJSC, for 2023-2025;
- remote training of the Company's employees, in terms of programs, for which the implementation of the remote format is possible;
- provision of one-time material assistance to employees of the Company, including long-service ones.

Number and structure of personnel

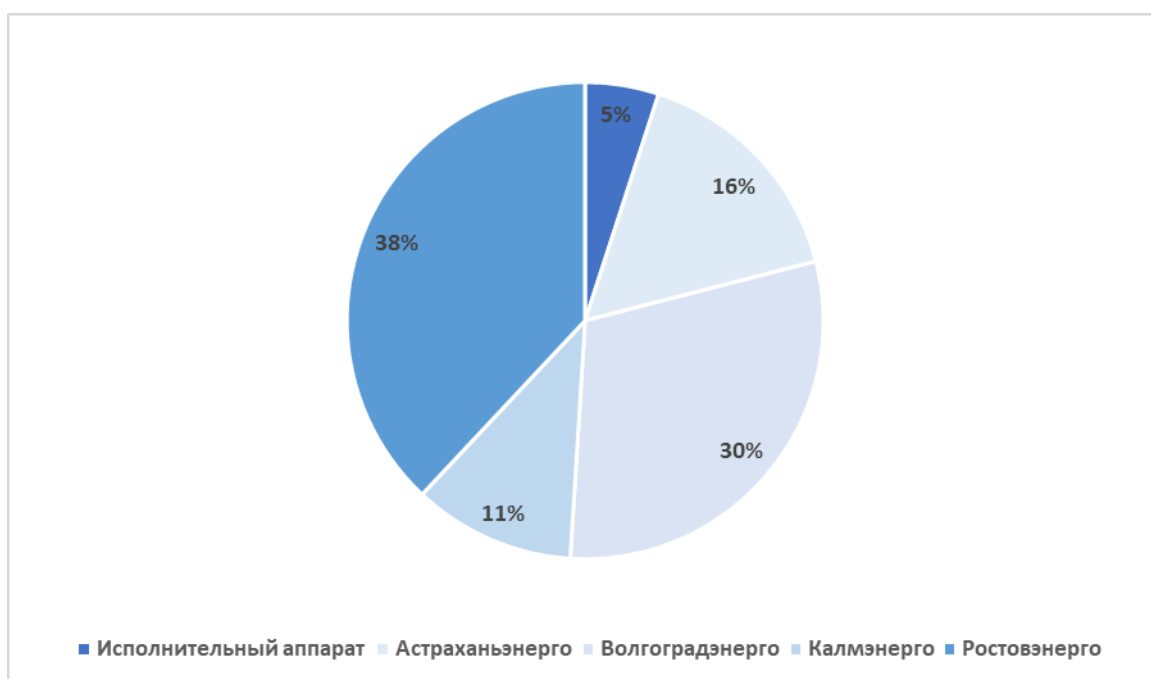
The average number of employees of ROSSETI South, PJSC for 2022 was 13,669 people, which is 1% higher than in 2021. The average headcount grew because of the following factors:

- increase in the number of Kalmenergo, the branch of ROSSETI South, PJSC, due to assignment of ROSSETI South, PJSC, the status of a last resort supplier in the area of the Republic of Kalmykia;
- an increase in the headcount of Rostovenergo, the branch of Rosseti South, PJSC, due to the consolidation of the electric grid property of YugStroyMontazh.
- hiring of production personnel for the areas of electrical networks.

Average headcount of ROSSETI South, PJSC, in dynamics for 2020-2022, people



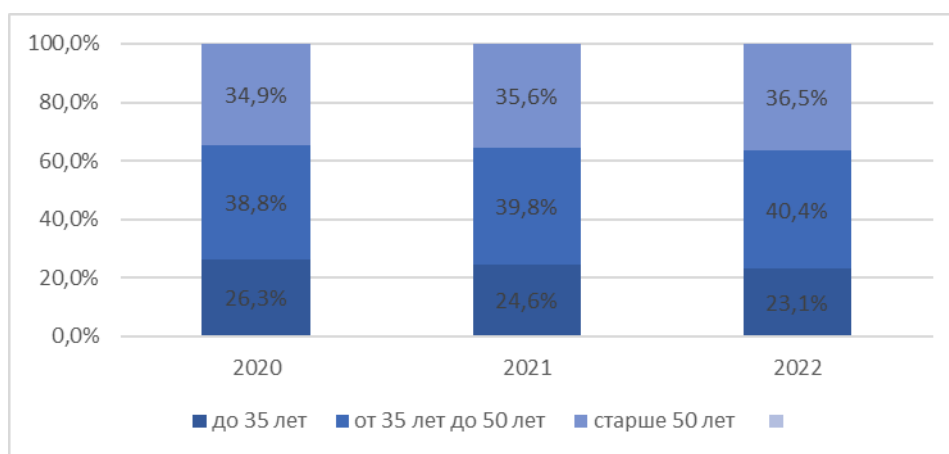
Distribution of the average headcount of ROSSETI South, PJSC, by branches in 2022, %



The staffing level of ROSSETI South PJSC in 2022 was 95.7%. The ROSSETI South, PJSC production staffing level for 2022 was 95.7%. The active turnover rate in 2022 was 6.3%. In 2022, 1,945 people were hired, including 1,672 people (86%) of production personnel and 33 people (1.7%) of auxiliary personnel.

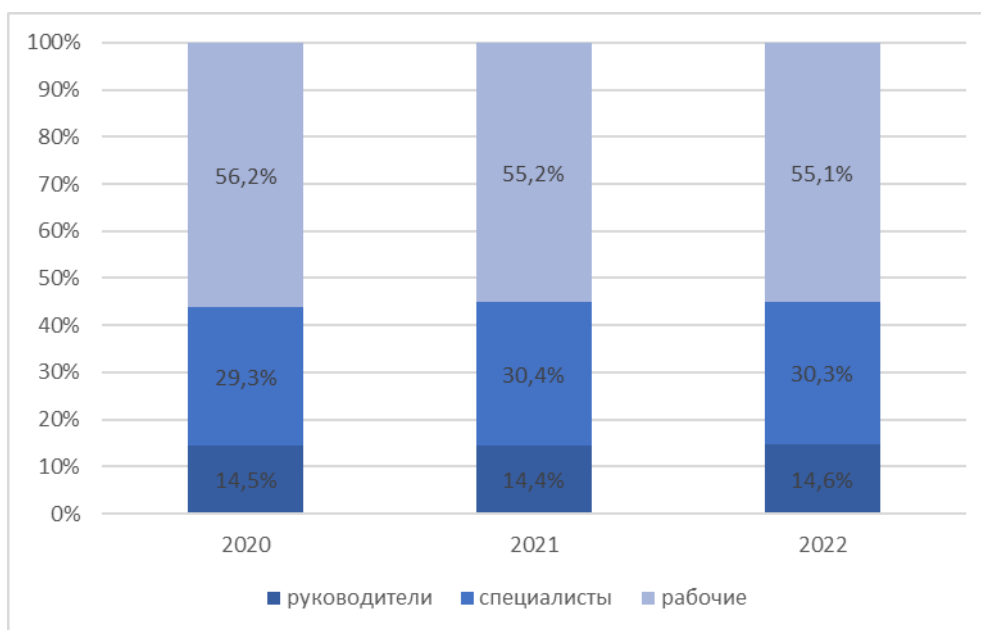
Most of them (63.5%) are employees of the Company who are of the most economically and socially active age, up to 50 years old. Thus, in ROSSETI South, PJSC, an optimal combination of young, enterprising employees and experienced highly professional employees is achieved to ensure the continuity of the transfer of professional knowledge and skills. A more detailed analysis showed that almost a quarter of the Company's employees did not reach the age of 35 (23.1%). The share of personnel in the age category of 35 to 50 years has increased by 1.6% over the past three years to amount to 40.4% in 2022, while the share of employees under 35 years old being decreasing (3.2%) and the share of workers over 50 years old being increasing to 1.6%. The average age of the Company's employees in 2022 was 43.8 years (44 years old in 2021).

Personnel structure by age of ROSSETI South, PJSC, in dynamics for 2020-2022, %



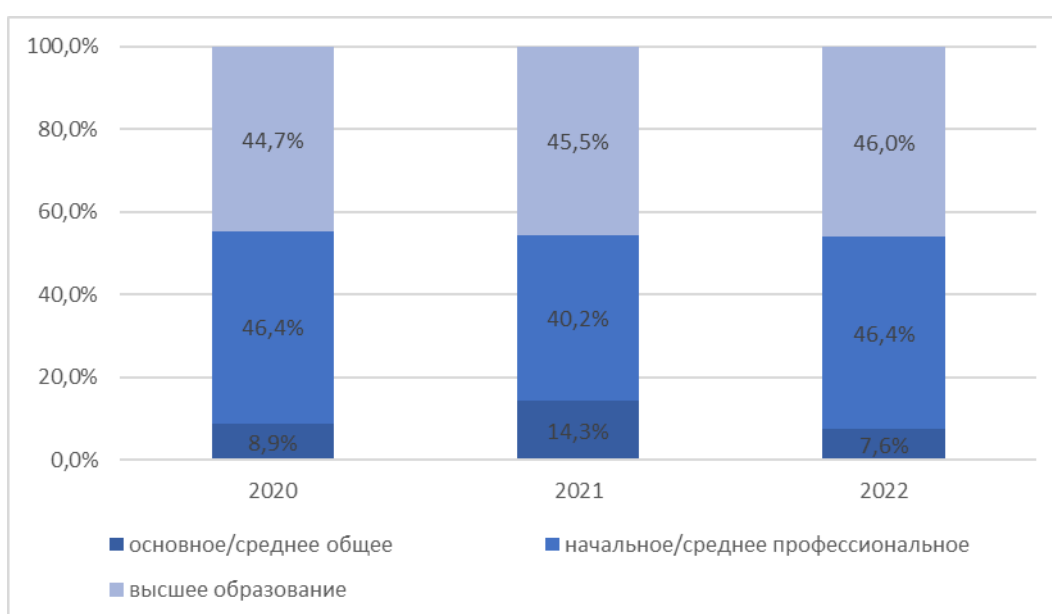
The structure of the Company's personnel by category is typical for companies in the power grid complex: the basis of the Company's personnel is workers (55.1%); managers account for 14.6%, and the share of specialists is 30.3%.

Personnel structure by categories in dynamics for 2020-2022, %



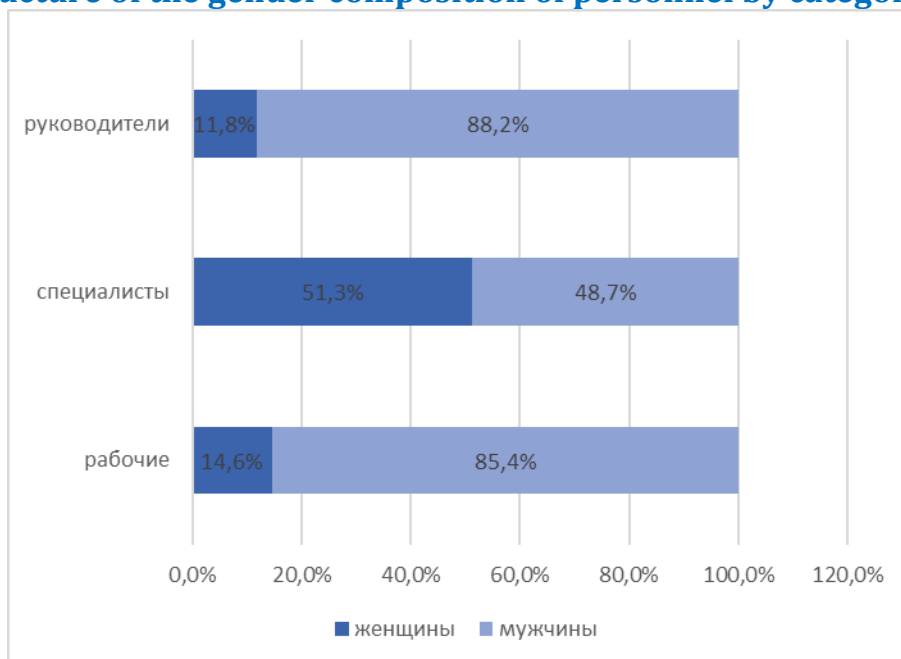
The staff of ROSSETI South, PJSC, is characterized by a fairly high level of qualification: 92.4% of employees who have professional education, 17 people are PhD For a high level of modern technologies in the field of electric power industry, the qualifications of the Company's personnel are required to be strengthened and developed. An analysis of the dynamics of the educational level of the Company's personnel shows that the share of employees without professional education is decreasing every year, while the number of employees with higher professional education is growing. Over the past three years, the share of personnel, who have no professional education, has decreased from 8.9% in 2020 to 7.6% in 2022 (a decrease by 1.3%) and the share of employees with higher education grew up by 1.3%

**Structure of personnel of
ROSSETI South, PJSC, by level of education, in dynamics for 2020-2022, %**



The gender composition of the Company's employees corresponds to the typical ratio of personnel for power grid companies. As of December 31, 2022, 75% of men worked in the Company and 25% of women; the analysis by categories is presented in the diagram for 2022:

The structure of the gender composition of personnel by categories in 2022, %



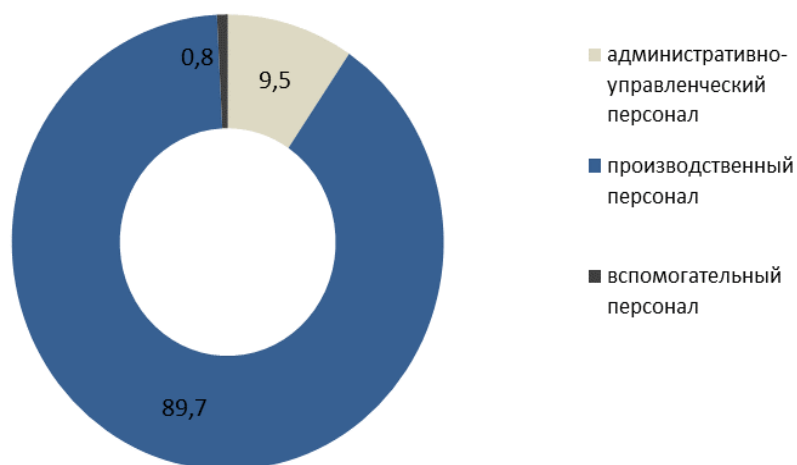
Personnel training and evolvment

Training is one of the priority areas of the Company's personnel policy; this is subject to the "Regulations on professional training, retraining and advanced training of the personnel of ROSSETI South, PJSC".

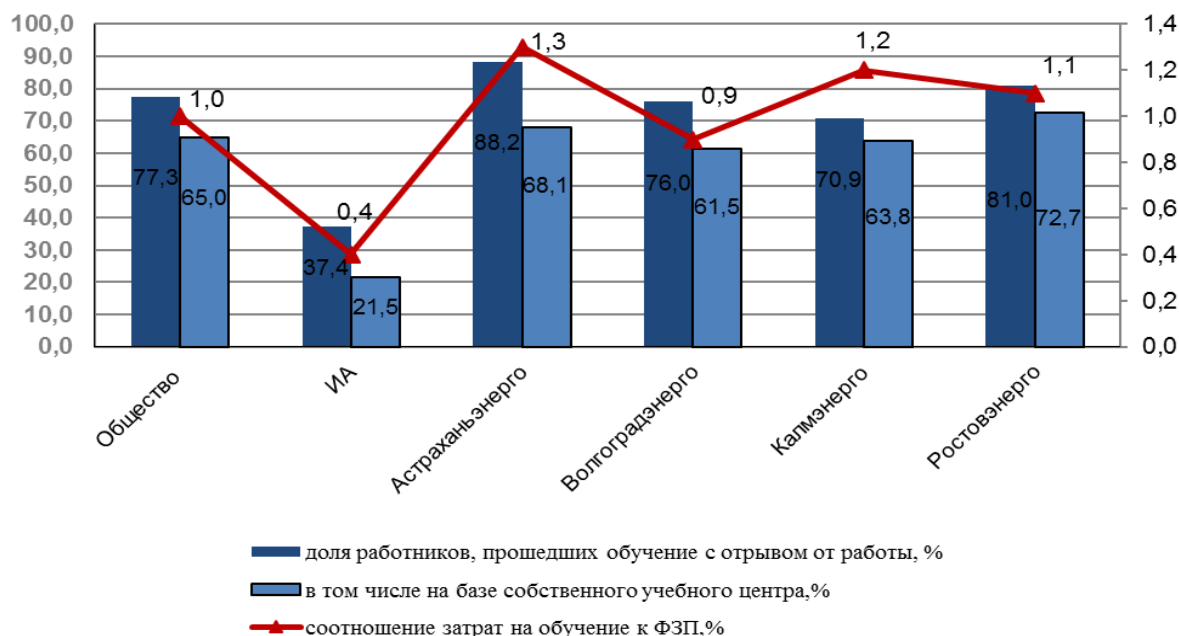
The percentage of employees who took part in off-the-job training in the reporting year relative to the average number of employees is 77.3% (10,565 people) (in 2021: 45.9% (6,211 people)).

The largest share of the trained refers to production personnel, 89.7% (9,475 people). This indicator in 2021 amounted to 91.6% (5,630 people).

Structure of personnel who participated in off-the-job training events by category, %



Share of employees who participated in off-the-job training events and the ratio of training costs to the payroll fund in the reporting year, %



The key needs for the training of the Company's personnel are provided by the corporate training center of the Private Institution of Additional Professional Education "Interregional Energy Institute of the South", on the basis of which 8,889 people underwent professional training, retraining and advanced training in 2022, which is 84.1% of the total number of trained (in 2021, 4,707 people were trained on the basis of the corporate training center (75.8% of the total number of trained specialists)).

The main share of those trained on the basis of the corporate training center is production personnel, 91.8% (8,161 people).

Information about the training center

Private Institution of Additional Professional Education "Interregional Energy Institute of the South" Rostov-on-Don
Scope of training in 2022: 456,378 people/hour Of these, 65% refers to the training of the Company's employees
Staffing: 65 fte
Number of involved teachers: 88 people.

Astrakhan branch Private Institution of Additional Professional Education "Interregional Energy Institute of the South" Astrakhan
Scope of training in 2022: 140,184 people/hour Of these, 50/41% refers to the training of the Company's employees
Staffing: 14 fte
Number of involved teachers: 23 people.



Training of staff in the own center has a number of advantages:

- corporate standards and forms of training;
- formation of approaches to training related to the strategic plans of the Company;
- prompt response and reformation of the educational process;
- the use of the company's training facilities;
- the qualifications of the personnel trained are as close as possible to the company's needs.

In the field of additional training of personnel the Company's partners are also educational organizations that have licenses to conduct educational activities in the areas of personnel training, which are necessary for the Company, namely, operational and process management; grid connection; tariff regulation; procurement; information technology; software; environmental safety; accounting; anti-corruption activities; etc.

Thanks to the training activities implemented in 2022, the Company managed to fulfill its mandatory training plans (training in the field of industrial safety, "Rules for labor protection when working at height", pre-certification training, "Slinger", "Aerial platform worker", "Aerial platform and hydraulic lift operator", "Controller of the technical condition of vehicles", etc.). Additional training of personnel in the areas of labor protection was carried out because the Resolution of the Government of the Russian Federation of December 24, 2021, No.2464. "On the procedure for training in labor protection and testing knowledge of labor protection requirements", entered into force.

In 2022, the training of crew members on "methods for performing work using the technology without de-energizing in electrical installations up to 1000 V" was continued (as part of the implementation of the Roadmap for the Implementation of the Technology for Performing Work under Voltage in Distribution Electric Grids with a Voltage of 0.4-20 kV of the Rosseti Group of Companies (letter of PJSC Rosseti dated July 27, 2020, No.MA/116/856)), as well as training in the above area for managers and specialists in charge of distribution networks.

In 2022, as part of the implementation of the "Zero Injury Rate" concept, the Rosseti Group of Companies continued to train internal trainers, and also began training employees to conduct audits of working teams under the program "Basics of Behavior Audit during Inspections of Working Teams (Behavioral Audit)".

Since 2022, employees of ROSSETI South, PJSC, have been participating in the training events of PJSC ROSSETI, Knowledge Days, in the videoconferencing format. The project is being implemented in order to promote the introduction of new standards, requirements, technologies in the Rosseti Group of Companies, to inform employees about planned changes in functional areas (order of PJSC Rosseti dated February 4, 2022, No.34r/55r). In 2022, 182 employees of the Company took part in the Knowledge Days.

Actual expenses for personnel training amounted to 86,049.32 thousand rubles, of which 68,775.21 thousand rubles (79.9%) were expenses for personnel training based on the corporate training center. In 2021, 60,334.1 thousand rubles were allocated for personnel training, of which 42,011.54 thousand rubles (69.6%) were spent on training at the corporate training center.

The ratio of actual costs for training personnel to the payroll fund in the reporting year was 1% (0.7% in 2021).

Work with the personnel pool of the Company

In order to meet the Company's demand for qualified personnel in a timely manner and create conditions for the fullest disclosure of employees' labor potential, ROSSETI South, PJSC, is working on an ongoing basis to form and evolve the personnel (managerial pool and young talents).

The managerial personnel pool was formed for the purpose of prompt and high-quality provision of the Company's demand for employees prepared to perform functions of leaders:

- senior managers;
- middle-level managers (from the level of a head of a department);
- managers and chief engineers of subdivisions, PDZ;
- operational managers.

The main criteria for including employees in the managerial personnel pool are:

- compliance with formal requirements (age, qualifications, work experience in certain positions);
- high professional qualification;
- high deliverables of production activity;
- availability of personal and managerial potential that is necessary for professional evolvment and career growth.

In 2022, the management talent pool included 750 of the most promising employees of the Company. At the end of the reporting period, 82.74% of managerial positions were provided with the personnel pool.

The youth talent pool is formed at the level of branches and the Company as a whole from among young specialists not older than 35 years old, with a high potential for development, motivated for professional and career growth in the Company. At the end of the reporting period, the number of the Company's youth talent pool amounted to 95 people.

The composition of the personnel pool is updated annually; Company's young talents are recruited additionally to replace those already appointed to higher positions and withdrawn from the personnel pool. Lists of the youth and managerial talent pool are approved by the Human Resources and Reimbursement Committee of the Board of Directors of ROSSETI South, PJSC.

At the end of 2022, an application campaign was initiated and selection events were carried out in order to replenish the managerial personnel pool at the level of branches and the Company's executive office, including selection on formal grounds, expert assessment of a head, the Assessment Center method.

Based on the results of the selection events, in which 348 candidates of the executive office and branches of the Company took part, 348 employees were recommended for inclusion in the updated personnel pool of the Company.

At the end of the reporting period, 86 employees from the management personnel pool (11.5% of the number of the Company's management personnel pool) were appointed to higher positions, of which 58 employees (7.7% of the Company's management personnel pool) were appointed to targeted positions.

Of the 463 appointments to management positions made in 2022 in the branches and executive office of the Company, 362 positions (77.8%) were staffed by candidates taken from inside the Company, including 144 employees (31.1%) from the management personnel pool.

Employees who are in the management and youth personnel reserves of the Company regularly take part in training programs, industry-wide all-Russian and regional conferences; thanks to these events, employees get acquainted with the best practices of electric grid companies, learn new technologies, and master more efficient working methods. Thus, in 2022, thematic trainings and training programs were organized for members of the managerial and youth talent pools of the Company's branches on the following topics:

- "Successful negotiations. Techniques to resist manipulation,
- "Top manager. Modern technologies in team management",
- "Risk-based thinking in the field of OSMS",
- "Model of behavior of a manager (leader) in the development of safety culture",
- "XI International School on Safety Culture "Safety Culture. Leadership for Safety",
- "Training of a trainer in "Zero Injury Rate",
- "Worldskills Supervisors Training School",
- "Psychological analysis of reasons for wrong actions of the staff".

In 2022, employees of ROSSETI South, PJSC, took part in the annual Best in Profession competition, including representatives of the talent pool, where they presented their research papers in 15 categories. Based on the results of the 2022 competition, 7 representatives of the Company's management personnel reserve were among the winners.

Youth policy of the Company

The Company's youth policy events are held with the aim of vocational guidance for schoolchildren, increasing the prestige of professions in the energy industry and identifying talented youth; these events are focused on consistent work with schoolchildren, students and young professionals.

Working with schoolchildren

In work with schoolchildren, educational activities and activities for early professional orientation are implemented.

Traditionally, the All-Russian Olympiad for schoolchildren of the Rosseti Group of Companies was held for the fifth time. The Olympiad was attended by 288 schoolchildren from the regions where the Company operates. The Olympiad has been held since 2018 among students of grades 9 and 10 in three subjects: physics, mathematics and computer science. The winners of the Olympiad took part in the Energy project shift at the All-Russian Children's Center "Orlyonok". There they were able to implement the most interesting projects with experienced mentors, lecturers from the country's leading energy universities. As a result of the project shift, the teams presented prototypes of design solutions, models, software products to the jury, which included the heads of the technical block of the Group's companies.

Every year, ROSSETI South, PJSC, holds an Open Day for schoolchildren and students to promote technical specialties among young people. During this event, participants can learn about the history of the industry and the energy system of the region, the specifics of the activities of various departments, and also visit the company's energy facilities.

In 2022, as part of the PJSC Rosseti's corporate championship of professional skills "Young Professionals", according to the methodology of the Agency for the Development of Professions and Skills, an engineering case championship was held for university students and pupils of grade 11 of secondary schools on the basis of Private Institution of Additional Professional Education "Interregional Energy Institute of the South". With the participation of mentors, who were employees of ROSSETI South, PJSC, and representatives of manufacturers of electric power equipment, the teams proposed a solution to the problem on electric power topics.

Within the framework of the All-Russian Festival "Together Brighter" on the basis of the camp "Children's homestead "Miracle creators" in Astrakhan, employees of

Astrakhanenergo, the branch of ROSSETI South, PJSC, together with representatives of the Astrakhan State University, held a vocational orientation lesson for schoolchildren in grades 6-8, where they demonstrated a photovoltaic installation and a Tesla coil.

Throughout the year, vocational guidance and electrical safety lessons were held at partner schools, children's camps, and quantoriums for middle and high school students.

Work with students

Work with students of profession-oriented specialties is aimed at providing the company with qualified specialists motivated to work in the energy industry. In 2022, work with students was focused on the following key areas:

1. Organization of industrial and undergraduate internships for students of specialized educational institutions in the company. In 2022, 724 students completed industrial and undergraduate practice in the company's subdivisions.

2. Organization of targeted training of specialists in the specialty "Electrical Power Engineering and Electrical Engineering" for further employment in the Company. 120 students from ROSSETI South PJSC study at partner universities under

target-oriented programs; 44 of them were admitted to study under target-oriented contracts in 2022.

3. The work of student labor squads at the Company's facilities. In the reporting year, during the summer working season, 120 students of profession-oriented specialties from 9 partner universities worked at the facilities of ROSSETI South, PJSC. During the summer working season, the students were trained on the topic: "Electrician for the operation of electric meters", and a knowledge test followed by the assignment of the 2nd and 3rd electrical safety groups. For the students, team building, training, sports events and a creative contest were organized. Based on the results of work in the summer working season, the best student labor squad of ROSSETI South, PJSC, was determined: it was "Impulse" of the Rostov State University of Railways of the Federal State Budgetary Educational Institution of Higher Education "Rostov State University of Railways"; its members became participants in events dedicated to the closing of the labor season of student labor squads of the Rosseti Group of Companies in Moscow.

Work with young professionals

Attracting young talents to the company, adaptation and development of young professionals is an important part of the company's youth policy. Young professionals take part in various forums, conferences and contests. To involve young people in the company's activities, work is being carried out with a youth personnel pool; a Council of Young Professionals has been created, which includes 100 specialists of the company; targeted involvement and social support programs are being implemented, the target audience of which is the company's youth.

In 2022, the Committee on Youth Policy of the Rostov Region created the Expert Council of the Working Youth of the South, which includes the Chairman of the Youth Council of ROSSETI South, PJSC. The Expert Council of the Working Youth of the South was formed to work on addressing youth policy problems in the region.

ROSSETI South's specialists act as experts in events for students and schoolchildren, including the qualifying stage of the International Engineering Championship for solving engineering cases among university students, and the regional stage of the All-Russian Competition of Scientific and Technological Projects "Big Challenges".

To implement the "Zero Injury Rate" concept, young specialists from ROSSETI South, PJSC, together with labor protection specialists, actively participate in the "Family Occupational Safety Days", where they tell children about electric current, its significance in our lives, as well as about its danger. They showcase the protective equipment, conduct master classes in first aid in case of electric shock on a simulator. New approaches to labor protection issues for young professionals were presented by the chairman of the Youth Council ROSSETI South, PJSC, at the plenary session "Life hacks in Labor Protection" within the framework of the VII All-Russian Week of Labor Protection-2022.

Young professionals from Volgogradenergo, the branch of ROSSETI South, PJSC, became participants in the All-Russian Festival of Energy Saving and Ecology #TogetherBrighter-2022. The festival program on the topic of energy saving included activities such as energy games with children (energy puzzles, energy safety riddles), intellectual thematic board games, quizzes and contests on energy saving, first aid training, Tesla Show. The participation of specialists was distinguished by the gratitude of the Committee for Industrial Policy, Trade and the Fuel and Energy Complex of the Volgograd Region and the Volgograd Energy Efficiency Center for their contribution to the organization and conduct of festival events.

When implementing the company's youth policy, much attention is paid to the patriotic education of young people and the traditions of succession. In the Company, a search squad "Energy of Victory" is organized; in the past season, young specialists went three times to conduct searches; in expeditions, the young specialists, together with other search squads, participated in the discovery and reburial of the remains of soldiers and civilians who died during the Great Patriotic War. The searchers found an identification disc and an army cooking pot, which helped to restore biographies of two killed soldiers, S.A. Berestenikov and V.E. Bulavin. The work of the squad was marked with a letter of thanks and commemorative medals of the Volgograd Regional Youth Public Organization "Search".

Indicators of personnel management

Indicators	UoM	Period			
		2020 actual	2021 actual	2022 actual	change 2022/2021, %
1	2	3	4	5	6
Average headcount	pers.	13663	13535	13669	101%
Distribution of the average headcount by branches for the reporting year	%	97.1	95.1	95.7	100.6%
Staffing level	%	97.2	95.1	95.7	100.6%
The level of staffing with production personnel	%				
Level of active staff turnover	%	4.2	6.7	6.3	94
Gender composition	%	m: 75.5 f: 24.5	m: 75.0 f: 25.0	m: 74.7 f: 25.3	m: 99.2 f: 101.2
Gender composition of managers	%	m: 88.8 f: 11.2	m: 88.4 f: 11.6	m: 88.2 f: 11.8	m: 99.7 f: 101.7
Gender composition of specialists	%	m: 49.1 f: 50.9	m: 49.0 f: 51.0	m: 48.7 f: 51.3	m: 99.3 f: 100.5
Gender composition of blue collars	%	m: 85.8 f: 14.2	m: 85.8 f: 14.2	m: 85.4 f: 14.6	m: 99.5 f: 102.8
Average age of employees	years	43	44	43.8	99.5
Age composition of personnel by groups: under 35 years old, from 35 years old to 50 years old and over 50 years old	%, %, %	younger than 35 years old: 26.3; 35 to 50 years old: 38.8; over 50 years old: 34.9	younger than 35 years old: 24.6; 35 to 50 years old: 39.8; over 50 years old: 35.6	younger than 35 years old: 23.1; 35 to 50 years old: 40.4; over 50 years old: 36.5	younger than 35 years old: -1.5; 35 to 50 years old: 0.6; over 50 years old: 0.9

Personnel structure by education: basic/secondary general, primary/secondary vocational, higher education	%, %, %	Basic/general secondary: 8.9; elementary/vocational secondary: 46.4; higher education: 44.7	Basic/general secondary: 14.3; elementary/vocational secondary: 40.2; higher education: 45.5	Basic/general secondary: 7.6; elementary/vocational secondary: 46.4; higher education: 46.0	Basic/general secondary: - 6.7; elementary/vocational secondary: 6.2; higher education: 0.5
The number of employees with academic degrees	pers.	17	16	17	106.2
The number of personnel pool	pers.	994	836	845	80
The share of managerial positions supported with the personnel pool	%	82.8	78.3	82.7	105.6
Percentage of senior positions staffed by internal candidates, including those from among members of the personnel pool	%	70.88	73.5	77.8	105.8
Total number of hired employees for the reporting period	thousand people	1.3	1.7	1.9	114
The number of employees who took part in off-the-job educational programs/ ratio to the average headcount	people, %	7648 56%	6211 45.9%	10565 77.3%	170.1
- including employees trained on the basis of own corporate training centers / ratio to the total number of those trained in an off-the-job manner	people, %	6174 80.7	4707 75.8	8889 84.1	188.8
The number of production personnel who completed off-the-job training, including the training on the basis of own corporate training centers	pers./pers.	7036 5891	5630 4443	9475 8161	168.3 183.7
Distribution of the number of employees who took part in off-the-job educational programs by categories (managers, specialists and other white collars, blue collars)	%, %, %	Manag.:20.3 Spec.:15.2 Blue collars:64.5	Manag.:24.9 Spec.:19.6 Blue collars:55.5	Manag.:44.4 Spec.:16.8 Blue collars:38.8	Manag.:303.6 Spec.:145.7 Blue collars:118.8
The number of employees who took part in educational programs implemented using distance learning methods	pers.	5444	3256	6280	192.9
The average number of training hours per employee by age and gender*	pers./hour	35.8 Men: 42.8 Women: 14.5 younger than 35: 51.8 35-50: 37.1 older than 50: 24.3	30.7 Men: 37.1 Women: 11.5 Younger than 35: 55.9 35-50: 31.8 Older than 50: 15.5	45.6 Men: 53 Women: 22.2 Younger than 35: 85.3 35-50: 42.2 Older than 50: 23.6	148.5 Men: 142.9 Women: 193.0 Younger than 35: 152.6 35-50: 132.7 Older than 50: 152.3
The number of personnel who have passed the assessment procedures / ratio to the average headcount, including within the framework of	pers./%,	2055 15%	3463 25.3%	2235 16.3%	64.5
- assessment of corporate and managerial competencies, including when hiring, transferring to a new position, selecting candidates to the personnel pool, etc.;		1383	2697	1432	53
- independent assessment of qualifications (based on CACs)		672	766	803	104
The number of employees who received state awards	pers.	0	1	0	0

The number of employees who received incentives from the President of the Russian Federation and incentives from the Government of the Russian Federation	pers.	0	2	1	50
The number of employees who received awards of the Ministry of Energy of Russia	pers.	95	68	67	98.5
Number of employees who received industry awards	pers.	134	119	90	75.6
The number of employees who received corporate awards	pers.	728	690	946	137.1
The number of schoolchildren who participated in profession-oriented projects of the Rosseti Group of Companies	pers.	190	240	280	116.6
The number of partner universities/ colleges in the regions where the Company operates	pcs/pcs	18	18	18	100
The number of students of universities/colleges, who undergo training under targeted training agreements with the Company	pers./pers.	109	105	121	115.2
The number of students of universities/colleges, who completed internships at the Company	pers./pers.	537	543	724	133.3
The number of graduates from universities/colleges, who were employed by the Company in the reporting year	pers./pers.	76	90	111	123.3
The number of young professionals who took part in competitions, forums, conferences at the corporate, regional or federal level	pers.	52	34	35	103

* The average number of training hours per employee is calculated from the average headcount

Social policy

The most important condition for the successful operation of ROSSETI South, PJSC, is the implementation of an effective social policy. Taking care of the health of employees, including long-service ones; organization of recreation and health improvement of employees' children; development of physical culture and sports; social benefits - these are the main positions of social responsibility.

The Company's social policy in 2022 was carried out on the basis of the Industry Tariff Agreement in the Electricity Industry of the Russian Federation for 2022-2024, the Collective Agreement of ROSSETI South, PJSC, internal regulations, rules, orders and other local regulations of ROSSETI PJSC and ROSSETI South, PJSC.

The collective agreement of ROSSETI South, PJSC, is the result of effective cooperation between the parties to the social partnership; it provides a unified approach to the formation of benefits, safeguards and compensations for the Company's employees. In April 2022, in Rostov-on-Don, the results of the municipal competition "Collective agreement as the basis of production efficiency and protection of social and labor rights of workers in 2022" were summed up. In the competition, ROSSETI South, PJSC, won 1st place among major employers in the region. Earlier, ROSSETI South, PJSC, was awarded the title of "Best Socially Oriented Employer in the Rostov Region".

In connection with the expiration of the ROSSETI South's Collective Agreement in 2022, the work of a two-sided commission was organized to conclude the ROSSETI South's Collective Agreement for a new term. Collective negotiations were held in a constructive dialogue mode, and it was agreed to increase a number of payments to current employees and retired long-service employees of the Company, as well as to maintain additional benefits, safeguards and compensations for mobilized workers

(called up for military service in connection with partial military mobilization). The new Collective Agreement of ROSSETI South, PJSC, came into effect on 01.01.2023 and will be valid until the end of 2025. During all this time, the parties to the social partnership will be negotiating on the further development of social and labor relations in the Company.

The amount of funds allocated to provide material assistance to employees

Name of branch	2022 (thousand rubles)
Astrakhanenergo	4,064.087
Volgogradenergo	5,157.616
Kalmenergo	2 925,384
Rostovenergo	5,415.482
Executive office	1,330.00
TOTAL for Rosseti South, PJSC	18 892,569

In ROSSETI South, PJSC, Regulations on the organization of recreation and health-improvement for employees, retired long-service employees of ROSSETI South, PJSC, and their families is in effect (Order of ROSSETI South, PJSC, dated 09.07.2020, No.385); in accordance with these Regulations, 974 employees and members of their families were sent to JSC "Recreation center "Energetik" for recreation and 862 children of employees were sent to children's health-improvement camps. In 2022, 108 workers, who are employed in jobs with harmful and (or) hazardous production factors, and pre-retirees were able to relax in resorts and recreation centers of the Krasnodar Territory and Caucasian Mineralnye Vody.

In 2022, ROSSETI South, PJSC, and the Department of Social Protection of the Population of the Leninsky District of the city of Rostov-on-Don signed an agreement on cooperation and recreation and health improvement for children in the city of Rostov-on-Don. Within the framework of this agreement, ROSSETI South, PJSC, was refunded the expenses for health-improving holidays for the employees' children in the amount of more than 5 mln rubles.

In order to make work in the Company more prestigious, attract and retain highly qualified specialists in the branches of the Company, ensure the competitive position of the Company in the labor market, Regulations on corporate support for employees of branches of IDGC of the South PJSC in improving living conditions are in effect in the Company (order of IDGC of the South PJSC dated August 31, 2017, No.646). Employees of electric grid districts and production departments in key electrical specialties, young professionals under the age of 35 (inclusive) have the priority right to receive corporate support in improving their living conditions. Beneficiaries of compensation for the costs of paying interest under a loan agreement (mortgage agreement) were electricians, power men, foremen, dispatchers of production departments of a branch. In total, more than 361 employees took advantage of this benefit for a total amount of 18,816 thousand rubles.

The priority area of work is stable social and labor relations in the collective; the achievement of this goal is facilitated by effective cooperation with trade union organizations. Compliance with interests of the parties to the social partnership, the

ensuring and maintaining social stability leads to an increase in labor productivity and makes the Company more competitive.

As part of the work of the parties to the social partnership, agreements were reached in 2022 to conduct joint work on a regular basis aimed at improving labor safety and conditions at workplaces. Based on the results of the meetings of representatives of the primary trade union organizations and representatives of the employer, issues were discussed and joint decisions were elaborated with regard to:

- agreements on labor protection in the branches of the Company;
- ensuring sanitary and amenity conditions of work;
- special clothing for workers;
- operation of medical centers;
- payment for the time spent to pass medical examination, etc.

Development of corporate culture and sports

In accordance with the Collective Agreement, the Company finances the costs of mass cultural and health-improving work, which is carried out jointly with the primary trade union organizations. For 2022, more than 46.4 mln rubles were transferred for these activities, or 0.3% of the payroll fund. All activities were carried out on the basis of work plans approved together with primary trade union organizations for 2022.

ROSSETI South, PJSC, pays special attention to retired long-service employees of the Company's electric power industry. The Company has 3,145 power industry retired long-service employees and 41 veterans of the Great Patriotic War. The activity of veteran organizations is based on plans harmonized with the Coordinating Council of Veterans of the Company and is performed in close cooperation with the Human Resources Department of ROSSETI South, PJSC, Councils of Young Professionals of the Company, the Coordinating Council of Veterans under the Government of the Rostov Region, the Committee for Youth Policy of the Rostov Region, the CAD of the Rostov Region "Center for Patriotic Education of Youth", veteran organizations of cities and regions, search squads, the command of the Southern Military District.

The Company constantly monitors the health status of veterans and their living conditions; visiting veterans at home; congratulatory letters and gifts dedicated to holidays and memorable dates are handed out; assistance is provided to veterans in the purchase of food. In 2022, material support was provided to retired long-service employees and war veterans in the amount of 6.1 mln rubles, which were used as material assistance on Victory Day, Power Engineers Day and upon applications due to difficult life situations. In 2022, 30 veterans of the Company were provided gratis with travel vouchers for recreation and health improvement in the health resort named after M.V. Frunze in Sochi; 100 veterans of the Company were provided with preferential vouchers to the Energetik recreation center for summertime. During 2022, with the assistance of the Council of Veterans of the Company, joint trips of veterans of the Company and representatives of the Youth Council on excursion trips were arranged. A contest of New Year handcrafted items was held for Power Engineers' Day, in which over thirty Company's veterans took part. All participants received memorable prizes.

In 2022, the following events were held in ROSSETI South, PJSC:

1. The ROSSETI South, PJSC team took part in sports events initiated by the Ministry of Energy of the Russian Federation (Vmarafone project, which includes online training and running (walking) and cycling competitions among fuel and energy complex employees, as well as online chess tournament).

2. An event dedicated to the celebration of the 79th anniversary of the Victory in the Battle of Stalingrad. In Volgogradenergo, the branch of ROSSETI South, PJSC, flowers and gifts were purchased and presented to veterans of the power industry who have a "Children of Stalingrad" certificate, as well as to participants in the Battle of Stalingrad. The event of laying of a garland and flowers to the Eternal Flame by employees and managers of the branch was organized.

3. In 2022, ROSSETI South, PJSC, hosted corporate events dedicated to the celebration of Defender of the Fatherland Day and International Women's Day (March 8). Solemn congratulations for men were organized in the branches of the Company and in the headquarters of ROSSETI South, PJSC. On the eve of the celebration of International Women's Day on March 8, festive events were held. Men of ROSSETI South, PJSC, congratulated women on the upcoming holiday. Events were held in a touching atmosphere, with good mood, decorated with women's smiles and spring flowers.

4. The annual competition "Rosseti: children are drawing!" was held. Children of ROSSETI South's employees actively participated in the competition, and winners were awarded diplomas and memorable gifts.

5. The Company hosted events dedicated to the International Children's Day. Gift certificates were presented to the children of employees of the headquarters and Astrakhanenergo and Rostovenergo.

6. In May 2022, the Open Spartakiad of ROSSETI South's Power Engineers was organized. Teams from the branches of ROSSETI South, PJSC, and PJSC Rosseti Kuban took part in the Spartakiad. Competitions were held in 7 sports, namely: futsal, volleyball, ping pong, chess, swimming, weights. The participants of the Spartakiad passed the criteria of the physical training standard "Ready for Labor and Defense".

7. In July 2022, the ROSSETI South's futsal team took part in the Rosseti Group's corporate futsal tournament in Moscow.

8. In November 2022, a creative competition was organized for the children of employees of ROSSETI South, "Energy of Talents". The competition was held in several stages in two categories: vocal and choreography. At the end of the competition, the children were awarded diplomas and memorable prizes.

9. In order to develop corporate culture, involve children of employees of ROSSETI South to popularize the professions of the energy industry, as well as in connection with the celebration of the Power Engineer's Day in 2022, children's drawing competitions "Children Draw Energy", "Seasons" and a competition for children New Year's handcrafted items "New Year's fantasies" were arranged.

10. Solemn events dedicated to the professional holiday Power Engineer Day and the New Year were organized for the Company's employees.

11. In all branches of ROSSETI South, PJSC, New Year's performances were held for employees' children, and visits to New Year's performances were arranged, where congratulations were organized for children the winners of the Children's Drawing Contest and New Year's Handcrafted Items Contest. All children received New Year's gifts in the form of a toy symbol of the coming year and a package with all kinds of sweets.

OCCUPATIONAL SAFETY

Occupational safety and Production Culture are the priority number 1!

Employees are the most important value of the Company and the key to its success; therefore, the occupational safety is granted the closest attention in ROSSETI South, PJSC.

The main goal of the Company in the field of occupational safety is to ensure labor safety and protect the health of employees by preventing accidents and occupational diseases at work, as well as raising the level of safety culture.

The Company's management recognizes the unconditional priority of preserving the life and health of employees in relation to the results of production activities, which is why the management takes comprehensive measures to implement the Company's Policy in the field of occupational safety, including on the basis of ensuring high efficiency of professional activity, maintaining the efficiency and health of personnel. It is no coincidence that the work in the field of occupational safety, which is carried out by the Company's management at different levels, is considered one of the indicators of the competence of managers and the ability to carry out the managerial functions assigned to them.

Occupational safety is managed in accordance with the legislation of the Russian Federation, the main document of which is the Labor Code (dated December 30, 2001, No.197-FZ), industry-wide and local regulations.

Management in the field of industrial safety in the Company is determined by the requirements of the legislation of the Russian Federation and the current regulatory legal acts in the field of industrial safety:

- the policy and main areas of activities, legal, economic and social basics for ensuring the safe operation of hazardous production facilities are determined by the Federal Law of June 21, 1997, No.116-FZ, "On Industrial Safety of Hazardous Production Facilities (HPF)";

- the procedure for organizing and exercising production control over compliance with industrial safety requirements is established by the "Rules for the implementation of production control over compliance with industrial safety requirements at hazardous production facilities", approved by Resolution of the Government of the Russian Federation dated December 18, 2020, No.2168.

The Occupational Safety Management System (hereinafter, the OSMS) at ROSSETI South PJSC shall be created and operate in accordance with state regulatory requirements for occupational safety and labor protection, obligations assumed for occupational safety and on the basis of international, interstate and national standards, guidelines, and best applicable labor protection practices.

In ROSSETI South, PJSC, Regulations on the Occupational Safety and Health Management System are in effect (hereinafter referred to as the "Regulations"). The Regulations establish the main elements and procedures of the OSMS and determine the procedure for the functioning of the OSMS.

The OSMS extends its effect to the activities of all structural subdivisions of ROSSETI South, PJSC, as well as to the activities of contractors and suppliers that perform work at the Company's power grid facilities.

Risk assessment is an important tool for timely and systematic identification of hazards and risks, as well as for taking preventive measures.

An appropriate procedure is established to identify (detect) hazards and assess the levels of occupational risks in the workplace.

The procedure for identifying hazards and assessing occupational risk levels establishes a unified procedure for organizing and implementing the following measures to prevent occupational hazards:

- detection (identification) of hazards at workplaces in structural subdivisions with existing control measures;
- assessment of the levels of occupational risks originated from each identified hazard;
- assessment of the acceptability (admissibility) of the assessed levels of occupational risks;
- analysis and assessment of the sufficiency of existing measures to manage and control the levels of professional risks.

These activities are carried out in accordance with the safety requirements contained in the regulations that are applicable to the activities of the Company, as well as taking into account the composition, design, location of the equipment, organization of work, access to the workplace, situations, incidents.

The results of assessing the levels of occupational risks and risk management measures are reviewed depending on the result of the analysis of the status of the control measures being implemented and other factors (accidents, an increase in accidents and occupational diseases, the presence of instructions from supervisory authorities, etc.), which indicate that the adopted (existing) risk management measures were not adequate.

In the Company, work-related accidents and occupational diseases, as well as other cases of injury at work, are subject to investigation and registration.

Investigation of the causes of accidents, occupational diseases and other cases of injury is aimed at preventing the deterioration of health and safety of workers, as well as identifying deficiencies in the functioning of the OHSMS.

Measures to investigate and record accidents and occupational diseases include:

- organization of informing about accidents and occupational diseases to the competent authorities and entities;
- organization and maintenance of proper and timely investigation of an accident and occupational disease, documentation of investigation materials in accordance with legal requirements.

Professionally competent and skilled workers are a major resource for the creation and effective functioning of the OSMS.

To ensure that employees have the professional competence necessary to safely perform their assigned work, the Company continuously conducts occupational safety training (hereinafter referred to as "OST") in accordance with the requirements of the Rules for Occupational Safety Training and Occupational Safety Knowledge Testing approved by Resolution No.2464 of the Government of the Russian Federation dated December 24, 2021.

Activities for the training of employees in occupational safety include the organization and conduct of the following:

- briefings on occupational safety, when applying for a job and in the course of labor activity;
- on-the-job training;
- training and testing knowledge on occupational safety, safe methods and techniques for the work performance;
- training in the use (application) of personal protective equipment;
- training on how to free a victim from the effects of electric current, and on first aid techniques.

To improve the effectiveness of Occupational Safety (OS) training for employees, OS rules and instructions, as well as other materials that are necessary for the safe performance of work are available in the structural subdivisions.

Special assessment of working conditions is a single set of measures that are carried out consistently and concern identification of harmful and/or hazardous factors of the production environment and labor process and assessment of the level of their impact on an employee with account for deviations of their actual values from the standards (hygienic standards) of working conditions and application of personal and collective protective equipment of employees, which are established by a federal executive body authorized by the Government of the Russian Federation.

At the end of 2022, a special assessment of working conditions was carried out at 13,434 workplaces, which makes up 100% of the total.

To protect against the effects of harmful and (or) hazardous factors of the working environment and (or) pollution, as well as at work performed in special temperature conditions, employees are granted, free of charge, personal protective equipment and detergents that have passed conformity assessment in accordance with the procedure established by the legislation of the Russian Federation on technical regulation.

The staff of ROSSETI South, PJSC, is provided with overalls and footwear in full (100%). In 2022, the total cost of providing overalls and footwear amounted to 242,185.54 thousand rubles vs. the plan of 240,362.57 thousand rubles.

In accordance with the Procedure for conducting mandatory preliminary and periodic medical examinations of employees, provided for by Part Four of Article 213 of the Labor Code of the Russian Federation, approved by order of the Ministry of Health of the Russian Federation dated January 28, 2021 No. 29n, "On approval of the Procedure for conducting mandatory preliminary and periodic medical examinations of employees, provided for by Part Four of Article 213 of the Labor Code of the Russian Federation, a list of medical contraindications for work with harmful and (or) dangerous production factors, as well as work in the performance of which mandatory preliminary and periodic medical examinations", ROSSETI South, PJSC, organized medical examinations once every two years for employees whose workplaces have been found to contain harmful and/or dangerous production factors; and annually for persons cleared to work at height and drivers of vehicles.

In 2022, the cost of conducting the periodic medical examination of 7,901 employees (including 4,360 employed in jobs with harmful working conditions) amounted to 12,504.67 thousand rubles.

In accordance with the requirements of Article 2 of Federal Law No. 116-FZ dated 21.07.1997, "On industrial safety of hazardous production facilities", ROSSETI South, PJSC, operates 127 hazardous production facilities registered in the Unified State Register of Hazardous Production Facilities by the North Caucasus Department of the Federal Service on environmental, technological and nuclear supervision dated October 15, 2020 (registration certificate No.A29-05010).

Facilities are identified by features as follows:

2.1 "Receipt, use, processing, formation, storage, transportation, destruction of hazardous substances", provided for in clause 1 of Appendix 1 to the Federal Law of July 21, 1997, No.116-FZ, "On Industrial Safety of Hazardous Production Facilities", in the quantities specified in Appendix 2 to this federal law. The facilities were assigned the III hazard class, which means a hazardous production facility of medium hazard;

2.3 "Use of permanently installed lifting equipment (except elevators, elevating platforms for disabled persons), escalators in subways, cable cars, funiculars", provided by clause 3 of Appendix 1 to the Federal Law dated July 21, 1997, No. 116-FZ, "On Industrial Safety of Hazardous Production Facilities". The facilities were assigned the IV hazard class, which means a hazardous production facility of low hazard.

A total of 455 technical devices (truck cranes, hoists (towers), gas distribution networks, and gantry cranes) are in operation at ROSSETI South's hazardous production facilities.

Measures to ensure industrial safety requirements for 2022:

– Technical inspections, industrial safety reviews of specifications used at hazardous production facilities.

In accordance with clause 165 of the Safety Rules for Hazardous Production Facilities Using Lifting Structures approved by Order No.461 of the Federal Environmental, Industrial and Nuclear Supervision Service dated November 26, 2020, Article 13 of the Federal Law No.116-FZ dated July 21, 1997, "On Industrial

Safety of Hazardous Production Facilities”, schedules for full and partial survey of technical devices and schedules for industrial safety review, 565 technical examinations and 312 industrial safety reviews of technical devices used at hazardous production facilities were carried out.

- Insurance of hazardous production facilities.

The risk of civil liability of owners of hazardous facilities for causing harm as a result of an accident at a hazardous facility in accordance with Federal Law No.225-FZ of July 27, 2010, “On compulsory insurance of civil liability of the owner of a hazardous facility for causing harm as a result of an accident at a hazardous facility”, is insured from 20.02.2022 to 19.02.2023 by Gas Industry Insurance Company JSC (SOGAZ JSC) under contract dated 18.01.2022, No.2/61002201000007.

- Training and certification of workers in the field of industrial safety.

Employees are trained and certified in the field of industrial safety in accordance with Resolution of the Government of the Russian Federation of October 25, 2019, No.1365, "On training and certification in the field of industrial safety, on the safety of hydraulic structures, safety in the electric power industry".

362 people received additional professional education (training) and pre-certification training in the field of industrial safety. 294 people were certified in the field of industrial safety (passed primary and periodic certification).

- Conduct of inspections as part of the production control over compliance with industrial safety requirements.

497 inspections were carried out as part of the production control over compliance with industrial safety requirements, in accordance with the Regulations on production control over compliance with industrial safety requirements at hazardous production facilities of Rosseti South PJSC, approved by Order of Rosseti South, PJSC, dated August 12, 2021, No.478. 492 instruction acts were issued. 2108 violations were revealed, 2108 measures were instructed to be taken. The activities were carried out in accordance with the established deadlines.

No accidents and incidents that occurred at the hazardous production facilities of ROSSETI South, PJSC, have been recorded.

Industrial injuries and occupational diseases

By order of ROSSETI South, PJSC, dated September 27, 2018, No. 678, the Company put into effect the Policy of the Rosseti Group of Companies, which was approved by order of PJSC Rosseti dated August 30, 2018, No.143.

The Policy defines the following key principles and:

- - ensures the safety and health of workers by preventing work-related injuries, deceases, illness and incidents;
- recognizes and ensures the priority of life and health of workers in the course of their labor activity in relation to the results of production activities;
- ensures that the working conditions at workplaces comply with labor protection requirements;
- ensures that the requirements of regulatory legal acts containing state requirements for labor protection, labor protection programs, as well as collective agreements for labor protection and any other requirements voluntarily accepted for execution are met;
- manages professional risks;

- ensures that workers and their representatives are consulted and actively involved in all elements of the OSMS;
- provides organization and improvement of implementation of measures aimed at preventing accidents, incidents and emergencies at facilities, preventing deterioration in the health of workers;
- contributes to continuous improvement of the functioning of the OSMS;
- promotes the use of advanced domestic and foreign experience in the management of occupational safety and ensures the safety of workers in the process of production activities.

In 2022, ROSSETI South, PJSC, continued to implement the concept of "Zero Injury Rate", which is one of vectors of corporate development of the safety culture.

In the course of implementing this concept in 2022, the following significant activities were conducted:

- transition was made from unannounced inspections of working teams to monitoring workers, and relevant documents were issued;
- training sessions in the PDZ and collectives were held by trained coaches of the zero injury rate policy in accordance with the schedule;
- the third group of coaches of the zero injury rate policy was trained and certified according to the program lasting 256 hours;
- transition was made from evaluating the effectiveness of work on occupational safety in PS, PDZ based solely on the number of violations detected and the number of crews suspended from work; evaluation is carried out according to positive and constructive criteria;
- socially-oriented projects were implemented, such as "Family Day of Occupational Safety" and the contest of video clips "Children about energy and electrical safety";
- meetings were held with leaders of change, coaches of zero injury rate policy, strategic sessions with the heads of PS and PDZ in the branches and JSC "VMES";
- a series of video instructions was filmed for workers on the correct use of protective equipment with smartphone recognition.

These activities were carried out by employees of occupational safety departments together with employees of departments of the personnel management unit, which ensured a high level of training activities.

The activities were completed, which were included in the ROSSETI South's Comprehensive Program for the reduction of risks of personnel injuries and development of the zero injury rate concept for 2022 and approved by the order of the Company dated 10.01.2022, No.1.

In order to control the state of working conditions, means of protection, provision of personnel with special clothing, footwear, the sanitary and living conditions, the Labor Protection Day was held monthly in all branches of the Company; employees of the technical unit of the executive office of the Company took an active part in the work of the commissions for the implementation of these events (in accordance with the approved Schedule)

The risks of personnel getting under voltage (exposure to electric current and electric arc), road accidents, falls from a height are the main risks of occupational injuries in the Company.

In 2022, an electrician of the Ketchenerovsky PDZ of Kalmenergo, the branch of ROSSETI South, PJSC, was seriously injured in an accident. The accident occurred due to negligence of the victim at a height after he climbed onto a tower.

The accident was investigated, and the circumstances of the accident were brought to the attention of the labor collective, and a set of preventive measures was taken:

- practical drills were held at training grounds, where skills in the use of protective equipment at height were worked out, and manufacturers were involved in the training process;

- technical training was carried out to identify tower defects that are prohibitive for climbing the tower;

- 0.4-10 kV overhead lines were inspected out of schedule to check if the information is indicated in full in the lists of towers, which are prohibited to climb on. Based on the results of the inspections, the lists were revised and presented to the employees who are in charge for organizing and performing work on 0.4-10 kV overhead lines;

- out-of-schedule briefings were held for employees who organize and perform work at height.

In the period 2020-2022, no cases of occupational diseases were recorded in ROSSETI South, PJSC.

Indicators	Unit of measurement	Period			
		2020 actual	2021 actual	2022 actual	change 2022/2021, % ¹¹
1	2	3	4	5	6
Fire safety and occupational safety					
Occupational safety costs	mln rub.	235,746	260,839	335,467	128.6
Number of fires	pcs	2	4	2	-50
Indicators in terms of labor protection management					
<i>Accidents at work</i>					
For employees:					
The number of fatalities due to accidents at work, the number of accidents at work with a fatal outcome	pers./pcs	0	0	0	0
The number of severely injured due to industrial accidents, the number of industrial accidents with severely injured victims	pers./pcs	0	0	1/1	100
For persons who are not employees, but whose work and (or) workplace is controlled by the Company:					
The number of fatalities due to accidents at work, the number of accidents at work with a fatal outcome	pers./pcs	0	0	0	0
The number of severely injured due to industrial accidents, the number of industrial accidents with severely injured victims	pers./pcs	0	0	0	0
<i>Occupational diseases and work associated with high danger</i>					
For employees:					

¹¹ In the event of a significant deviation between the indicators for 2022 and 2021, a rationale for the reasons for the said deviation should be included in the relevant section of the Report.

The number of occupational diseases that caused the death of an employee in the reporting year	pcs	0	0	0	0
The number of employees recognized as disabled due to an occupational disease in the reporting year	pers.	0	0	0	0
The number of persons with an occupational disease recorded in the reporting period	pers.	0	0	0	0

ENVIRONMENTAL PROTECTION

In the reporting period, the Company's main environmental protection and conservation objectives were implemented as part of the electric grid sector's environmental policy in accordance with the 2022 Program for Implementing the Environmental Policy of ROSSETI South, PJSC. The Program defines the goals of ensuring compliance with environmental protection laws of the Russian Federation and specifies the objectives of reducing the negative impact on the environment. Activities within the framework of environmental security are aimed at protecting the air basin, water, land resources, wildlife.

The Company annually conducts audits for compliance of the Company's activities with the requirements of the international standard ISO 14001:2015. In November 2022, the audit team concluded that the Company had maintained its management system in accordance with the requirements of the standard and demonstrated the ability to systematically achieve approved service requirements within the scope of the system, the organization's environmental policies, and its objectives.

Environmental Policy

The following goals were identified as the main objectives in the implementation of the electric grid sector's Environmental Policy in 2022:

- implementation of the Schedule for the decommissioning of PCB-containing equipment and its disposal for destruction by ROSSETI South, PJSC, for 2018-2024, 100%;
- ensuring the implementation of the activities of the Program for the Implementation of the Environmental Policy of ROSSETI South, PJSC, by 100%, including
 - conservation of biodiversity, including the implementation of measures to prevent the decline in the number of birds listed in the Red Book of Russia;
 - continuous improvement of the environmental management system in order to amend the environmental performance of the Rosseti Group of Companies.

Results in the field of environmental protection

In accordance with the Federal Law, "On Environmental Protection", all production sites of ROSSETI South, PJSC, which produce a negative impact on the environment, are registered with state authorities. A total of 137 facilities were registered: 119 facilities of III category, 18 facilities of IV category.

In 2022, ROSSETI South, PJSC, had 17 licenses for the right to use subsoil for the purpose of extracting groundwater: 5 licenses in Volgogradenergo and 12 in Rostovenergo. In 2022, a groundwater quality assessment was carried out

(observation of groundwater levels and temperatures, water consumption records, sampling for bacteriological and chemical analysis, and determination of physical properties of water) in order to protect and rationally use water resources under the license agreements.

The Company has organized regular control over the separate accumulation of municipal and industrial waste (waste tires, transformers, batteries, mercury-containing lamps, oils, scrap metal, etc.) and their timely transfer to specialized organizations for decontamination, recycling, disposal, in order to protect and rationally use land. In 2022, 459 units of waste equipment containing extremely hazardous pollutants (condensers with trichlorodiphenyl) were taken out of service, including (by branches) 75 units in Volgogradenergo, 282 units in Kalmenergo, 102 units in Rostovenergo.

In 2022, all production sites of the branches of ROSSETI South, PJSC, were provided with permits in the field of atmospheric air protection and waste management. With the expiration of permits for the structural subdivisions of the branches, development of standards for permissible emissions of harmful substances into the air is advancing. In 2022, the Company involved certified laboratories to control the amount of pollutants emitted into the atmosphere in accordance with the schedules. No violations of the rated indicators were detected.

In 2022, in order to retrain and improve the skills of employees, 144 people were trained under advanced training programs for managers and specialists in the field of environmental protection and environmental safety and, specifically, environmental safety of power grid enterprises, and persons were trained, who were cleared to the collection, transportation, processing, disposal, neutralization, disposal of waste of I-IV hazard classes.

In November 2022, in the executive office and branch of Rostovenergo, under an agreement with SGS Vostok Limited JSC, a re-certification audit was carried out for compliance with the requirements of the international standard ISO 14001:2015. The audit team concluded that the company maintained the management system in accordance with the requirements of the standard and demonstrated that it was able to systematically achieve agreed product or service requirements within the scope of the system, its Policy and objectives.

Applying advanced technologies and solutions in the field of environmental protection

In order to increase the level of environmental safety in 2022, the following activities were performed:

- replacement of oil circuit breakers with vacuum circuit breakers (51 pcs);
- replacement of oil-filled bushings with solid-insulation bushings (59 pcs);
- the transfer of waste of I-IV hazard class to specialized organizations was organized for the purpose of further disposal and waste management;
- analytical control of emissions of pollutants into the atmosphere from stationary sources; instrumental measurements were carried out with the involvement of certified laboratories;

- equipping overhead transmission lines of 0.4 kV and above with bird protection devices (5,704 pcs);
- construction/reconstruction of overhead lines using self-supporting insulated wires (0.455 thousand km).

Using new technologies to protect the environment

		2020	2021	2022
Vacuum circuit breakers 35 kV	pcs	92	129	138
Vacuum circuit breakers 3-20 kV	pcs	5,655	5,926	5977
ABC on overhead lines	km	143	225	455

Environmental protection expenses

ROSSETI South, PJSC, funds environmental protection activities. In 2022, operating expenses amounted to 33,690.14 thousand rubles.

Expenses and investments for environmental protection

	2020	2021	2022
Total environmental protection costs by types of costs, mln rub.:	25.08	28.40	33.69
current expenses, mln rub.:			
including protection of water resources	5.01	5.41	7.14
for the protection of atmospheric air	2.93	5.61	5.60
for environmental protection against waste	11.33	11.22	14.19
for land reclamation	-	-	-

Environmental indicators

Indicators	Unit of measurement	Period			
		2020 actual	2021 actual	2022 actual	change 2022/2021, % ¹²
Gross emissions of pollutants into the atmosphere, total	tons	100,973	100,483	50,058	-50,208
Volume of water consumption	m ³	-	209,190	222,602	-6,411
Waste generated	tons	-	5 991,339	7,172.023	-19.707
Waste transferred for recycling and neutralization	tons	2,196.54	3,994.56	4,625.968	+15.807
Payment for negative impact on the environment	thousand rubles	119.09	59.08	46.96	-20,515
Equipping power grid facilities with bird protection devices	pcs	3,542	6,935	5,704	-17,750

Fines and non-financial sanctions imposed on the Company for failure to comply with the requirements of environmental legislation

In 2022, an inspection was carried out at the Kalmenergo by the Interregional Directorate of Rosprirodnadzor for the Rostov Region and the Republic of Kalmykia,

¹² In the event of a significant deviation between the indicators for 2022 and 2021, a rationale for the reasons for the said deviation should be included in the relevant section of the Report.

as a result of which an instruction was issued to eliminate 3 violations found. All measures for violations were performed in 2022 as instructed:

1. No approved standards for permissible emissions of highly toxic substances, substances with mutagenic properties (substances of hazard classes 1 and 2) were submitted or were absent;

2. The program of industrial environmental control of Kalmenergo, the branch of ROSSETI South, PJSC, approved on September 19, 2016, did not comply with the established requirements for the content of an IEC program;

3. Measures to reduce emissions of pollutants into the atmospheric air during adverse meteorological conditions at the facilities of the branch have not been coordinated in accordance with the established procedure.

The amount of payment for emissions of pollutants into the atmospheric air in 2022 decreased compared to 2021 due to an increase in the volume of waste transferred to specialized organizations for disposal and neutralization in 2022.

Dynamics of payments for negative impact on the environment, thousand rubles

	2020	2021	2022
Total, including	119.09	59.08	46.96
allowed volumes	119.09	59.08	46.96
overlimit volumes	-	-	-
Discharges to water bodies, including			
allowed volumes	-	-	-
overlimit volumes	-	-	-
Emissions to the atmosphere, including			
allowed volumes	6.28	4.48	2.55
overlimit volumes			
Waste disposal, including			
allowed volumes	112.81	54.6	44.41
overlimit volumes	-	-	-

Company practices in the field of protection of atmospheric air, water resources, soils and lands

Conservation of ecosystems and biodiversity

Overhead power lines and open switchgears of substations of various voltage classes pose a potential threat to birds. Birds use overhead lines and substation equipment at different stages of their life, which is why they can cause damage and disconnection of overhead lines and substations, which leads to equipment damage, and birds are at risk of death.

The required level of ornithological safety at power grid facilities, and, accordingly, the required level of power supply reliability, is ensured through the use of various types of bird protection devices; these devices make up bird behavior control complexes.

In total, in 2022, 5,704 bird protection devices were installed on the 10 kV overhead line as part of the repair program of the branches of ROSSETI South, PJSC, incl. by branches:

199 pcs in Astrakhanenergo;

3619 pcs in Volgogradenergo (incl. 138 pieces in the territory of the nature reserve "Eltonsky");

69 pcs in Kalmenergo (39 pieces on the territory of the Black Lands Nature Reserve);

1817 pcs in Rostovenergo. The devices were mounted on overhead lines located in the Fominskaya Dacha natural park and the Leskovo mountain area in the Millerovsky district, in the Primanychskaya Steppe and Khlebnaya Balka nature reserves in the Salsky district.

As part of the implementation of the Environmental Policy Program, the following activities were carried out in 2022

in the field of atmospheric air protection:

- inventory reconciliation of sources of emissions of pollutants into the atmosphere, calculation of standards for permissible emissions for highly toxic substances; laboratory and instrumental control of emissions of pollutants into the atmosphere at sources; development of measures to reduce emissions of harmful (polluting) substances into the air during periods of adverse meteorological conditions; development of projects for sanitary protection zones; checking the efficiency of gas cleaning installations, compiling reports and entering the results into the installation passport;

in the field of protection and rational use of water resources:

- transfer of wastewater to specialized enterprises for disposal;
- laboratory quality control of wastewater;
- groundwater monitoring (chemical and bacteriological analysis of water extracted from wells; activities to comply with the regime of sanitary protection zones of water supply sources and exclude groundwater pollution; primary accounting of water intake);

in the field of waste management:

- separate accumulation of industrial waste (used tires, scrap metal, used transformers, batteries, mercury-containing lamps that have lost their consumer properties, used oils, etc.) and municipal solid waste located in places (on sites) that are specially equipped for the accumulation of certain types of waste;
- timely removal of waste by specialized companies.

The main tasks of the Company in the field of environmental safety for 2022:

- Ensuring and controlling the safe level of emissions of pollutants into the atmosphere from stationary and mobile sources;
- Increasing the competence of employees in environmental safety;
- Mounting of bird protection devices on towers in the areas of habitat and migration of birds;
- Avoiding excessive accumulation of waste at production sites, timely removal of waste from the territory of production sites;
- Observing the subsoil use license agreements;
- Decommissioning of capacitors with trichlorobiphenyl and transfer thereof to specialized organizations for neutralization.

Total amount of water withdrawn disaggregated by sources (ℓ)	2020	2021	2022	Change , %	2022 target	comments
surface water	-	-	-	-	-	

groundwater	5087	2980	3030	+1.67	3000	The volume of groundwater withdrawal in 2022 is related to the actual amount of water needed to be used in areas without centralized water supply.
wastewater from another organization	-	-	-	-	-	-
municipal and other water supply systems	174,280	206,210	219,572	+6.48	210,000	At the end of 2022, an increase in water consumption by 6.48% was recorded, which is explained by an increase in the volume of main production.
Total discharges (t)	2020	2021	2022	Change, %	2022 target	
Planned	143,073	177,983	187,792	+5.51	180,000	At the end of 2022, an increase in the volume of waste was recorded, which is explained by an increase in the volume of main production.
unplanned	0			0	0	
Discharge points				-	-	
Cleaning methods				-	-	
Share of water in the closed cycle				-	-	
Total mass of waste disaggregated by types and methods of disposal, tons	2020	2021	2022	change, %	2022 target	
Class 1	27.02	14.57	13.71	-5.88	46.00	The increase in the volume of waste generation is due to the increase in the accumulation of MSW and its transfer to the regional operator for disposal.
Class 2	2.03	15.58	1.82	-88.29	15.00	
Class 3	34.17	46.47	70.32	-51.33	35.00	
Class 4	4,018.65	4,659.58	5,757.06	-23.55	4,500.00	
Class 5	716.00	1,255.14	1,329.10	-8.89	1,200.00	
Total	4,797.86	5,991.94	7,172.02	19.70	5,796.00	
Used methods of disposal, burial and processing of solid waste						
re-usage						
repeated use						
composting						
release of valuable components, including energy release						
total weight combustion						
injection into deep underground horizons						

disposal at a landfill	In 2022, only municipal solid waste (MSW) was transferred to regional operators for disposal under agreements.					
storage on an enterprise's site						
other method of disposal						
General expenses and investments for environmental protection, thousand rubles	2020	2021	2022	change, %	2022 target	comment
modernization of production				-		In 2022, the increase in costs is due to an increase in the cost of waste management (disposal, neutralization). * "General expenses and investments for environmental protection" include Company's current expenses for the protection of water bodies, atmospheric air, land resources (including management of production waste), and installation of bird protection devices.
waste management	11,332.74	11,217.76	14,193.47	+26.53	11,500.00	
emissions treatment	2,926.6	5,606.63	5,604.85	-	5,500.00	
elimination of environmental damage	-	-		-	-	
Total	22,519.09*	25,726.35*	30,528.14*	-18	30,000.00	
Expenses for prevention of impact on the environment and the environmental management system, thousand rubles.	2020	2021	2022	Change, %	2022 target	
personnel for education and training of employees	1,988.93	1,350.00	2,592.00	+92	2500	Training was conducted in view of the numbers of employees required in 2022.
external services for the environmental management system	0	0	0	0	0	In 2022, a supervisory audit of the IMS was conducted.
external certification of management systems	569.84	1,323.20	570.00	-	570.00	
personnel for general activities in the field of environmental management				-	-	
R&D				-	-	
additional expenditures for the introduction of more efficient clean technologies				-	-	
additional spending on green purchases				-	-	

other costs associated with environmental management				-	-	
Total	2,558.77	2,673.20	3,162.00	+18.29	2,600.00	

ENERGY EFFICIENCY AND ENERGY SAVING

In 2022, work on energy saving and energy efficiency improvement in Rosseti South PJSC was organized in accordance with the Federal Law of the Russian Federation No.261-FZ, "On Energy Saving and Increasing Energy Efficiency...", orders of the Ministry of Energy of Russia, resolutions of the executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs in relation to organizations engaged in the transmission of electric energy, as well as in accordance with the updated Energy Saving and Energy Efficiency Improvement Program of Rosseti South PJSC for the period 2022-2026, approved by the decision of the Board of Directors of Rosseti South PJSC dated March 05, 2022 (minutes No.429/2022).

The following targets were adopted in accordance with the Program:

- loss of electrical energy during transmission and distribution through electrical networks;
- consumption of energy resources for economic needs.
- the number of lighting devices using LEDs.

Planned and actual values of target indicators

Item-No.	Name of indicator	Units of measurement	2022	
			Planned	Actual
1	Electric power losses	mln kWh	2532.95	2,466.08
		% of supply to the network	9.50	9.28
2	Consumption for auxiliary needs of substations	mln kWh	40.49	36.71
		% of losses of electricity	1.60	1.49
3	Consumption of energy resources for the household needs of administrative and industrial buildings	mln rubles (VAT excl.)	303.78	277.56
		thousand toe	8.92	8.39
4.	Consumption of natural resources for the household needs of administrative and industrial buildings (water supply)	mln rubles (VAT excl.)	12.32	9.78
		thousand m ³	156.62	136.99
5	Consumption of motor fuel by vehicles and special machinery	ths.ℓ	7651.22	8167.62
		thousand toe	8.89	9.51
		mln rubles (VAT excl.)	301.15	348.00
6.	Available lighting devices using LEDs	%	85.08	86.05

Development of the energy management system (EnMS).

The EnMS is a part of the overall management system of the Company, which has a clear organizational structure; it aims at achieving the provisions specified in the energy policy through the implementation of energy saving and energy efficiency programs.

Since 2015, ROSSETI South, PJSC, has implemented and certified the EnMS in accordance with the international standard ISO 50001.

In 2022, 22 internal audits of the energy management system were carried out in accordance with the approved schedule and IMS standard 80380011-IA/F-5300 049-2020, "Internal audit of the EnMS". From November 21, 2022 to November 25, 2022, SGS Vostok Limited JSC conducted a supervisory audit in the executive office and branches of ROSSETI South, PJSC, of the energy management system for compliance with the requirements of the international standard ISO 50001:2018. The audit confirmed that the energy management system of ROSSETI South, PJSC, complies with the requirements of the international standard ISO 50001:2018 (certificate of conformity RU15/81841707.00). The audit team concluded that the organization has established and maintained a management system in accordance with the requirements of the standard and has demonstrated that the system was able to systematically achieve the agreed objectives in accordance with the organization's policy.

Effects from the implementation of the energy management system in ROSSETI South, PJSC, are as follows:

- uniform standards that offered a systematic, integrated approach to energy saving issues were introduced in the branches rather than separate functional regulations and narrowly focused documents;
- improvement of financial indicators due to saving and rational use of all types of energy resources at the level of IA - branch - PS - PDZ;
- cost reduction; identification and elimination of non-production costs;
- high reputation of the organization and image attractiveness;
- involvement of each employee of the organization in the process of achieving goals in the field of energy efficiency and energy saving

Consumption of fuel and energy resources (FER) for household needs of buildings for administrative and industrial purposes

Indicators	Unit of measurement	Period			
		2020	2021	2022	change 2022/2021, %
Consumption of fuel and energy resources (FER) for household needs of buildings for administrative and industrial purposes	ths. toe	8.79	8.94	8.40	93.96
	Mln rub.	272.88	288.07	277.56	96.64

Volume of energy resources used in 2022

Item No.	Types of resources*	UoM	Planned for 2022	Actual 2022	Deviation in %
1.	thermal energy	Gcal	14 283.98	12 710.08	-11.02
		mln rub.	33.73	24.32	-27.90
2.	electric energy	mln kWh	50.01	46.90	-6.22
		mln rub.	264.53	247.28	-6.52
3.	automobile gasoline	thousand liters	5358.15	5596.34	4.45
		mln rub.	208.53	234.13	12.28
4.	diesel fuel	thousand liters	2.293.07	2571.28	12.13
		mln rub.	92.62	113.87	22.94
5.	natural gas	thousand m3	1306.98	1297.46	-0.73
		mln rub.	20.01	19.91	-0.50

* unused resources: nuclear energy, electromagnetic energy, oil, fuel oil, coal, oil shale, peat.

MANAGEMENT SYSTEMS

The Company has implemented and operates the following management systems:

1. Quality Management System (QMS)

The QMS is a part of the overall management system of the Company, which is designed to ensure the high quality of services provided in accordance with the requirements of regulatory documents, the needs and expectations of consumers and to satisfy all stakeholders, including employees, shareholders, investors and partners of the Company.

The quality management system has been implemented in ROSSETI South, PJSC, and has been certified by SGS Vostok Limited JSC for compliance with the requirements of the international standard ISO 9001 since 2009. From 2009 to 2018, the QMS successfully passed surveillance and recertification audits for compliance with the requirements of ISO 9001:2008; from 2018 to 2022, the QMS successfully passed surveillance and recertification audits for compliance with the requirements of ISO 9001:2015.

In 2022, ROSSETI South, PJSC, passed successfully a supervisory audit and confirmed the compliance of the Company's QMS with the requirements of ISO 9001:2015.

2. Environmental Management System (EMS)

The EMS is a part of the Company's overall management system, which has its own organizational structure, mechanisms, procedures and resources that are necessary to manage the environmental aspects of activities through the development and achievement of environmental policy goals.

The environmental management system has been implemented in ROSSETI South, PJSC, and has been certified by SGS Vostok Limited JSC for compliance with the requirements of the international standard ISO 14001 since 2009. From 2009 to 2018, the EMS successfully passed surveillance and recertification audits for compliance with the requirements of ISO 14001:2004; from 2018 to 2022, the EMS successfully passed surveillance and recertification audits for compliance with the requirements of ISO 14001:2015.

In 2022, ROSSETI South, PJSC, passed successfully a supervisory audit and confirmed the compliance of the Company's EMS with the requirements of ISO 14001:2015.

3. Energy Management System (EnMS)

The EnMS is a part of the overall management system of the Company, which has a clear organizational structure; it aims at achieving the provisions specified in the energy policy through the implementation of energy saving and energy efficiency programs.

The energy management system has been implemented in ROSSETI South, PJSC, and has been certified by SGS Vostok Limited JSC for compliance with the requirements of the international standard ISO 50001 since 2015. From 2016 to 2020, the EnMS successfully passed surveillance and recertification audits for compliance with the requirements of ISO 50001:2011; from 2020 to 2022, the EnMS successfully passed surveillance and recertification audits for compliance with the requirements of ISO 50001:2018

In 2022, ROSSETI South, PJSC, passed successfully a supervisory audit and confirmed the compliance of the Company's EnMS with the requirements of ISO 50001:2018.

4. Occupational Health and Safety Management System (OHSMS)

OHSMS is a part of the Company's general management system, which makes it possible to manage risks and improve performance in the field of occupational health and safety management.

The occupational health and safety management system has been implemented in ROSSETI South, PJSC, and has been certified by SGS Vostok Limited JSC for compliance with the requirements of the international standard ISO 45001 since 2009. Between 2009 and 2018, OSHMS passed surveillance and recertification audits for compliance with the requirements of the OHSAS 18001:2007 standard, and in the period from 2018 to 2022, OSHMS passed surveillance and recertification audits for compliance with the requirements of ISO 45001:2018.

In 2022, ROSSETI South, PJSC, passed successfully a supervisory audit and confirmed the compliance of the Company's OHSMS with the requirements of ISO 45001:2018.

The Company's QMS, EMS, OHSMS comply with the requirements of international standards ISO 9001, ISO 14001, ISO 45001 and make up an integrated management system (IMS).

The energy management system complies with the requirements of the ISO 50001 standard, and at the moment, it is not included in the IMS.

Available certificates

Name	Management System/Validity				Certification authority
	ISO 9001	ISO 50001	ISO 14001	ISO 45001	
Rosseti South, PJSC	29.12.2024	18.01.2025	29.12.2024	29.12.2024	SGS Vostok Limited JSC

Note:

ISO 9001: Quality Management System

ISO 14001: Environmental Management System

ISO 50001: Energy Management System

OHSAS 18001: Occupational Health and Safety Management System

The main participants in management systems include:

- General Director;
- Deputy General Director, who is a Chief of Staff as a representative of the Company's management on the integrated management system (hereinafter referred to as "IMS");
 - department of personnel management and organizational design in the executive office of the Company, department for work with personnel in the branches of the Company (in terms of QMS; organization of comprehensive systemic work; certification);
 - department of industrial safety, occupational safety and production control in the executive office of the Company; department of industrial safety, occupational safety and production control in the branches of the Company (in terms of health and safety, environmental safety);
 - department of technological development and innovation in the executive office; divisions (departments) of development and innovation in branches;
 - First Deputy Director/ Chief Engineer in the branches of the Company as a representative for IMS in the branches;
 - chief engineer of production departments and areas of electrical networks as a person in charge for IMS issues;
 - other subdivisions of the Company that are responsible for managing business processes, implementation of obligations in the field of environmental protection, as well as in the field of health and safety.

The main results of the functioning of management systems.

- a) improving the reliability and quality of power supply;
Information is provided in the Production Activity section.
 - b) increasing the level of security of energy supply;
Information is provided in the Production Activity section.
 - c) ensuring occupational safety and health protection in the course of production activities, including a reduction in the total number of accidents while complying with the requirements of legislation in the field of labor protection and environmental protection;
Information is provided in the Occupational Safety section.
 - d) increase in energy efficiency;
Information is provided in the Innovative Development and Activities in the Field of Energy Saving and Energy Efficiency section
 - e) ensuring environmental safety.
Information is provided in the Occupational Safety section.
 - f) improving the quality of grid connection services.
Information is provided in the Grid Connection section.
- In general, the functioning of management systems showed positive results over the past year.

Regulation of procurement activities

<p>Unified Procurement Standard of PJSC Rosseti (Regulations on Procurement).</p>	<p>As of June 30, 2021, procurement activities are regulated by the Unified Procurement Standard of PJSC Rosseti (Regulations on Procurement), approved in a new edition by the Board of Directors of the Company (Minutes No. 438/2021 dated 05.07.2021); as of March 31, 2022, purchases are regulated by the Unified Procurement Standard of PJSC Rosseti (Procurement Regulations) approved by the Board of Directors of the Company (Minutes No. 472/2022 dated March 28, 2022); as of September 30, 2022, purchases are regulated by the Unified Procurement Standard of PJSC Rosseti (Procurement Regulations) approved by the Board of Directors of the Company (minutes No. 498/2022 dated October 3, 2022); as of November 09, 2022, purchases are regulated by the Unified Procurement Standard of PJSC Rosseti (Procurement Regulations), approved by the Board of Directors of the Company (Minutes No. 503/2022 dated November 11, 2022), which sets out the procedure for purchasing goods and services regardless of their cost.</p>
<p>Regulations for the interaction of structural subdivisions of ROSSETI South, PJSC, when carrying out regulated purchases of goods, works, services of the Company.</p>	<p>On December 30, 2015, the Rules for the interaction of structural subdivisions of ROSSETI South, PJSC, when carrying out regulated purchases of goods, works, services of the Company (Order of the Company dated December 30, 2015, No. 858) were put into effect; as of December 5, 2022, the Rules for the interaction of structural subdivisions of ROSSETI South, PJSC were put into effect, when carrying out regulated purchases of goods, works, services of the Company (Order of the Company dated December 05, 2022, No.684), which determine the procedure for interaction between structural subdivisions of the executive office and branches of the Company when planning and conducting purchases and reporting on the results of purchases.</p>
<p>Regulations on the work of the Central Tender Commission under ROSSETI South, PJSC.</p>	<p>As of May 27, 2021, the Regulations on the work of the permanent Procurement Commission under ROSSETI South, PJSC (Order of the Company dated May 27, 2021, No.314) were put into effect; as of August 24, 2022, Regulations on the work of the permanent Procurement Commission under ROSSETI South, PJSC (Order of the Company No.473 dated August 24, 2022), developed to determine the functions, tasks, procedure for preparing and holding meetings of the Central Tender Commission of the Company, have been valid.</p>
<p>Regulations on the work of the permanent Procurement Commission under ROSSETI South, PJSC.</p>	<p>As of May 27, 2021, Regulations on the work of the permanent Procurement Commission under ROSSETI South, PJSC (Order of the Company dated May 27, 2021, No. 311), developed to determine the functions, tasks, procedure for preparing and holding meetings of the permanent Procurement Commission of the Company, were put into effect.</p>

Principles of Building Procurement Activities

- reduction of the Company's costs due to savings in the procurement of goods, works and services, including through minimization of intermediary services;
- providing the Company with goods, works and services of the required quality, at the lowest price and without delays;
- equality, fairness, absence of discrimination and unreasonable restrictions of competition in relation to procurement participants;
- no restrictions on clearance to participation in a

procurement tender;
- transparency of procurement activities;
- optimization of the procurement management system based on best practices;
- professionalism and competence of employees involved in procurement activities;
- compliance with the norms of the current legislation and anti-corruption legislation.

For effective interaction with suppliers, the Company uses the electronic trading platform www.roseltorg.ru; the functionality of this platform makes it possible to expand the range of suppliers involved in procurement, and also provides a competitive environment; thus, this platform helps to improve the efficiency of the Company's procurement activities.

Additional tools for interacting with suppliers are the Unified Procurement Information System portal and the Suppliers section of ROSSETI South's corporate website, www.rosseti-yug.ru. On these Internet sites, the Company publishes an up-to-date procurement plan (planned for the announcement, ongoing and completed purchases), and you may automatically go to the website www.zakupki.gov.ru for prompt access to up-to-date information.

METHODS OF PROCUREMENT PROCEDURES

TENDER

Applies to the procurement of any product

AUCTION

Applicable in cases of procurement of products for which there is a competitive market of product manufacturers and in respect of which the initiator of the procurement has formulated detailed requirements in the form of technical specifications. The winner of the auction is selected on the basis of only one criterion, the price of the contract.

REQUEST FOR PROPOSALS

*Applies: a) the initial (maximum) price of the contract does not exceed 15 (fifteen) mln rubles with VAT (or without VAT, if the purchase of products is not subject to VAT or VAT is 0);
b) a winner of the request for proposals is selected on the basis of a set of criteria (at least two) established by the procurement documentation.*

QUOTATION REQUEST

*Applicable in cases of procurement of products for which there is a competitive market of product manufacturers and in respect of which the initiator of the procurement has formulated detailed requirements in the form of the Terms of Reference when the following conditions are simultaneously met:
a) the initial (maximum) price of the contract does not exceed 7 (seven) mln rubles with VAT (or without VAT, if the purchase of products is not subject to VAT or VAT is 0);
b) a winner of the auction is selected on the basis of only one criterion, the price of the contract.)*

PRICE COMPARISON

Applies to the purchase of simple products if the initial (maximum) purchase price does not exceed 500 (five hundred) thousand rubles including VAT (or without VAT if the product purchase is not subject to VAT or VAT is 0) if the Customer's revenue is more than 5 (five) bln rubles for the reporting financial year, or does not exceed 100 (one hundred) thousand rubles including VAT (or without VAT if the product purchase is not subject to VAT or VAT is 0) if the Customer's revenue is less than 5 (five) bln rubles for the reporting financial year.

COMPETITIVE PRE-QUALIFICATION OR PRE-SELECTION

Applies when at the time of the procurement the Customer can not determine the specific volume and (or) terms of delivery of products (work performance/provision of services). Pursuant to the results of a competitive pre-qualification or pre-selection, requests for prices are conducted among the winners of such procedures, in order to meet the needs for the products that arise during the term of the agreements. Conducted without restrictions on the size of the initial (maximum) price of the contract.

PURCHASE FROM A SINGLE SUPPLIER (CONTRACTOR)

*Applies if any of the following grounds exist:
- delivery of goods, performance of works, rendering of services belong to the sphere of activity of subjects of natural monopolies in accordance with the Federal Law No.147-FZ dated August 17, 1995, "On Natural Monopolies", at prices (tariffs) regulated in accordance with the legislation of the Russian Federation, including prolongation of a previously concluded contract;
- the need arose in works or services, which are performed or provided by the executive authority solely*

PROCUREMENT THROUGH PARTICIPATION IN PROCEDURES ORGANIZED BY SELLERS OF PRODUCTS

Applies when products are needed, which can only be purchased by participating in such procedures.

Procurement volume of ROSSETI South, PJSC, in 2022

- 866 procurement procedures
- 34.11 bln rubles

The Company pays great attention to improving information transparency and participants' access to procurement, including by conducting procurement mainly in electronic form. The share of competitive purchases using ETP is 100%. All suppliers and contractors are incorporated in the Russian Federation.

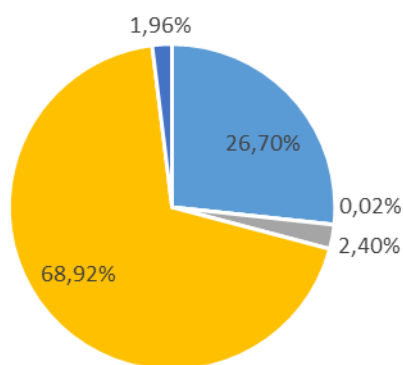


Name	2022
New construction and expansion of power grid facilities,%	15.67
Reconstruction and technical revamp of power grid facilities, %	3.94
Energy repair (repair) production, maintenance, %	6.29
IT purchases, %	1.17
Other purchases (including purchases of R&D and Consulting services, %	72.93

Transparency of procurement procedures

	Pcs	2021	2022	Change 2022 / 2021
The share of open competitive procurement procedures, as well as procedures conducted with the use of electronic means of commerce (electronic trading platforms) in the total volume of procurement; - amount of savings achieved	%	97.13	98.3	1.01
		2.87	1.7	0.59
The share of purchases from small and medium-sized businesses, as well as purchases in which small and medium-sized businesses are involved as subcontractors	%	75.83	66.48	0.88

Распределение по способам проведения закупок



■ Конкурс ■ Запрос котировок ■ Запрос предложений ■ Аукцион ■ Единственный поставщик

Name	2022
Tender, %	26.70
Request for quotations, %	0.02
Request for proposals, %	2.40
Auction, %	68.92
Sole supplier, %	1.96

Amount of savings achieved

The economic effect following the results of the procurement procedures for the period amounted to 7,202.44 mln rubles, including VAT, or 21.12% of the planned declared value of tender purchases.

In accordance with Resolution of the Government of the Russian Federation No.1352 dated 11.12.2014, procurements were made and contracts were concluded with suppliers that are small and medium-sized businesses in the amount of 5,636.17 mln rubles, including VAT, which is 66.48% of the total amount of procurement procedures, of which special procurements (in which only small and medium-sized businesses could be participants in procurement) amount to 2,249.1 mln rubles, including VAT, which is 29.24% of the total volume of procurement procedures.

In accordance with the requirements of the Government's Resolution, the quotas for purchases by specific customers from SMEs are approved at the level of 10% (20% for special auctions).

The Company overfulfills regularly the plan of purchases from SMEs.



Measures aimed at improving procurement activities

Procurement activities are aimed at purchasing goods, works, services on an open, competitive basis from suppliers that offer the best value for money.

In order to make procurement activities more efficient, the Company is implementing the Program for Improving Operational Efficiency and Reducing Costs of ROSSETI South, PJSC, for 2021-2025 (approved by the decision of the Board of Directors of the Company on December 25, 2020, minutes dated December 28, 2020, No.410/2020), within the framework of which the measures such as increasing the share of open competitive purchases and reducing the share of “single supplier” purchases are defined.

In order to implement the state policy for the development of small and medium-sized businesses, the Partnership Program between ROSSETI South, PJSC, and small and medium-sized businesses was approved by order of the Company dated March 14, 2018, No.172; this Program establishes a set of measures aimed at forming and supporting a class of reliable, qualified and responsible suppliers (contractors) from among small and medium-sized businesses. The Partnership Program establishes requirements for small and medium-sized businesses, rules and conditions for joining the Program.

At the end of 2022, a total of 38 organizations belonging to the category of small and medium-sized businesses joined the Partnership Program.

ANTI-CORRUPTION POLICY AND ENSURING THE SECURITY OF ECONOMIC ACTIVITIES

Currently, the Company is implementing the Anti-Corruption Policy of PJSC Rosseti and subsidiaries and affiliates of PJSC Rosseti, approved by the decision of the Board of Directors of the Company on June 30, 2020 (minutes No.383/2020), which complies with all applicable requirements of Russian legislation in the field of prevention and combating corruption.

The Company performs systemic work to prevent and combat corruption, which is enshrined in the Strategy for the Development of the Electric Grid Complex of the Russian Federation, which aims the Rosseti group of companies to coordinate the activities of all network organizations in the field of anti-corruption policy.

In accordance with clause 2.13.2 of the Anti-Corruption Policy of PJSC ROSSETI and subsidiaries and affiliates of PJSC ROSSETI, ROSSETI South, PJSC, has acceded to the Anti-Corruption Charter of Russian Business (Certificate No. 1517 dated April 2, 2015).

Accession to the Charter and the consistent implementation of its provisions confirm that the ROSSETI Group is taking appropriate anti-corruption measures, as provided for by the requirements of international legal standards, Russian legislation in the field of prevention and combating corruption. At the same time, accession to the Anti-Corruption Charter of Russian Business provides for a requirement for participating companies in terms of public confirmation of implementation of its principles, failure to comply with which entails suspension of membership and further exclusion from the number of participants.

In September 2022, the level of ROSSETI Group's anti-corruption measures was marked by the highest score and victory in the third national Anti-Corruption Rating of Russian Business organized by the Russian Union of Industrialists and Entrepreneurs in accordance with the instructions of the President of the Russian Federation on the National Anti-Corruption Plan.

The Rating Committee decided to assign the highest class, A1, to the Rosseti Group for the third year in a row; the company received the highest marks and retained its place among the leaders of the Rating.

The anti-corruption policy is presented on the ROSSETI South, PJSC, website at: <https://rosseti-yug.ru/o-kompanii/antikorrupsionnaya-politika/>.

Local regulations adopted in the reporting period as part of the implementation of the requirements of the federal anti-corruption legislation.

In accordance with the National Anti-Corruption Plan for 2021-2024 (approved by Decree of the President of the Russian Federation dated August 16, 2021, No.478), instructions of the Chairman of the Government of the Russian Federation dated September 6, 2021, No.MM-P17-12165, "On Ensuring the Implementation of the Decree of the President of the Russian Federation dated August 16, 2021, No.478, "On the National Anti-Corruption Plan for 2021-2024", in order to improve anti-corruption activities in PJSC Rosseti and its subsidiaries and affiliates, the Company approved the Anti-Corruption Plan for 2022 (Order dated February 15, 2022, No.80).

In accordance with clause 2.1.6. of the Anti-Corruption Policy, within the reporting period, local regulations were developed and updated, which are aimed at avoiding and preventing corruption and which meet the requirements of Russian legislation:

- Regulations on the settlement of conflicts of interest in ROSSETI South, PJSC, and Regulations on the work of the Commission of ROSSETI South, PJSC, on compliance with corporate ethics and settlement of conflicts of interest were updated (Order No.61 dated February 07, 2022);

- Regulations for verifying information on the chain of ownership of a winner of a procurement procedure of ROSSETI South, PJSC, were updated (Order No.328 dated June 20, 2022);

- Order "On the organization of events for declaring a conflict of interest of employees of ROSSETI South, PJSC, for 2022" was developed (Order No.130 dated December 28, 2022).

Documents adopted for the purpose of preventing and combating corruption are brought to the attention of the personnel without fail.

Organization of the process of internal control for the purposes of avoiding and preventing corruption

In order to ensure a unified approach in the Company to the development and implementation of measures aimed at preventing and combating corruption, the process of managing corruption risks is organized.

At the meeting of the Management Board of the Company, the risk register for 2022 was approved (Minutes No.406 dated August 31, 2021). This register contains the following risks:

- "Involvement of the Company/employees of the Company in corrupt activities" with a "critical" level of materiality;

- "Violation by employees of the requirements of regulatory documents, the legislation of the Russian Federation, which can lead to corrupt practices", with a "significant" level of materiality;

- "Unfairness of the Company's employees and counterparties in transactions with affiliated parties", with a "moderate" level of materiality.

In order to effectively manage risks with "critical" and "significant" levels of a materiality, an Action Plan for managing these risks for 2022 was developed and approved, including the event titled "Implementation of the ROSSETI South's Anti-Corruption Plan for 2022".

On a quarterly basis, the Company carries out work to monitor the risk assessment, update the Risk Passports, and generate a report on the implementation of the Risk Management Action Plan.

In accordance with clause 2.3.1 of the Anti-Corruption Policy, in 2022, as part of the implementation of the control function, the financial and economic activities of Astrakhanenergo, Rostovenergo", as well as JSC "Recreation center "Energetik", Private Institution of Additional Professional Education "Interregional Energy Institute of the South" were audited.

The following main issues were included in the audit programs:

- control of compliance with the requirements of the Anti-Corruption Policy;
- implementation of measures to identify conflicts of interest;
- implementation of the requirements of the anti-corruption procurement standard of PJSC Rosseti and its subsidiaries and affiliates in procurement activities and contractual work.

The objects of audits develop Corrective Action Plans according to the identified deficiencies. On a quarterly basis, monitoring is conducted on how violations and deficiencies identified during audits are being eliminated.

At the end of 2022, all planned activities were completed as scheduled.

[Examination and resolution of information about possible instances of corruption.](#)

The procedure for accepting and reviewing complaints from employees, counterparties of ROSSETI South and other individuals and legal entities is established in the Company, concerning possible instances of corruption (hereinafter also the "Procedure"), in order to define a uniform mechanism for organizing the acceptance, review, and resolution of complaints from employees of ROSSETI South PJSC, counterparties, and other individuals and legal entities concerning possible instances of corruption.

Pursuant to the Procedure, complaints may be sent to the official e-mail address, via the feedback form on the corporate website, by telephone hotline, by personal reception, as well as by mail and by other means.

An additional button number 6 "On possible instances of corruption" was included in the call routing scheme as part of the existing contract for the provision of services of the Single Contact Center for the receipt and processing of appeals. A scheme of interaction between the ECC and Rosseti South, PJSC, was developed, as well as scripted conditions for processing incoming complaints on possible instances of corruption.

The Company accepts, registers and records complaints received, ensures the confidentiality and security of the data received from the complainant, and imposes personal liability in accordance with the laws of the Russian Federation for disclosure of the information received.

In 2022, three warnings were received about possible instances of corruption. In order to verify the information on the warnings received, verification activities were carried out. As a result of the work performed, no evidence was found for the instances stated in the warnings. No signs of corruption actions on the part of the Company's employees have been established, and no signs of a conflict of interest have been identified.

[Measures to prevent and resolve conflicts of interest.](#)

The Company takes measures to identify, prevent and resolve conflicts of interest in order to limit the influence of private interests, personal interest of employees on their labor functions, business decisions.

In accordance with the Regulations on the settlement of conflicts of interest in the Company (approved by Order No. 61 dated February 7, 2022), a three-level system for disclosing information about the existence of a conflict of interest is established as follows:

- initial disclosure of information about an available conflict of interest in hiring/re-positioning;
- annual disclosure of information on the existence of a conflict of interest as of December 31 of the relevant year;
- notifications from employees about the personal interest existing in the performance of official duties, which leads or may lead to a conflict of interest.

The initial disclosure of information about an available conflict of interest ensures the verification of the declared information and the preparation of an appropriate conclusion on the verification of an available candidate for a position, which helps prevent the emergence of new pre-conflict situations in the Company, which were not accounted for until that moment.

In accordance with clause 6.2.2. of the Regulations on Settlement of Conflict of Interest, during the reporting period, checks were carried out and 1248 conclusions were prepared on the presence/absence of conflicts of interest of candidates for vacant positions (when hiring/re-positioning) in the Company. Based on possible instances of conflict of interest and a pre-conflict situation of the Company's employees, 19 additional checks were carried out when preparing conclusions on the presence/absence of a conflict of interest of candidates for vacant positions.

Two pre-conflict situations were prevented when appointing to a vacant position. Organizational measures were taken to eliminate the possibility of pre-conflict situations in accordance with the typical pre-conflict and conflict of interest situations stipulated by the Regulations on Settlement of Conflict of Interest.

Annual disclosures as at 31 December of the reporting year identify pre-conflict situations or "incidents". Incidents are defined as information indicating a possible concealment of information that contributes to an employee's personal interest.

Pursuant to clause 9.4 of Order No.35 of PJSC ROSSETI South dated March 04, 2015, ROSSETI South, PJSC, issued Order No. 112 dated December 28, 2021, "On Organizing the Measures for Declaring Conflict of Interest of Employees of ROSSETI South PJSC for 2021", according to which the measures were implemented on time and in full on the annual declaration of the conflict of interests of employees of ROSSETI South, PJSC, and its subsidiaries and affiliates, using the electronic declaration subsystem titled "Automated system for analyzing and collecting information about beneficiaries" (hereinafter referred to as the "electronic declaration").

As of December 31, 2021, 2,216 persons in ROSSETI South, PJSC, and its subsidiaries and affiliates were subject to annual declaration.

Pursuant to the results of the declaration for 2021, there were no pre-conflict situations, in which close relatives are direct subordinates.

Inspections were conducted in order to update previously recognized "labor dynasties" and to monitor the adoption of personnel decisions in relation to close relatives. The inspection resulted in the removal of one previously recognized "labor

dynasty" from the general list (dismissal of employees) and, as of April 18, 2022, Rosseti South PJSC identified 11 cases of persons classified as "labor dynasties".

In order to minimize the risks of pre-conflict situations in the Company, the Company took measures to control organizational and staff changes in relation to close relatives in accordance with the approved list of "labor dynasties"; additional explanatory work was carried out that the requirements of the Regulations on the settlement of conflicts of interest of ROSSETI South, PJSC, and the Code of corporate ethics and official conduct of employees of PJSC "IDGC of South" must be strictly observed; and also no preferences are allowed in relation to close relatives classified as "labor dynasties".

Based on the recommendations of PJSC Rosseti dated December 1, 2017, No. EYu-6290, no settlement and additional measures are required to be carried out regarding situations recognized as "labor dynasties", and such situations are considered settled.

The results of the annual declaration for 2021 were reviewed and approved at a meeting of the ROSSETI South's Commission on Compliance with Corporate Ethics and Settlement of Conflicts of Interest (Minutes No.14 dated April 21, 2022) and at a meeting of the Central Commission on Compliance with Corporate Ethics and Settlement of Conflicts of Interest (extract from the minutes dated May 13, 2022, No.2022/2).

In 2022, there were no notifications from employees about the personal interest existing in the performance of official duties, which led or could have led to a conflict of interest.

[Taking measures to avoid and prevent corruption when interacting with partners and counterparties](#)

In accordance with the requirements of the Anti-Corruption Policy of PJSC ROSSETI and its subsidiaries and affiliates, the Unified Procurement Standard of PJSC ROSSETI and its subsidiaries and affiliates (Procurement Regulations), the Regulations for the Interaction of Structural Units, the Company implements a set of measures to prevent and combat corruption when conducting regulated purchases of goods, works, services.

The main activities for the implementation of checks are the validity and efficiency of spending the Company's funds (when forming the initial (maximum) purchase price) at the stage of forming the terms of reference, as well as monitoring the procedures for preparing evaluation reports, compliance of participants and their commercial proposals with the requirements of technical specifications, competitive (purchase)) documentation.

In order to reduce reputational risks, reduce the number of complaints and appeals from potential counterparties to the Federal Antimonopoly Service, control over the legality of rejection of procurement participants is carried out.

Particular attention is paid to unscheduled purchases, purchases from a single supplier, verification is carried out for alternative goods (works, services) being purchased.

In carrying out procurement procedures for the year of 2022, 604 terms of reference were checked and agreed upon in terms of:

- availability of the procurement procedure in the Procurement Plan;
- compliance with the standard form of Terms of Reference;

- correctness of the pricing (availability of the calculation of the marginal cost of a lot; market monitoring and feasibility of the initial maximum purchase price).

As a result of the checks, 98 Terms of Reference, or 16.2% of the total number, were returned to the initiators of the procurement for revision. Based on the obtained comments, the terms of reference were adjusted, which resulted in savings of the Company's funds in the amount of 82.266 mln rubles.

Also, 1,657 evaluation reports, including analytical reports, were checked for:

- a complete set of documents in accordance with the Anti-Corruption Procurement Standard;
- compliance with the requirements of the tender documentation and terms of reference;
- presence of instances of coordinated actions (including interrelation and affiliation) between procurement participants.

As a result of the checks, 177 procurement procedures were not approved.

During the reporting period, 20,434 revenue and expense contracts were checked, including checks for reliability and completeness of information on the owners of counterparties, and they were uploaded to the automated system "Analysis and collection of information on beneficiaries", of which for 2,528 contracts, information on owners of counterparties was disclosed, and for 2,046 contracts, beneficiaries were considered.

In accordance with the Regulations on the Organization of Contractual Work in the Company, in 2022, at least 2,528 contracts and supplemental agreements were checked and approved for the presence of the anticorruption clause, verification of compliance with the requirements for disclosure of information on the chain of counterparty owners (including ultimate beneficiaries), detection of conflicts of interest, pre-conflict situations and other abuses associated with the positions held in the Company. Contracts with comments are rejected for subsequent revision, and after the comments are addressed, all contracts are re-examined.

[Building up fundamentals of law-abiding behavior of employees and legal education, counseling and training of employees.](#)

In order to improve the effectiveness of educational and other measures to prevent corruption, on the basis of clause 2.7 of the Anti-Corruption Policy, the Company constantly updates the regulatory framework, consults and trains employees.

The anti-corruption section of the Company's corporate website contains up-to-date information on anti-corruption activities, hotline numbers, and other ways, which can be used to report possible instances of corruption.

Information boards "Territory without Corruption", which present relevant information on the requirements of anti-corruption legislation, general principles of the Anti-Corruption Policy, hotline numbers and other available ways to report corruption, are located in the reception areas of the PS and PDZ, as well as in the Customer Service Centers of the branches of ROSSETI South, PJSC.

In accordance with the approved Plan of Training, Re-training and Advanced Training of ROSSETI South, PJSC, in 2022, training was organized for employees, whose job responsibilities include participation in combating corruption, was organized at the Private Institution of Additional Professional Education "Interregional Energy Institute of the South" under the program "Prevention and

Combating Corruption in Institutions and Organizations", as well as at the National Research University Higher School of Economics under the program "Corruption Risk Assessment: Practical Aspects. Regulating Conflict of Interest: Current Law Enforcement and Judicial Practice".

In accordance with the ROSSETI Group's approved employee training program, 1,164 employees of the Company underwent online training and testing in corruption prevention and counteraction during the reporting period. Training is provided on the Rosseti's corporate educational portal using the resources of the Rosseti Group's distance learning systems.

The Company's objectives for 2023 in implementing the Anti-Corruption Policy.

In 2023, the Company plans the following key tasks in implementing the Anti-Corruption Policy:

- ensuring the development of the Anti-Corruption Action Plan for 2023. Organization of activities aimed at implementing the Company's Anti-Corruption Policy in accordance with the Anti-Corruption Plan.

- organization of activities for the annual declaration of conflict of interest of employees of the Company. Development of a report on the conduct of conflict of interest declarations and its submission to the Commission for Corporate Ethics Compliance and Conflict of Interest Resolution.

- monthly organization of collection, analysis, verification of information regarding the entire chain of counterparty owners, including beneficiaries (including ultimate ones), as well as information on the composition of executive bodies, and sending consolidated reports to PJSC Rosseti.

The main goal of the anti-corruption measures implemented by the Company is to create an environment that would minimize corrupt practices. The Company's business reputation, its partners' perception and, as a consequence, the results of its financial and economic activities directly depend on the success of this work.

INFORMATION DISCLOSURE

Communication with mass media, social networks and blogosphere.

ROSSETI South, PJSC, implements its information policy as part of building a long-term communications strategy and the principles of ROSSETI's Uniform Communications Policy, paying close attention to its business reputation in the external environment. The key tasks of the Company's public relations activities were to ensure transparency, deliver objective and timely information to shareholders and the general public about the Company's activities, current changes, and development prospects.

Key results of the Company's activities

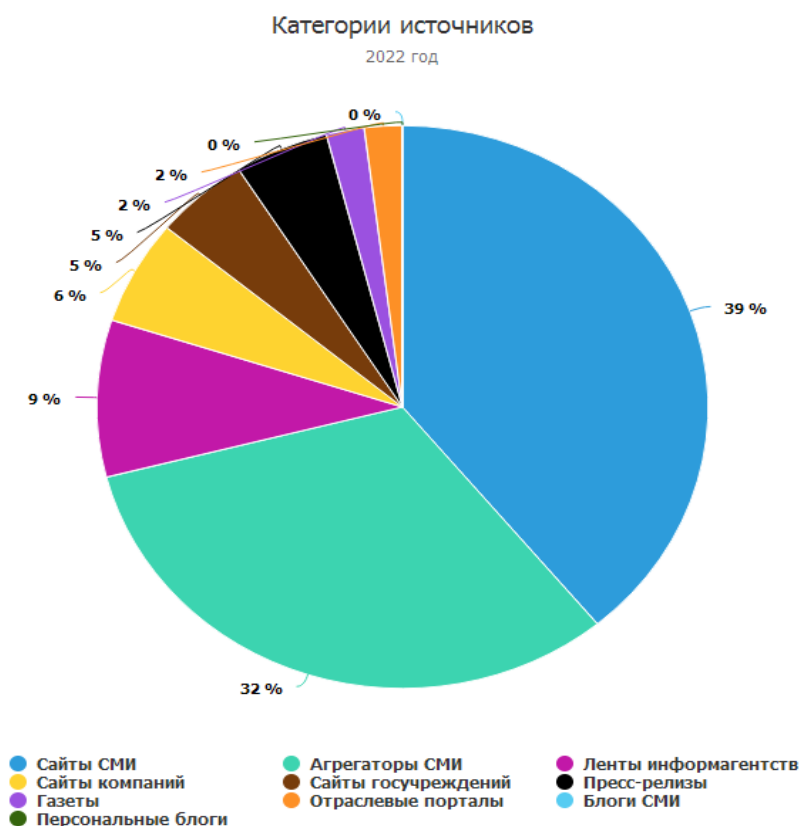
In 2022, the Company prepared and published 565 releases. Regional media mentioned the Company 14,386 times. Average citation index was 25.4. Compared with 2021, the citation increased by 13.9%.

Pursuant to the SPI PR Performance Index (SCAN Performance Indicators), ROSSETI South's visibility index for the reporting period is 2,670,372 points. The direct speech index is 25%. 48,011,737 people were covered for the period.

In working with regional, republican and regional media within the framework of the Company's information policy during the reporting period, priority topics included the performance of functions of a last resort supplier in the Republic of Kalmykia and Elista; construction of substations for grid connection of RES generation facilities in the regions of operation; supply of "green" energy to the grid; ensuring reliable power supply to consumers in the autumn-winter and summer periods; connection to power grids.

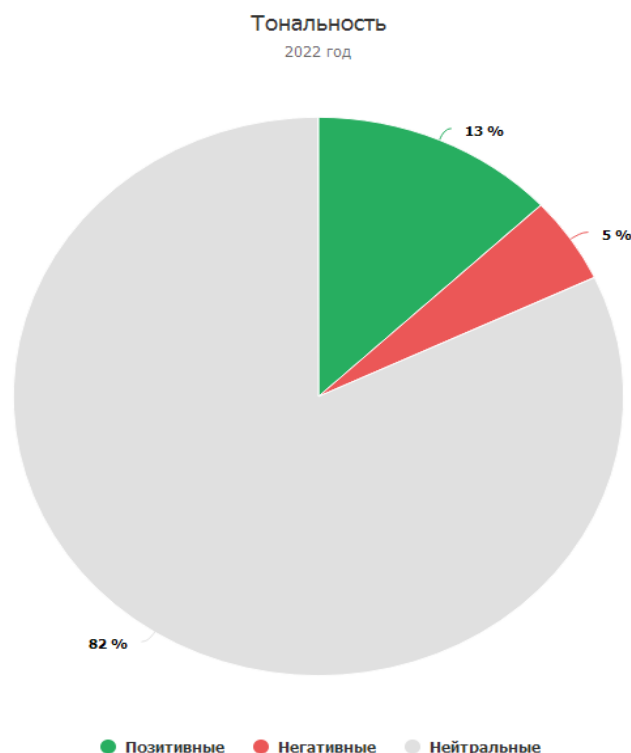
In 2022, activity in social media increased by 17.1%. The share of positive mentions exceeds the share of negative mentions (13% and 10%, respectively). More than 2.3 thousand messages were posted on all official pages of the Company, with a total coverage of 2.2 mln people.

Furthermore, thematic photo projects dedicated to Victory Day and Power Engineer Day, a project about the Company's employees #такая_работа ("this is the work"), a video project #дополнительная_мощность ("extra power"), and media projects covering the summer labor season of student power squads at ROSSETI South facilities were implemented in social networks.



Tone of messages

The share of positive messages in media coverage was 13%, a 3% increase over the same period last year.



The negative background was formed due to such topics as power outages and technological violations, reports of theft of electricity, news about judicial penalties; even if this information was initiated by the Company itself, the system indexed them as negative.

Participation in PR contests

Two projects presented by ROSSETI South were awarded in the federal stage of the All-Russian Interbranch Contest "ConTEKst". These are "Extra Power", a series of videos about power engineers when they are not at work, i.e. their hobbies and leisure activities; and podcasts "Big City Lights. How energy changed cities. How cities changed energy industry".

The "Extra Power" project, aimed at making the profession more popular and attracting young talents to the company, won also in the category "Best Corporate Special Event+Media Project" of the interregional corporate media contest "Silver Threads: Volga and South 2022", and entered the Grand National Competition "Silver Threads 2022".

Congress and Exhibition Activities

In 2022, representatives of the Company participated in 10 congress and exhibition events, such as:

- St. Petersburg International Economic Forum "SPIEF-2022" (St. Petersburg, June 15-18, 2022). At SPIEF-2022, ROSSETI South and SPA Streamer JSC entered into an agreement on cooperation in the field of innovative and scientific and technical development of the electric grid complex. The companies will jointly implement projects to develop and implement import-independent promising technologies and equipment to improve the efficiency of the electric power sector.

- International Forum "Russian Energy Week" (Moscow, October 11-13, 2022). General Director of ROSSETI South, PJSC, took part in the business program of the Forum.

- All-Russian Week of Labor Protection (Sochi, September 27-30, 2022). The Company delegated representatives of the department of industrial safety and production control.

Interaction with authorities

During 2022, General Director of ROSSETI South, PJSC, B.B. Ebseev, included in a delegation led by Russian Minister of Energy N.G. Shulginov, visited the DPR, where power engineers were working to restore the power grid infrastructure.

On October 28, 2022, in Astrakhan, General Director of ROSSETI South, PJSC, B.B.Ebseev took part in the meeting on preparedness for the autumn-winter period, which was chaired by the Russian Minister of Energy N.G. Shulginov.

On August 23, 2022, General Director of ROSSETI South, PJSC, B.B. Ebseev, together with General Director of ROSSETI PJSC A.V. Rumin, visited Taganrog for business, where ROSSETI implemented the "Clear Sky" program. This program includes a complex of works related to the transfer of wires of power lines underground.

Corporate Website and Information Disclosure

The Company's corporate website is a mirror that reflects the activities of the enterprise. The website is mainly tasked to provide consumers with extended and well-structured information about ROSSETI South, PJSC. The most visited sections of the website are: "Press Center", "Company Profile", "Personnel", "For Consumers", "For Shareholder, Investor", "Disclosure".

New topical sections have been created on the website, namely: "Power Engineers' Spartakiad", "This is the Work", "ROSSETI's Open Corporate WorldSkills Young Professionals Championship", "Energy Student Squads", "Victory Day", "Defender of the Fatherland Day", and "15 Years of ROSSETI South".

Development of the corporate website never stops. For the reporting period, sections containing information that must be disclosed were improved, and documents regulating the Company's work in this area and stipulating responsibility, terms, and disclosure procedures were updated.

The information about the Company's activities under the applicable Federal Law "On Joint Stock Companies", the Standards for Information Disclosure by Entities of the Wholesale and Retail Electricity Markets (approved by Resolution of the Government of the Russian Federation No.24 dated January 21, 2004) And other regulations is published on the official website of ROSSETI South, PJSC, and in the Interfax Corporate Information Disclosure Center.

CORPORATE GOVERNANCE REPORT

Memorandum of the controlling shareholder

Public Joint Stock Company Federal Grid Company–Rosseti is a public joint stock company with the state share in the authorised capital of 75.000048%.

In January 2023, Public Joint Stock Company Federal Grid Company-Rosseti became the parent company of the Rosseti Group, which manages the transmission and distribution power grid complexes of the Russian Federation, due to the completion of reorganization in the form of a merger with Public Joint Stock Company Rosseti, Joint Stock Company Far East Energy Management Company-UNPG, Open Joint Stock Company Tomsk Trunk Grids, and Joint Stock Company Kuban Trunk Grids.

Public Joint Stock Company "Federal Grid Company - Rosseti" owns controlling stakes in 14 key electricity distribution companies¹³: PJSC Rosseti Kuban, PJSC Rosseti Lenenergo, PJSC Rosseti Moscow Region, PJSC Rosseti Volga, PJSC ROSSETI North-West, PJSC Rosseti North Caucasus, PJSC Rosseti Siberia, OJSC IDGC of Urals, PJSC Rosseti Center, PJSC Rosseti Center and Volga Region, PJSC Rosseti South, PJSC TRK, JSC Rosseti Tyumen, JSC Rosseti Yantar.

Public Joint Stock Company "Federal Grid Company-Rosseti" considers these controlled shareholdings to be strategic assets that are not planned to be disposed of.

Key challenges in relation to assets

Pursuant to the Rosseti Group's Development Strategy until 2030, approved by the Board of Directors of Rosseti (Minutes No. 388 dated 26.12.2019), PJSC Rosseti's key objective in managing these subsidiaries is to develop the power grid sector on the basis of advanced innovative technologies to meet consumer demand and the social and economic growth of the Russian Federation.

PJSC Rosseti has defined strategic priorities for the development of the Group's companies:

- ensuring a reliable, high quality and affordable electricity supply and contributing to the energy security of the Russian Federation;
- ensuring further improvements in the efficiency of the core business, including through digitalisation and innovation;

¹³ JSC IDGC of Urals provides services under the Rosseti Urals brand.
PJSC TRK provides services under the Rosseti Tomsk brand.

- developing new business lines (non-tariff services and consumer services) through digital transformation to ensure the company's resilience to changes in the industry;
- implementation of the principles of sustainable development.

Principles of Corporate Governance

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

PJSC Rosseti, as a controlling shareholder, is fully aware of the importance of improving corporate governance in Group companies and strives to ensure openness and transparency of their activities and to implement the recommendations of the Corporate Governance Code in their business practices.

Following best corporate governance practices, PJSC Rosseti annually ensures the presence of independent directors on the Boards of Directors of Rosseti Group companies whose shares are traded in organised markets in a number sufficient to comply with listing rules and corporate governance principles. To ensure the independence and objectivity of the Boards of Directors of Rosseti Group companies, it is planned to maintain the number of independent directors on the Boards of Directors at least at the current level.

PJSC Rosseti's representatives also participate in the annual general meetings of shareholders of the Group's companies in order to build a dialogue with minority shareholders on the company's development prospects.

PJSC Rosseti guarantees compliance with market principles in the conduct of financial and business activities of the Group's companies.

PJSC Rosseti, as a controlling shareholder, supports the initiatives of the Group's companies to protect the rights and interests of minority shareholders.

The Rosseti Group's dividend policy is based on strict observance of shareholders' rights as stipulated by the laws of the Russian Federation and is aimed at increasing the investment attractiveness of the Group's companies whose securities are admitted to organized trading and increasing their market capitalization.

The amount of dividends recommended for payment is set by the Boards of Directors of the Rosseti Group's companies based on financial results, including IFRS consolidated financial statements.

GENERAL INFORMATION ON CORPORATE GOVERNANCE

System and Principles of Corporate Governance

Corporate governance of the Company is a system of relationships between the executive bodies of the Company, its Board of Directors, shareholders and other interested parties.

Corporate governance in the Company is implemented in accordance with the legislation of the Russian Federation, the Company's Charter, internal documents that regulate the activities of the Company's management and control bodies, the Regulation on Information Policy of the Company, the Regulation on Insider Information, and other internal documents of the Company.

The documents that regulate the Company's corporate governance are available on the Company's website: <https://rosseti-yug.ru/korporativnoe-upravlenie/vnutrennie-polozeniya/>

The Company's corporate governance is based on the following basic principles:

- equal and fair treatment of all shareholders:

The Company undertakes to ensure equal and fair treatment of all shareholders, protect their rights and provide all shareholders with the opportunity to obtain effective protection in the event of violation of their rights.

- responsibility and accountability of the Board of Directors to the Company's shareholders:

Pursuant to the legislation of the Russian Federation and the Corporate Governance Code of the Bank of Russia, the Board of Directors of the Company is accountable to the Company's General Meeting of Shareholders.

- transparency and openness of the information about the Company:

The Company ensures timely disclosure of complete and reliable information about all essential instances related to its activities, including its financial position, performance deliverables (including social and environmental activities), ownership and management structure of the Company, as well as free access to the said information for shareholders and other concerned parties by implementing the Information Policy approved by the Board of Directors of the Company.

- effective system of internal control and risk management:

The Company has a risk management system in place, the purpose of which is to provide reasonable assurance that the Company will achieve the goals set forth in the Strategy for Development of the Electric Grid Sector of the Russian Federation, development program documents, and the Charter of the Company, as well as ensure the growth of the Company's value, while maintaining a balance of interests of all stakeholders. On a regular basis, the Company identifies, assesses and monitors risks, implements measures to reduce the likelihood and potential consequences of risks coming true, and also informs shareholders and other stakeholders accordingly.

The Company acts in good faith and adheres to ethical values. The Board of Directors of the Company is independent from the management and supervises the development and functioning of the internal control system. The Company establishes the responsibility of its management bodies and employees for fulfillment of their responsibilities in the area of internal control in achieving set goals.

- the Company's responsibility to its shareholders, customers, employees, partners, society and the state:

The Company recognizes and ensures the rights of its shareholders and all stakeholders as stipulated by the laws of the Russian Federation.

- sustainable development and implementation of strategic programs and

projects:

Achievement by the Company of its strategic goals is based on the principles of sustainable development; the goal of the Company is to respect rights and interests of both the Company's shareholders and other stakeholders.

The Company's key sustainability goals are:

-providing reliable, perfect and affordable energy supply for comfortable life of people and growth of the country's economy;

-technological and innovative development;

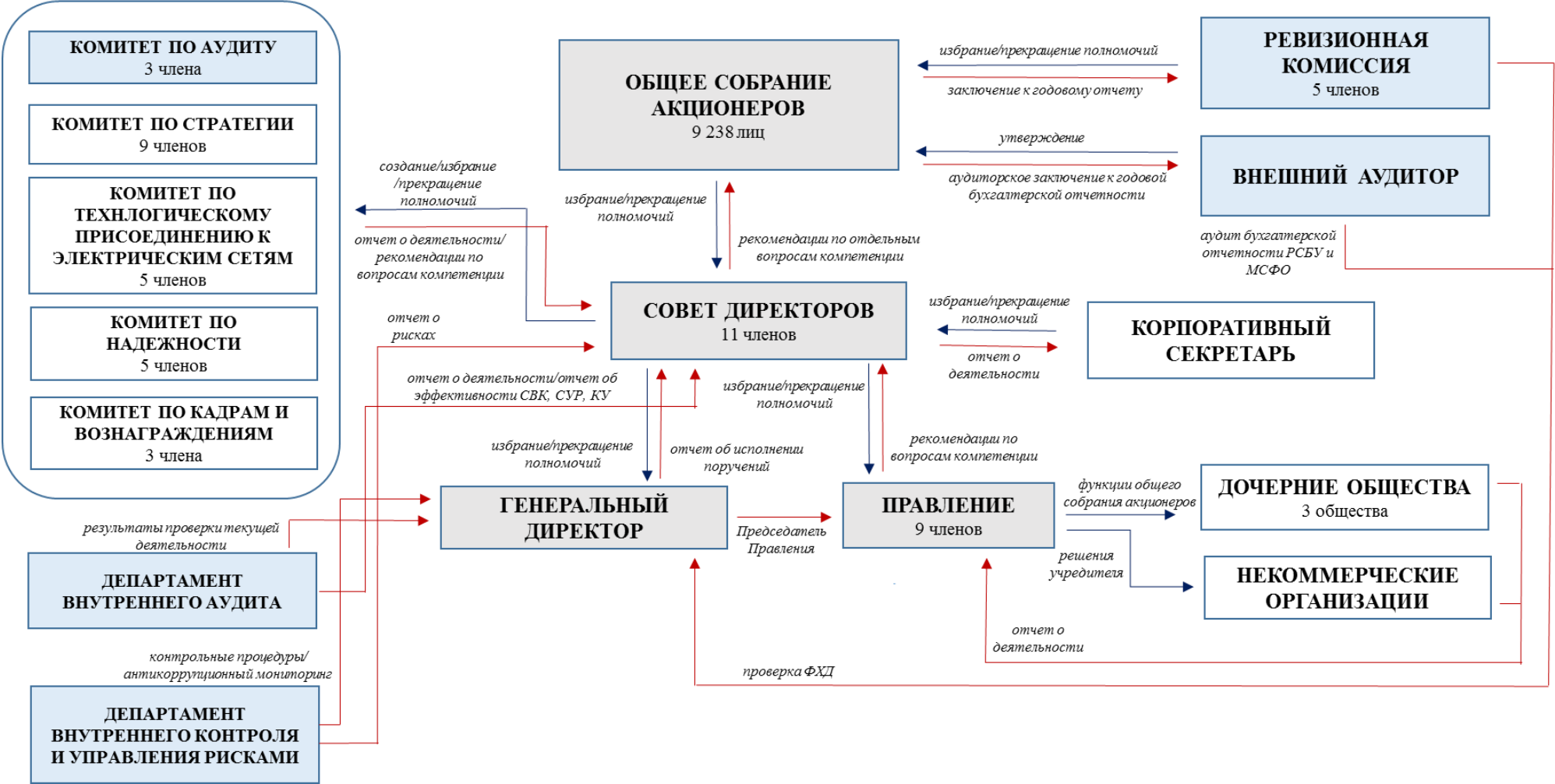
- ensuring and maintaining a high level of social stability and responsibility to society and its citizens,

-occupational safety, protection of employees' health, and raising the production culture level,

-protection of the environment and implementation of the environmental policy.

Structure of Corporate Governance

СТРУКТУРА КОРПОРАТИВНОГО УПРАВЛЕНИЯ



Development of Corporate Governance

In 2022, the Company continued to improve its corporate governance practices. The main areas of improvement in 2022 were:

- increasing the number of independent directors;
- introduction of the practice of conduct of in-person meetings of the Human Resources and Remuneration Committee;
- updating the Company's internal documents in the area of corporate governance in general, as well as documents that regulate the activities of the management bodies;
- conducting an independent external evaluation of the Board of Directors and its Committees;
- disclosure of non-financial reports in the form of an integrated report.

Throughout the year, the Board of Directors consisted of independent directors. From 01.01.2022 to 05.08.2022, the Board of Directors had three independent directors (A.I. Kazakov, M.V. Korotkova, and E.V. Nikitchanova), and from 05.08.2022, there were already four independent directors (A.I. Kazakov, M.V. Korotkova, E.V. Nikitchanova, and V.Yu. Zarkhin). The directors were recognized as independent by the decisions of the Company's Board of Directors in view of the preliminary evaluation carried out by the Human Resources and Remuneration Committee of the Board of Directors regarding the compliance with the independence criteria established by the Corporate Governance Code of the Bank of Russia and the Listing Rules of the Moscow Stock Exchange. Formally, these directors are not independent, but the Human Resources and Remuneration Committee of the Board of Directors of the Company recognized that their connection with the Company's major shareholder and major counterparty is formal and has no impact on the independence of the directors when the directors form their position on the agenda items of meetings of the Board of Directors of the Company, and on their ability to make decisions that are objective, conscientious and independent of the influence of the executive bodies of Rosseti South PJSC, a significant shareholder and a significant counterparty of the Company.

Currently, the Audit Committee is represented by three independent directors (100% of the Committee members), and the Committee is chaired by an independent director (M.V. Korotkova). V.Yu. Zarkhin, an independent director, is also a member of three other committees (Human Resources and Remuneration Committee, Strategy Committee, and Reliability Committee of the Board of Directors of the Company).

Holding for the first time a face-to-face (in the form of joint presence) meeting of the Human Resources and Remuneration Committee of the Board of Directors of the Company has become a positive practice.

In the reporting year, the Board of Directors approved the following documents in order to help the Company improve the level of corporate governance:

- Regulations on Information Policy (redrafted);
- Internal Audit Quality Assurance and Improvement Program (redrafted);

- 0Amendments to the Regulations on the Audit Committee of the Board of Directors;

- Preferred Risk (Risk Appetite).

On September 23, 2022, the Audit Committee of the Board of Directors of the Company approved the Procedure for Assessing the Quality of the Audit, the Auditors' Reports and the Efficiency of the Process of Conducting an External Audit of the Accounting (Financial) Statements of Rosseti South PJSC.

In 2022, the redrafted Procedure for Activity Planning, Preparation and Approval of Materials for Meetings of the Company's Management Board and the redrafted Procedure for Activity Planning, Preparation and Approval of Materials for Meetings of the Board of Directors and Committees of the Company's Board of Directors were updated and approved by order of the General Director.

Moreover, the General Director approved documents in the field of internal control and risk management:

- Procedure for Determining the Preferred Risk (Risk Appetite);
- Risk Tree of the Company;
- Company's Processes Control Matrices.

In 2022, an independent evaluation of the effectiveness of the Board of Directors of the Company and its Committees was conducted, with involvement of an independent consultant, VTB Registrar JSC. As part of the independent evaluation of the performance of the Board of Directors and Committees of the Board of Directors for the corporate year 2021-2022, a Competency Matrix was compiled.

For the first time in the past year, the Company prepared an integrated Annual Report for 2021, which was publicly assured by the RUIE Non-Financial Reporting Council.

Plans to maintain and improve the corporate governance model and practice in 2023 and in the medium term

- compliance with the corporate governance norms and principles set forth in the Company's current internal documents;
- adoption of the Company's own Corporate Governance Code;
- updating local regulatory documents on disclosure of information, including insider information;
- ensuring efficient operation of the Company's management bodies and monitoring the implementation of their decisions;
- maintaining the corporate governance rating at the level of "Developed practice of corporate governance";
- implementation of action plans based on the results of the Company's corporate governance evaluation.

In 2023, the Company will continue to analyze the best corporate governance practices and assess the expediency of their implementation. The Company will conduct a self-assessment of the activities of the Board of Directors and Committees of the Board of Directors.

In 2023, the Company plans to update corporate standards and practices, including plans to prepare amendments to the Company's Charter and propose them the General Meeting of Shareholders of the Company for consideration.

Assessments of the level of corporate governance

Evaluation of internal audit

Each year, the Company's Internal Audit conducts an evaluation of corporate governance by ROSSETI South, PJSC; 6 components of corporate governance are evaluated:

- Shareholder rights;
- Board of Directors;
- Executive Management;
- Transparency and disclosure of information;
- Risk management, internal controls and internal audit;
- Corporate social responsibility, business ethics, compliance.

Efficiency of the corporate governance system in the Company for the 2021-2022 corporate year was evaluated in accordance with the Corporate Governance Evaluation Procedure of ROSSETI South, PJSC, approved by the Company Order No. 481 dated August 25, 2020.

As a result of the evaluation, it was determined that corporate governance corresponds to "Developed Practice" (420.5 out of 489 points, 86%, which corresponds to the evaluation limits of <96% and ≥80%).

Components		Evaluation of ROSSETI South, PJSC					
		Max score	Weight in evaluation	Scores 2021-2022	Weight in max score	Scores 2020-2021	Weight in max score
I.	Shareholder rights	71	15%	65	13%	67	14%
II.	Board of Directors	154	31%	123.5	25%	119.5	24%
III.	Executive Management	40	8%	28	6%	28	6%
IV.	Transparency and disclosure of information	130	27%	112	23%	112	23%
V.	Risk management, internal controls and internal audit	63	13%	61	12%	61	12%
VI.	Corporate social responsibility, business ethics	31	6%	31	6%	31	6%
Total score		489	100%	420.5	86%	418.5	86%

The Internal Audit score increased by 2 points relative to the 2020-2021 corporate year estimate. The increase in the final score was most significant for the "Board of Directors" component (4 points). At the same time, the score of the "Shareholder rights" component decreased by 2 points.

The Internal Auditor notes that the Corporate Governance score has the potential to grow during corporate year 2022 - 2023 due to the following steps to be taken by the Company:

- providing access to the information materials of the Company's General Meeting of Shareholders at least 30 days prior to its date;
- holding face-to-face meetings of the Board of Directors and Committees at least once a quarter;

- drafting and approving a program for developing the Company's succession pool;
- applying an external auditor rotation policy in 2023;
- conduct of independent assurance of the 2022 Sustainability Report.

On certain issues, the growth potential depends on factors beyond the Company's ability to influence, in particular, the position of the majority shareholder.

Independent evaluation

The Company was assigned a corporate governance rating by the Non-Profit Partnership "Russian Institute of Directors" (NP RID) at the level of NCGR 7 "Developed Practice of Corporate Governance" (The Company with NCGR 7 follows a significant number of recommendations of the Russian Corporate Governance Code and sustainability standards. The Company is characterized by sufficiently low stakeholder risks related to the quality of corporate governance and sustainability management).

NCGR 7 was first assigned in 2013. In December 2022, NP RID once again confirmed the Company's rating at this level.

The Institute's experts noted the following positive points:

- availability of three independent directors on the Board of Directors;
- independent assessment of the work of the Board of Directors and Committees;
- availability of a developed regulatory and methodological base for risk management;
- availability of an Internal Audit Department accountable to the Board of Directors;
- availability of a well-developed institution of a Corporate Secretary.

Experts note that the Company demonstrates a good level of disclosure of financial and non-financial information about its activity. The Company's sustainable development and ESG practices are estimated as good. The Company implements a variety of social projects for its employees and their families, for local communities; the Company has passed ISO 9001, ISO 14001 certification and prepares an annual report using GRI standards.

At the same time, there are no provisions in the internal documents of the Company regarding the settlement of corporate conflicts and fixing the key role of the Board of Directors in this process; this shortcoming, in particular, does not allow for an increase in the assessment of the NCGR.

Evaluation of compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia

The report of ROSSETI South, PJSC, on compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia has been preliminary considered by the Board of Directors of the Company ¹⁴as part of the issue

¹⁴ Compliance with the corporate governance principles was assessed based on the procedure set forth in the Recommendations of the Central Bank of the Russian Federation on Compiling a Report on Compliance with

"On preliminary approval of the Annual Report of the Company for 2022" and is presented in Appendix No.4.

The Board of Directors confirms that the data provided in the report contains 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 2022.

Statistics on compliance with the corporate governance principles

Period	Principles recommended by Code	Principles fully observed by the Company	Principles partially observed by the Company	Principles not observed by the Company
Rights of shareholders and equal conditions for shareholders in exercising their rights				
2020	13	11	2	-
2021	13	13	-	-
2022	13	13	-	-
Board of Directors of the Company				
2020	36	20	9	7
2021	36	21	9	6
2022	36	24	10	2
Corporate Secretary of the Company				
2020	2	2	-	-
2021	2	2	-	-
2022	2	2	-	-
Remuneration system for members of the Board of Directors, executive bodies and other key executives of the Company				
2020	10	7	3	-
2021	10	8	1	-
2022	10	7	1	-
System of internal control and risk management				
2020	6	6	-	-
2021	6	6	-	-
2022	6	6	-	-
Information disclosure about the Company, information policy of the Company				
2020	7	5	-	2
2021	7	6	-	1
2022	7	7	-	-
Significant corporate actions				
2020	5	1	2	2
2021	5	3	1	1
2022	5	3	2	-

	2022 pcs	2021 pcs	2020 pcs
Principles fully observed by the Company	62	59	52
Principles partially observed by the Company	13	11	16
Principles not observed by the Company	2	8	11

the Principles and Recommendations of the Corporate Governance Code of the Bank of Russia (Letter No. IN-06-28/102 of December 27, 2021, issued by the Bank of Russia).



The percentage of principles and recommendations of the Corporate Governance Code, which are not observed by the Company, decreased (from 10.2% in 2021 to 2.6% in 2022). The reduction in the number of principles not observed by the Company is mainly due to changes in the approach to assessing compliance with the recommendations of the Corporate Governance Code of the Bank of Russia.

Based on the recommendations for public joint stock companies to improve assessment of compliance of their corporate governance practices with the principles of the Corporate Governance Code of the Bank of Russia, which was published on the Bank of Russia website in December 2021, the Company changed its estimate of compliance with a number of recommendations of the Corporate Governance Code of the Bank of Russia, including those related to the observance of the rights of shareholders; increase in the number of independent directors in the Board of Directors; disclosure of complete, up-to-date and reliable information about the Company and information policy; ensuring the procedure for performing significant corporate actions, which gives shareholders the opportunity to receive full information about such actions in a timely manner.

The share of principles and recommendations of the Corporate Governance Code of the Bank of Russia fully observed by the Company increased from 75.64% in 2021 to 80.52% in 2022.

In 2022, the Company's Board of Directors approved redrafted Regulations on Information Policy of the Company (Minutes of 18.03.2022, No.470/2022), the preferred risk (risk appetite) of the Company (Minutes of 26.05.2022, No.482/2022). Also, in order to conduct an external independent expert assessment of the work of the Board of Directors of the Company and the Committees of the Board of Directors in accordance with the recommendations of the Corporate Governance Code in the reporting period an external organization was engaged, namely, VTB Registrator JSC. The assessment results were approved at the meeting of the Board of Directors on 06.06.2022 (Minutes No. 484/2022). Furthermore, the Company is striving to comply with the relevant recommendations of the Corporate Governance Code of the Bank of Russia in terms of increasing the number of meetings of the Board of Directors and Board Committees held in the form of joint attendance, which will raise the results of estimation of principles fully complied with corporate governance by 2 points more.

GOVERNING BODIES

Corporate governance system is a system of management and control bodies, which complies with legislation of the Russian Federation, Charter of the Company, as well as the Code of Corporate Governance of the Bank of Russia and includes: General Shareholders Meeting of the Company, Board of Directors of the Company, Committees of the Board of Directors, Internal Audit Commission of the Company, executive bodies of the Company: General Director and Management Board¹⁵.

Calendar of corporate events in 2022

	January	February	March	April	May	June	July	August	September	October	November	December	Total
General Meetings of Shareholders	-	-	-	-		1	-	-	-	-	-	-	1
Meetings of the Board of Directors	1	3	4	5	5	6	4	3	3	3	3	5	45
Board Committees													
Audit Committee	1	1	1	2	2	1	-	1	4	-	1	1	15
Human Resources and Remuneration Committee	-	2	-	1	1	1	1	-	2	1	-	1	10
Strategy Committee	1	4	2	1	3	3	-	2	4	3	1	5	29
Reliability Committee	-	1	1	1	1	2	-	-	2	-	1	2	11
Grid Connection Committee	1	1	1	1	1	2	-	1	2	-	-	2	12
Management Board	2	4	5	5	6	5	4	4	6	5	3	5	54
Auditing Commission	1	-	-	1	-	1	1	-	-	-	-	-	-

General Meeting of Shareholders

The supreme governing body of ROSSETI South, PJSC, in accordance with the Federal Law "On Joint Stock Companies" and the Charter of ROSSETI South, PJSC, is the General Meeting of Shareholders.

The procedures of convening and proposing items for inclusion on the agenda of the General Meeting of Shareholders of the Company are regulated by the current legislation of the Russian Federation, the Company Charter and the Regulation on the

¹⁵ The competencies of the Company's management and control bodies are defined by the Company's internal documents, which can be found on the Company's website <https://rosseti-yug.ru/korporativnoe-upravlenie/vnutrennie-polozheniya/>.

General Meeting of Shareholders of the Company¹⁶.

The Company shall notify its shareholders in advance of General Meetings of Shareholders (SGM). Pursuant to the Company's Charter, a notice of a General Meeting of Shareholders shall be made no later than 30 days prior to the date of the meeting.

This practice provides shareholders with more time to prepare for General Meetings of Shareholders. In the information materials for the annual General Shareholders Meeting of ROSSETI South, PJSC, the information about the shareholders who nominated candidates for the Board of Directors of the Company and who proposed each of the issues included in the agenda is indicated.

During the period of preparation of the annual General Meetings, the Company maintains a special telephone channel (hotline) for communication with the shareholders and a special e-mail address for the issues on the agenda of the meeting.

The Company uses electronic means of communication that provide for the possibility to exchange information electronically in order to create a convenient procedure for shareholders to send to the Company requests for convening the General Meeting, proposals on nominating candidates to the Company bodies and making proposals to the agenda of the General Meeting. This opportunity is implemented through the Company's registrar, NRC-R.O.S.T. JSC.

Pursuant to clause 1, Article 3 of the Federal Law "On Amending the Federal Law "On Joint Stock Companies" and Suspension of Certain Provisions of the Legislative Acts of the Russian Federation" of February 25, 2022, No.25-FZ, the annual General Meeting of Shareholders of ROSSETI South, PJSC, to discuss the results of 2021 was held on June 16, 2022 in the form of absentee voting. Sixty eight shareholders (9 legal entities and 59 individuals) took part in the meeting, so the quorum of the meeting was 92.14%. The quorum was achieved primarily through the participation of the majority shareholder, Rosseti PJSC, in the voting power of 84.12%, and the minority shareholders of the Prosperity Group, in the amount of 6.45%, and NORGES BANK, in the amount of 0.97%.

In order to inform the Company's shareholders of the annual accounts, the achievements of the past year and the main lines of the Company's activity in 2022, information materials for the meeting were published on the Company's official website.

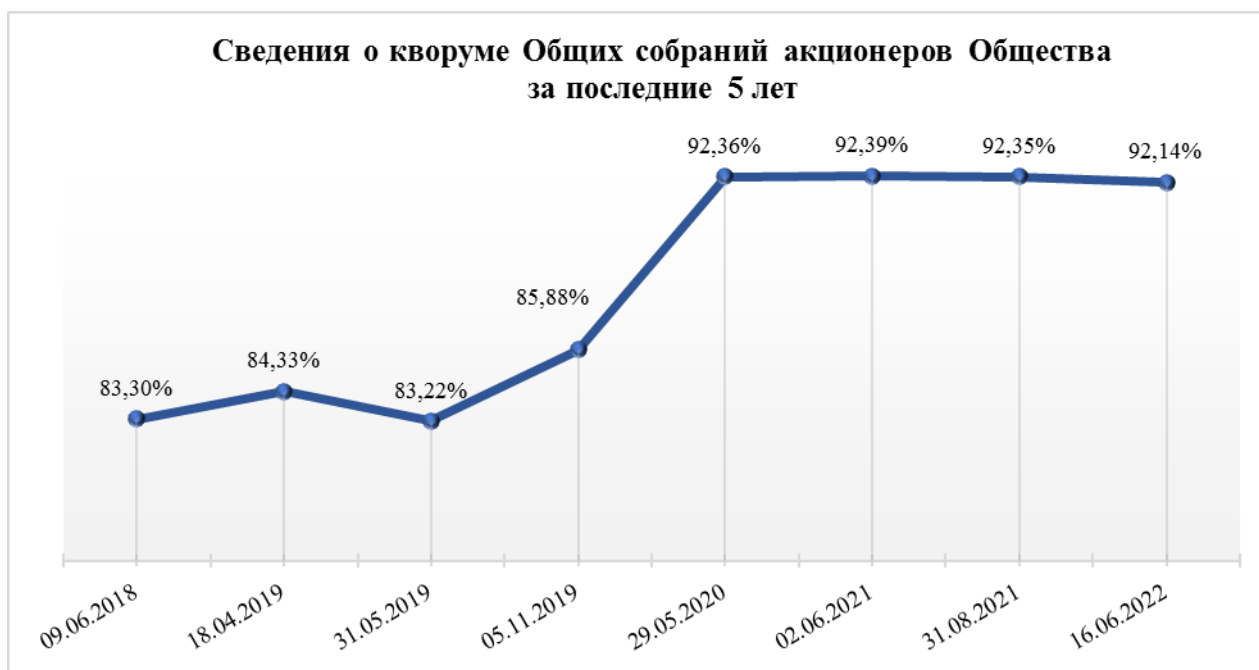
Addressing to shareholders, Boris Ebseev, General Director of Rosseti South, presented the main operating results and financial and economic indicators based on the outcomes of operations in 2021. The Company maintained positive results in all key areas; in particular, the implementation of the digital transformation project, loss reduction measures, an increase in the number of completed grid connection contracts, and other operating indicators continued.

¹⁶ *Approved by the decision of the Annual General Meeting of Shareholders on May 31, 2019 Minutes No. 20; posted on the Company's website <https://rosseti-yug.ru/korporativnoe-upravlenie/dokumenty-reglamentiruyushchie-deyatelnost-organov-upravleniya-i-kontrolya-obshchestva/>*

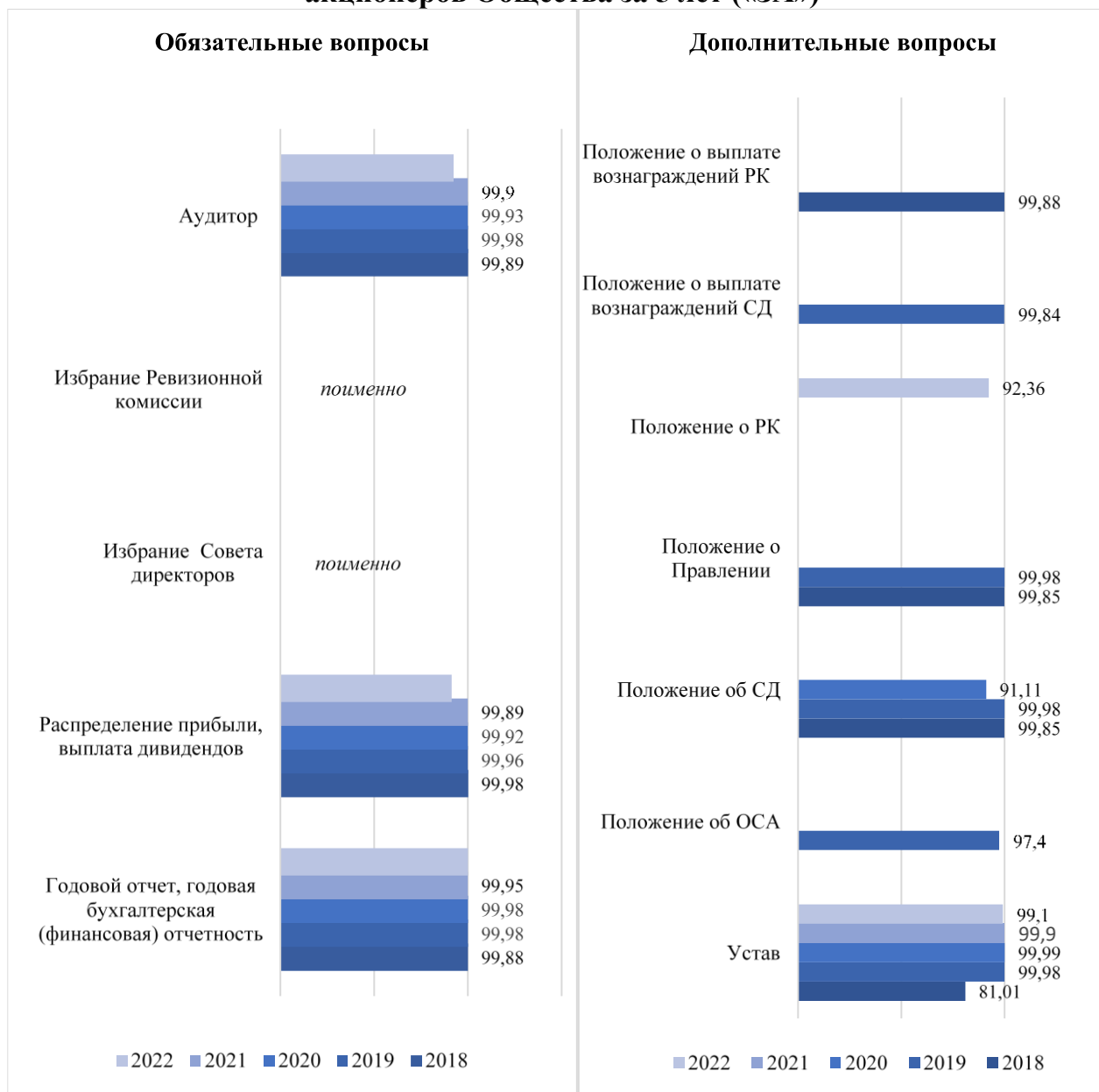
In the course of preparation for the meeting, shareholders were given the opportunity to obtain feedback from the Company's management and the management on the items on the agenda of the Annual General Meeting of Shareholders through participation in a forum organized on the Company's Internet website.

In accordance with the agenda of the Annual General Meeting of Shareholders in 2022, the annual report and the annual accounting (financial) statements of ROSSETI South, PJSC, were approved in absentia, the distribution of profit of the Company by outcomes of the 2021 financial year was approved, members of the Board of Directors and the Internal Audit Commission were elected, the Auditor of the Company for 2022 was approved. Subject to the restrictions set out in clause 1 of Article 43 of the Federal Law, "On Joint Stock Companies", it was decided to pay no dividends for 2021. Furthermore, the Meeting approved a new version of the Regulations on the Internal Audit Commission of the Company.

The minutes of the General Meetings of Shareholders are posted on the Company's website in the [For Shareholder, Investor](#) section.



Итоги голосования по вопросам повесток дня годовых Общих собраний акционеров Общества за 5 лет («ЗА»)



Board of Directors of the Company

The Board of Directors is a collegial management body that performs general management of the Company's activities, controls the activities of the Company's executive bodies, as well as execution of decisions of the General Meeting of Shareholders and the provision of legitimate interests of shareholders of the Company in accordance with the requirements of the legislation of the Russian Federation. In its activities, the Board of Directors is governed by the legislation of the Russian Federation, the Charter and the Regulations on the Board of Directors of ROSSETI South, PJSC¹⁷.

The Regulations on the Board of Directors stipulate that the newly elected members of the Board of Directors are provided with an opportunity to get an insight into the Company's strategy, corporate governance system adopted in the Company, risk management and internal control system, distribution of duties among the Company's executive bodies and other essential information on production, financial and economic activities of the Company. In the course of the implementation of measures for induction for members of the Board of Directors, who are elected for the first time and/or newly elected, key internal documents are provided, meetings with management and visits to key facilities of the Company are organized, and a video about the Company is being prepared to get acquainted with its production activities.

The Regulations on the Board of Directors of the Company stipulate the rights and duties of members of the Board of Directors, their responsibilities, the procedure for organizing the work of the Board of Directors and its decision-making. The fact of existence of these Regulations formalizes the work of this management body and thereby contributes to the effectiveness of its work.

The main goals and objectives of the Company's Board of Directors are to

- define the Company's development strategy aimed at increasing its market capitalization and investment appeal, achieving maximum profit and increasing the Company's assets;
- ensure implementation and protection of the rights and legitimate interests of the Company's shareholders, as well as assistance in resolving corporate conflicts;
- ensure the completeness, reliability and unbiasedness of the disclosure of information about the Company to shareholders and other interested parties;
- create effective internal control mechanisms;
- regularly evaluate the performance of the Company's executive bodies and the work of management.

¹⁷ Approved by the decision of the Annual General Meeting of Shareholders on 29.05.2020 (Minutes No. 22 dated 02.06.2020), the text is available on the Company's website https://rosseti-yug.ru/upload/iblock/837/Положение_о_СД_Россету_Юг.pdf

Effective corporate governance requires an open dialogue between the Board of Directors and the executive bodies of the Company. For this purpose, the General Director of ROSSETI South, PJSC, provides the Board of Directors with quarterly reports on the Company's activities, including the progress in implementation of decisions of the Board of Directors.

The Board of Directors creates and maintains the necessary mechanisms of control over the activities of the Company's Management Board, including monitoring and evaluation of its activities. The Board of Directors takes all necessary measures to improve the corporate governance system and implementation of the best corporate governance practices and procedures in the Company.

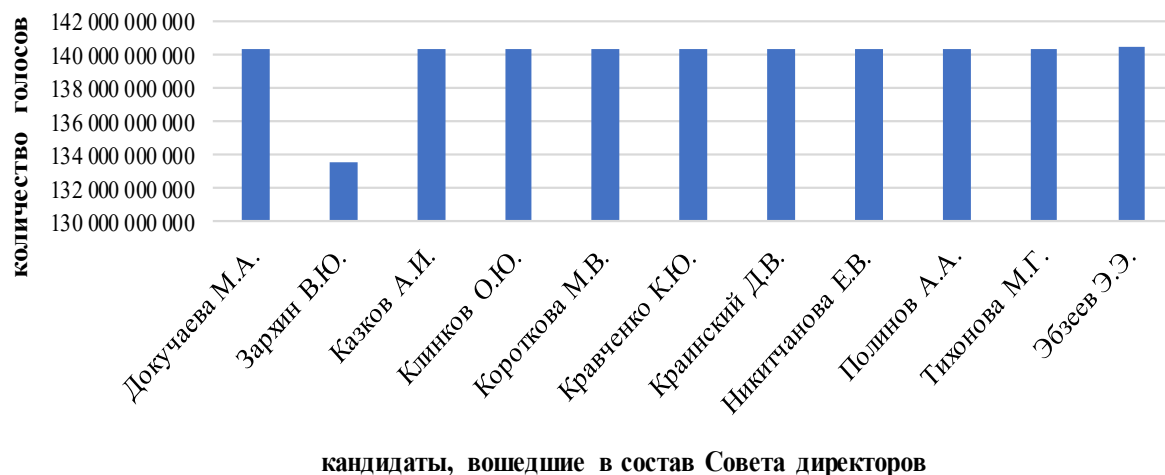
Composition of the Board of Directors

The Board of Directors is elected annually by the General Meeting of Shareholders and consists of 11 people for the period until the next Annual General Meeting. This size of the Board of Directors meets the current goals and objectives of the Company and industry practice in a best way and balances competencies, knowledge and experience among the members of the Board of Directors as required.

In 2022, there were two lineups of the Board of Directors, which were elected by the Extraordinary General Meeting of the Shareholders on August 31, 2021, and by the Annual General Meeting of the Shareholders on June 16, 2022.



**Итоги голосования по выбору состава Совета директоров
(ГОСА 16.06.2022)**



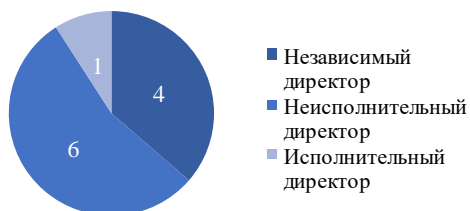
At the Annual General Meeting of Shareholders in 2022, the composition of the Board of Directors changed by 27.3% (three new members of the Board of Directors were elected). The ratio of persons proposed to the Board of Directors by the majority shareholder (ROSSETI) and the minority shareholder (Russian Prosperity Fund) to those elected to the Board of Directors remained the same (10 to 1, respectively).

As of the end of 2022, the Company's Board of Directors had the following composition:

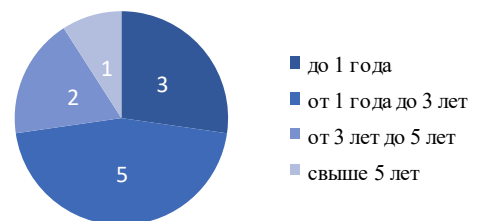
Full name	Status on the Board of Directors	Key competencies	Participation in the Board of Directors Committee	Who proposed by whom	Year of first election
Chairman of the Board of Directors					
Krainsky Daniil Vladimirovich	Non-executive Director	Law, Corporate Governance, Property Management	Member of the Strategy Committee	PJSC ROSSETI	2021
Members of the Board of Directors					
Dokuchaeva Maria Alexandrovna	Non-executive Director	Public and Media Relations	-	PJSC ROSSETI	2022
Zarkhin Vitaly Yurievich	independent director	strategic planning and development, finance, and corporate governance	Member of the Strategy Committee, Member of the Human Resources and Reimbursement Committee, Member of the Reliability Committee	The Russian Prosperity Fund	2019
Kazakov Alexander Ivanovich	independent director	industrial organization and management, strategic planning and development, finance, audit,	Member of the Audit Committee	PJSC ROSSETI	2021

		corporate governance			
Klinkov Oleg Yurievich	Non-executive Director	technological development, customer service	Member of the Committee for Grid Connection to Power Grids	PJSC ROSSETI	2021
Korotkova Maria Vladimirovna	independent director	enterprise management, strategic planning and development, finance, auditing	Chairman of the Audit Committee, Member of the Strategy Committee	PJSC ROSSETI	2020
Kravchenko Konstantin Yurievich	Non-executive Director	IT development, network digitalization	-	PJSC ROSSETI	2022
Nikitchanova Ekaterina Vladimirovna	independent director	corporate governance, law	Member of the Audit Committee	PJSC ROSSETI	2021
Polinov Alexey Alexandrovich	Non-executive Director	business planning, finance	Chairman of the Strategy Committee	PJSC ROSSETI	2021
Tikhonova Maria Gennadievna	Non-executive Director	corporate governance, property management	-	PJSC ROSSETI	2022
Ebzeev Boris Borisovich	Executive Director	strategic planning and development, power generation and transmission technology, law	-	PJSC ROSSETI	2015

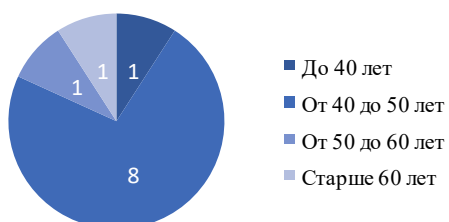
Статус директоров



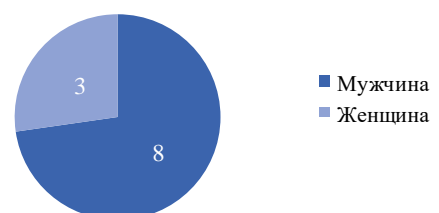
Стаж работы в Совете директоров



Возраст директоров



Пол директоров



Chairman of the Board of Directors

The Chairman of the Board of Directors is elected by the members of the Board of Directors of the Company from among them by a simple majority of votes. The Board of Directors may reelect a Chairman of the Board of Directors at any time by a majority vote of the total number of members of the Board of Directors of the Company. The Chairman of the Board of Directors performs the functions specified in the Regulations on the Board of Directors of the Company.

The current Board of Directors elected Daniil Vladimirovich Krainsky as Chairman, who has held the position of Deputy General Director for Legal Support at Public Joint Stock Company Rosseti since September 2017 (until the Company's reorganization is completed in 2023) and, since April 2020, at Public Joint Stock Company "Federal Grid Company-Rosseti" (previously named Public Joint Stock Company "Federal Grid Company of the Unified Energy System").

Chairman of the Board of Directors of ROSSETI South, PJSC, D.V. Krainsky has the status of a non-executive director. D.V. Krainsky is not an independent director, and the members of the Board of Directors repeatedly voted for his election (in 2021 and 2022) based on the candidate's knowledge and professional experience.

In the course of the independent evaluation of the Board of Directors for the corporate year 2021-2022, the activities of D.V. Krainsky as Chairman of the Board of Directors were highly evaluated by the Board members, including the quality of organization of the Board of Directors, moderation of the Board meetings in presentia, contribution to ensuring effective communication between the Board members, between the Board of Directors and the management, creation of a constructive atmosphere in the work of the Board of Directors.

Independent Directors

In the first half of 2022, three out of eleven members of the Board of Directors were independent, and in the second half of 2022, after the new Board of Directors was elected by the Annual General Meeting of Shareholders, the number of independent directors increased to four persons.

The Corporate Governance Code of the Bank of Russia stipulates that the Board of Directors shall include a sufficient number of independent directors. The Company considers it important to have independent directors on the Board of Directors.

In order to ensure Rosseti South PJSC's compliance with the recommendations of the Corporate Governance Code of the Bank of Russia, and taking into account the necessary grounds, the Board of Directors of the Company decided to recognize the members of the Board of Directors of the Company M.V. Korotkova, A.I. Kazakov, E.V. Nikitchanova, and V.Y. Zarkhin as independent directors, despite the formal criteria of their dependence (affiliation with the Company, a significant shareholder of the Company, a significant contractor of the Company), because the said affiliation will not affect the ability of the member concerned to exercise independent, objective and good-faith judgment.

The existing structure of the Board of Directors ensures an appropriate level of independence of the Board of Directors from the Company's management in order to provide proper control over its activities. In particular, the Board of Directors of

ROSSETI South, PJSC, includes only one representative of the management, namely, the General Director of the Company (Ebzeev B.B.).

The Corporate Governance Code of the Bank of Russia recommends that a senior independent director be appointed from among the elected independent directors to coordinate the work of independent directors and interact with the Chairman of the Board of Directors.

The Company has not elected a senior independent director. It is worth noting, however, that the practice of appointing an independent director as chairman of the board of directors in Russian companies is not common, either in private companies or in companies with state participation.

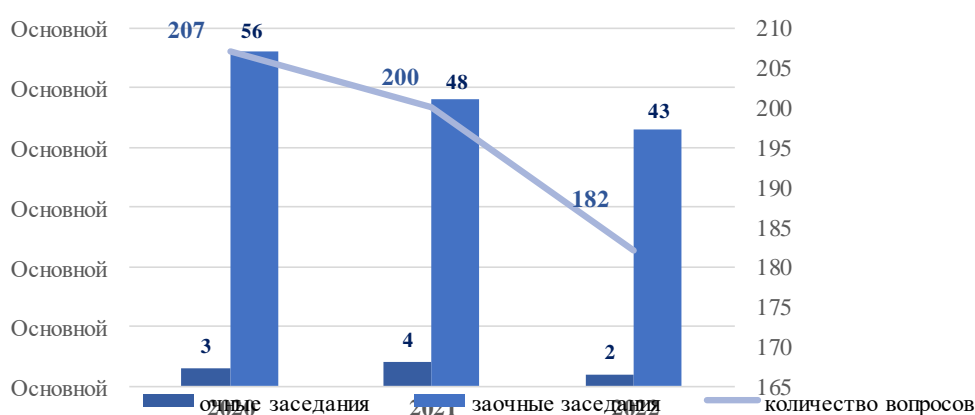
Activities of the Board of Directors

The main functions of the Company's Board of Directors include: solving the issues of general strategic management of the Company's activities; determining the priority areas of the Company's development; exercising control over the activities of executive bodies in the interests of the Company and its shareholders; conducting an objective assessment of the Company's financial condition.

Meetings of the Company's Board of Directors are held in accordance with a pre-approved plan; due to this, all members of the Board of Directors can manage their personal time and prepare themselves for upcoming meetings in advance. This practice improves the efficiency of individual work of the members of the Board of Directors and the Board of Directors as a whole.

In 2022, 45 meetings of the Company's Board of Directors were held, including two absentee meetings via videoconferencing. In 2022, 182 issues were considered at the meetings of the Board of Directors.

Статистика работы Совета директоров за 3 года



Структура вопросов, рассмотренных Советом директоров в 2022 году



Key issues considered by the Board of Directors in 2022

In the reporting year, the following most critical issues were considered by the Company's Board of Directors:

- On consideration of the draft investment program of ROSSETI South, PJSC, for the period 2023-2027 and amendments to the investment program of ROSSETI South, PJSC, for the period 2019-2023, approved by Order No. 11@ of the Ministry of Energy dated 15.11.2018, as amended by Order No. 30@ of the Ministry of Energy dated 22.12.2021.
- On approval of the Guarantee and Quality Improvement Program of ROSSETI South, PJSC, as amended.
- On the approval of the Communication Network Development Scheme of ROSSETI South, PJSC.
- On joining the changes to the Unified Procurement Standard of PJSC Rosseti (Regulations on Procurement).
- On implementation of the Development Plan of the business asset control system of Rosseti South, PJSC, in 2021.
- On approval of the Action Plan for ROSSETI South, PJSC's transition to the predominant use of domestic software.
- On reviewing of the report on the implementation of the Smart Metering Development Program of ROSSETI South, PJSC, for 2021.
- On approval of the Road Map for the development of additional (non-tariff) services of ROSSETI South, PJSC.
- On updating the Action plan for the transition of Rosseti South, PJSC, to the prior use of native software for the period of 2022-2024.
- On approval of the Scripted Conditions for Optimization of the ROSSETI South PJSC's Investment Program Project for the period 2023-2027 and amendments to the investment program of ROSSETI South, PJSC, for the period 2019-2023, approved by Order No. 11@ of the Ministry of Energy dated 15.11.2018, as amended by Order No. 30@ of the Ministry of Energy dated 22.12.2021.

- On approval of the ROSSETI South PJSC's Production Asset Management System Development Plan for 2022-2024.
- On approval of the Procurement Plan of PJSC Rosseti South for 2023.
- On approval of the preferred risk (risk appetite) of ROSSETI South, PJSC.
- On reviewing of the report on the implementation of activities provided for by the Program "Digital Transformation of ROSSETI South, PJSC, 2020 - 2030" for the year of 2021.
 - On amending the Rosseti PJSC's Regulations on the Uniform Technical Policy in the Electric Grid Sector, approved as the Company's internal document.

In addition, during the year, at its meetings, the Board of Directors regularly reviewed reports on the implementation of the Company's Business Plan and Investment Program.

In 2022, the Company's Board of Directors reviewed the following issues related to ESG factors and sustainability topics:

- On approval of the Innovation Policy of ROSSETI South, PJSC.
- On reviewing the report on compliance with the Information Policy of ROSSETI South, PJSC, for 2021;
- On reviewing the results of anti-corruption monitoring of Rosseti South, PJSC, for 2021;
- On approval of redrafted Regulations on Information Policy of ROSSETI South, PJSC.
- On approval of the Energy Saving and Energy Efficiency Improvement Policy of ROSSETI South, PJSC.
- On approval of the Energy Saving and Energy Efficiency Improvement Program of ROSSETI South, PJSC, for the period 2022-2026.
- On the implementation of the Innovative Development Program of ROSSETI South, PJSC, for 2021.
- On reviewing the report on the implementation of the "Charging Infrastructure Development Program of ROSSETI South, PJSC, for the Period until 2025" for 2021.
- On approval of the Information Security Program of ROSSETI South, PJSC.
- On tentative approval of the agreement on amendments to the collective agreement of PJSC Rosseti South for 2019-2021 and the collective agreement of PJSC Rosseti South for 2023-2025.

Report of the Board of Directors on priority areas of business

In 2022, no decisions were made by the Company's Board of Directors regarding the determination of priority areas of business.

In the reporting year, the Company continued to work in the priority business areas defined by the Board of Directors of the Company in previous periods.

Evaluation of the work of the Board of Directors in the reporting year

The evaluation of the quality of corporate management and activity of members of the Company's Board of Directors is one of the measures of corporate management practice improvement.

Pursuant to the Regulations on the Board of Directors of ROSSETI South, PJSC, the Board of Directors may assess the effectiveness of the Board of Directors work independently (self-evaluation) or by engaging an independent external organization that is duly qualified for such a work.

Assessment of the Board of Directors	Type of assessment	Organizer
2019-2020	Self-evaluation	Department of Corporate Governance and Shareholder Relations
2020-2021	Self-evaluation	Department of Corporate Governance and Shareholder Relations
2021-2022	External assessment	VTB Registrar JSC

The Board of Directors decided on March 17, 2020 (Minutes No. 364/2020 dated March 18, 2020) to approve the Procedure for evaluating the work of the Board of Directors and Committees of the Board of Directors of PJSC Rosseti South (hereinafter referred to as the Procedure); this Procedure defines a unified procedure for planning, conducting an assessment of the work of the Board of Directors and Committees of the Board of Directors of the Company and communicating the assessment results to stakeholders, including the form and scope of disclosure of information about its conduct and results.

In accordance with the Procedure, in 2022, with participation of VTB Registrar JSC, the independent consultant selected as a result of competitive procedures established in the Company, an independent (external) evaluation of the Board of Directors and Board Committees of ROSSETI South, PJSC, was carried out.

VTB Registrar JSC has the necessary competencies and experience in evaluating the activities of the Board of Directors and Board Committees, including evaluation of companies of the electric grid sector.

The independent consultant carried out the evaluation by means of questionnaire survey of members of the Board of Directors and Board Committees; this survey included questions that make it possible to evaluate the experience, knowledge, goodwill, availability of conflict of interests, as well as the work of each member of the Board of Directors and its Committees.

Completed questionnaires were received from 7 out of 11 members of the Board of Directors, which means that the feedback rate of the Board of Directors members was 64%. Also, completed questionnaires were received from 9 out of 12 members of the Committees of the Board of Directors, who were not members of the Board of Directors, which means that the feedback rate of members of the Board Committees, who were not members of the Board of Directors, was 75%.

Comparison of statistically significant results of the survey with the regulatory and working documents of the Board of Directors and its Committees led to a number of assumptions about the functioning of the corporate governance system in the Company. In order to test these assumptions, a number of interviews were conducted.

Objects of evaluation and its scores on a scale from 1 to 5:

- Board of Directors - 4.49;
- Chairman of the Board of Directors - 4.67;
- Members of the Board of Directors - 4.99 (average score of all 11 members);
- Committees of the Board of Directors - 4.82 (average score of 4 committees).

The lowest score out of the aforementioned (4.49 on a scale from 1 to 5) corresponds to an advanced level of development of the Board of Directors and its Committees.

Pursuant to the results of the assessment, the high quality of work of the Board of Directors of the Company was noted:

- The activities of the Board of Directors and Board Committees are well organized and consistent with the Company's strategic principles and, in part, with the key recommendations of the Corporate Governance Code.

- The structure of the Board of Directors and its Committees fully meets the needs of the Company, its size and complexity of business.

- The Board of Directors is well-balanced in terms of its composition and set of competences, it is structured in an optimal way. Board meetings are well attended by its members.

- The Board of Directors can work even more efficiently if the proportion of in-person meetings to absentee voting is increased.

- The Chairman of the Board of Directors efficiently performs the function of holding meetings.

- Interaction between the members of the Board of Directors and its Committees is at a high level.

- Organizational and informational support of the work of the Board of Directors and its Committees was provided at a high level.

- The memorandum of the controlling shareholder, PJSC ROSSETI, was duly disclosed.

The independent consultant offered the following recommendations for improving the performance of the Board of Directors and its Committees:

1. Face-to-face meetings without joint attendance should be used, and more precisely, the practice of holding meetings using videoconferencing should be continued.

2. At least 1 face-to-face meeting should be conducted per quarter. Face-to-face meetings should be scheduled evenly throughout a year. It would be good to hold an off-site meeting of the Board of Directors.

3. Planned update and correction of the Company's internal regulatory documents is recommended to be conducted.

4. Requirements for the size and quality of all five committees should be detailed.

5-9. The practice of electing an independent director as Chairman of the Audit Committee should be continued; an independent director should be elected Chairman of the Human Resources and Remuneration Committee; the practice of electing a Board member as Chairman of the Strategy Committee should be continued (the possibility of electing an independent director should be studied); a Board member should be elected Chairman of the Reliability Committee and the Grid Connection Committee. It should be checked how the recommendations at each evaluation/self-evaluation are implemented.

10. The opinion on ESG and sustainability issues in the Company's activities shall be formulated in the form of approval/update of internal documents or otherwise.

In June 2022, the Company's Board of Directors reviewed the results of the external independent evaluation and took note of them.

Regulating a conflict of interest of a member of the Board of Directors

Pursuant to the Regulations on the Board of Directors, members of the Board of Directors must refrain from actions that will or may lead to a conflict between their interests and the interests of the Company.

If a member of the Board of Directors has a potential conflict of interest, including an interest in a transaction made by the Company, such member of the Board of Directors shall promptly notify the Board of Directors and in any case shall put the interests of the Company before his/her own interests. In any case, the said notification shall be made prior to the beginning of the discussion at the Board meeting on the matter, in respect of which the said member of the Board of Directors has a conflict of interest.

Liability insurance for members of the Board of Directors

Period	2021	2022
Insured by	AlfaStrakhovanie JSC	AlfaStrakhovanie JSC
Amount insured, rubles	300,000,000.00	300,000,000.00
Insurance premium, rubles	4,850,000.00	7,400,000.00

Composition of the Board of Directors, changes to the Board of Directors during the year

The size of the Board of Directors of the Company is defined by the Charter to include 11 persons.

The composition of the Company's Board of Directors is balanced in the context of key skills required for effective work. Members of the Board of Directors are skilled in accounting and corporate finance, strategic management, corporate governance and specific areas of the Company's business.

In 2022, there were two lineups of the Board of Directors of the Company¹⁸:

	From 31.08.2021 to 16.06.2022:		From 16.06.2022 to 31.12.2022:
1.	Krainsky D.V. - Chairman	1.	Krainsky D.V. - Chairman
2.	Alyushenko I.D.	2.	Dokuchaeva M.A.
3.	Grebtsov P.V.	3.	Zarkhin V.Yu.
4.	Zarkhin V.Yu.	4.	Kazakov A.I.
5.	Kazakov A.I.	5.	Klinkov O. Yu.
6.	Klinkov O. Yu.	6.	Korotkova M.V.
7.	Korotkova M.V.	7.	Kravchenko K.Yu.
8.	Nikitchanova E.V.	8.	Nikitchanova E.V.
9.	Polinov A.A.	9.	Polinov A.A.
10.	Prokhorov E.V.	10.	Tikhonova M.G.
11.	Ebzeev B.B.	11.	Ebzeev B.B.

Biographies of the members of the Board of Directors

The current members of the Board of Directors of ROSSETI South PJSC were elected by decision of the Annual General Meeting of Shareholders of the Company on June 16, 2022 (Minutes No. 25 of June 16, 2022). As of December 31, 2022, the Board of Directors of ROSSETI South, PJSC, included six non-executive directors (including the Chairman of the Board of Directors), one executive director (General Director of the Company), and four independent directors. All members of the Board of Directors are citizens of the Russian Federation.

Members of the Company's Board of Directors are elected through a transparent procedure that allows shareholders to obtain information on candidates sufficient to form an idea of their personal and professional qualities.

Information materials for the meetings (including information about the candidates) are posted on the Company's website in Russian and English.

Members of the Company's Board of Directors have significant managerial and industry experience, are reputable experts in the electric power industry, and make a valuable contribution to the work of the Board of Directors and its Committees.

Krainsky Daniil Vladimirovich

Non-executive director

Chairman of the Board of Directors,

Deputy General Director for Legal Support of Rosseti PJSC, member of the Strategy Committee of the Board of Directors of ROSSETI South, PJSC

Born in 1979.

The candidacy was proposed by the Company's shareholder, Rosseti PJSC.

Graduated from the Moscow State Law Academy in 2002, majoring in jurisprudence, qualified as Lawyer.

¹⁸ Consent was obtained from the members of the Board of Directors for the disclosure of information provided in the Company's Annual Report.

Over the past five years, he has held the positions of Advisor, Chief Advisor of Rosseti, Deputy General Director for Legal and Corporate Governance of Rosseti Lenenergo, Deputy General Director for Legal Support of Rosseti, and Deputy General Director for Legal Support of Public Joint Stock Company "Federal Grid Company-Rosseti" (part-time).

From 2018 to 2022, he was a member of the Board of Directors of Lenenergo Energy Service Company JSC; from 2021: Chairman of the Board of Directors of ROSSETI South, PJSC, Rosseti Kuban PJSC, IDGC of the Urals PJSC, NIC UES JSC; from 2020: a member of the Board of Directors of Rosseti Center PJSC, Rosseti North Caucasus PJSC, Rosseti Moscow Region PJSC, Rosseti Siberia PJSC; from 2021: a member of the Board of Directors of Rosseti North-West PJSC (till 2022), Rosseti Lenenergo PJSC, TRK PJSC, Rosseti Volga PJSC, Tyvaenergo JSC, Rosseti Yantar JSC, and Rosseti Tyumen JSC, JSC Rosseti Cifra, JSC STC FGC UES, JSC CIUS UES; in 2022, he was a member of the Board of Directors of Public Joint Stock Company "Federal Grid Company-Rosseti".

At the moment, he holds the position of Deputy General Director for Legal Support of Public Joint Stock Company "Federal Grid Company-Rosseti" (abbreviated name: Rosseti PJSC), a member of the Management Board of Rosseti PJSC and a member of the Management Board of Rosseti Lenenergo.

Dokuchaeva Maria Alexandrovna

Non-executive director

Top advisor of Rosseti PJSC

Born in 1979.

The candidacy was proposed by the Company's shareholder, Rosseti PJSC.

In 2000, she was graduated from Moscow State University named after M.V. Lomonosov, majoring in Economics, qualified as "Bachelor in Economics"; In 2002, she was awarded the qualification "Master of Management" in Management.

Within the last five years, she has held the following positions: Press Secretary of PJSC Novatek (from 2018 to 2021), Chief Advisor of PJSC Rosseti (from 2021), member of the Board of Directors of ROSSETI South, PJSC, PJSC Rosseti Center (from 2022).

Zarkhin Vitaly Yurievich

Independent director

(pursuant to resolution of the Board of Directors of ROSSETI South, PJSC, dated August 05, 2022 (Minutes of the Meeting No.493/2022 dated 08.08.2022))

Member of the Human Resources and Remuneration Committee, member of the Strategy Committee, member of the Reliability Committee of the Board of Directors of ROSSETI South, PJSC

Born in 1976.

The candidacy was proposed by the shareholder of the Company, The Russian Prosperity Fund Company.

In 1998, he graduated from the State University Higher School of Economics, majoring in Economics, qualified as "Bachelor of Economics"; in 2000, he received qualification "Master of Management" with a degree in Management.

For the last five years, he has been a member of the Board of Directors of PJSC El5-Energo (till 06.12.2022, PJSC Enel Russia); from 2019, he was a member of the Board of Directors of ROSSETI South, PJSC, Rosseti Center, PJSC Rosseti Center and Privolzhye; from 2021: member of the Board of Directors of PJSC Rosseti Siberia. In 2018-2019, he was a member of the Board of Directors of PJSC KTK.

Kazakov Alexander Ivanovich

Independent director

(pursuant to resolution of the Board of Directors of ROSSETI South, PJSC, dated August 05, 2022 (Minutes of the Meeting No.493/2022 dated 08.08.2022)

Member of the Audit Committee of the Board of Directors of ROSSETI South, PJSC

Born in 1948.

The candidacy was proposed by the Company's shareholder, Rosseti PJSC.

Graduated from the Sergo Ordzhonikidze Moscow Institute of Engineering and Economics in 1971, majoring in Economics and Organization of the Machine-Building Industry, with a qualification of "Engineer Economist".

PhD in Economics.

Vastly experienced in professional and scientific activities in the sphere of state and regional management; he worked in executive positions in energy companies (RAO Gazprom, Gazprom OJSC, FGC UES OJSC, IDGC Holding OJSC, DVUEK OJSC). Full State Counselor of the Russian Federation, 1st Class (Presidential Edict No.1613 of December 3, 1996).

Over the past five years, he has been a member of the Board of Directors of DVEUK JSC (from 2011 to 2019), Rosseti Center PJSC (from 2018 to 2021), and Rosseti Volga PJSC (from 2020 to 2021). From 2021: member of the Board of Directors of Rosseti Kuban PJSC, Rosseti Center and Volga Region PJSC, ROSSETI South, PJSC; from 2022: member of the Board of Directors of Rosseti Volga PJSC.

Klinkov Oleg Yurievich

Non-executive director

Director of customer communications - HoD of technological development of ROSSETI, PJSC,

Member of the Committee for Grid Connection of the Board of Directors of ROSSETI South, PJSC

Born in 1972.

The candidacy was proposed by the Company's shareholder, Rosseti PJSC.

Graduated from Military Academy of Engineering and Space named after A.F. Mozhaisky in 1994, majoring in Automatic Control Systems for Aircrafts.

For the last five years, he has held the positions of Head of Technology Development Department of Public Joint Stock Company "Federal Grid Company-Rosseti", Director for Customer Relations - Head of Technological Development Department of Public Joint Stock Company "Federal Grid Company-Rosseti", member of the Board of Directors of Tomsk Trunk Grids. Since 2021: member of the Board of Directors of ROSSETI South, PJSC.

KOROTKOVA Maria Vyacheslavovna

Independent director

(pursuant to resolution of the Board of Directors of ROSSETI South, PJSC, dated August 05, 2022 (Minutes of the Meeting No.493/2022 dated 08.08.2022)

**Director for Development of Technoinnovation LLC,
Chairman of Audit Committee of the Board of Directors of ROSSETI South, PJSC, Member of the Strategy Committee of the Board of Directors of ROSSETI South, PJSC.**

Born in 1984.

The candidacy was proposed by the Company's shareholder, Rosseti PJSC.

In 2006, she graduated from Nizhny Novgorod State University (NNSU) named after N.I. Lobachevsky, majoring in Management of Organizations, with a qualification of "Manager".

In 2017, she was graduated from Moscow State University (MSU) named after M.V. Lomonosov, with an MBA degree in Strategic Management and Entrepreneurship.

During the last five years, she has held the positions of General Director of GC MKS LLC, member of the Board of Directors of Rosagroleasing JSC. Currently, she is Director for Development of Technoinnovation LLC, member of the Board of Directors of Rosseti Volga, ROSSETI South, PJSC, and Rosseti Center PJSC. She is a member of the Public Council under the Ministry of Energy of the Russian Federation.

Kravchenko Konstantin Yurievich

Non-executive director

Deputy General Director of digital transformation of ROSSETI, PJSC

Born in 1973.

The candidacy was proposed by the Company's shareholder, Rosseti PJSC.

Graduated from Radio Engineering Department of Voronezh State Technical University in 1995, majoring in "Design and Technology of Radio-Electronic Systems", with a qualification of "Engineer Designer Technologist".

PhD in Technical Sciences.

During the last five years, he has served as Director of Information Technology of Corporate Governance Center, Moscow Representative Office of Uralvagonzavod NPK JSC named after F.E. Dzerzhinsky ; Deputy General Director of Information Technology of Uralvagonzavod Concern JSC; Acting General Director of Rosseti Cifra JSC; Chief Advisor, Acting Deputy General Director for Digital Transformation of Rosseti PJSC and, part-time, Public Joint Stock Company "Federal Grid Company-Rosseti".

Currently, he is Deputy General Director for Digital Transformation of Public Joint Stock Company "Federal Grid Company-Rosseti".

From 2021: member of the Board of Directors of Infrastructural Investments-3 LLC (till 2022), Rosseti Kuban PJSC, and Rosseti Siberia PJSC (to date); since 2022: member of the Board of Directors of Chitatehenergo JSC, IUS Energetics JSC, Rosseti Cifra JSC, IT Energy Service LLC, ROSSETI South, PJSC, Rosseti Tyumen JSC, Rosseti Center and Privolzhye PJSC, FIC JSC, and SZEUK JSC.

Nikitchanova Ekaterina Vladimirovna

Independent director

(pursuant to resolution of the Board of Directors of ROSSETI South, PJSC, dated August 05, 2022 (Minutes of the Meeting No.493/2022 dated 08.08.2022)

Deputy Director - Head of Expert Center of Non-income partnership Russian Institute of Directors,

Member of the Audit Committee of the Board of Directors of ROSSETI South, PJSC.

Born in 1973. The candidacy was proposed by the Company's shareholder, PJSC Rosseti.

Graduated from Voronezh State University in 1996, majoring in Law.

For the last five years, she has been Deputy Director and Head of the Expert Center of the Nonprofit Partnership "Russian Institute of Directors"; she is a member of the Board of Directors: Vysshaya Shkola Publishing House JSC, TPO Kinofilm Studios JSC, and the Russian Institute of Directors. She is also a member of the Board of Directors of Sovetskaya Sibiriya JSC (from 2020), Rosseti North-West PJSC (from 2021 to 2022), from 2021: member of the Board of Directors of ROSSETI South, PJSC.

Polinov Alexey Alexandrovich

Non-executive director

Top advisor of Rosseti PJSC

Born in 1978.

The candidacy was proposed by the Company's shareholder, Rosseti PJSC.

In 2000, he graduated from the Moscow State Construction University, majoring in Economics and Management at the Enterprise (in construction), with a qualification of "Economist Manager".

PhD in Economics.

During the last five years, he has held the following positions: Advisor to the General Director of UEC JSC (in 2018); since 2018: Advisor to the General Director (part-time), Deputy General Director for Economics and Finance, Acting Deputy General Director for Economics and Finance of Rosseti Lenenergo PJSC. From 2021, he was Chief Advisor and Acting Deputy General Director for Economics and Finance of Rosseti, PJSC, and from February 2022, he was Chief Advisor and Acting Deputy General Director for Economics and Finance of Public Joint Stock Company "Federal Grid Company-Rosseti". Since November 2022, he has been Deputy General Director

for Economics and Finance of Public Joint Stock Company "Federal Grid Company-Rosseti".

Since 2019: member of the Management Board of PJSC ROSSETI Lenenergo; since April 2022: member of the Management Board of PJSC ROSSETI. Chairperson of the Board of Directors of Rosseti North-West PJSC, Rosseti Yantar JSC, Rosseti Tyumen JSC, and a member of the Board of Directors of Rosseti Moscow Region PJSC, Rosseti Lenenergo PJSC, Rosseti Siberia PJSC, ROSSETI South, PJSC, Rosseti North Caucasus PJSC, IDGC of Urals PJSC, Rosseti Kuban PJSC, and Rosseti Cifra JSC.

Tikhonova Maria Gennadievna

Non-executive director

Deputy General Director of corporate management of ROSSETI, PJSC

Born in 1980.

The candidacy was proposed by the Company's shareholder, Rosseti PJSC.

Graduated from the Volga-Vyatka Academy of State Service in 2002, majoring in State and Municipal Management;

In 2005, she completed professional retraining at the Academy of National Economy under the Government of the Russian Federation in the program "State Management of Economic Development";

Graduated from the Higher School of Economics in 2008, MBA program, majoring in Finance.

PhD in Economics.

During the last five years, she has held the position of Deputy Chairman of the Management Board and member of the Management Board of FGC UES, PJSC, and Deputy General Director for Corporate Governance at Rosseti, PJSC (from 2020 to 2023, part-time). She was a member of the Board of Directors of JSC DVEUK (in 2018-2019), JSC Electromagistral (in 2019-2020); in 2021-2022, she was a member of the Board of Directors of JSC Rosseti Yantar and PJSC GC TNS Energy. From 2021: Chairperson of the Board of Directors of PJSC ROSSETI Siberia and Tyvaenergo, member of the Board of Directors of DVUEK-UNPG (through 2022), TRK, IDGC of the Urals, Rosseti Volga, Rosseti Tyumen, and SIC UES JSC; since 2022: member of the Board of Directors of PJSC ROSSETI Moscow Region, PJSC ROSSETI North-West, ROSSETI South, PJSC.

Ebzeev Boris Borisovich

Executive Director

General Director of ROSSETI South, PJSC, Acting General Director of Rosseti Kuban PJSC (part-time)

Born in 1975.

The candidacy was proposed by the Company's shareholder, Rosseti PJSC.

In 1997, he was graduated from Moscow State University named after M.V. Lomonosov, majoring in Law.

PhD in Law.

Awarded the title of Honorary Power Engineer.

During the last five years, he has held the position of General Director, Chairman of the Management Board of ROSSETI South, PJSC; he is a member of the Board of Directors of ROSSETI South, PJSC, and Chairman of the Board of Directors of JSC VMES. Since 2021, Acting General Director of Rosseti Kuban PJSC (part-time) and member of the Board of Directors of Rosseti Kuban PJSC.

Changes to the Board of Directors during the reporting year

Until June 16, 2022, the Board of Directors of the Company elected by the Annual General Meeting of Shareholders on August 31, 2021 (Minutes No. 24 of September 2, 2021) included eleven members: Krainsky D.V.(Chairman of the Board of Directors), Alyushenko I.D., Grebtsov P.V., Zarkhin V.Yu., Kazakov A.I., Klinkov O.Yu., Korotkova M.V., Nikitchanova E.V., Polinov A.A., Prokhorov E.V., Ebseev B.B..

Detailed biographical information about the above members of the Board of Directors is set out in the Annual Report of ROSSETI South, PJSC, for the year of 2021, which is available on the Company's website at: <https://rosseti-yug.ru/aktsioneru-investoru/godovoy-otchet-za-2021-god/>.

Dokuchaeva M.A. , Kravchenko K.Yu. and Tikhonova M.G. were first elected to the Company's Board of Directors at a Shareholders' General Meeting on June 16, 2022. The other members of the Board of Directors (D.V. Krainsky, V.Y. Zarkhin, A.I. Kazakov, O.Yu. Klinkov, M.V. Korotkova, E.V. Nikitchanova, A.A. Polinov and B.B. Ebseev) were re-elected for a new term.

During the reporting period, none of the members of the Board of Directors of the Company:

- was related to any members of the management bodies and/or bodies that supervise the financial and business activities of ROSSETI South, PJSC;
- was held administratively liable for any offenses in the area of finance, taxes and levies, securities market or criminal liability for economic crimes and/or crimes against the state;
- held 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 by the insolvency (bankruptcy) laws of the Russian Federation was introduced;
- had a conflict of interest with the members of the Board of Directors and executive bodies of Rosseti South, PJSC (including conflicts connected with the participation of such persons in the management bodies of the Company's competitors);
- provided information that certain shareholders were able to acquire or acquired a degree of control that was disproportionate to their participation in the Company's authorized capital, including on the basis of shareholder agreements; the existence of ordinary shares with different par values;

Biographies of the members of the Board of Directors, who were in office in 2022, are also available on the Company's website: <https://rosseti-yug.ru/korporativnoe-upravlenie/organy-upravleniya/sovet-direktorov/>

The list of affiliated persons of ROSSETI South, PJSC, as of December 31, 2022, is available on the Company's website: <https://rosseti-yug.ru/aktsioneru-investoru/spisok-affilirovannykh-lits/>

BOARD COMMITTEES

In accordance with the Company's Charter, Committees of the Board of Directors are established by decision of the Board of Directors for the purpose of preliminary examination of issues that fall within the competence of the Board of Directors, as well as for the purposes of development of necessary recommendations to the Board of Directors and the executive bodies of the Company.

In the Company, five specialized Committees are established and operate:

- [Audit Committee](#);
- [Human Resources and Remuneration Committee](#);
- [Strategy Committee](#);
- [Reliability Committee](#);
- [Grid Connection Committee](#).

Objectives, tasks and competence of the Committees, as well as the procedure for their formation and operation are determined by the Regulations on each Committee approved by the Board of Directors and posted on the Company's official website. The Committees' activities are performed in accordance with the Committees' work plans approved annually at the Committees' meetings.

The Committees are comprised of representatives from various shareholder groups and the Company's management; this ensures a diverse approach in forming and adopting unbiased and balanced decisions and making recommendations to the Board of Directors and the Company's executive body.

In their activities, the Committees are accountable to the Company's Board of Directors. As part of compliance with the recommendations of the Corporate Governance Code of the Bank of Russia, the Chairmen of the Committees submit annual progress reports to the Board of Directors. The Committees' reports on the work performed by the Board of Directors during the corporate year of 2021-2022 were reviewed by the Board of Directors in July 2022.

The Company carries out an annual assessment of the work of the Board of Directors and the relevant Board Committees of the Company. For example, the independent organization VTB Registrar JSC assessed the work of the Board of Directors and the relevant Committees of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2021-2022. The assessment results were presented and reviewed by the Board of Directors in June 2022. The work of the Company's core committees was estimated with a score of 4.82 out of 5.

Statistics of meetings and issues examined in 2022

Committee	Number of meetings		Number of issues
	face-to-face	absentee	

Audit Committee	5	10	41
Human Resources and Remuneration Committee	1	9	17
Strategy Committee	1	28	56
Reliability Committee	1	10	23
Grid Connection Committee	1	11	16



Audit Committee

Information on creation

The Audit Committee of the Board of Directors of ROSSETI South, PJSC, was created by the decision of the Board of Directors of the Company on December 1, 2009 (Minutes No. 37/2009 dated December 4, 2009).

Major Tasks

The main tasks of the Committee are reviewing the accounting (financial) statements and supervision of the process of its preparation, control over reliability and efficiency of internal control system, risk management system, corporate governance practice, control over external audit and auditor selection, ensuring the independence and objectivity of the internal audit function, as well as overseeing the effectiveness of the functioning of the system for combating dishonest actions of the Company's employees and third parties.

Regulations for the Committee

The Committee's activity is regulated by the [Regulations on the Audit Committee of the Board of Directors of ROSSETI South, PJSC](#), approved by decision of the Board of Directors of the Company on 11.03.2016 (Minutes No.180/2016 dated March 14, 2016) with amendments approved on February 11, 2016 (Minutes No.206/2016 dated November 07, 2016), October 10, 2022 (Minutes No.499/2022 dated of October 13, 2022) and posted on the official website of the Company.

Personal composition and information on participation of the Committee members in 2022

Full Name	Position ¹⁹	Participation	participation %
Membership effective from 01.01.2022 till 28.08.2022 Elected by resolution of the Board of Directors on 07.10.2021 (Minutes No. 452/2021 dated 08.10.2021)			
The total number of meetings held: 9, of which: 3 in person (joint attendance), 6 in absentia			
Korotkova Maria Viacheslavovna, Chairperson	Director for Development of Technoinnovation LLC, Member of the Board of Directors of ROSSETI South, PJSC	9/9	100%
Kazakov Alexander Ivanovich	Member of the Board of Directors of ROSSETI South, PJSC	9/9	100%
Nikitchanova Ekaterina Vladimirovna	Deputy Director, Head of the Expert Center of NP RID, Member of the Board of Directors ROSSETI South, PJSC	9/9	100%
Membership effective from 29.08.2022 till 31.12.2022 elected by decision of the Board of Directors on 29.08.2022 (Minutes No.494/2022 dated 30.08.2022)			
The total number of meetings held: 6, of which: 2 in person (joint attendance), 4 in absentia			
Korotkova Maria Viacheslavovna, Chairperson	Director for Development of Technoinnovation LLC, Member of the Board of Directors of ROSSETI South, PJSC	6/6	100%
Kazakov Alexander Ivanovich	Member of the Board of Directors of ROSSETI South, PJSC	6/6	100%
Nikitchanova Ekaterina Vladimirovna	Deputy Director, Head of the Expert Center of NP RID, Member of the Board of Directors ROSSETI South, PJSC	6/6	100%

During 2022, the Committee included independent directors exclusively and was chaired by an independent director as recommended by the Corporate Governance Code of the Bank of Russia.

Committee performance results for 2022

In the reporting year, the Committee held 15 meetings, including five meetings in presentia (joint attendance), where 41 issues were addressed.

Meeting statistics

Year	Number of meetings			Number of issues
	face-to-face	absentee	Total	
2020	3	11	14	40

¹⁹ Job title as of election date

2021	5	9	14	44
2022	5	10	15	41



Calendar of meetings

2022	January	February	March	April	May	June	July	August	September	October	November	December
Committee meetings	1 19	1 17	1 15	2 05, 21	2 12, 17	1 10	-	1 03	4 15, 22, 23, 29	-	1 10	1 16

In 2022, the Committee issued 17 recommendations to the Board of Directors, including reviewing of:

- ROSSETI South, PJSC's Internal Audit Assurance and Quality Improvement Program,
- the deliverables of the Anti-Corruption Monitoring for 2021;
- the internal audit report on the implementation of the work plan and the results of internal audit performance, including the results of self-assessment of the quality of internal audit activities for 2021, as well as the implementation of the action plan for the development and improvement of internal audit activities of the Company;
- the report on organization, functioning and efficiency of the internal control and risk management system of the Company, the internal audit report "On Assessment of efficiency of the internal control and risk management system", information of the internal audit on the results of assessment of identification and sale of non-core assets of

the Company, and the annual accounting (financial) statements of the Company for 2021;

- candidacies of the Company's external auditor for the audit of the Company's 2022 accounting (financial) statements;

- the Committee's report on the work performed in the corporate year of 2021-2022;

- the amount of payment for the services of the auditor of ROSSETI South, PJSC

- the report of the internal audit of the Company on the evaluation of the efficiency of the corporate management system for the 2021-2022 corporate year;

- amendments to the Regulations on the Committee;

- the Committee's budget;

- remuneration of the Head of Internal Audit of the Company (determination of target values of functional KPIs for 2022);

- the work plan, the budget of the Internal Audit Department for 2023 and the remuneration of the Head of Internal Audit of the Company (determination of the target values of the functional KPIs for 2023).

The recommendations issued to the Board of Directors based on the results of the Committee's work in 2022 improved the practice of financial reporting and auditing, which is in the interests of the Company's shareholders.

During the reporting period, the following subjects were addressed with special attention:

- written information on the key accounting and reporting issues of the Company, which was provided by the external auditor on the key issues of the interim accounting (financial) statements;

- the Company's interim accounting (financial) statements;

- essential aspects of the Company's accounting policies;

- information provided by the Company's management on the fulfillment of corrective action plans to eliminate deficiencies identified by the Company's Internal Audit Commission, the Company's internal inspections, external control (oversight) bodies; information on the implementation of measures taken to inform about potential cases of dishonest actions committed by employees, as well as on the results of investigations conducted;

- reports of the Company's internal audit unit on the fulfillment of the work plan and the results of internal audit activities;

- cooperation of the Company's Audit Committee and the Company's internal and external auditors, including the scope of auditing procedures and methods proposed by the external auditor;

Information on the issues addressed

Item No.	Issue
1.	On reviewing the information presented in written form (auditor's report) on major problems of accounting and reporting of the Company, which was provided by the external auditor regarding major problems of interim accounting (financial) statements of the Company for 9 months of 2021 and which was prepared in accordance with RAS; and information of the Company's management on corrections made as a result of the external audit of the statements

2.	On reviewing essential aspects of the Company's accounting policies in the reporting year of 2021 and planned changes for the upcoming year of 2022.
3.	On preliminary examination of the terms and conditions of the procurement procedures for selecting an external auditor for the right to conclude a contract for auditing the accounting (financial) statements of the Company
4.	On preliminary examination of the redrafted Guarantee and Quality Improvement Program of ROSSETI South, PJSC
5.	On reviewing the deliverables of the Anti-Corruption Monitoring for 2021
6.	On reviewing the information provided by the Company's management on the fulfillment of corrective action plans to eliminate deficiencies identified by the Company's Internal Audit Commission, the Company's internal inspections, external control (oversight) bodies; information on the implementation of measures taken to inform about potential cases of dishonest actions committed by employees, as well as on the results of the conducted investigations at the end of 2021
7.	On preliminary examination of the internal audit report on the implementation of the work plan and the results of internal audit performance, including the results of self-assessment of the quality of internal audit activities for 2021, as well as the implementation of the action plan for the development and improvement of internal audit activities of the Company
8.	On preliminary examination of the report on the organization, functioning and efficiency of the internal control system and the risk management system of the Company for 2021
9.	On preliminary examination of the report of the Company's internal audit "On efficiency of the internal control system and risk management system in 2021"
10.	On reviewing the internal audit information on the estimate results of identification of and selling non-core assets of the Company in 2021
11.	On coordinating the information about the Company's internal control and risk management systems, which is contained in the Company's 2021 Annual Report
12.	On evaluating the efficiency of the external audit of the Company's accounting (financial) statements for 2021
13.	On reviewing the information provided by the Company's management regarding non-standard transactions and events, as well as the creation of the provision for bad debts and estimated liabilities
14.	On reviewing the written information provided by the external auditor regarding major problems of the Company's RAS financial statements for 2021, and information from the Company's management regarding essential corrections made based on the deliverables of the external audit of the financial statements
15.	On reviewing the written information provided by the external auditor on major problems of the Company's 2021 IFRS consolidated financial statements and

	information of the Company's management on material adjustments made as a result of the external audit of the statements
16.	On consideration of the annual accounting (financial) statement of the Company for 2021
17.	On consideration of the Company's 2021 consolidated financial statements prepared in accordance with IFRS
18.	On preliminary examination of a candidacy of the Company's external auditor for the audit of the Company's 2022 accounting (financial) statements
19.	On reviewing the report on executing the instructions received from the Audit Committee under the Company's Board of Directors for FY2021-2022 20
20.	On preliminary examination of the report of the Audit Committee of the Board of Directors of ROSSETI South, PJSC, on the Company's performance in corporate year of 2021-2022
21.	On reviewing the interim accounting (financial) statements of the Company for Q1, 2022, prepared in accordance with RAS
22.	On consideration of the internal audit report on implementation of the work plan for 3 months of 2022 and the results of internal audit activities
23.	On determining the amount of remuneration for the auditor ROSSETI South, PJSC
24.	On the election of the Deputy Chairman of the Audit Committee of the Company's Board of Directors
25.	On the election of the Secretary of the Audit Committee of the Company's Board of Directors
26.	On engaging an expert to participate in the activities of the Committee for Audit of the Board of Directors of the Company
27.	On approval of the Work Plan for the Audit Committee under the Board of Directors of the Company for the corporate year of 2022-2023
28.	On reviewing the results of anti-corruption monitoring for the first half of 2022
29.	On cooperation of the Company's Audit Committee and the Company's internal and external auditors, including the scope of auditing procedures and methods proposed by the external auditor
30.	On reviewing the interim accounting (financial) statements of the Company for 6 months of 2022, prepared in accordance with RAS
31.	On reviewing the information provided by the Company's management on the fulfillment of corrective action plans to eliminate deficiencies identified by the Company's Internal Audit Commission, the Company's internal inspections, external control (oversight) bodies; information on the implementation of measures taken to inform about potential cases of dishonest actions committed by employees, as well as on

	the results of the conducted investigations for 6 months of 2022
32.	On reviewing the internal audit report on implementation of the work plan and results of internal audit activities for 6 months of 2022
33.	On preliminary examination of the report of the internal audit of the Company on the evaluation of the efficiency of the corporate management system for the 2021-2022 corporate year
34.	On approval of the Procedure for assessing the quality of audit performance, auditor opinions and efficiency of external audit of ROSSETI South PJSC's accounting (financial) statements
35.	On preliminary examination of amendments to the Regulations on the Audit Committee of the Board of Directors of the Company
36.	On preliminary examination of the budget of the Audit Committee of the Company's Board of Directors for the second half of 2022
37.	On preliminary examination of the remuneration of the Head of Internal Audit of the Company (determination of target values of functional KPIs for 2022)
38.	On reviewing the report of the internal audit unit of the Company regarding the fulfillment of the work plan for 9 months of 2022 and the results of internal audit activities
39.	On preliminary examination of the work plan of the Internal Audit Department of the Company for 2023
40.	On preliminary examination of the budget of the Internal Audit Department of the Company for 2023
41.	On preliminary examination of the remuneration of the Head of Internal Audit of the Company (determination of target values of functional KPIs for 2023)

Human Resources and Remuneration Committee

Information on creation

The Human Resources and Remuneration Committee of the Board of Directors of ROSSETI South, PJSC, was created by the decision of the Board of Directors of the Company on December 1, 2009 (Minutes No. 37/2009 dated December 4, 2009).

Major Tasks

The main objective of the Committee is to ensure effective work of the Board of Directors of the Company in solving issues that fall within its competence, as well as to develop necessary recommendations to the Board of Directors and executive bodies of the Company.

The main task of the Committee is to: develop and present recommendations on the amount of remuneration to the members of the Board of Directors, principles and criteria for determining the amount of remuneration to the members of the Board of

Directors, members of the collegial executive body and the person who performs the functions of the sole executive body of the Company, including the managing organization or manager; develop and submit proposals for the determination of essential terms and conditions of contracts with members of the Board of Directors, members of the collegial executive body and the person who performs the functions of the sole executive body; determine the criteria for selecting candidates to the Board of Directors, members of the collegial executive body and the sole executive body, the preliminary assessment of the said candidates and regular assessment of the performance of the person who performs the functions of the sole executive body (managing organization, manager) and members of the collegial executive body of the Company; and to make proposals to the Board of Directors on the possibility of their reappointment.

Regulations for the Committee

The Committee's activity is regulated by the [Regulations on the Human Resources and Remuneration Committee of the Board of Directors of the Company](#), approved by the decision of the Board of Directors of the Company on 31.07.2014 (Minutes No. 140/2014 dated 04.08.2014) and posted on the Company's official website.

Personal composition and information on participation of the Committee members in 2022

Full Name	Position ²⁰	Participation	participation %
Membership effective from 01.01.2022 till 18.07.2022 elected by resolution of the Board of Directors on 07.10.2021 (Minutes No. 452/2021 dated 08.10.2021)			
Total number of meetings held: 5 meetings in absentia			
Kuznetsova Yulia Viktorovna, Chairperson	Acting Deputy General Director for Personnel Management of PJSC ROSSETI	5/5	100%
Zarkhin Vitaly Yurievich	Member of the Board of Directors of ROSSETI South, PJSC	5/5	100%
Erpsher Natalya Ilyinichna	Deputy Head of the Personnel Management and Organizational Design Department of PJSC ROSSETI	5/5	100%
Membership effective from 19.07.2022 till 31.12.2022 elected by decision of the Board of Directors on July 19, 2022 (Minutes No. 491/2022 dated July 20, 2022)			
The total number of meetings held: 5, of which: 1 in the form of joint attendance (in presentia), 4 in absentia			
Kuznetsova Yulia Viktorovna, Chairperson	Acting Deputy General Director for Personnel Management of PJSC ROSSETI	5/5	100%
Zarkhin Vitaly Yurievich	Member of the Board of Directors of ROSSETI South, PJSC	5/5	100%
Erpsher Natalya Ilyinichna	Head of Personnel Training Center of PJSC ROSSETI	5/5	100%

²⁰ Job title as of election date

Committee performance results for 2022

In the reporting year, the Committee held 10 meetings, including one meeting in the form of joint attendance (in presentia), where 17 issues were addressed.

Meeting statistics

Year	Number of meetings		Number of issues
	face-to-face	absentee	
2020	0	14	20
2021	0	11	17
2022	1	9	17



Calendar of meetings

2022	January	February	March	April	May	June	July	August	September	October	November	December
Committee meetings	-	2 03, 11	-	1 05	1 24	1 06	1 28	-	2 09, 30	1 07	-	1 29

In the reporting year, the Committee issued 12 recommendations to the Board of Directors, including reviewing of:

- the organizational structure of the executive office of ROSSETI South, PJSC;
- the Committee's budget;
- payment of a one-time bonus for performing a particularly important task to the General Director of the Company;

- results of the independent assessment of the performance of the Board and Board Committees of ROSSETI South, PJSC for the 2021-2022 corporate year;
- the issue of approval of candidacies for certain positions in the executive office of ROSSETI South, PJSC, which are determined by the Board of Directors of the Company;
- the report of the Human Resources and Remuneration Committee of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2021-2022;
- the report of the Corporate Secretary of the Company on the results of work for 2021-2022 corporate year;
- the issue of making changes to the list of positions included in the category of the Company's top managers;
- reports on fulfillment of key performance indicators (KPIs) of the Company's General Director for 2021 and the key performance indicator (KPI) "Efficiency of Innovative Activities" of the Company's General Director for 2021.

During the reporting period, special attention was paid to the preliminary examination of:

- organizational structures of the management bodies of ROSSETI South, PJSC branches, namely, Astrakhanenergo, Volgogradenergo, Kalmenergo, and Rostovenergo;
- preliminary assessment of the candidates included in the list of candidacies for election to the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2022-2023.

The information about the status of the ROSSETI South, PJSC, management succession pool and young talent pool was reviewed at the Committee meeting in the form of joint attendance (in presentia), and the updated compositions of the Company's management and youth talent pools were approved.

Information on the issues addressed

Item No.	Issue
1.	On recommendations to the Company's Board of Directors regarding approval of the organizational structure of the executive body of ROSSETI South, PJSC.
2.	On preliminary examination of organizational structures of the management bodies of ROSSETI South, PJSC branches, namely, Astrakhanenergo, Volgogradenergo, Kalmenergo, and Rostovenergo.
3.	On preliminary examination of the budget of the Human Resources and Remuneration Committee of the Board of Directors of ROSSETI South, PJSC, for the first half of 2022.
4.	On recommendations to ROSSETI South PJSC's BoD on "Payment of a one-time bonus for performing a particularly important task to the General Director of ROSSETI South, PJSC"
5.	On preliminary examination of results of the independent assessment of the performance of the Board and Board Committees of ROSSETI South, PJSC for the 2021-2022 corporate year
6.	On preliminary assessment of candidacies to the members of BoD of ROSSETI South, PJSC
7.	On preliminary approval of candidacies for certain positions in the executive office of

	ROSSETI South, PJSC, which are determined by the Board of Directors of ROSSETI South, PJSC
8.	On preliminary examination of the report of the Human Resources and Remuneration Committee of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2021-2022
9.	On recommendations to the Board of Directors of ROSSETI South, PJSC, on the "Work of the Corporate Secretary of ROSSETI South, PJSC, during the corporate year of 2021-2022".
10.	On recommendations to Company's BoD on "Payment of a one-time bonus for performing a particularly important task to the General Director of ROSSETI South, PJSC
11.	On recommendations to the Company's Board of Directors on making changes to the list of top managers of ROSSETI South, PJSC
12.	On the election of the Deputy Chairperson of the Human Resources and Remuneration Committee of the Board of Directors of ROSSETI South, PJSC
13.	On approval of the Work Plan of the Human Resources and Remuneration Committee of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2022-2023
14.	On evaluation of the status of ROSSETI South PJSC's personnel pool
15.	On preliminary examination of the budget of the Human Resources and Remuneration Committee of the Board of Directors of the Company for the second half of 2022
16.	On recommendations to the Company's Board of Directors on approval of the report on meeting the key performance indicators (KPIs) of the General Director of ROSSETI South, PJSC, for 2021"
17.	On recommendations to the Company's Board of Directors on approval of the report on the implementation of the key performance indicator (KPI) "Innovation Efficiency" of the General Director of PJSC ROSSETI South for 2021.

Strategy Committee

Information on creation

The Strategy Committee of the Board of Directors of ROSSETI South, PJSC, was created by the decision of the Board of Directors of the Company on December 1, 2009 (Minutes No. 37/2009 dated December 4, 2009).

Major Tasks

The main task of the Committee is to develop and submit recommendations to the Board of Directors of the Company on the area of the Board of Directors' activities within the Committee competence, in particular: strategic development and priority areas of activity, innovative development, organization of business processes, business planning, dividend policy, risk management, performance evaluation of the Company and its subsidiaries, as well as other tasks and areas defined by the Corporate Governance Code of the Bank of Russia.

Regulations for the Committee

The Committee's activity is regulated by the [Regulations on the Strategy](#) Committee of the Board of Directors of the Company, approved by the decision of the Board of Directors of the Company on 31.07.2014 (Minutes No.140/2014 dated 04.08.2014) and posted on the Company's official website.

Personal composition and information on participation of the Committee members in 2022

Full Name	Position ²¹	Participation	participation %
Membership effective from 01.01.2022 till 30.08.2022 elected by the decision of the Board of Directors on 26.07.2021 (Minutes No.443/2021 dated 27.07.2021)			
Total number of meetings held: 16 meetings in absentia			
Grebtsov Pavel Vladimirovich ²² , Chairman	Deputy General Director for Economics and Finance of PJSC ROSSETI, Member of the Board of Directors of ROSSETI South, PJSC	8/8	100
Polinov Alexey Alexandrovich ²³ , Chairperson	Acting Deputy General Director for Economics and Finance of PJSC ROSSETI, Member of the Board of Directors of ROSSETI South, PJSC	8/8	100
Zarkhin Vitali Yurievich	Member of the Board of Directors of ROSSETI South, PJSC	16/16	100
Iordanidi Kirill Alexandrovich	Deputy General Director for Economics and Finance ROSSETI South, PJSC	16/16	100
Kovaleva Elena Sergeevna	Deputy Head of the Corporate Governance Department of Rosseti PJSC	16/16	100
Korotkova Maria Viacheslavovna	Director for Development of Technoinnovation LLC, Member of the Board of Directors of ROSSETI South, PJSC	16/16	100
Korneev Alexander Yuryevich	Head of the Department of Grid Connection and Infrastructure Development of PJSC ROSSETI	16/16	100
Krainsky Daniil Vladimirovich	Deputy General Director for Legal Support of PJSC ROSSETI, Chairman of the Board of Directors of ROSSETI South, PJSC	16/16	100

²¹ Job title as of election date

²² Pursuant to the decision of the Board of Directors of Rosseti South, PJSC, dated April 18, 2022 (Minutes No. 475/2022 dated April 21, 2022), his powers were terminated early and he was removed from the Strategy Committee.

²³ Pursuant to the decision of the Board of Directors of Rosseti South, PJSC, dated April 18, 2022 (Minutes No. 475/2022 dated April 21, 2022), he was elected Chairman of the Strategy Committee.

Full Name	Position ²¹	Participation	participation %
Prokhorov Egor Vyacheslavovich	Deputy General Director for Strategy of PJSC ROSSETI, Member of the Board of Directors of ROSSETI South, PJSC ²⁴	16/16	100
Tulba Andrey Petrovich	Director for Economics and Finance, Head of the Department for Economic Planning and Tariff Setting of PJSC ROSSETI	16/16	100
Membership effective from 31.08.2022 till 31.12.2022 elected by the decision of the Board of Directors dated 31.08.2022 (Minutes No.495/2022 dated 01.09.2022)			
The total number of meetings held: 13, of which: 12 in absentia, 1 in the form of joint attendance (in presentia)			
Polinov Aleksandr Aleksandrovich	Acting Deputy General Director for Economics and Finance of PJSC ROSSETI, Member of the Board of Directors of ROSSETI South, PJSC	13/13	100
Zarkhin Vitali Yurievich	Member of the Board of Directors of ROSSETI South, PJSC	13/13	100
Iordanidi Kirill Alexandrovich	Deputy General Director for Economics and Finance ROSSETI South, PJSC	13/13	100
Kaloeva Madina Valeryevna	Director for Corporate Governance, Head of Corporate Governance Department of PJSC ROSSETI	13/13	100
Korotkova Maria Viacheslavovna	Director for Development of Technoinnovation LLC, Member of the Board of Directors of ROSSETI South, PJSC	13/13	100
Korneev Alexander Yuryevich	Head of the Department of Grid Connection and Infrastructure Development of PJSC ROSSETI	13/13	100
Krainsky Daniil Vladimirovich	Deputy General Director for Legal Support of PJSC ROSSETI, Chairman of the Board of Directors of ROSSETI South, PJSC	13/13	100
Leshchevskaya Yulia Aleksandrovna	Acting Deputy General Director for Strategy of PJSC ROSSETI	13/13	100
Tulba Andrey Petrovich	Director for Economics and Finance, Head of the Department for Economic Planning and Tariff Setting of PJSC ROSSETI	13/13	100

Committee performance results for 2022

In the reporting year, the Committee held 29 meetings, including one meeting in the form of joint attendance (in presentia), where 56 issues were addressed.

Meeting statistics

Year	Number of meetings		Number of issues
	face-to-face	absentee	
2020	4	29	67
2021	5	24	62
2022	1	28	56

²⁴ former Member of the Board of Directors of ROSSETI South, PJSC, till 16.06.2022



Calendar of meetings

2022	January	February	March	April	May	June	July	August	September	October	November	December
Committee meetings	1 25	4 09, 16, 22, 24	2 11, 23	1 15	3 05, 20, 24	3 2, 14, 30	-	2 4, 30	4 15, 19, 21, 29	3 7, 17, 26	1 10	5 05, 15, 27, 29, 30

The Committee's work is directly dependent on the work plan of the Board of Directors; this work is aimed at reviewing strategic development issues and priority areas of activity such as innovation development, organization of business processes, business planning, risk management, and performance evaluation of the Company and its subsidiaries.

In the reporting period, the Committee issued 52 recommendations to the Company's Board of Directors, including recommendations related to business planning and investment activities, control over the reliability and efficiency of the risk management system, implementation and control over the efficiency of the Company's main activities; recommendation on ensuring the activities of the Committee regarding the determination of the opinion of the Company's representatives on the agenda items of meetings of the Boards of Directors of the Company's subsidiaries.

The Committee also reviewed 4 separate issues in the area of business planning, development of additional (non-tariff) types of the Company's business and organizational issues of the Committee's activities.

Information on the issues addressed

Item No.	Issue
1.	On recommendations to the Board of Directors of the Company on reviewing the Rosseti South Group's reports on the implementation of the consolidated business plans based on the principles of RAS and consolidated business plans based on the principles of IFRS for 9 months of 2021".
2.	On recommendations to the Board of Directors of ROSSETI South, PJSC, on approval of target values of key performance indicators (KPI) of General Director of ROSSETI South, PJSC, for 2022".
3.	On recommendations to the Board of Directors of the Company on approval of the Innovation Policy of ROSSETI South, PJSC.
4.	On recommendations to the Board of Directors of the Company on approval of redrafted Regulations on the procedure for the development and implementation of the ROSSETI South PJSC's Innovative Development Program.
5.	On recommendations to the Board of Directors of the Company on determining the opinion of ROSSETI South, PJSC, on the agenda item of the meeting of the Board of Directors of VMES JSC titled "On approving the target values of key performance indicators (KPI) of the General Director of VMES JSC for 2022".
6.	On the preliminary examination of the budget of the Strategy Committee of the Board of Directors of ROSSETI South, PJSC, for the first half of 2022.
7.	On preliminary examination of the updated Register of Non-Core Assets of ROSSETI South, PJSC, as of December 31, 2021.
8.	On recommendations to the Board of Directors of ROSSETI South, PJSC, on reviewing the report of the sole executive body on the approval of the investment program by the Ministry of Energy of Russia and the reasons for deviations of the approved investment program from the project approved by the Board of Directors of ROSSETI South, PJSC.
9.	On recommendations to the Board of Directors of ROSSETI South, PJSC, on determining the opinion of ROSSETI South, PJSC, (representatives of ROSSETI South, PJSC) on the agenda item of the meeting of the Board of Directors of VMES JSC titled "On approving the cost estimate of VMES JSC for the first quarter of 2022"
10.	On recommendation to the Board of Directors of the Company on reviewing the ROSSETI South PJSC's Investment Program Project for the period 2023-2027 and amendments to the investment program of ROSSETI South, PJSC, for the period 2019-2023, approved by Order No. 11@ of the Ministry of Energy dated 15.11.2018, as amended by Order No. 30@ of the Ministry of Energy dated 22.12.2021.
11.	On recommendations to the Board of Directors of the Company on determining the position of ROSSETI South, PJSC (representatives of ROSSETI South, PJSC) on the agenda item of the meeting of the Board of Directors of VMES JSC titled "On reviewing the draft amendments made to the investment program of VMES JSC for 2022-2026, approved by order of the Ministry of Energy of Russia dated October 13, 2021 No. 2@"

12.	On recommendations to the Board of Directors of the Company on reviewing the progress report on the implementation of investment projects ROSSETI South, PJSC, included in the list of priority objects, for the fourth quarter of 2021”
13.	On recommendation to the BoD of the Company on reviewing the progress report on schedule plans for commissioning the objects of Rosseti South, PJSC, investment program and the report on public process and price audit of Rosseti South, PJSC, investment projects that contains the results of a summary analysis of conducted audits and conclusions summarizing the results of public and expert discussion.
14.	On recommendations to the Board of Directors of the Company on determining the opinion of ROSSETI South, PJSC, on the agenda item of the meeting of the Board of Directors of VMES JSC titled "On approval of the report of implementation of key performance indicators (KPI) of the General Director of VMES JSC for 2020".
15.	On recommendations to the Board of Directors of ROSSETI South, PJSC, on approval of the schedule of activities of ROSSETI South, PJSC, to reduce overdue debts for the rendered electric power transmission services and to resolve disputes existing as of 01.01.2022”
16.	On implementation of clause 2 of the decision of the Strategy Committee of the Board of Directors of ROSSETI South, PJSC, dated December 27, 2021 (Minutes No.266 dated December 28, 2021) on item No.1: “On recommendations to the Board of Directors of ROSSETI South, PJSC, regarding the issue “On approval of the business plan ROSSETI South, PJSC, for 2022 and forecasts for 2023-2026”
17.	On preliminary examination of the report on the organization, functioning and efficiency of the internal control system and the risk management system of Rosseti South, PJSC, for 2021
18.	On recommendations to the BoD of the Company on the issue titled " On recommendations on the amount of dividends on shares of the Company for 2021, the procedure of their payments, and proposals to the annual General Meeting of Shareholders regarding the date on which the persons authorized to receive dividends are determined".
19.	On recommendations to the Board of Directors of the Company on reviewing the report on the implementation of the Charging Infrastructure Development Program ROSSETI South, PJSC, for the period up to 2025, for 2021
20.	On the progress of the task of developing additional (non-tariff) types of business based on the results of 2021 and prospects until 2025
21.	On recommendations to the Board of Directors of the Company on determining the opinion of Rosseti South, PJSC (representatives of Rosseti South, PJSC) on the agenda item of the meeting of the Board of Directors of JSC VMES titled "On approval of the business plan of JSC VMES for 2022 and forecasts for 2023-2026”
22.	On recommendations to the Board of Directors of the Company on the issue titled "On approval of the Rosseti South Group's consolidated RAS and consolidated IFRS business plans for 2022 and forecasts for 2023-2026”
23.	On recommendations to the Board of Directors of the Company on the issue titled "On approval of the Preferred Risk (Risk Appetite) of

	ROSSETI South, PJSC"
24.	On recommendations to the Board of Directors of the Company on implementation of the Innovative Development Program of ROSSETI South, PJSC, in 2021
25.	On recommendations to the Board of Directors of ROSSETI South, PJSC, on reviewing the report on implementation of the business plan of ROSSETI South, PJSC, for 2021
26.	On recommendations to the Board of Directors of the Company on reviewing the progress report on the implementation of investment projects ROSSETI South, PJSC, included in the list of priority objects, for the first quarter of 2022"
27.	On recommendations to the Board of Directors of the Company on reviewing the Rosseti South Group's reports on the implementation of the consolidated business plans based on the principles of RAS and consolidated business plans based on the principles of IFRS for 2021"
28.	On recommendations to the Board of Directors of the Company on approval of the report on the results of implementing the investment program of ROSSETI South, PJSC, for 2021
29.	On preliminary examination of the report of the Strategy Committee of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2021-2022
30.	On recommendations to the Company's Board of Directors on determination of opinion of ROSSETI South, PJSC (representatives of ROSSETI South, PJSC) on the agenda item of the meeting of the Board of Directors of JSC VMES titled "On approval of the report on implementation of the investment program by JSC VMES for 2021"
31.	On recommendations to the Board of Directors of the Company on approval of the report on the results of implementing the investment program of ROSSETI South, PJSC, for the first quarter of 2022
32.	On recommendations to the Company's Board of Directors on determination of opinion of ROSSETI South, PJSC (representatives of ROSSETI South, PJSC) on the agenda item of the meeting of the Board of Directors of JSC VMES titled "On reviewing the report on implementation of the business plan by JSC VMES for 2021"
33.	On recommendations to the Board of Directors of the Company on approval of the schedule of activities of ROSSETI South, PJSC, to reduce overdue debts for the rendered electric power transmission services and to resolve disputes existing as of 01.04.2022"
34.	On recommendations to the Board of Directors of the Company on reviewing the report on the implementation of the Smart Metering Development Program of ROSSETI South, PJSC, for 2021.
35.	On recommendations to the Board of Directors of the Company on reviewing the report on implementation of the business plan of ROSSETI South, PJSC, for the first quarter of 2022
36.	On recommendations to the Company's Board of Directors regarding the issue titled "On approval of the Road Map for developing additional (non-tariff) services of ROSSETI South, PJSC
37.	On recommendations to the Board of Directors of the Company on reviewing the progress

	report on the implementation of investment projects ROSSETI South, PJSC, included in the list of priority objects, for the second quarter of 2022”
38.	On the election of the Deputy Chairperson of the Strategy Committee of the Board of Directors of ROSSETI South, PJSC
39.	On approval of the Work Plan of the Strategy Committee of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2022-2023
40.	On recommendations to the Board of Directors of the Company on reviewing the report on the implementation of activities provided for by the Program "Digital Transformation of ROSSETI South, PJSC, 2020 - 2030" for the year of 2021
41.	On recommendations to the Board of Directors of the Company on reviewing the report on implementation of the business plan of ROSSETI South, PJSC, for the first half of 2022
42.	On recommendations to the Board of Directors of the Company on approval of the schedule of activities of ROSSETI South, PJSC, to reduce overdue debts for the rendered electric power transmission services and to resolve disputes existing as of 01.07.2022
43.	On preliminary examination of the budget of the Strategy Committee of the Company's Board of Directors for the second half of 2022
44.	On recommendations to the Company's Board of Directors on approval of the report on meeting the key performance indicators (KPIs) of the General Director of ROSSETI South, PJSC, for 2021"
45.	On recommendations to the Company's Board of Directors on terminating the Company's participation in Public Joint Stock Company "Federal Grid Company-Rosseti"
46.	On recommendations to the Board of Directors of the Company on approval of the report on the results of implementing the investment program of ROSSETI South, PJSC, for the first half of 2022
47.	On recommendations to the Company's Board of Directors on approval of the list of ROSSETI South PJSC's investment projects to be technologically audited in 2023
48.	On recommendations to the Board of Directors of the Company on reviewing the progress report on the implementation of investment projects ROSSETI South, PJSC, included in the list of priority objects, for the third quarter of 2022
49.	On recommendations to the Board of Directors of the Company on reviewing the Rosseti South Group's reports on the implementation of the consolidated business plans based on the principles of RAS and consolidated business plans based on the principles of IFRS for the first half of 2022.
50.	On recommendation to the Board of Directors of the Company on the "Approval of the Scripted Conditions for Optimization of the ROSSETI South PJSC's Investment Program Project for the period 2023-2027 and amendments to the investment program of ROSSETI South, PJSC, for the period 2019-2023, approved by Order No. 11@ of the Ministry of

	Energy dated 15.11.2018, as amended by Order No. 30@ of the Ministry of Energy dated 22.12.2021.
51.	On recommendation to the Company's BoD on amending the Procedure of Calculating and Evaluating Key Performance Indicators of the General Director of PJSC Rosseti South and target values of key performance indicators of the General Director of PJSC Rosseti South
52.	On recommendations to the Board of Directors of the Company on approval of the schedule of activities of ROSSETI South, PJSC, to reduce overdue debts for the rendered electric power transmission services and to resolve disputes existing as of 01.10.2022
53.	On recommendations to the Board of Directors of the Company on determining the opinion of ROSSETI South, PJSC, on the agenda item of the meeting of the Board of Directors of VMES JSC titled "On approving the target values of key performance indicators (KPI) of the General Director of VMES JSC for 2022"
54.	On recommendations to the Board of Directors of the Company on reviewing the report on implementation of the business plan of ROSSETI South, PJSC, for 9 months of 2022
55.	On recommendations to the Company's Board of Directors on approval of the report on the implementation of the key performance indicator (KPI) "Innovation Efficiency" of the General Director of PJSC ROSSETI South for 2021.
56.	On recommendations to the Company's Board of Directors on approval of the business plan of PJSC Rosseti South for 2023 and forecasts for 2024-2027

Reliability Committee

Information on creation

The Reliability Committee of the Board of Directors of ROSSETI South, PJSC, was created by the decision of the Board of Directors of the Company on December 1, 2009 (Minutes No. 37/2009 dated December 4, 2009).

Major Tasks

The main task of the Committee is to develop and submit recommendations to the Board of Directors of the Company related to the analysis of production activities, assessment of the quality of planning and analysis of the renovation of energy facilities, and activities of technical services of the Company; also, the task of the Committee is to preliminary review proposals for reorganization of the management system of the Company (changes in the number of management levels, creation/liquidation/regrouping of production departments and electric grid areas).

Regulations for the Committee

The Committee's activity is regulated by the [Regulations on the Reliability Committee](#) of the Board of Directors of the Company, approved by the decision of the Board of Directors of the Company on 19.07.2017 (Minutes No.240/2017 dated 24.07.2017) and posted on the Company's official website.

Personal composition and information on participation of the Committee members in 2022

Full Name	Position ²⁵	Participation	participation %
Membership effective from 01.01.2022 till 28.07.2022 elected by resolution of the Board of Directors on 07.10.2021 (Minutes No. 452/2021 dated 08.10.2021)			
Total number of meetings held: 6 meetings in absentia			
Ulkolov Vladimir Anatolievich, Chairman	Head of the Situation Analysis Center of PJSC ROSSETI	6/6	100
Goncharov Pavel Viktorovich	Deputy General Director for Technical Issues, Chief Engineer of ROSSETI South, PJSC	6/6	100
Zarkhin Vitali Yurievich	Member of the Board of Directors of ROSSETI South, PJSC	6/6	100
Iordanidi Kirill Alexandrovich	Deputy General Director for Economics and Finance ROSSETI South, PJSC	6/6	100
Smaga Mikhail Vladimirovich ²⁶	Deputy Director of the branch of Rosseti PJSC, Technical Supervision Center	5/6	83
Zuikova Olga Valentinovna ²⁷	Director of the branch of PJSC Rosseti, Technical Supervision Center	5/5	100
Membership effective from 29.07.2022 till 31.12.2022 elected by decision of the Board of Directors on July 29, 2022 (Minutes No. 492/2022 dated July 29, 2022)			
The total number of meetings held: 5, of which: 1 in the form of joint attendance (in presentia), 4 in absentia			
Ulkolov Vladimir Anatolievich, Chairman	Head of the Situation Analysis Center of PJSC ROSSETI	5/5	100
Goncharov Pavel Viktorovich	First Deputy General Director, Chief Engineer of ROSSETI South, PJSC	5/5	100
Zarkhin Vitali Yurievich	Member of the Board of Directors of ROSSETI South, PJSC	5/5	100
Iordanidi Kirill Alexandrovich	Deputy General Director for Economics and Finance ROSSETI South, PJSC	5/5	100
Pilyugin Alexander Viktorovich	Deputy Director of the branch of Rosseti PJSC, Technical Supervision Center	5/5	100

Committee performance results for 2022

In the reporting year, the Committee held 11 meetings, including one meeting in the form of joint attendance (in presentia), where 23 issues were addressed.

²⁵ Job title as of election date

²⁶ Pursuant to the decision of the Board of Directors of Rosseti South, PJSC, dated March 23, 2022 (Minutes No. 471/2022 dated March 25, 2022), his powers were terminated early and he was removed from the Reliability Committee.

²⁷ Pursuant to the decision of the Board of Directors of Rosseti South, PJSC, dated March 23, 2022 (Minutes No. 471/2022 dated March 25, 2022), she was elected Member of the Reliability Committee.

Meeting statistics

Year	Number of meetings			Number of issues
	face-to-face	absentee	Total	
2020	-	9	9	21
2021	-	12	12	23
2022	1	10	11	23

Calendar of meetings

2022	January	February	March	April	May	June	July	August	September	October	November	December
	-	1	1	1	1	2	-	-	2	-	1	2
Committee meetings		11	31	19	19	01, 10			14, 29		25	05, 15

In 2022, the Committee issued 7 recommendations to the Board of Directors, including reviewing of:

- on implementation of the Development Plan of the business asset control system of Rosseti South, PJSC, in 2021;
- the information from General Director of Rosseti South, PJSC, on indicators of the reliability and quality service level for all branches of Rosseti South, PJSC, subject to tariff regulation based on long-term regulation characteristics of activity for 2021;
- proposals made by the General Director of ROSSETI South, PJSC, on the target values of reliability and quality indicators for ROSSETI South PJSC's branches for each year within the long-term tariff regulation period for 2023-2027;
- the report of the Reliability Committee of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2021-2022;
- the Committee's budget;
- the ROSSETI South PJSC's Production Asset Management System Development Plan for 2022-2024.

In the reporting period, special attention was paid to the consideration of reports on the results of the autumn-winter period 2021-2022; reports on the implementation of the Program of measures to prevent erroneous and incorrect actions of personnel that lead to technological violations (accidents) for 2021; reports on the progress of preparations for work in the thunderstorm and fire hazardous periods of 2022; reports on the results of work during the fire and thunderstorm periods of 2022; as well as a report on the implementation of the instructions of the supervisory authorities and measures based on the reports of the investigation of mass violations that occurred in 2022. These issues were carefully studied during the review process at the in-person

meetings of the Committee and the Company's management was given appropriate recommendations and instructions.

Information on the issues addressed

Item No.	Issue
1.	On the preliminary examination of the budget of the Reliability Committee of the Board of Directors of ROSSETI South, PJSC, for the first half of 2022.
2.	On implementation of the PCB Containing Equipment Decommissioning Plan for 2021.
3.	On reviewing the maintenance and repair plans for ROSSETI South, PJSC's electric grid facilities for 2022
4.	On preparing ROSSETI South, PJSC, for operation during the high-water period of 2022
5.	On recommendations to the Company's Board of Directors on implementation of the ROSSETI South PJSC's Production Asset Management System Development Plan in 2021"
6.	On the election of the Deputy Chairperson of the Reliability Committee of the Board of Directors of ROSSETI South, PJSC
7.	On the results of implementation of the Maintenance and Repair Program of ROSSETI South, PJSC, for 2021
8.	On recommendations to the Board of Directors of ROSSETI South, PJSC, on reviewing the information from the General Director of ROSSETI South, PJSC, on the reliability level and quality indicators of services provided for all branches of ROSSETI South, PJSC, which are subject to tariff regulation on the basis of long-term parameters of activity regulation, for 2021.
9.	On reviewing the report of ROSSETI South, PJSC, on implementation of measures to prevent injuries in 2021
10.	On reviewing the report of ROSSETI South, PJSC, on the results of the autumn-winter period 2021-2022
11.	On implementation of the Program of Measures for Prevention of Faulty and Improper Actions of the Personnel, which Lead to Technical Disturbances (Accidents) for 2021
12.	On the progress of preparing ROSSETI South, PJSC, to work in thunderstorm and fire hazardous periods in 2022
13.	On recommendations to the Company's Board of Directors on reviewing the proposals made by the General Director of ROSSETI South, PJSC, regarding the planned values of reliability and quality indicators for ROSSETI South PJSC's branches for each year within the long-term period of tariff regulation for 2023-2027"
14.	On preliminary examination of the report of the Reliability Committee of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2021-2022
15.	On implementation of clause 3 of the decision of the Reliability Committee of the Board of Directors of ROSSETI South, PJSC, dated May 19, 2022 (Minutes No.105 of May 20, 2022)

	regarding the issued titled "On reviewing the report of ROSSETI South, PJSC, on the results of the autumn-winter period of 2021-2022"
16.	On the election of the Deputy Chairperson of the Reliability Committee of the Board of Directors of ROSSETI South, PJSC
17.	On approval of the Work Plan of the Reliability Committee of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2022-2023
18.	On preliminary examination of the budget of the Reliability Committee of the Company's Board of Directors for the second half of 2022
19.	On the results of the work of ROSSETI South, PJSC, in the high-water period of 2022
20.	On the preparedness of ROSSETI South, PJSC, to operate in the autumn-winter period of 2022-2023
21.	On recommendations to the Company's Board of Directors on approval of the ROSSETI South PJSC's Production Asset Management System Development Plan for 2022-2024.
22.	On the results of work of ROSSETI South, PJSC, during the fire hazardous and thunderstorm periods of 2022
23.	On the fulfillment of the instructions issued by supervisory authorities and implementation of activities determined by the reports of the investigation of mass violations that occurred in 2022

Grid Connection Committee

Information on creation

The Grid Connection Committee of the Board of Directors of ROSSETI South, PJSC, was established by decision of the Board of Directors of the Company dated February 27, 2009 (Minutes No.23/2009 dated March 02, 2009).

Major Tasks

The main purpose of the Committee is to ensure openness of activities and non-discriminatory access to grid connection services provide for the consumers and increase efficiency of the Company's activities when rendering additional (non-tariff) services; also, the Committee's purpose is to ensure profitability of additional (non-tariff) services of the Company.

The main task of the Committee is to develop and submit recommendations to the Board of Directors with regard to the development of principles and criteria for evaluating the efficiency of activities related to the grid connection of consumers; also, the Committee is tasked to analyze the current situation and draft proposals to the Board of Directors regarding the connection of consumers to the power grids and the future development of grids.

Regulations for the Committee

The Committee's activity is regulated by the [Regulations on the Grid Connection Committee](#) of the Board of Directors of ROSSETI South, PJSC, approved by the decision of the Board of Directors dated January 31, 2020 (Minutes No. 355/2020 dated January 31, 2020) and posted on the official website of the Company.

Personal composition and information on participation of the Committee members in 2022

Full Name	Position ²⁸	Participation	participation %
Membership effective from 01.01.2022 till 30.08.2022 elected by the decision of the Board of Directors on 26.07.2021 (Minutes No.443/2021 dated 27.07.2021)			
The total number of meetings held: 8, of which: 1 in the form of joint attendance (in presentia), 7 in absentia			
Molsky Alexey Valeryevich, Chairman	Deputy General Director for Investments, Capital Construction and Services of PJSC ROSSETI	8/8	100
Zhuravlev Dmitry Olegovich	Deputy General Director for Development and Grid Connection of ROSSETI South, PJSC	8/8	100
Zarkhin Vitali Yurievich	Member of the Board of Directors of ROSSETI South, PJSC	8/8	100
Kalashnikov Nikita Vladimirovich	Deputy General Director for Investment Activity of ROSSETI South, PJSC	8/8	100
Klinkov Oleg Yurievich	Director for Customer Relations, Head of Technological Development Department of ROSSETI PJSC, member of the Board of Directors of ROSSETI South, PJSC	8/8	100
Membership effective from 31.08.2022 till 31.12.2022 elected by the decision of the Board of Directors dated 31.08.2022 (Minutes No.495/2022 dated 01.09.2022)			
Total number of meetings held: 4 meetings in absentia			
Molsky Alexey Valeryevich, Chairman	Deputy General Director for Investments, Capital Construction and Services of PJSC ROSSETI	4/4	100
Gazdanova Marina Altegovna	Deputy Head of the Grid Connection and Infrastructure Development Department, Head of the Additional Services and Customer Services Development Directorate, Rosseti PJSC	4/4	100
Zhuravlev Dmitry Olegovich	Deputy General Director for Development and Grid Connection of ROSSETI South, PJSC	4/4	100
Kalashnikov Nikita Vladimirovich	Deputy General Director for Investment and Capital Construction, ROSSETI South, PJSC	4/4	100
Klinkov Oleg Yurievich	Director for Customer Relations, Head of Technological Development Department, ROSSETI PJSC	4/4	100

Committee performance results for 2022

In the reporting year, the Committee held 12 meetings, including one meeting in the form of joint attendance (in presentia), where 16 issues were addressed.

Meeting statistics

Year	Number of meetings			Number of issues
	face-to-face	absentee	Total	

²⁸ Job title as of election date

2020	1	8	9	14
2021	-	10	10	17
2022	1	11	12	16

Calendar of meetings

2022	January	February	March	April	May	June	July	August	September	October	November	December
Committee meetings	1	1	1	1	1	2	-	1	2	-	-	2
	20	15	23	07	12	17, 30		19	22, 29			06, 19

In the reporting year, the Committee issued 10 recommendations to the Board of Directors of the Company, including reviewing of:

- issues related to the current situation in the Company's activities related to grid connection;
- the Committee's budget;
- report on implementation of the Program of charging infrastructure for the period till 2025 based on the results of the Company's activity in 2021;
- the Committee's report for the 2021-2022 corporate year;
- the issue of approval of the Road Map for the development of additional (non-tariff) services of the Company.

In the reporting period, the Committee also reviewed information on:

- implementation of agreements on the fulfillment of measures to have electric power generation facilities decommissioned;
- on the results of implementing measures to improve the accessibility of the energy infrastructure within the framework of the National Rating of the Investment Climate, which is prepared annually by the ANO ASI in the area of "Efficiency of Electricity Connection Procedures" in 2022.

At the meeting of the Committee held in the form of joint presence (in presentia), the report on the current situation in the activities of ROSSETI South, PJSC, on the grid connection of consumers for 12 months in 2021 was thoroughly examined. Based on the results of the Committee's meeting, the Company's management was given appropriate instructions.

Information on the issues addressed

Item No.	Issue
1.	On recommendations to the Board of Directors of ROSSETI South, PJSC, on the current situation in the activities of ROSSETI South, PJSC, on grid connection of customers according to the results of 9 months in 2021

2.	On preliminary examination of the budget of the Grid Connection Committee of the Board of Directors of ROSSETI South, PJSC, for the first half of 2022
3.	On reviewing the information on implementation of agreements on the fulfillment of measures to have electric power generation facilities decommissioned
4.	On recommendations to the Board of Directors of ROSSETI South, PJSC, on the current situation in the activities of ROSSETI South, PJSC, on grid connection of customers according to the results of 12 months in 2021
5.	On recommendations to the Board of Directors of the Company on reviewing the report on the implementation of the Charging Infrastructure Development Program ROSSETI South, PJSC, for the period up to 2025, for 2021
6.	On preliminary examination of the report of the Grid Connection Committee of the Board of Directors of ROSSETI South, PJSC, for 2021-2022 corporate year
7.	On recommendations to the Board of Directors of the Company on the current situation in the activities of ROSSETI South, PJSC, on grid connection of customers according to the results of 3 months in 2022
8.	On recommendations to the Company's Board of Directors regarding the issue titled "On approval of the Road Map for developing additional (non-tariff) services of ROSSETI South, PJSC
9.	On electing the Deputy Chairperson of the Grid Connection Committee of the Board of Directors of ROSSETI South, PJSC
10.	On approval of the Work Plan of the Grid Connection Committee of the Board of Directors of ROSSETI South, PJSC, for the corporate year of 2022-2023
11.	On recommendations to the Board of Directors of the Company on the current situation in the activities of ROSSETI South, PJSC, on grid connection of customers according to the results of 6 months in 2022
12.	On preliminary examination of the budget of the Grid Connection Committee of the Board of Directors of the Company for the second half of 2022
13.	On reviewing the report on the results of implementing measures to improve the accessibility of the energy infrastructure within the framework of the National Rating of the Investment Climate, which is prepared annually by the ANO ASI in the area of "Efficiency of Electricity Connection Procedures" in 2022
14.	On recommendations to the Board of Directors of the Company on the current situation in the activities of ROSSETI South, PJSC, on grid connection of customers according to the results of 9 months in 2022

The Board of Directors of the Company elects the Corporate Secretary of the Company in order for the Company to comply with the established procedure for preparing and holding the General Meeting of Shareholders, meetings of the Board of Directors and to ensure effective interaction between the Board of Directors, Committees of the Board of Directors, the Internal Audit Commission, the Auditor of the Company, executive bodies and executive office of the Society.

In her activities, the Corporate Secretary of the Company is guided by the Federal Law "On Joint Stock Companies", other regulatory legal acts of the Russian Federation, the Charter and internal documents of the Company, as well as the [Regulations on the Corporate Secretary of ROSSETI South, PJSC](#), approved by the Board of Directors on September 30, 2016 (Minutes No. 202/2016 dated October 3, 2016).

The Corporate Secretary is accountable for her activities to the Board of Directors of the Company.

E.N. Pavlova, Head of the Corporate Governance and Shareholder Relations Department, was elected Corporate Secretary by resolution of the Board of Directors of the Company on December 20, 2013.

PAVLOVA, Elena Nikolayevna

Corporate Secretary,

Head of Corporate Governance and Shareholder Relations of ROSSETI South, PJSC

Born in 1977.

EDUCATION

Rostov State Academy of Economics, economist, "Economics of Natural Resources Management", 1999.

SEI HVE Rostov State Economic University "RINH", Lawyer, "Law", 2004.

In the period from 26.11.2018 to 30.11.2018, she was trained on the advanced training program "Corporate law: novelties of legislation".

PROFESSIONAL EXPERIENCE

Till 2016: Head of Corporate Governance and Shareholder Relations Department of IDGC of the South PJSC, Corporate Secretary of IDGC of the South PJSC.

From 2016 to 2018: Head of Corporate Governance and Shareholder Relations Department, Corporate Secretary of IDGC of the South PJSC.

Since 2019: Head of Corporate Governance and Shareholder Relations Department of ROSSETI South, PJSC.

PARTICIPATION IN THE MANAGEMENT BODIES:

From 2014 to 2019: member of the Board of Directors of Energoservice South JSC.

Corporate Secretary of the Company E.N. Pavlova:

- did not hold any shares in the Company or the Company's subsidiaries and affiliates during the reporting year and did not enter into any transactions with them;
- was not related to any members of the management bodies and/or bodies that

supervised the financial and business activities of ROSSETI South, PJSC;

- was not held administratively liable for any offenses in the area of finance, taxes and levies, securities market or criminal liability for economic crimes or crimes against the state;
- held no 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 by the insolvency laws of the Russian Federation was introduced.
- there are no signs of personal interest that could or can lead to a conflict of interest.

In the reporting period, the Corporate Secretary organized the preparation and holding of the General Meetings of Shareholders of the Company in accordance with the procedure established by the internal documents of the Company, organized the preparation and holding of the meeting of the Board of Directors of the Company (including development and presentation of draft agendas, distribution of documents and information materials to members of the Company Board of Directors, organizational and technical support of the meetings, etc.).

Pursuant the terms of the employment contract and the Regulations on Payment of Remuneration and Reimbursement to the Corporate Secretary of the Company, approved by the Company Order No.701 of 24.10.2016 (as amended by the Company Order No.872 of 05.12.2017), the Company Corporate Secretary is paid a monthly remuneration.

EXECUTIVE MANAGEMENT BODIES

The current activities of the Company are managed by the executive bodies of ROSSETI South, PJSC (the General Director and the Management Board), which are accountable to the General Meeting of Shareholders and the Board of Directors of the Company.

General Director

General Director is elected by the Board of Directors of the Company and is the sole executive body of the Company and the Chairman of the Management Board.

Rights and duties of the General Director are determined by Russian legislation, the Company's Charter and the labor contract between the Company and the General Director.

Pursuant to clause 23.2 of Article 23 of the Company's Charter, the competence of the General Director of the Company includes issues related to the management of the Company's current activities, except for issues that fall within the competence of the General Shareholders' Meeting, the Board of Directors and the Management Board.

In exercising his rights and performing his duties, the General Director acts in good faith and reasonably in the interests of the Company.

On June 17, 2014, Boris Borisovich Ebseev was appointed Acting General Director of the Company.

Since July 29, 2014, Boris Ebzeev was elected General Director of the Company (decision of the Board of Directors of the Company dated 31.07.2014, Minutes No.139/2014)²⁹.

By the decision of the Board of Directors of the Company on 05.05.2017 (Minutes No. 230/2017 dated 10.05.2017), his powers were extended for a new term until 28.07.2020 inclusive.

By the decision of the Board of Directors of the Company on 29.06.2020 (Minutes No. 382/2020 dated 30.06.2020), the powers of Boris Boris Borisovich Ebseev were extended for a new term from 29.07.2020 to 28.07.2023 inclusive.

In 2019, Boris Borisovich Ebzeev was awarded the title "Honorary Power Engineer".

Also, in 2019, the General Director of Rosseti South Boris Ebseev was awarded the Order of Friendship for his labor achievements, many years of conscientious work, and active participation in the preparation and holding of the FIFA World Cup.

The edict on the state award was signed by Russian President Vladimir Putin. The badge of the Order of Friendship was handed over to General Director of Rosseti South Boris Ebzeev by the Governor of the Rostov Region Vasily Golubev at a solemn ceremony in Rostov-on-Don.

The results of the managerial decisions on the Company's principal activities in 2021 made by the General Director of the Company are reflected in the relevant sections hereof.

Management Board

The Company's Management Board is a collegial executive body of the Company that is responsible for practical implementation of the Company's objectives, development strategy and policies. Pursuant to the Charter of ROSSETI South, PJSC, the Management Board is presided by the General Director of the Company.

The activity of the Company's Management Board ³⁰is regulated by the Federal Law "On Joint Stock Companies", the Company's Charter, the [Regulations on the Management Board](#), approved by the decision of the Annual Shareholders' General Meeting of the Company on May 31, 2019 (Minutes No. 20 dated June 05, 2019).

Pursuant to the Charter, the members of the Management Board are elected by the Board of Directors of the Company, provided that the number of the members is determined by decision of the Board of Directors as suggested by the General Director.

The size of the Management Board of the Company was determined by the decision of the Board of Directors of the Company on 27.02.2019 (Minutes No. 301/2019 dated 04.03.2019) to include 9 persons.

According to Article 22 of the Charter of ROSSETI South, PJSC, for the business entities, 100 percent of the authorized capital of which belongs to ROSSETI South, PJSC, the Management Board of the Company makes decisions, along with other issues, on issues that fall within the competence of their supreme governing bodies, General

²⁹ For the personal data of Ebzeev B.B., see the biographies of members of the Board of Directors and the Management Board of this Annual Report.

³⁰ The competence of the Management Board of ROSSETI South, PJSC, is defined by the Company's Charter https://rosseti-yug.ru/upload/iblock/e72/Ycmæ%20MPCCK%20Юза_2019.pdf

Shareholders' Meetings.

Composition of Management Board

As of December 31, 2022, the Management Board of ROSSETI South, PJSC, included the following members:

EBZEEV, Boris Borisovich, born in 1975 in Russia.

He has been the Chairman of the Management Board since his appointment on June 17, 2014. General Director, Member of the Board of Directors of ROSSETI South, PJSC, Chairman of the Management Board, Acting General Director of PJSC Rosseti Kuban
Higher education:

- Moscow State University named after M. V. Lomonosov, Law.
- Institute of Legislation and Comparative Law, PhD in Law.

Awarded the title of Honorary Power Engineer. Awarded the Order of Friendship badge.

Period		Name of the organization	Position
from	to		
2014	2019	OJSC Donenergo / JSC Donenergo	Member of the Board of Directors
2014	at present	ROSSETI South, Public Joint Stock Company	Chairman of the Management Board, General Director
2015	at present	ROSSETI South, Public Joint Stock Company	Member of the Board of Directors
2018	at present	Volgograd Interdistrict Power Grids Joint Stock Company	Chairman of the Board of Directors
2021	at present	ROSSETI Kuban, Public Joint Stock Company	Member of the Board of Directors, Chairman of the Management Board, Acting General Director

AKOPIAN, Dmitry Borisovich, born in 1967 in Russia.

Member of the Management Board since February 27, 2019. Deputy General Director, Director of Rostovenergo, the branch of ROSSETI South, PJSC.

Higher education.

Krasnodar Red Banner Order of Labor Polytechnic Institute.

Autonomous Non-profit Organization "Kuban Institute of International Business and Management".

Period		Name of the organization	Position
from	to		
2016	2018	Rosseti, Public Joint Stock Company	Director of Investment Activity Department
2018	at present	Rosseti South, PJSC	Deputy General Director, Director of Rostovenergo, the branch of ROSSETI South, PJSC
2018	2019	PJSC IDGC of the Center, PJSC IDGC of the North Caucasus, PJSC IDGC of Siberia	Member of the Board of Directors
2019	at present	Public Joint Stock Company	Member of the Management Board

		"Interregional Distributive Grid Company of South" /ROSSETI South, PJSC	
2019	2021	SouthStroyMontage Limited Liability Company	General Director

GONCHAROV, Pavel Viktorovich, born in 1966 in Russia.

Member of the Management Board since September 16, 2011. First Deputy General Director, Chief Engineer of ROSSETI South, PJSC, Deputy Chairman of the Management Board.

Higher education.

- Pavlodar Industrial Institute, majoring in Electrical Systems.
- Volgograd Academy of Public Service, retraining on "State and Municipal Management".

- Institute for Advanced Training of Managers and Specialists of Fuel and Energy Complex on a program "Organization of protection of commercial secrets".

- Professional retraining at the State University of Management under a program "Management of power companies in the market economy with the right to conduct professional activities in the field of economy and management in the electric power industry".

- Professional retraining at the Federal State Budgetary Educational Institution of Higher Professional Education "Russian Presidential Academy of National Economy and Public Administration under the Russian Federation President" under the program "Company Development Management".

Period		Name of the organization	Position
from	to		
2013	at present	Rosseti South, PJSC	Deputy General Director for technical issues, Chief Engineer; from 01.04.2022: First Deputy General Director, Chief Engineer
2013	at present	"Energoservice of the South" JSC	Chairman of the Board of Directors

DZABRAILOVA, Yulianna Khasanovna, born in 1981, Russia.

Member of the Management Board since 07.09.2016. Deputy General Director, Chief of Staff of ROSSETI South, PJSC.

Higher education:

Kuban Institute of International Entrepreneurship and Management.

Kuban State Agrarian University.

Period		Name of the organization	Position
from	to		
2015	2016	PJSC "IDGC of the South"	Deputy Chief of Staff
2016	at present	Rosseti South, PJSC	Deputy General Director, Chief of Staff
2016	at present	Rosseti South, PJSC	Director of Kubanenergo, the branch of PJSC "IDGC of South"/Director of Kubanenergo, the branch of ROSSETI South, PJSC
2016	at present	"Recreation center Energetik" Joint Stock Company	Chairman of the Board of Directors
2018	at present	All-Russian Trade Association of Employers in the Power	Member of the Supervisory Board

		Industry "Energy Employers Association of Russia"	
2021	at present	PJSC "Rosseti Kuban"	Member of the Management Board, Deputy General Director, Chief of Staff (part-time)

IORDANIDI, Kirill Alexandrovich, born in 1985, Russia.

Member of the Management Board since 29.10.2021. Deputy General Director for Economics and Finance ROSSETI South, PJSC.

Higher education:

University of Indianapolis (Indiana, USA), majoring in Economics and Finance;
International College (Intercollege, Republic of Cyprus), majoring in Management;

Federal State Budgetary Educational Institution of Higher Professional Education "South Russian State University of Economics and Service", Master's degree in Management.

Further Education:

MBA program "Management and regulation of economic activities in the international electric power industry", with qualification "Master of Business Administration", Federal State Educational Institution of Higher Professional Education "Moscow State Institute of International Relations" (university) under the Ministry of Foreign Affairs of the Russian Federation, Novochoerkassk Order of the Red Banner of Labor Polytechnic Institute named after Sergo Ordzhonikidze

Period		Name of the organization	Position
from	to		
2015	2021	Rosseti South, PJSC	Deputy Head of Tariff Setting Department, Head of Economic Department
2021	at present	Rosseti South, PJSC	Member of the Management Board, Deputy General Director for Economics and Finance
2021	at present	PJSC "Rosseti Kuban"	Member of the Management Board, Deputy General Director for Economics and Finance
2017	at present	"Recreation center Energetik" Joint Stock Company	Member of the Board of Directors

MUSINOV, Oleg Valeryevich, born in 1972 in Russia.

Member of the Management Board since February 27, 2019. Deputy General Director for legal and corporate management of ROSSETI South, PJSC.

Higher education:

Khabarovsk State Academy of Economics and Law.

Volgograd State University. Training under the program of preparation of administrative personnel for the national economy organizations of the Russian Federation.

Further Education:

Federal State Autonomous Educational Institution of Higher Education "Moscow State Institute of International Relations" (university) under the Ministry of Foreign

Affairs of the Russian Federation, under the Executive MBA program, Master of Business Administration (MBA).

Period		Name of the organization	Position
from	to		
2014	2022	Rosseti South, PJSC	Deputy General Director for Corporate Management
2018	at present	JSC "VMES"	Member of the Board of Directors
2019	at present	Rosseti South, PJSC	Member of the Management Board
2022	at present	Rosseti South, PJSC	Deputy General Director for legal and corporate management
2021	2022	PJSC "Rosseti Kuban"	Assistant General Director (part-time)

RYBIN, Alexey Alexandrovich, born in 1972 in Russia.

Member of the Management Board since September 30, 2013. Deputy General Director, Director of Volgogradenergo, the branch of ROSSETI South, PJSC; General Director of VMES JSC.

Higher education:

Kharkov Aviation Institute named after N.E. Zhukovsky, majoring in Aircraft Engines and Power Plants.

Rostov State University, majoring in Law.

Period		Name of the organization	Position
from	to		
2012	2021	Rosseti South, PJSC	Deputy General Director for Economics and Finance
2018	at present	JSC "VMES"	Member of the Board of Directors
2021	at present	Volgogradenergo, the branch of ROSSETI South, PJSC	Deputy General Director, Director of Volgogradenergo, the branch of ROSSETI South, PJSC
2021	at present	JSC "VMES"	General Director

SAVIN, Grigory Grigorievich, born in 1952 in Russia.

Member of the Management Board since February 16, 2013. Chief Accountant, Head of Accounting and Tax Accounting and Reporting Department of ROSSETI South, PJSC.

Higher education:

All-Union Correspondence Institute of Finance and Economics, Moscow, majoring in Economics of Labor.

Period		Name of the organization	Position
from	to		
2008	at present	Rosseti South, PJSC	Chief Accountant, Head of Accounting and Tax Accounting and Reporting Department

CHASOVSKY, Alexander Alexandrovich, born in 1957 in Russia.

Member of the Management Board since April 21, 2014. Deputy General Director for Security at ROSSETI South, PJSC.

Higher education:

Moscow Higher Border Guard Command School named after Mossovet; Red Banner Institute of KGB named after Y.V. Andropov.

Period		Name of the organization	Position
from	to		
2013	at present	Rosseti South, PJSC	Deputy General Director for Security
2021	2022	PJSC "Rosseti Kuban"	Assistant General Director (part-time)

During the reporting period, none of the members of the Management Board of the Company:

- was related to any members of the management bodies and/or bodies that supervise the financial and business activities of ROSSETI South, PJSC;
- was held administratively liable for any offenses in the area of finance, taxes and levies, securities market or criminal liability for economic crimes and/or crimes against the state;
- held 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 by the insolvency (bankruptcy) laws of the Russian Federation was introduced;
- had a conflict of interest with the members of the Board of Directors and executive bodies of Rosseti South, PJSC (including conflicts connected with the participation of such persons in the management bodies of the Company's competitors);
- provided information that certain shareholders were able to acquire or acquired a degree of control that was disproportionate to their participation in the Company's authorized capital, including on the basis of shareholder agreements; the existence of ordinary shares with different par values;

P.V. Goncharov, a member of the Management Board, owns 0.0002% of ROSSETI South PJSC's ordinary shares in the Company's authorized capital. Other members of the Company's Management Board do not own shares in ROSSETI South, PJSC, or shares in subsidiaries/dependent companies of ROSSETI South, PJSC. No information was received by the Company regarding transactions of acquisition or alienation of the Company shares by the members of the Management Board. All members of the Company's Management Board have consented to the disclosure of information about them in this Annual Report.

Meeting statistics

	2018	2019	2020	2021	2022
Meetings held	43	39	38	41	53
<i>in the form of joint attendance</i>	2	3	0	0	0
Issues addressed	139	171	167	221	239

In the reporting year, Meetings of the Management Board were held in accordance with its work plans, as well as on the initiative of the Chairman of the Management Board.



In 2022, the Management Board of the Company addressed, in particular, the following important issues:

- on reviewing the information provided by the Company's management on the fulfillment of corrective action plans to eliminate deficiencies identified by the Company's Internal Audit Commission, the Company's internal inspections, external control (oversight) bodies; information on the implementation of measures taken to inform about potential cases of dishonest actions committed by employees, as well as on the results of the conducted investigations at the end of 2021;
 - reports of risk owners on the management of functional risks and risks of business processes of the Company;
 - reports on implementation of the RAS and IFRS consolidated business plans of the Rosseti South Group for 2021;
 - reports on the results of the financial and business activities of subsidiaries and affiliates of ROSSETI South, PJSC;
 - reports on acquisition of electric power facilities, where no approval of acquisition by the Board of Directors is required;
 - quarterly reports on the compensation agreements entered into by ROSSETI South PJSC;
 - preliminary examination of parameters of the business plan of ROSSETI South, PJSC, for 2023 and forecasts for 2024-2027.

Corporate management of subsidiaries and affiliates ROSSETI South, PJSC, is performed through its representatives in the management bodies of subsidiaries and affiliates (hereinafter referred to as "S&A"), who guided themselves by the current legislation of the Russian Federation, the Charters of ROSSETI South, PJSC, and subsidiaries and affiliates, the Regulations on interaction of ROSSETI South, PJSC, with subsidiaries and affiliates of ROSSETI South, PJSC, approved by the Company's order No.577 dated 01.08.2019, Regulations on the formation and submission of final instructions to representatives of ROSSETI South, PJSC, regarding the agenda items of the meetings of the boards of directors of subsidiaries and affiliates of ROSSETI South, PJSC, approved by the Company's order No.685 dated 09.09.2019.

As of December 31, 2022, ROSSETI South, PJSC, owns 100 percent of the voting shares of three subsidiaries, namely:

- "Energoservice of the South" JSC
- "Recreation center "Energetik" JSC
- VMES JSC.

"Energoservice of the South" JSC

Joint Stock Company "Energoservice of the South" (abbreviated name: JSC "Energoservice of the South") was founded on the basis of the decision of the Board of Directors of OJSC "IDGC of the South" dated 22.12.2010.

Principal activities.

- technical tests, research and certification;
- tests and analysis of mechanical and electrical characteristics of finished products such as motors, cars, machine tools, radioelectronic devices, communications and other equipment, which includes mechanical and electrical components;
- scientific research and momentum in the field of natural and technical sciences;
- other technical control, testing and analysis activities;
- auditing activities;
- development of designs of industrial processes and production facilities related to electrical engineering, electronic engineering, mining engineering, chemical engineering, mechanical engineering, as well as in the field of industrial construction, system engineering and safety engineering;
- installation of engineering equipment of buildings and structures;
- generation, transmission and distribution of electric power;
- generation, transmission and distribution of steam and hot water (heat energy);
- activities in the field of architecture; engineering design; geological survey and geophysical works; geodetic and cartographic activities; activities in the field of standardization and metrology; activities in the field of hydrometeorology and related fields; activities related to solving technical problems, not included in other groupings;

- advising on commercial and management issues.

The Company may carry out other activities, which are not prohibited by law.

Management and control bodies.

Board of Directors of Energoservice of the South JSC:

Goncharov Pavel Viktorovich

Dokuchaev Dmitry Olegovich

Zhuravlev Dmitry Olegovich

Lednev Eduard Vitalievich

Gazdanova Marina Altegovna

Sobolev Denis Vladimirovich

Manzaraeva Larisa Ivanovna

In the Charter of the Company, no **Management Board** is provided.

Zhuravlev Dmitry Olegovich was elected **General Director** of JSC "Energoservice of the South" as of 01.10.2017.

Internal Audit Commission of JSC "Energoservice of the South":

Menshenin Alexey Evgenievich

Pechenkin Nikolay Vladimirovich

Gladkina Ekaterina Maksimovna

On June 28, 2022, the General Meeting of Shareholders of JSC "Energoservice of the South" approved LLC "IBC Group" (TIN 77439442156 PSRN 5147746194415) as the auditor of the Company (minutes of the meeting of the Board of ROSSETI South, PJSC, No. 448) to verify and confirm the reliability of the annual financial statements of JSC "Energoservice of the South" JSC.

The authorized capital of JSC "Energoservice of the South" amounts to 2,500,000 (two million five hundred thousand) rubles, which is divided into 2,500 (two thousand five hundred) common registered shares with a par value of 1,000 (one thousand) rubles each.

During the reporting period, ROSSETI South, PJSC, prepared 19 final instructions with respect to "Energoservice of the South" JSC, according to which the opinion on more than 70 issues on the agenda of the Board of Directors meeting was determined.

"Recreation center "Energetik" JSC

"Recreation center "Energetik" Joint Stock Company (abbreviated name: JSC "Recreation center "Energetik") was founded by the decision of the Board of Directors of OJSC "Rostovenergo" dated 31.10.2003, No.11, and is registered at the following address: Russian Federation, Krasnodar territory, Tuapse district, Shepsie village, 3, Shkolnaya str.

Principal activities.

The core activities of the Company are health resort treatment and recreation (relax) for adults, parents with children (at least 5 years of age) and organized groups of school-age children; amenity services, excursions and touristic services, cultural and entertainment services.

The Company may carry out other activities, which are not prohibited by law.

Management and control bodies.

Board of Directors of "Recreation center "Energetik" JSC

Djabrailova Yulianna Khasanovna

Iordanidi Kirill Alexandrovich

Kalmykova Olga Nikolayevna

Manzaraeva Larisa Ivanovna

Kirichenko Tatiana Sergeyevna

In the Charter of the Company, no **Management Board** is provided.

Alexey Vitalievich Kuzin was elected **General Director** of the Company for a new period from August 31, 2020 to August 28, 2023 inclusive.

Internal Audit Committee of "Recreation Center Energetik" JSC:

Menshenin Alexey Evgenievich

Tikhonova Emilia Konstantinovna

Gudenko Anna Gennadyevna

On June 28, 2022, the General Meeting of Shareholders of JSC "Recreation Center Energetik" approved LLC "IBC Group" (TIN 77439442156 PSRN 5147746194415) as the auditor of the Company (minutes of the meeting of the Board of ROSSETI South, PJSC, No. 448) to verify and confirm the reliability of the annual financial statements.

The authorized capital of JSC "Recreation Center "Energetik" amounts to 10,015,141 (ten million fifteen thousand one hundred forty-one) rubles 95 kopecks, which is divided into 111,279,355 (one hundred eleven million two hundred seventy nine thousand three hundred fifty five) common registered shares with a par value of 0.09 rubles each.

During the reporting period, ROSSETI South, PJSC, prepared 11 final instructions with respect to "Recreation Center "Energetik" JSC, according to which the opinion on more than 25 issues on the agenda of the Board of Directors meeting was determined.

JSC "VMES"

Since June 20, 2019, the Company is a subsidiary of Public Joint Stock Company ROSSETI South, which is the sole shareholder of the Company.

The Company was established as a result of the procedure for replacing the assets of MUPE "VMES" based on the decision of the meeting of creditors of MUPE "VMES" dated 02.04.2018 (Minutes No.18).

On April 05, 2018, a record was made in the Unified State Register of Legal Entities about the state registration of the legal entity (GRN No. 1183443005778) on the basis of the decision of MUPE "VMES", the sole founder of the Company, dated April 02, 2018.

By decision of the ROSSETI South's Commission on Consolidation of Electric Grid Assets (Minutes No.54/2018, dated December 7, 2018), the expediency of the transaction to consolidate 100% of the shares of VMES PJSC was confirmed. Management Board of ROSSETI South, PJSC, decided to recognize the expediency of acquiring 100% of the shares of VMES PJSC (Minutes No.299). On April 29, 2019, the Board of Directors of ROSSETI South, PJSC, approved the participation of ROSSETI South, PJSC, in VMES PJSC and concluded a share purchase agreement based on the results of participation in the open tender for the sale of shares of VMES PJSC (Minutes №315/2019).

On December 20, 2019, VMES JSC obtained the status of a Joint Stock Company.

Principal activities.

The principal activity of the Company is the distribution of electricity. The Company may carry out other activities, which are not prohibited by law.

Management and control bodies.

The Board of Directors of VMES JSC:

Ebzeev Boris Borisovich
Musinov Oleg Valerievich
Rybin Alexey Alexandrovich
Manzaraeva Larisa Ivanovna
Muiry Anton Gennadievich

In the Charter of the Company, no **Management Board** is provided.

General Director

Till October 25, 2021, Vyacheslav Viktorovich Sizov was appointed General Director of the Company (decision of the Board of Directors dated 31.08.2020 (Minutes №34/2020).

As of October 26, 2021, Alexey Alexandrovich Rybin is the General Director (decision of the Board of Directors dated October 25, 2021 (Minutes №54/2021).

Internal Audit Commission of VMES JSC

Pechenkin Nikolay Vladimirovich
Kachaduryan Anastasiya Aleksandrovna
Roman Elena Sergeevna

On June 28, 2022, LLC "IBC Group" (TIN 77439442156 PSRN 5147746194415) was approved as the auditor of the Company (minutes of the meeting of the Management Board of ROSSETI South, PJSC, No. 448) to verify and confirm the reliability of the annual financial statements of VMES JSC.

The authorized capital of VMES JSC is 2,300,000,000 (two billion three hundred million) rubles 00 kopecks, which is divided into 2,300,000,000 ordinary registered shares with a par value of 1 (one) ruble each.

During the reporting period, ROSSETI South, PJSC, prepared 23 final instructions with respect to VMES JSC, according to which the opinion on more than 80 issues on the agenda of the Company's Board of Directors meeting was determined.

For the information about participation in subsidiaries, affiliates and other business entities (commercial organizations), as well as information about participation in non-profit organizations in 2022, see Appendix 5 hereto.

To minimize the risks of non-compliance by subsidiaries and affiliates with the requirements of the applicable laws of the Russian Federation in the field of information disclosure, the Company was supervising continuously the subsidiaries and affiliates by monitoring public sources of information.

REMUNERATION SYSTEMS IN THE COMPANY

Remuneration of members of the Board of Directors

The procedure for calculating and paying remuneration to members of the Board of Directors of the Company is governed by the Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of ROSSETI South, PJSC³¹ (hereinafter referred to as the "Regulations").

The Regulations provide for the payment of:

- ✓ Remuneration for participation in the work of the Board of Directors.

Remuneration to the members of the Board of Directors of the Company is paid on a quarterly basis.

The amount of remuneration for participation in the work of the Board of Directors of the Company for each member of the Board of Directors is calculated with account for the total number of meetings of the Board of Directors of the Company in the reporting quarter, the number of meetings, which were attended by the member of the Board of Directors, and the size of the base part of remuneration. The size of the base part of remuneration is determined based on the Company's revenue, which is calculated in accordance with RAS for the previous fiscal year. For ROSSETI South, PJSC, the size of the base part of remuneration in 2022 amounted to 2,200 thousand rubles.

³¹ *Approved by the decision of the General Meeting of Shareholders dated May 31, 2019 (Minutes No.20 dated June 05, 2019); the text is posted in the Company's website <https://rosseti-yug.ru/korporativnoe-upravlenie/dokumenty-reglamentiruyushchie-deyatelnost-organov-upravleniya-i-kontrolya-obshchestva/>*

<http://mrsk-yuga.ru/korporativnoe-upravlenie/dokumenty-reglamentiruyushchie-deyatelnost-organov-upravleniya-i-kontrolya-obshchestva/>

In addition to the remuneration for participation in the work of the Company's Board of Directors, the members of the Board of Directors receive the following surcharges established:

30% for the Chairman of the Board of Directors;

20% for the Chairman of a specialized Committee under the Company's Board of Directors;

10% for membership in a specialized Committee of the Board of Directors.

The total size of remuneration per member of the Board of Directors, including surcharges, may not exceed one fourth of the base part of remuneration (550 thousand rubles) thousand rubles.

No remuneration is paid to:

- the sole executive body (General Director) of the Company;
- persons who are legally restricted or prohibited from receiving payments from commercial organizations;
- members of the Board of Directors who participated in less than 50% of the meetings held.

The total amount of remuneration paid to the members of the Company's Board of Directors for 2022 was 23,572,666.49 rubles (including personal income tax). No other payments were made to the members of the Company's Board of Directors.

Name	2022
Remuneration to members of the Board of Directors, thousand rubles	23,573

The Regulations do not provide for a system of long-term incentives for the members of the Board of Directors, as well as for severance pay in connection with termination of their powers.

Remuneration is paid at the expense of profit from unregulated activities.

No training of the members of the Company's Board of Directors was conducted in 2022.

✓ Compensation for the members of the Board of Directors.

The members of the Company's Board of Directors shall be reimbursed for expenses related to participation in meetings of the Board of Directors, a specialized Committee of the Board of Directors, and the General Meetings of Shareholders in accordance with the regulations that are applicable at the time of the meeting for compensation of travel expenses for top managers of the Company.

Reimbursement is paid by the Company within three business days following the submission of the documents that evidence the expenses incurred.

There are no outstanding remuneration payments to the members of the Board of Directors for the last fiscal year completed.

Reimbursement of expenses paid to members of the Board of Directors of the Company in 2022, rubles

Name	2022
Reimbursement of expenses related to performance of functions by the members of the Board of Directors	102,262

Remuneration of members of the Board Committees

On February 03, 2010, at the meeting of the Board of Directors of the Company, the respective Regulations on Payment of Remuneration and Reimbursement to Members of Committees of the Board of Directors of IDGC of South, JSC (Minutes No. 39/2010 dated February 05, 2010) were approved for all the Committees of the Board of Directors of the Company. In addition, on January 29, 2016, the Company's Board of Directors amended all of the Regulations on Payment of Remuneration and Reimbursement to Members of Committees of the Board of Directors of the Company, which provide for the procedure for payment of remuneration to members of committees who are also members of the Board of Directors of the Company ³²(Minutes No.176/2016 dated February 01, 2016).

The Regulations provide for the payment of remuneration for each meeting attended by a member of a Committee of the Board of Directors:

For participation in the face-to-face meeting of the Committee of the Board of Directors	For participation in the meeting of the Committee of the Board of Directors held in the form of joint attendance
Remuneration is paid in the amount that is equivalent to one minimum monthly wage rate of a first-class worker (hereinafter referred to as "MMWR"), established by the Branch Tariff Agreement in the Electric Power Industry of the Russian Federation (hereinafter referred to as "Agreement") as of the date of the meeting of the Committee of the Board of Directors, indexed as provided for by the Agreement	Remuneration is paid in the amount that is equivalent to two MMWRs, established by the Agreement as of the day of the meeting of the Board Committee, indexed as provided by the Agreement.

The amount of remuneration paid to the Committee Chairperson (Deputy Chairperson) for each meeting at which he/she performed the functions of the Chairperson of the Board of Directors' Committee is increased by 50%.

Moreover, in accordance with the Regulations, a member of the Board Committee is reimbursed for actual expenses incurred in connection with the performance of functions of a member of the Board Committee.

Remuneration and reimbursement are not paid to Committee members who are:

- the sole executive body (General Director) of the Company;
- persons who are legally restricted or prohibited from receiving payments from commercial organizations.
- the prohibition to receive payments from commercial organizations.

³² The revised versions of the Regulations and amendments to the Regulations are available on the Company's website at <https://rosseti-yug.ru/korporativnoe-upravlenie/komitety-soveta-direktorov/>.

Remuneration paid to the members of the Committees of the Board of Directors in 2020-2022³³

Period	Remuneration for attending the meetings of the Board Committees, rubles ³⁴ (including personal income tax)
Audit Committee	
2020	100501
2021	105,485
2022	101,807
Human Resources and Remuneration Committee	
2020	293528
2021	303,074
2022	307,697
Strategy Committee	
2020	1,761,931
2021	1,389,707
2022	1,119,247
Reliability Committee	
2020	279,901
2021	369,580
2022	388,234
Grid Connection Committee	
2020	375,805
2021	376,759
2022	568,318
Total remuneration for participation in meetings of the Board Committees	
2020	2,811,666
2021	2,544,605
2022	2,485,303

Remuneration system for executive bodies

Remuneration and financial incentives for the General Director of the Company are governed by the Regulations on Financial Incentives for the General Director of ROSSETI South, PJSC, ³⁵which is an integral part of the employment contract with the General Director of the Company.

The Regulations on Financial Incentives for the General Director of ROSSETI South, PJSC, outline

- the procedure for determining, approving and changing the amount of the General Director's official salary;

³³ The information does not reflect the premiums paid to the members of the Company's Board of Directors who are also members of the Company's Board Committees.

³⁴ In 2022⁶ the following minimal monthly wage rates were used to calculate remuneration for attending the meetings of the Board Committees: from 01.07.2020: 8,920 rubles; from 01.07.2021: 9,501 rubles; from 01.07.2022: 11,012 rubles.

³⁵ Approved by the decision of the Board of Directors of ROSSETI South PJSC (Minutes No. 67/2011 dated June 16, 2011), with amendments approved by the decisions of the Board of Directors on April 23, 2012 (Minutes No. 85/2012 dated April 26, 2012), December 29, 2012 (Minutes No. 102/2012 dated January 11, 2013), March 06, 2015 (Minutes No.153/2015 dated March 10, 2015), June 30, 2017 (Minutes No.238/2017 dated July 3, 2017), September 30, 2019 (Minutes No.335/2019 dated October 1, 2019), November 20, 2020 (Minutes No.406/2020 dated November 23, 2020).

- the procedure for setting a bonus to his/her official salary for work with information that is referred to as state secrets;
- types of bonuses:
 - bonuses for meeting key performance indicators (quarterly, annual, additional and special ones);
 - one-time bonuses (for performing especially important tasks (works));
- the procedure for making decisions aimed at implementing the approved Regulations.

In 2021, bonuses were paid to the General Director of the Company based on the results of achievement of key performance indicators determined by the Board of Directors of the Company.

Information on Remuneration (Reimbursement of Expenses) to the Members of the Management Board

Members of the Management Board are top managers of the Company.

In accordance with the employment contracts between the Company and the Management Board members, remuneration to a Management Board member is paid out in the amount and according to the procedure set forth in the redrafted Regulations on Financial Incentives and Social Benefits for Top Managers of JSC IDGC of South approved by the Company Board of Directors on June 14, 2011 (Minutes No.67/2011 dated June 16, 2011). Incentives are performed by:

- establishing (by order of the General Director of the Company) a personal surcharge for exercising the powers of a member of the Management Board, in the amount of up to 15% of the salary set for the top manager;
- paying quarterly and annual remuneration to members of the Management Board (as top managers) for meeting the relevant key performance indicators.

The Regulations on Financial Incentives provide for the following types of bonuses:

- a bonus for meeting KPIs based on quarterly results;
- a bonus for meeting the KPIs following the results of the year;
- extra bonuses for meeting the conditions (strategic priorities) stipulated by the Company's Board of Directors based on the year results;
- a special bonus for achieving a high KPI established by the Company's Board of Directors as a priority;
- a bonus for completing a particularly important task (job).

Bonuses are aimed at motivating the General Director and members of the Management Board to achieve the Company's priority objectives through the implementation of key performance indicators (KPIs)

The Company's Board of Directors sets KPIs for assessing the General Director's performance and the weight of each KPI in the quarterly and annual bonuses of the General Director. KPIs for top managers are set by the General Director based on the KPIs approved by the Company's Board of Directors, taking into account the degree of the top manager's influence on the implementation of the indicator and KPIs of individual responsibility in the area of the top manager's activities.

Information on the amount of remuneration paid to members of the Management Board of the Company including the person who holds the position of the sole executive body, rubles ³⁶

Name of payments	2022
Salary	54,789,334.10
Remuneration for performing the functions of a member of the Management Board	2,244,592.11
Bonuses	32,643,802.58
<i>including annual remuneration</i>	<i>11,892,571.00</i>
Other payments	2,234,614.28
Termination-related payments	0
Total remuneration	91,912,343.07

Remuneration for performing the functions of a member of the Management Board³⁷

Full Name	Position	For participation in meetings of the Management Board
Paid in 2022, rubles		2,244,592.11
Akopyan Dmitry Borisovich	Member of the Management Board	225,887.51
Goncharov Pavel Viktorovich	Member of the Management Board	333,647.37
Djabrailova Yulianna Khasanovna	Member of the Management Board	313,608.98
Iordanidi Kirill Alexandrovich	Member of the Management Board	271,595.23
Musinov Oleg Valerievich	Member of the Management Board	293,390.26
Rybin Alexey Alexandrovich	Member of the Management Board	252,299.41
Savin Grigory Grigorievich	Member of the Management Board	257,201.86
Chasovskoy Alexander Alexandrovich	Member of the Management Board	296,961.49

Remuneration of Members of the Internal Audit Commission.

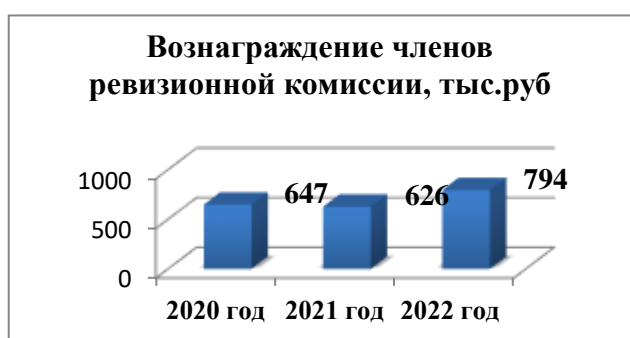
In 2022, members of the Internal Audit Commission were paid remuneration amounting to 794,000 rubles.

³⁶ The table shows the total remuneration for the year for all members of executive bodies, including key executives who are covered by the Company's remuneration policy, with a breakdown by each type of remuneration.

³⁷The amounts of remuneration are shown without deduction of personal income tax.

Remuneration shall be paid to members of the Internal Audit Commission in accordance with the Regulations on Payment of Remuneration and Reimbursement to Members of the Internal Audit Commission of the Company approved by decision of the Annual General Meeting of Shareholders of the Company on June 09, 2018 (Minutes No.18 dated June 15, 2018). Pursuant to clause 2.1 of the Regulations, remuneration is paid to a member of the Internal Audit Commission of the Company based on the results of his/her work for the corporate year and depends on the extent of his/her involvement in the work of the Audit Commission. To determine the size of remuneration payable to members of the Internal Audit Commission, the corporate year is the period between the election of the members of the Internal Audit Commission at the General Shareholders' Meeting of Company and the subsequent General Shareholders' Meeting of Company convened to review the issue titled "Election of Members of the Internal Audit Commission of the Company".

The remuneration is calculated based on the Company's revenue for the financial year and in view of the coefficient of personal involvement of a member of the Internal Audit Commission. The remuneration is paid not later than 30 calendar days after the annual General Meeting of Shareholders of the Company and after the Chairman of the Internal Audit Commission has submitted to the Sole Executive Body of the Company the calculation of the coefficient of personal involvement of members of the Internal Audit Commission. The full text of the Regulations is posted on the Company's website at <https://rosseti-yug.ru/korporativnoe-upravlenie/dokumenty-reglamentiruyushchie-deyatelnost-organov-upravleniya-i-kontrolya-obshchestva/>



Members of the Internal Audit Commission were not compensated for expenses related to the performance of their functions.

CONTROL BODIES AND RISK MANAGEMENT

Internal Control, Risk Management

Information on organization and functioning of the internal control system (hereinafter as "ICS") and risk management system (hereinafter as "RMS"), basic principles of ICS and RMS organization.

The Company's internal control and risk management system (hereinafter referred to as the "ICS&RMS") is integrated into the Company's general management system; this is aimed at ensuring reasonable guarantees of achievement of the Company's goals in the following areas:

- efficiency and effectiveness of the Company's activities, including the implementation of financial and operational indicators, and the safety of the Company's assets;
- compliance with legal requirements applicable to the Company and local regulations of the Company, including in the course of performing its business activities and maintaining its accounting records;
- ensuring the accuracy and timeliness of accounting (financial) and other reports;
- ensuring sustainable continuous functioning and development of the Company by means of timely risk identification, evaluation and management, which pose a threat to the efficient making business and the Company's reputation, the health of employees, the environment, as well as the property interests of shareholders and investors.

The ICS&RM is risk-oriented, the control procedures of which are developed in view of risks and are set in such a way as to provide a "reasonable" guarantee that an arising risk will be responded efficiently and in a timely manner. ICS covers all areas of activity of the Company; control procedures are carried out constantly in all processes (areas of activity) of the Company at all levels of management.

Basic principles of the Company's ICS&RMS:

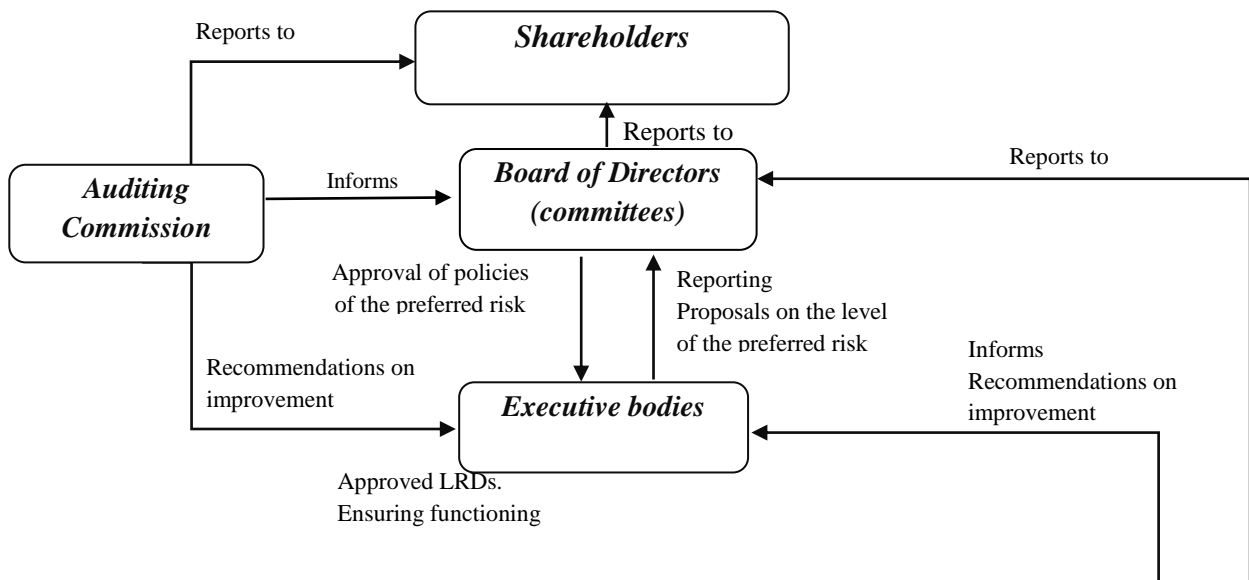
<p>The Company's ICS is based on the following principles:</p> <ol style="list-style-type: none"> 1. The Company acts in good faith and adheres to ethical values. 2. The Board of Directors of the Company is independent from the management and supervises the development and functioning of the internal control system. 3. The Board of Directors determines the organizational structure of the Company, including reporting lines, while the Sole Executive Body distributing the corresponding powers, duties and responsibilities in the process of achieving the goals. 4. The Company establishes the responsibility of its management bodies and employees for fulfillment of their responsibilities in the area of internal control in achieving set goals. 5. The Company defines clear goals to identify and assess the risks that hinder their achievement. 6. The Company identifies the risks that prevent the achievement of the full range of its goals, analyzes and evaluates risks in order to decide whether it is necessary to influence the risk, to prioritize risk exposure, and to decide how to respond to the risk. 7. The Company selects and develops control procedures that reduce to an acceptable level the risks that hinder the achievement of goals. 8. The Company implements the control procedures by drafting regulatory documents, which define the expected results, and procedures, by which the requirements of regulatory documents are implemented. 	<p>The Company's RMS is based on the following principles:</p> <ol style="list-style-type: none"> 1. Risk management is an integral part of all organizational processes. 2. Risk management is part of the decision-making process. 3. Risk management is systematic, structured, and timely. 4. Risk management is based on the best available information. 5. Risk management is transparent and respects the interests of stakeholders. 6. Risk management is dynamic, iterative and responsive. 7. Risk management promotes continuous improvement of the entity. 8. All RMS participants are in charge for the identification, evaluation, analysis and continuous monitoring of risks within their activities, as well as for the development and implementation of necessary risk management measures and non-stop monitoring of the effectiveness of risk management measures.
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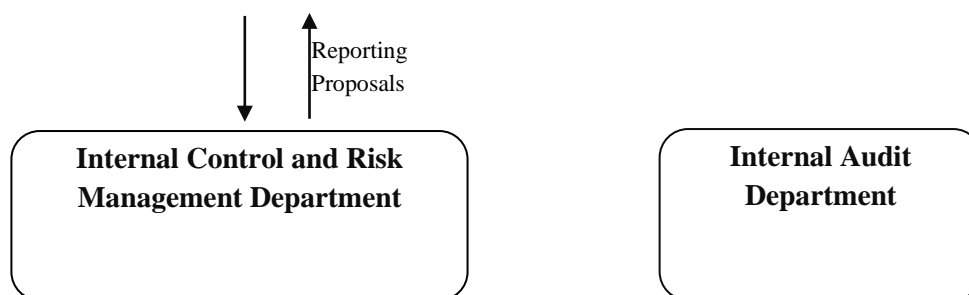


Key participants of the risk management and internal control process, their functions and tasks, plan of interaction between ICS&RMS participants.

The internal control and risk management process covers all areas of activities and is performed by all levels of corporate governance: the Board of Directors, authorized Board Committees, the Company's Audit Commission, the Company's executive bodies, managers and employees at all management levels of the Company, the Internal Control and Risk Management Department and the Internal Audit Department.

Interaction between Company's ICS&RMS participants





Functions of the participants of the ICS&RMS are given in Appendices 6 and 7 hereto.

Control procedures are performed constantly, in all processes (areas of activity) of the Company, at all levels of management in accordance with the model of "Three Defense Lines":

- at the level of management bodies (sole and collegial executive bodies), blocks and subdivisions of the Company, which perform control procedures by virtue of their functions and job duties; this is the first line of defense;
- at the level of the Company's controlling subdivisions; this is the second line of defense;
- at the level of the internal audit subdivision; this is the third line of defense.

[Information on the Internal Control and Risk Management Department \(key functions and tasks\).](#)

In the Company, the Internal Control and Risk Management Department is created (hereinafter referred to as "ICRMD").

The purpose of the Internal Control and Risk Management Department is to provide reasonable assurance that the objectives set out for the Company are achieved, as well as methodological and organizational support for the implementation of preventive and routine control in the Company and its subsidiaries and affiliates, risk management, and improvement and development of the risk-focused internal control system.

The ICRMD is assigned the following tasks and functions by the Company's Internal Control Policy, the Company's Risk Management Policy and the Regulations on the ICRMD:

- Introduction of uniform approaches to building an internal control and risk management system in the Company and its subsidiaries and affiliates. Ensuring the development and implementation of effective control procedures, which make it possible to reduce the risks associated with the Company's activities to a level below the preferred risk (risk appetite);
 - methodological and organizational support for implementing preventive and routine controls in the Company and its subsidiaries and affiliates;
 - interaction with state control and supervisory bodies regarding internal control issues;
 - introduction and development of a risk-focused corporate culture;

- risk identification and management in order to develop and apply effective methods of response to reduce the risks of the Company's activities, also by applying an integrated approach to the multiplicity thereof.

Information on the results of the internal audit assessment of the ICS&SRMS efficiency for the reporting year.

Annually, the Internal Audit Department carries out internal independent evaluation of the ICS&RMS' efficiency.

The results of the assessment of the ICS&RMS efficiency and recommendations, which are aimed at improving the efficiency of the internal control and risk management system, are reflected in the internal auditor's report, which is annually submitted to the Company's management bodies for review.

The internal auditor's report on the evaluation of the effectiveness of the RMS based on the results of 2022 was reviewed at the meeting of the Board of Directors (Minutes No. ____ dated ____). Based on the results of 2022, the maturity level of ICS was assessed as "____" (the average value for all criteria was ____ points); RMS was assessed as "_____" (the average value for all criteria was ____ points).

At the end of 2021, the maturity level of ICS is assessed as interim maturity level between 5 "optimal" and 6 "high" (average value for all criteria was 5.3 points); RMS is assessed as "optimal" (average value for all criteria was 5 points).

The evaluation results are reflected in Appendix 8 hereto.

List of key measures aimed at improving the ICS&RMS implemented in the reporting year.

By decision of the Company's Board of Directors dated 10.03.2021 (Minutes No.418/2021 dated 10.03.2021), the Plan for Maintaining Efficiency and Development of the Internal Control and Risk Management System of ROSSETI South, PJSC, for 2021-2023 was approved.

Key activities for the development of the ICS&RMS, which were implemented in 2022:

- approval of the preferred risk (risk appetite) of ROSSETI South, PJSC, for 2022 (Minutes of the Company's Board of Directors No.482/2022 dated 26.05.2022);
- update of the methodology for determining risk appetite in accordance with Rosseti Group's standards (order No.451 dated 15.08.2022);
- monthly control of financial stability, support for liquidation and bankruptcy procedures of counterparties;
- organization of a system for informing the Company's employees by posting up-to-date information on risk management and internal control on the corporate information resource;
- involvement in training events for ROSSETI Group employees regarding the organization and operation of the risk management and internal control system, which took form of Knowledge Days (four training events) and workshops on topical issues and strategy of development of the risk management and internal control system;
- two employees of the ICRMD took training courses and successfully passed examinations to confirm their qualification as "Internal Controllers".

The main areas of improvement of the ICS&RMS for the next year.

- update of regulatory and methodological documents in the field of ICS&RMS;
- improvement of approaches to integration of the risk management into key business processes;
- development of a culture of risk awareness, conduct of training events on the organization and operation of the ICS&RMS.

Internal audit

There are two forms of implementation of the internal audit function in the Company: creation of an internal audit unit (a separate structural subdivision) or engagement of an independent external organization (outsourcing). It is the Company's Board of Directors that makes a decision on an optimal form of the internal audit function implementation.

The unit that is responsible for the implementation of the internal audit function in the Company is the Internal Audit Department.

Functionally, internal audit reports to the Company's Board of Directors, which means that the Board of Directors controls and organizes internal audit activities, including: approval of the internal audit regulations; coordination and approval of an internal audit schedule; coordination and approval of a report on implementation of the internal audit plan and a budget of the internal audit department; preliminary approval of the decision of the sole executive body on the appointment and dismissal of a head of internal audit, as well as approval of the terms of employment contract and remuneration of the head of internal audit; reviewing the results of the quality assessment of the functions of the internal audit unit.

The purpose of internal audit is to assist the Board and executive authorities of the Company in improving the management efficiency of the Company, improving its financial and economic activities, including through a systematic and consistent approach to the analysis and assessment of systems of risk management, internal control and corporate governance as tools to provide reasonable assurance in achieving the goals set for the Company.

Goals and objectives, basic principles of organization, functions and powers of internal audit are defined in the Internal Audit Policy of the Company (new version), approved by the Board of Directors (Minutes No.451/2021 of 01.10.2021).

In 2022, 6 employees performed the internal audit function.

The following key documents have been approved in the Company to regulate the internal audit function:

- The Company's Internal Audit Policy and Code of Ethics for Internal Auditors, approved by the Board of Directors on 30.09.2021 (Minutes No. 451/2021 dated 01.10.2021).

- Regulations on the Internal Audit Department, approved by a decision of the Board of Directors of the Company on 31.12.2019 (Minutes No. 353/2020 of 09.01.2020).

- The Internal Audit Quality Guarantee and Improvement Program, approved by decision of the Board of Directors on 28.02.2022 (Minutes No.468/2022 of 03.03.2022).

- Internal standards of internal audit activities and standards of practical application, which have been developed in accordance with the International Standards for the Professional Practice of Internal Auditing.

In the course of interaction with the Audit Committee, the Head of Internal Audit receives feedback from the Audit Committee in various forms, including analysis of decisions/recommendations of the Audit Committee on issues within the competence of internal audit, as well as through questionnaires completed by members of the Audit Committee.

By the end of 2022, the satisfaction index of the Audit Committee of the Company's Board of Directors concerning the work of the internal audit unit (the weighted average sum of scores from the questionnaires submitted by the Audit Committee members to the number of the Committee members who voted) corresponds to the estimate "fully complies", according to the Company's Internal Audit Quality Guarantee and Improvement Program, approved by the Board of Directors on 28.02.2022 (Minutes No.468/2022 of 03.03.2022).

Within the framework of the external evaluation of the Company's internal audit activities in 2019, performed by KPMG JSC, an action plan for the development and improvement of the Company's internal audit activities was prepared and approved (Minutes No.376/2020 dated 06.04.2020). At the end of 2022, the planned activities have been implemented in full.

AUDITING COMMISSION

Information on the Role of the Internal Audit Commission in ensuring transparency and full disclosure of information

The Company's Internal Audit Commission is a permanent internal control body. The Internal Audit Commission is elected annually by the General Meeting of Shareholders to ensure reliability and unbiasedness of results of audits.

The activities of the Internal Audit Commission are governed by the legislation of the Russian Federation, the Charter and the Regulations on [the Internal Audit Commission of ROSSETI South, PJSC](#)³⁸.

The main functions of the Company's Internal Audit Commission include:

³⁸ Approved by the Annual General Meeting of Shareholders on 16.06.2022 (Minutes No. 25); text is posted on the Company's website.

- organization and performance of inspections (audits) of the financial and economic activities of the Company to check compliance with the legislation of the Russian Federation, the Charter, internal and other documents of the Company;
- Analysis of the Company's financial standing, its solvency; control over the formation and use of the Company's inventory, labour and financial resources;
- audit of the cash and property of the Company, the efficiency of use of the assets and other resources of the Company, identification of causes of the non-productive losses and expenses, identification of possible ways to improve the financial condition of the Company;
- confirmation of the accuracy of the data contained in the Company's annual report, annual accounting (financial) statements, and in the report on related-party transactions concluded;
- making recommendations to the Company's management bodies;
- taking other actions related to the audit of the Company's financial and economic activities.

In accordance with the Company's Charter, the Internal Audit Commission consists of five members.

In 2022, there were two lineups of the Internal Audit Commission in the Company, and five meetings were held.

**Current members of the Internal Audit Commission were elected
by the General Meeting of Shareholders on 16.06.2022
(Minutes No.25):**

No.	Full name	Information about the members of the Internal Audit Commission
1	Kovaleva Nikolaevna Svetlana	<p>Born in 1980. Education: higher education Academy of Civil Aviation, majoring in Law, lawyer, graduated in 2002. Federal State Budgetary Educational Institution of Higher Professional Education "Moscow Power Engineering Institute", "Production Management and Project Management", graduated in 2019. Self-regulated organization of auditors "Russian Union of Auditors" (Association), "Training and Methodological Center of the Russian Union of Auditors "Intrecon-Intellect", qualified as "Professional Internal Auditor", graduated in 2017. Work experience: 2017-2022: Director of Internal Audit, Head of Internal Audit Department of Public Joint Stock Company "Federal Grid Company-Rosseti"; 2020-2022: Internal Audit Director - Head of the Internal Audit Department of PJSC ROSSETI (part-time).</p>
2	Tsarkov, Vladimirovich Viktor	<p>Born in 1977. Education: higher education Moscow Institute of Economics, qualified as Economist, graduated in 2005. Russian Academy of State Service under the President of the Russian Federation, qualified as "Manager", majoring in "State and Municipal Management", graduated in 2007.</p>

			<p>Self-regulated organization of auditors "Russian Union of Auditors" (Association), "Training and Methodological Center of the Russian Union of Auditors "Intrecon-Intellect", qualified as "Professional Internal Auditor", graduated in 2017.</p> <p>Work experience: Since 2017: First Deputy Head of the Internal Audit Department of Public Joint Stock Company "Federal Grid Company-Rosseti"; 2020-2023: First Deputy Head of the Internal Audit Department of Rosseti (part-time).</p>
3	Trishina, Mikhailovna	Svetlana	<p>Born in 1979.</p> <p>Education: higher education Amur State University, qualification: "Economist in financial work, bank employee", majoring in "Finance and Credit", graduation year: 2001.</p> <p>International Academy of Expertise and Assessment; professional retraining in "Internal audit and control in commercial organizations", graduation year: 2018.</p> <p>International Academy of Expertise and Assessment; advanced training in "Internal Audit"; graduated in 2021.</p> <p>Enterprise Reform Center LLC, qualification certificate (Order of the Ministry of Labor No.398n). Code E qualification 7 "management (leadership) of the internal audit service", date of issue: 01.12.2021.</p> <p>Work experience: From 2017: Head of Financial Audit Department; Head of Financial Audit, Methodology and Reporting Department; Head of Corporate Audit and Control Department DO; Deputy Head of Internal Audit Department, Head of Corporate Audit and Control Department SD Internal Audit Department of Public Joint Stock Company "Federal Grid Company-Rosseti"; 2020-2023: Deputy Head of the Internal Audit Department - Head of the Corporate Audit and Control of Supplementary office of the Internal Audit Department of PJSC ROSSETI (part-time).</p>
4	Andriasova, Robertovna	Gayane	<p>Born in 1977.</p> <p>Education: higher education Rostov State Academy of Economics, qualified as "Marketologist. Economist", graduated in 1997.</p> <p>Work experience: Since 2017: leading expert of Corporate Audit and Control Department of SD; chief expert of Corporate Audit and Control Department of SD; head of Corporate Audit and Control Division of SD under of Internal Audit Department of Public Joint Stock Company "Federal Grid Company-Rosseti"; 2020-2023: Deputy Head of the Corporate Audit and Control Division of Supplementary Office of the Internal Audit Department of PJSC ROSSETI (part-time).</p>
5	Kirillov, Artyom Nikolayevich		<p>Born in 1984.</p> <p>Education: higher education Moscow Power Engineering Institute, majoring in "Electrical Transport", qualified as "Engineer", graduated in 2008.</p> <p>Work experience: 2015-2023: Deputy Head of the Auditing Activities Department; Deputy Head of the Supervisory Activities Department; Chief Expert of the Internal Control and Risk Management Systems Division under the Internal Control and Risk Management Department of PJSC ROSSETI.</p>

Members of the Internal Audit Committee acting from June 2, 2021 to June 16, 2022
were elected by the General Meeting of Shareholders of the Company on June 2, 2021
(Minutes No. 23)

No.	Full name	Information about the members of the Internal Audit Commission
1	Kovaleva Svetlana Nikolaevna	<p>Born in 1980. Education: higher education Academy of Civil Aviation, majoring in Law, lawyer, graduated in 2002. Federal State Budgetary Educational Institution of Higher Professional Education "Moscow Power Engineering Institute", "Production Management and Project Management", graduated in 2019. Self-regulated organization of auditors "Russian Union of Auditors" (Association), "Training and Methodological Center of the Russian Union of Auditors "Intrecon-Intellect", qualified as "Professional Internal Auditor", graduated in 2017. Work experience: 2017-2022: Director of Internal Audit, Head of Internal Audit Department of Public Joint Stock Company "Federal Grid Company-Rosseti"; 2020-2022: Internal Audit Director - Head of the Internal Audit Department of PJSC ROSSETI (part-time).</p>
2	Tsarkov, Viktor Vladimirovich	<p>Born in 1977. Education: higher education Moscow Institute of Economics, qualified as Economist, graduated in 2005. Russian Academy of State Service under the President of the Russian Federation, qualified as "Manager", majoring in "State and Municipal Management", graduated in 2007. Self-regulated organization of auditors "Russian Union of Auditors" (Association), "Training and Methodological Center of the Russian Union of Auditors "Intrecon-Intellect", qualified as "Professional Internal Auditor", graduated in 2017. Work experience: Since 2017: First Deputy Head of the Internal Audit Department of Public Joint Stock Company "Federal Grid Company-Rosseti"; 2020-2023: First Deputy Head of the Internal Audit Department of Rosseti (part-time).</p>
3	Trishina, Svetlana Mikhailovna	<p>Born in 1979. Education: higher education Amur State University, qualification: "Economist in financial work, bank employee", majoring in "Finance and Credit", graduation year: 2001. International Academy of Expertise and Assessment; professional retraining in "Internal audit and control in commercial organizations", graduation year: 2018. International Academy of Expertise and Assessment; advanced training in "Internal Audit"; graduated in 2021. Enterprise Reform Center LLC, qualification certificate (Order of the Ministry of Labor No.398n). Code E qualification 7 "management (leadership) of the internal audit service", date of issue: 01.12.2021. Work experience: From 2017: Head of Financial Audit Department; Head of Financial Audit, Methodology and Reporting Department; Head of Corporate Audit and Control Department DO; Deputy Head of Internal Audit Department, Head of Corporate Audit and Control Department SD Internal Audit Department of Public Joint Stock Company "Federal</p>

		Grid Company-Rosseti"; 2020-2023: Deputy Head of the Internal Audit Department - Head of the Corporate Audit and Control of Supplementary office of the Internal Audit Department of PJSC ROSSETI (part-time).
4	Mamusova, Ekaterina Viktorovna	Born in 1978. Education: higher education Far East State Technical Fishery University, qualification "Engineer", majoring in "Technology of Meat and Meat Products", graduated in 2000 Non-State Educational Institution of Higher Professional Education "Open Law Institute", Economist, majoring in "Accounting, Analysis and Audit", graduated in 2008. Work experience: 2016-2022: Chief Expert of the Audit Methodology and Standards Group of the Financial Audit Division, Chief Expert of the Financial Audit, Methodology and Reporting Division, Chief Expert of the Methodology and Reporting Division of the Internal Audit Department of Public Joint Stock Company "Federal Grid Company-Rosseti"; 2020-2023: Chief Expert of the Methodology and Reporting Division of the Internal Audit Department of Rosseti (part-time).
5	Yudin, Andrei Ivanovich	Born in 1986. Education: higher education Tambov State University named after G.R. Derzhavin, majoring in "Taxes and Taxation", Tax Specialist, graduated in 2008. Work experience: Since 2018: Chief Expert of the Methodology and Reporting Division of the Internal Audit Department of Public Joint Stock Company "Federal Grid Company-Rosseti"; 2020-2023: Chief Expert of the Methodology and Reporting Division of the Internal Audit Department (part-time).

Members of the Internal Audit Commission have no ownership interest in the authorized capital (no shares of any type) of ROSSETI South, PJSC, or in the authorized capital of subsidiaries affiliated with ROSSETI South, PJSC.

In 2022, there were no transactions between the Company and the members of the Internal Audit Commission. ROSSETI South, PJSC, has not brought any claims against the members of the Internal Audit Commission.

Based on the questionnaires provided by the members of the Internal Audit Commission, the Company does not believe that:

- members of the Internal Audit Commission have any family ties (spouses, parents, children, adoptive parents, adopted children, siblings, grandparents, grandchildren) with members of the Board of Directors, members of the collegial executive body, a person who holds the position (performs functions) of the sole executive body of ROSSETI South, PJSC;

- members of the Internal Audit Commission have been brought to administrative responsibility for offenses in the area of finance, taxes and fees, insurance, securities market or criminal liability (criminal record) for economic crimes and (or) crimes against state power;

- members of the Internal Audit Commission were holding 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.

Work results of the Internal Audit Commission.

In 2022, the Company's financial and economic activities for 2022 were audited.

Key issues reviewed by the Internal Audit Commission:

Area of responsibility	Activities performed	Result
Evaluation of reliability of data contained in the Annual Report and annual accounting (financial) statements	The Annual Report for 2021 and Annual Accounting (Financial) Statements for 2021 were reviewed.	No data misstatements that could significantly affect those statements have been identified.
Raising awareness regarding instances of violations in the procedures of accounting and financial reporting, in presentation of financial statements, and in the procedure for carrying out financial and economic activities.	Issues of organization and keeping of accounting records and preparation of accounting (financial) statements were reviewed.	No errors or misstatements that significantly affected the reliability of the accounting (financial) statements generated as of December 31, 2021 have been found.
Control of legitimacy of financial and economic transactions being committed	The report on interested-party transactions concluded in 2021 was reviewed	No instances of violated laws and regulations have been revealed.

The Internal Audit Commission approved the conclusion (Minutes No.3 dated April 29, 2022), which expressed an opinion that the data contained in the 2021 Annual Report and the accounting (financial) statements of the Company for 2021 were accurate in all essential respects. No instances of misrepresented information contained in the Report on interested-party transactions concluded in 2021 were revealed. The aforementioned Conclusion was included in the materials provided to the Company's shareholders when preparing the Annual General Shareholders Meeting of the Company in 2022.

Information concerning the Audit Commission is available on the Company's website: <https://rosseti-yug.ru/korporativnoe-upravlenie/revizionnaya-komissiya/>

EXTERNALAUDITOR

The Company engages an auditor from outside to independently verify the accuracy of its financial (accounting) statements prepared in accordance with Russian and international standards on the basis of competitive procedures.

In order to verify and confirm the Company's 2022 annual financial statements, General Meeting of Shareholders approved the Auditor of the Company in accordance with Art. 47, 48, 54 and 88 of the Federal Law "On Joint Stock Companies", subcl. 11 of cl. 10.2 of Art. 10, cl. 11.1 of Art.11, cl. 24.11 of Art. 24 of the Charter of the Company.

Principles of selection of an external auditor

The Board of Directors of the Company determined the candidacy of the Auditor for approval by the Annual General Shareholders' Meeting within the framework of making decisions concerning the preparation and holding of an Annual General Meeting of Shareholders.

The Company's Auditor was selected based on the results of an electronic tender held by an organization authorized by the Company in accordance with the Uniform Procurement Standard of the Company (the Procurement Regulations).

In order to ensure the independence and unbiasedness of the external auditor, the Company's external auditor was selected through an electronic tender held in the Uniform Procurement Information System of the Russian Federation www.zakupki.gov.ru using Rosseti's electronic trading platform (<https://rosseti.roseltorg.ru>).

Information concerning the tender for the right to conclude a contract to provide audit services for 2022 was posted on the website www.zakupki.gov.ru. The deadline for holding the tender was 12.05.2022; following the results of the tender, a joint participant was declared the winner, which included Center for Audit Technologies and Solutions - Audit Services LLC as a leader of the joint participant, and Auditing Company Delovoy Profile JSC as a participant. Tender participants were evaluated according to the criteria established in advance and stated in the terms and conditions of the tender.

The external auditor performs auditing of reporting statements on the basis of the contract concluded with the auditee and in accordance with the requirements of the legislation of the Russian Federation.

The Board of Directors of the Company recommended (Minutes No.481/2022 dated May 20, 2022) to engage an association of auditors (joint participant) consisting of Center for Audit Technologies and Solutions - Audit Services LLC (the leader of the joint participant) and Auditing Company Delovoy Profile JSC (the member of the joint participant) for implementation of a mandatory audit of RAS-based accounting statements and consolidated financial statements prepared in accordance with the international financial reporting standards of the Group for 2022; on June 16, 2022, the Annual General Meeting of Shareholders of the Company approved this decision (Minutes No. 25 dated June 16, 2022)

Center for Audit Technologies and Solutions - Audit Services LLC is a member of Association "Sodruzhestvo", a self-regulated organization of auditors.

Delovoy Profile JSC is a member of Association "Sodruzhestvo", the self-regulated organization of auditors.

In accordance with clause 24.12 of Article 24 of the Charter of ROSSETI South, PJSC, the Board of Directors of the Company determines the amount of payment for the Auditor's services.

The cost of services and the payment procedure for the Auditor's services are specified in the contract concluded between the Company and the Auditor. The size of payment for the services of the auditor of Rosseti South, PJSC, for the Leader of the joint participant, i.e. Center for Audit Technologies and Solutions - Audit Services LLC, under the contract for the provision of audit services for the audit of accounting (financial) statements for 2022 prepared in accordance with RAS, and the audit of consolidated financial statements prepared in accordance with IFRS for the year ending 31.12.2022 (the audited period from 01.01.2022 to 31.12.2022) was determined by the decision of the Board of Directors of the Company on 05.08.2022 (Minutes No.493/2022 dated 08.08.2022) and amounted to 3,568,000.00 rubles (three million five hundred and sixty eight thousand rubles), including VAT (20%). No works were performed as part of non-audit services in the reporting year.

The auditor has no affiliation ties with employees and management of the Company. The Company has no business relations (participation in the promotion of products (services), participation in joint business activities, etc.) or any kind of kinship with officers of Center for Audit Technologies and Solutions - Audit Services LLC, the Leader of the joint participant.

Evaluation of external audit efficiency

As follows from the opinion of the internal audit of the Company regarding the assessment of the quality of the audit performance, auditor opinions and efficiency of the external audit of the accounting (financial) statements of ROSSETI South, PJSC for 2022,

- the procedures performed by Ernst & Young LLC during the external audit of the accounting (financial) statements of the Company for 2022 prepared in

accordance with RAS meet the terms of the Contract and the requirements of Federal Law №307-FZ, "On Auditing", dated December 30, 2008;

- the independent auditors' opinion on the Company's accounting (financial) statements for 2022 was prepared in accordance with Federal Law No. 307-FZ, "On Auditing", dated December 30, 2008, international auditing standards, and it and contains a duly expressed opinion on the reliability of the statements of the auditee (Rosseti South PJSC).

AUTHORIZED CAPITAL, circulation of securities

STRUCTURE OF THE AUTHORIZED CAPITAL

As of December 31, 2022, the charter capital of the Company was 15,164,142,635 (fifteen billion one hundred sixty-four million one hundred forty-two thousand six hundred thirty-five) rubles 43 kopecks, which is divided into 151,641,426,354.30 (fifty-one billion six hundred forty-one million four hundred twenty-six thousand three hundred fifty-four point thirty-one) ordinary registered uncertified shares of ten kopecks par value each.

The Company did not issue any preferred shares.

Each ordinary registered share of the Company provides the shareholder that owns it with the same amount of rights stipulated by clause 6.2. 6 of the Charter of ROSSETI South, PJSC.

Issues of shares of the Company

Item No.	State registration number of the issue	Amount, rubles	Category of shares	Quantity, pcs	Par value, rubles
<i>First issue of shares</i>					
1	1-01-34956-E of 20.09.2007	10,000,000	Ordinary	100,000,000	0.1
<i>Second issue of shares</i>					
2	1-01-34956-E-001D dated 20.03.2008	228,296,779.1	Ordinary	2,282,967,791	0.1
3	1-01-34956-E-002D dated 20.03.2008	1,620,347,283.7	Ordinary	16,203,472,837	0.1
4	1-01-34956-E-003D dated 20.03.2008	439,059,322.3	Ordinary	4,390,593,223	0.1
5	1-01-34956-E-004D dated 20.03.2008	2,029,712,678.4	Ordinary	20,297,126,784	0.1
6	1-01-34956-E-005D dated 20.03.2008	192,111,155	Ordinary	1,921,111,550	0.1
7	1-01-34956-E-006D dated 20.03.2008	461,582,387.9	Ordinary	4,615,823,879	0.1
<i>Third issue of shares</i>					
8	1-01-34956-E dated 04.08.2016	1,136,704,335.3	Ordinary	11,367,043,353	0.1
9	1-01-34956-E dated 01.06.2017	789,091,776	Ordinary	7,860,917,760	0.1
10	1-01-34956-E dated 23.05.2019	1,300,053,824.83	Ordinary	13,000,538,248.3	0.1
11	1-01-34956-E dated 19.12.2019	6,960,183,092.90		69,601,830,929*	0.1
TOTAL:				151,641,426,354.30	
Note: Pursuant to the notice of the Federal Financial Markets Service of Russia dated 12.08.2008 No.08-EC-03/17099, individual numbers (codes) of additional issues were canceled; the united issue was assigned a state registration number 1-01-34956-E dated 20.09.2007.					

In accordance with the Company's Charter, the number of additionally authorized shares in the Company is 28,918,182,335 (twenty-eight billion nine hundred and

eighteen million one hundred and eighty-two thousand three hundred and thirty-five) of ordinary registered shares with a par value of 10 (ten) kopecks each, for a total amount at par value of 2,891,818,233 (two billion eight hundred and ninety-one million eight hundred and eighteen thousand two hundred and thirty-three) rubles 50 kopecks.

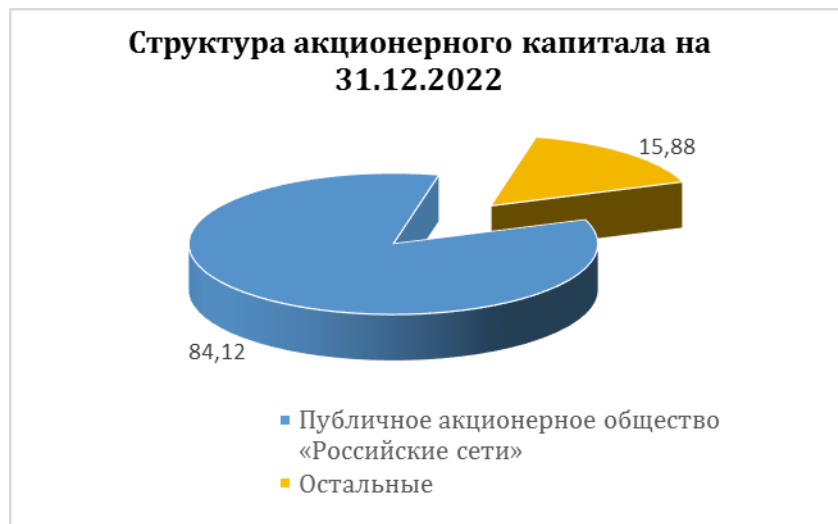
Information on the persons recorded in the register of shareholders of the Company as of December 31, 2022:

Type of shareholder	Number of accounts of registered persons	Number of shares of the Company owned by registered persons, pcs	Share of the value of the authorized capital of the Company owned by registered persons, %
Owner individuals	9,082	1,370,994,664	0.9041
Owner legal entities	87	66,579,784	0.0439
Nominal holders	3	150,181,262,338 3/10	99.0371
Co-ownership accounts	65	17,345,713	0.0114
Accounts of unidentified persons	1	5,243,855	0.0035
TOTAL	9,238	151,641,426,354 3/10	100

List of persons on whose accounts more than 5% of the placed shares of the Company are recorded as of 31.12.2022

Registered person	Type of shareholder	Number of shares of the Company on personal accounts of registered persons, pcs	Share of the authorized capital of the Company owned by a registered person, %
Rosseti, Public Joint Stock Company	Owner	127,557,319,051	84.12
Raiffeisenbank, Joint Stock Company	N/Sh	9,778,262,850	6.45

The management of ROSSETI South, PJSC, has no information about the existence of other owners who own more than 5% of the placed shares of the Company, in addition to those indicated above.



ROSSETI South, PJSC, does not have its own shares on its balance sheet. Shares of ROSSETI South, PJSC are not owned by legal entities controlled by the Company.

There is no information on if certain shareholders have got or could have got a degree of control disproportionate to their participation in the authorized capital of the company, including those based on shareholder agreements or by virtue of the presence of ordinary and preferred shares with different nominal values. There were no changes in the composition of persons who had the right to directly or indirectly control at least five percent of the votes attributable to voting shares of the Company in the reporting year.

Events after the reporting date

In January, the reorganization of the Public Joint Stock Company Rosseti (PJSC Rosseti) and the Joint Stock Company Far East Energy Management Company-UNPG (JSC DVEUK-UNPG) was completed in the form of the merger of these companies with the Public Joint Stock Company Federal Grid Company - Rosseti. As a result of the reorganization, there were changes in the structure of the share capital of the Company, namely: on January 9, 2023, the Public Joint Stock Company Federal Grid Company-Rosseti received 84.16% of the shares of the Company, which were previously owned by PJSC Rosseti and JSC DVEUK-UNPG.

No decision was made to use the special right for the participation of the Russian Federation in the management of the Company (“golden share”).

As of the end of 2022, more than 90% of the placed shares of the Company are accounted for in the accounts of residents of the Russian Federation.

Geographical coverage of the largest shareholders by countries in the structure of share capital:

Country	Share in the authorized capital, %	Number of shares, pcs
Russian Federation	91.27	138,408,704,738.0
Cayman Islands	5.55	8,416,570,014.0
Cyprus	0.14	219,024,723.0
Norway	0.97	1,478,272,653.0
Luxembourg	1.04	1,582,153,374.0
Ireland	0.58	878,736,498.0
Switzerland	0.3	458,740,000.0

Interaction with shareholders

The Company performs its activities in view of interests of its shareholders and strives to maintain an effective dialogue with them based on the commonality of goals of the Company and its shareholders.

In order to ensure that the Company's shareholders have a real opportunity to exercise their rights, the Company discloses information in a timely manner in accordance with the law. When interacting with shareholders, the Company strives to prevent or fairly resolve possible corporate conflicts between the Company and its shareholders, while ensuring protection of shareholder rights and compliance with legal requirements and internal documents.

The issue of information disclosure by the Company to shareholders and investors is described in detail in the Information Disclosure section hereof.

Shares of the Company were cleared to circulation on 03.07.2008.

Indicator	Ordinary shares
Stock ticker	MRKY
Par value	0.1
Currency par value	RUB
Trade date	03.07.2008
ISIN code	RU000A0JPPG8
State registration number	1-01-34956-E

As of 26.02.2018, shares of ROSSETI South, PJSC, were transferred from the Level 2 quotation list to the Level 3 list of securities cleared to trading at PJSC Moscow Exchange.

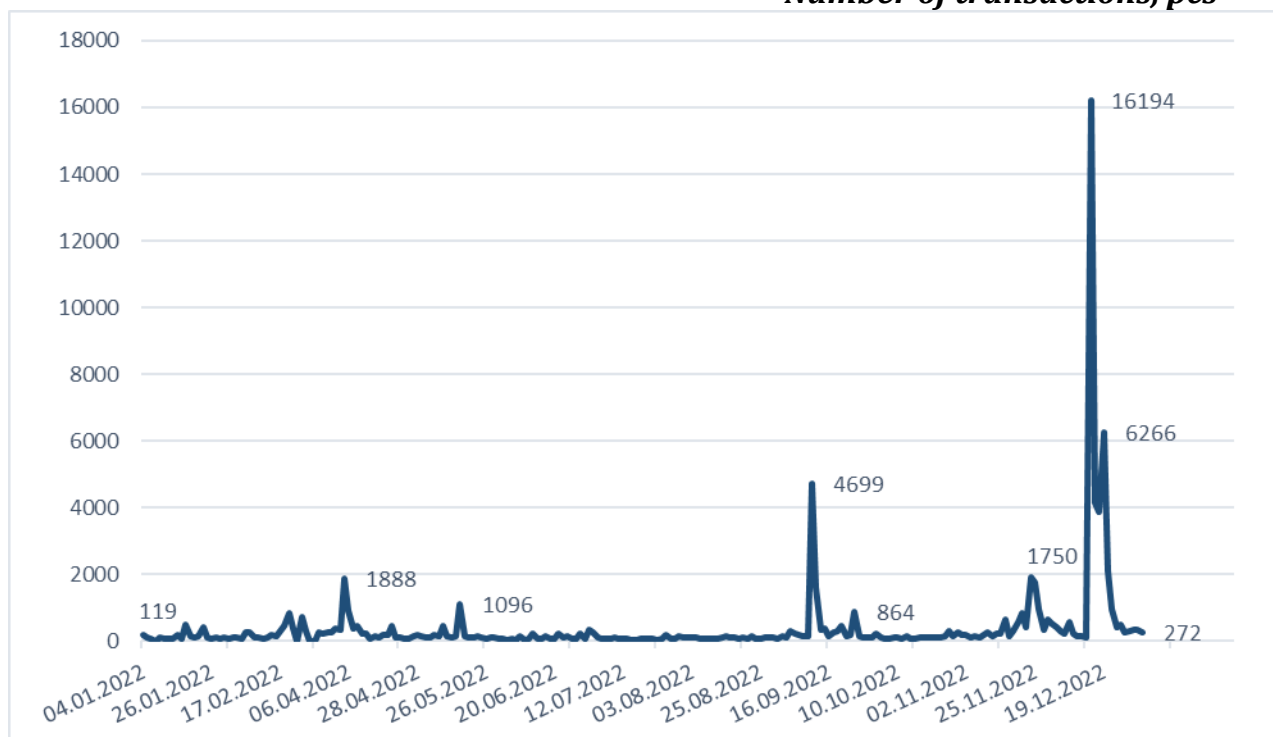
At the end of 2022 the market price of ROSSETI South, PJSC, on the Moscow Exchange decreased from 0.04515 rubles to 0.033 rubles (by 26.91%).

As of December 30, 2022, the market capitalization of the Company amounted to 5,004,167,069.68 rubles, according to data of the Moscow Exchange.

	2021	2022	Change
Weighted average price (end of year) (rubles)	0.04515	0.033	-26.91%
Capitalization (end of year) (rubles)	6,846,610,399.88	5,004,167,069.68	-26.91%
Minimum price (rubles)	0.04455	0.03245	-27.16%
Maximum price (rubles)	0.0454	0.0338	-25.55%
Number of transactions (pcs)	99,671	86,076	-13.64%
Amount (rubles)	489,234,428	453,437,425	-7.32%

Dynamics of transactions with shares in 2022 (based on the results of trading on PJSC Moscow Exchange)

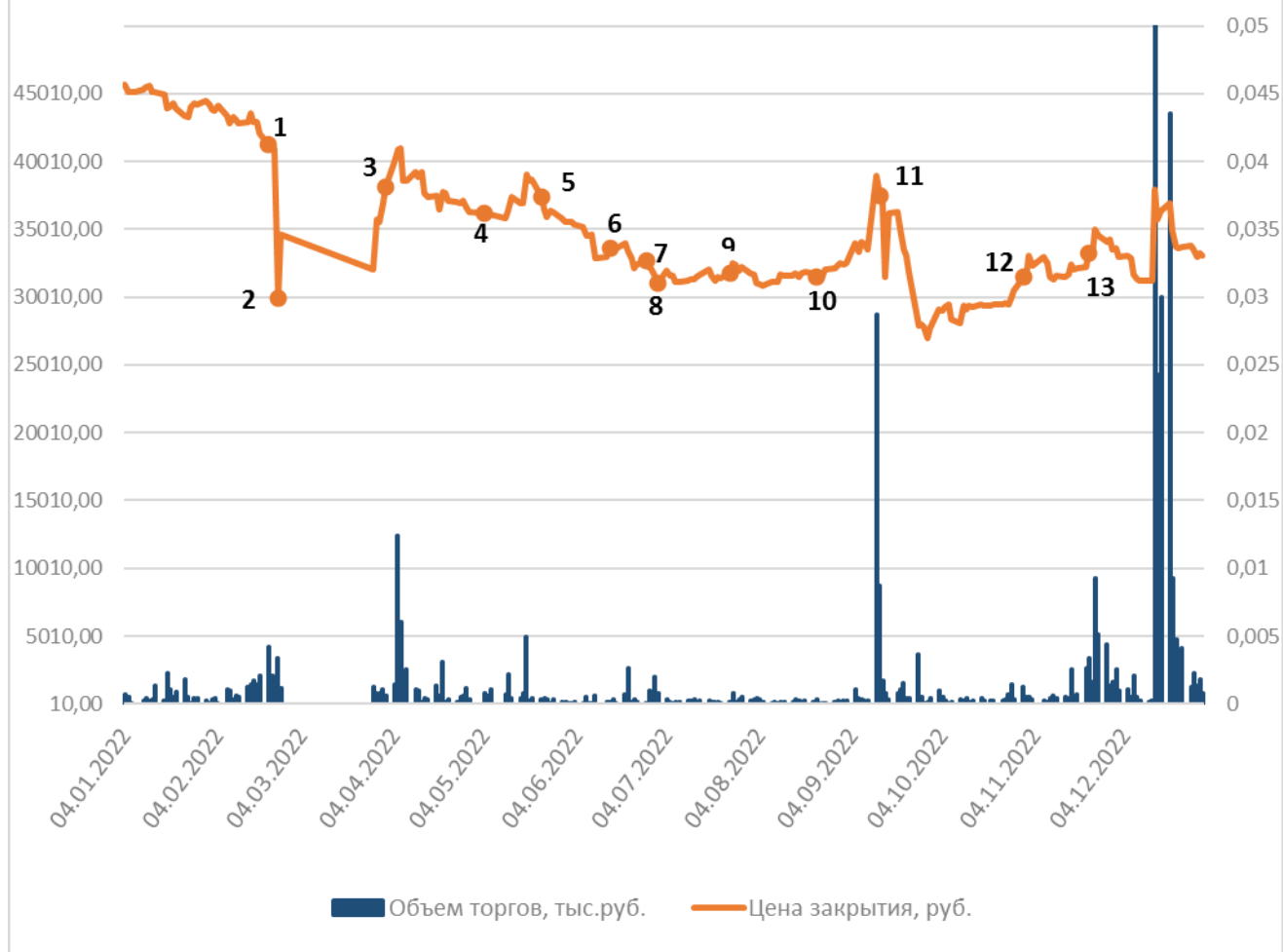
Number of transactions, pcs



**Key events which determined the dynamics of the share price,
marked on the chart**

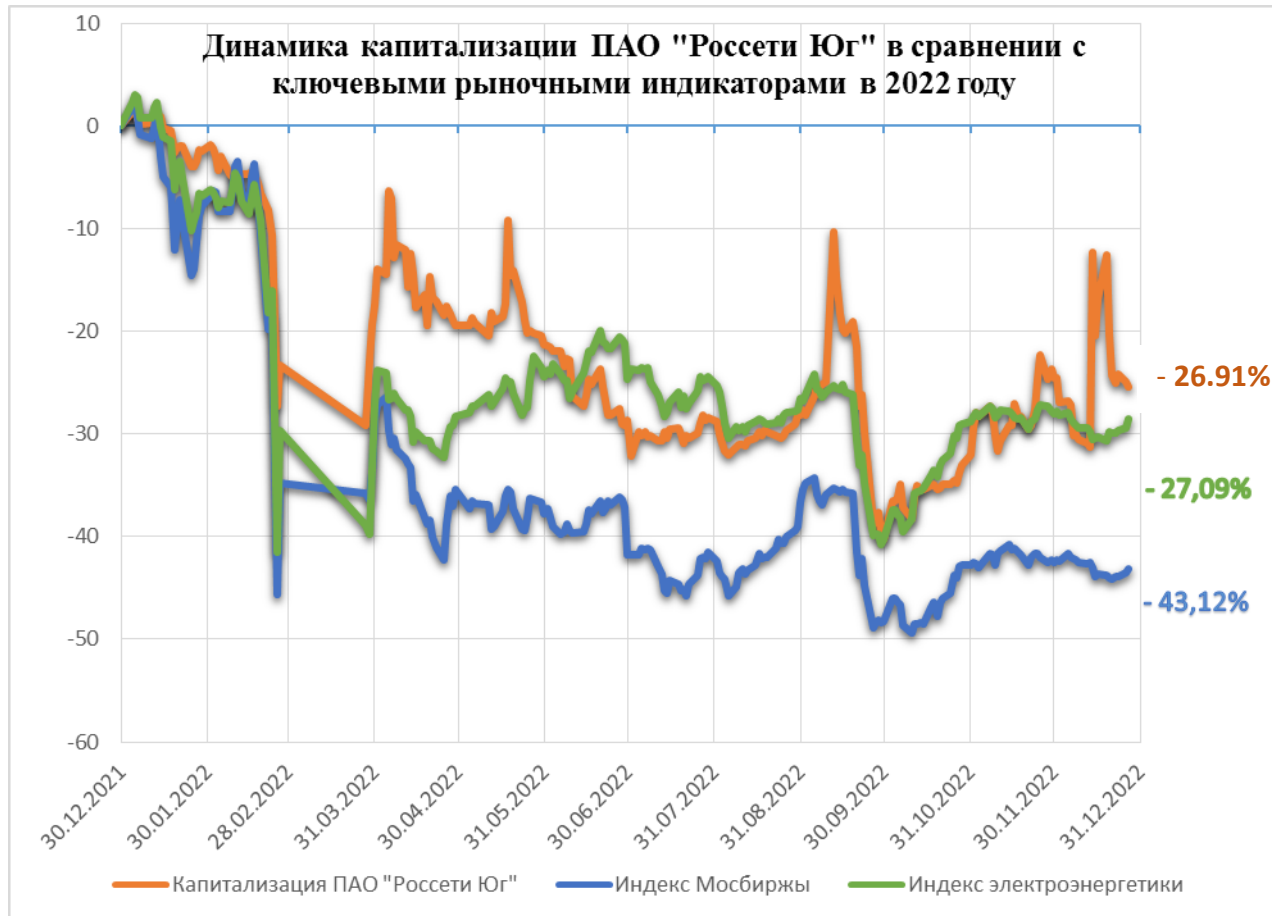
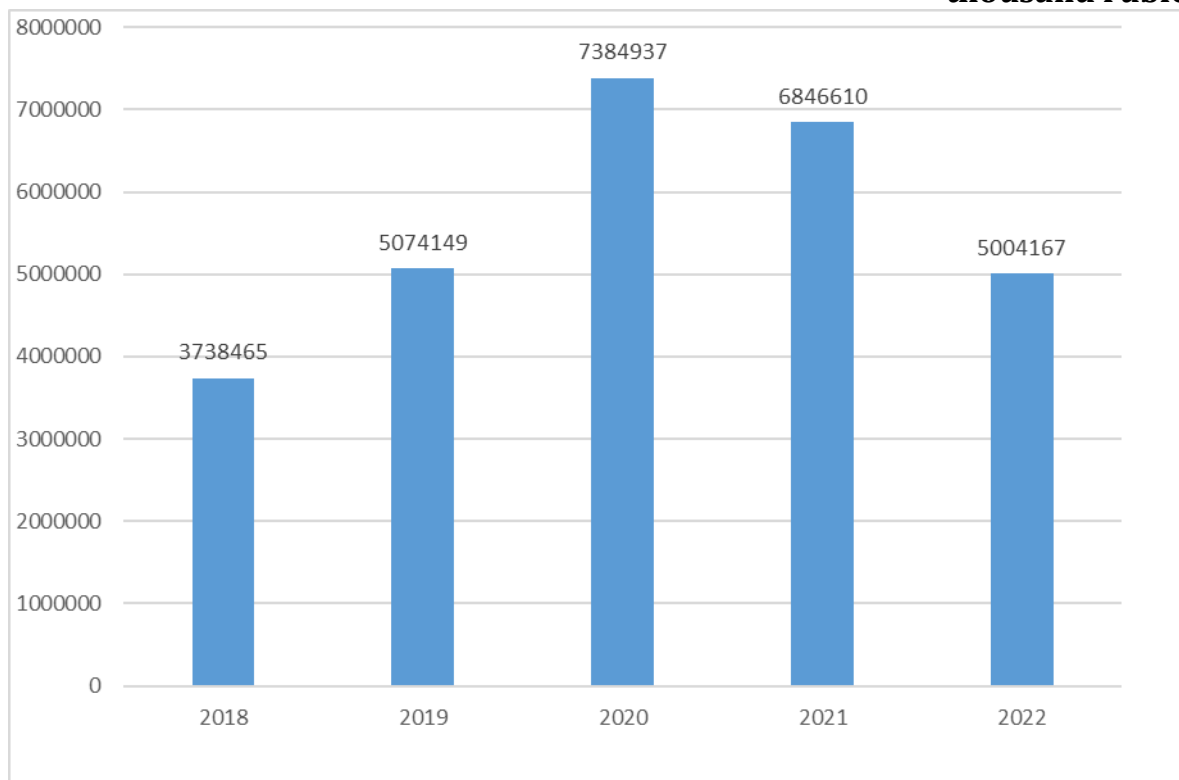
Chart item No.	News/detail	Date	Source	Impact
1	RAS-based accounting (financial) statements of the Company for 2021 were published	22.02.2022	internal	negative
2	The President of the Russian Federation announced the start of a special military operation in Ukraine.	24.02.2022	external	negative
3	The information about the paid income on the securities of the Company - stock exchange bonds	01.04.2022	internal	positive
4	RAS-based accounting (financial) statements of the Company for Q1 of 2022	05.05.2022	internal	neutral
5	IFRS-based consolidated financial statements of the Company for Q1 of 2022	23.05.2022	internal	neutral
6	Annual General Meeting of Shareholders of the Company was held	16.06.2022	internal	neutral
7	Federal Law grants the President of the Russian Federation the power to establish a special (extraordinary) procedure for Russian legal entities to fulfill their obligations to pay distributed profits (dividends) to shareholders who are persons of unfriendly foreign states	28.06.2022	external	negative
8	The information about redemption of the Company's exchange-traded bonds was published	01.07.2022	internal	neutral
9	RAS-based accounting (financial) statements of the Company for Q2 of 2022	27.07.2022	internal	neutral
10	IFRS-based consolidated financial statements of the Company for Q2 of 2022	24.08.2022	internal	neutral
11	The extraordinary General Meeting of Shareholders of PJSC FGC UES decided to reorganize Public Joint Stock Company Federal Grid Company of Unified Energy System in the form of a merger with and into Public Joint Stock Company Rosseti, Joint Stock Company Far Eastern Energy Management Company-UNPG, Open Joint Stock Company Tomsk Trunk Grids, and Joint Stock Company Kuban Trunk Grids	15.09.2022	external	negative
12	RAS-based accounting (financial) statements of the Company for Q3 of 2022	28.10.2022	internal	positive
13	IFRS-based consolidated financial statements of the Company for Q3 of 2022	23.11.2022	internal	positive

Динамика котировок акций и объемов торгов в 2022 году (по итогам торгов на ПАО "Московская биржа)



The year of 2022 turned out to be full of geopolitical and economic events, which provoked sharp movements of stock exchange quotations, resulting in periodic fluctuations of indicators of volume, number of transactions, average weighted price of ROSSETI South's shares. February-March 2022 was a period of significant market volatility. In the second half of 2022, Russia's economy and financial system are gradually adapting to functioning under sanctions imposed by unfriendly states. Introduction of new sanctions by unfriendly countries and the expected deterioration of the situation in major companies contributed, however, to the downward trend of Russian shares in Q2 and Q3 2022, including the Company's shares. At the end of the year, the Moscow Exchange Index fell by 43% against the background of high geopolitical tension. Inflation expectations and the key rate decreased, too.

**Capitalization dynamics of ROSSETI South, PJSC
(based on the results of trading on the Moscow Exchange in 2018-2022),
thousand rubles**



Dividend policy

The Company's dividend policy is determined by the Regulations on Dividend Policy approved by the Company's Board of Directors on 02.02.2018 in a new version (Minutes No. 258/2018 dated 05.02.2018) with amendments dated 31.07.2018 (Minutes No. 281/2018 dated 03.08.2018).

Principles of the Company's dividend policy
Calculation of dividends on the use of profits without considering the effect of revaluation of financial investments
The need to maintain the required level of the Company's financial and technical condition (implementation of the investment program), provision of the Company's development prospects
Compliance of the Company-approved dividend calculation and payment practices with the legislation of the Russian Federation and the best standards of corporate governance
Optimal combination of the Company and shareholder interests
Making the Company more attractive for investors and increasing its capitalization
Transparency (clarity) of the dividend calculation and payout arrangement.

Pursuant to the Company's dividend policy, dividends are set at the level of at least 50% of IFRS net profit, provided that a number of restrictions may be entered on the payment of interim dividends, including cases when debt financing is required to pay dividends, or if creditworthiness deteriorates as a result of dividend payment, or if the investment program is going to fail as a result of a dividend payment.

Profit distribution for 2019-2022, thousand rubles*

Name of indicator	for 2019 (AGMS 2020)	for 2020 (AGMS 2021)	for 2021 (AGMS 2022)
Retained earnings (loss) of the reporting period, including:	(3,198,460)	(209,442)	2,068,388
Reserve fund	0	0	103,420
Profit for development	0	0	1,964,968
Dividends	0	0	0
Loss recovery of the past	0	0	0

*Information on profit distribution in accordance with the decisions of the annual general shareholders' meetings (AGMS)

AGMS 2020 (for 2019): Minutes of AGMS No.22 as of 29.05.2020

AGMS 2021 (for 2020): Minutes of AGMS No.23 as of 02.06.2021

AGMS 2022 (for 2021): Minutes of AGMS No.25 as of 16.06.2022

Report on the accrued dividends to the shareholders of ROSSETI South, PJSC

Year of payment	Date of decision to pay	Date of compiling the list	Type of shares	Dividend per share, rubles	Accrued on shares, rubles	Share of declared dividends in net profit of reporting year, %
2019 (at the end of 2018)	31.05.2019	19.06.2019	Ordinary shares	0.006 841,702,037.8	561,286,784.67	50.04
2020 (at the end of 2019)	No dividends accrued					
2021 (at the end of 2020)	No dividends accrued					

2022 (at the end of 2021)	No dividends accrued
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Report on dividends paid to the Company's shareholders

Year of payment	Type of shares	Paid, rubles	Reasons for failure to pay declared dividends	% of payment
2019 (at the end of 2018)	Ordinary shares	557,308,540.98	Lack of correct details of shareholders	99.29
2020 (at the end of 2019)	No dividends were accrued or paid			
2021 (at the end of 2020)	No dividends were accrued or paid			
2022 (at the end of 2021)	No dividends were accrued or paid			

Pursuant to the Charter of the Company, decision on dividend distribution for 2022 will be made at the Annual General Meeting of Shareholders. Pursuant to the dividend policy of the Company, about 50% of IFRS net profit can be distributed as dividends.

Minutes of the General Meetings of Shareholders are available on the Company's website: <https://rosseti-yug.ru/korporativnoe-upravlenie/resheniya-obshchego-sobraniya-aktsionerov/>

Report on dividends received by ROSSETI South, PJSC

In 2022, 6,607,000.00 rubles were received in dividends on shares owned by the Company.

Information on Major Transactions and Interested-Party Transactions

In 2022, the Company did not enter into any transactions that are recognized as major transactions under the Federal Law On Joint Stock Companies, or into any material and interrelated transactions (including one and/or several controlled legal entities);

Information on the list of transactions performed by the Company in the reporting year that are recognized as interested-party transactions under Chapter XI of the Federal Law "On Joint Stock Companies" is provided in Appendix 9, "Report on Interested-Party Transactions Concluded by PJSC ROSSETI in 2022". The Report is signed by the General Director of the Company. The Internal Audit Commission's meeting evaluated the reliability of the report on the interested-party transactions, which were entered into by the Company in the reporting year. The Board of Directors of the Company approved the report on the interested-party transactions entered by the Company in 2022.

Information on material transactions made by the Company and controlled entities

The following transactions were not made in the reporting year:

- transactions relating to the sale of shares (participation in) legal entities controlled by ROSSETI South PJSC, which are material for the Company, because they result in the loss of control over such legal entities by ROSSETI South PJSC.
- transactions that relate to the property of Rosseti South PJSC or legal entities controlled by it (including related transactions made by the Company, one and (or) several legal entities controlled by it), in which the value of the property exceeds the amount specified in the Charter or which relate to property, which is essential for the economic activity of the Company.
- Transactions to establish a Company-controlled legal entity that is essential to the Company's business.

Terms and main abbreviations used

Abbreviation, designation	
JSC	Joint-Stock Company
ACS	automated control system
OWNER	overhead line (power transmission line)
VUZ (rus.only)	higher education institution, university
GC	group of companies
AGMS	Annual General Meeting of Shareholders
S&A	subsidiaries and affiliates
UNPG	Unified National (Russian) Power Grid (UNPG)
H&C	housing and communal services
IP	investment program
IT	information technologies
KPI	key performance indicators
PTL	power transmission line
MICEX	Public Joint Stock Company Moscow Exchange MICEX-RTS
IDGC	Interregional Distribution Grid Company
SMEs	small and medium enterprises
IFRS	International Financial Reporting Standards
MUE	municipal unitary enterprise
GRR	gross revenue required
VAT	value added tax
R&D	research and development work
AWP	autumn-winter period
PJSC	Public Joint Stock Company
FEED	Front End Engineering Design
SS	substation
RAS	Russian Accounting Standard
PDZ	Power Distribution Zone
ICS	internal control system
RMS	Risk Management System

Abbreviation, designation	
BoD	Board of Directors
PPE	personal protective equipment
ISSW	insulated self-supporting wire
MM	mass media
PAMS	production and asset management system
M&R	Maintenance & Repair
LGO	local grid organization
FEC	fuel and energy complex
FTS of Russia	Federal Tariff Service
DCC	digital communication channel
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
Units of measurement	
A	ampere current unit
Ha	Hectare Area unit
Gcal	Gigacalorie. Heat energy unit
kV	kilovolt Voltage unit
kVA, MVA	kilovolt-ampere, megavolt-ampere. Apparent electric power unit
kWh	kilowatt-hour Unit of measurement of electrical energy
kW, MW	kilowatt, megawatt. Electrical active power unit
km	kilometer Length unit
eft	ton of equivalent fuel

Addresses and contacts

Full corporate name: **ROSSETI South, Public Joint Stock Company**

Short corporate name: **ROSSETI South, PJSC**

Certificate of state registration series 61 No. 005700952 dated June 28, 2007. OGRN 1076164009096

The Company was registered on June 28, 2007 in the Rostov region.

Legal and actual address: 344002, Rostov-on-Don, Bolshaya Sadovaya st., 49.

Contact phone/fax: (863) 238-54-64, (863) 238-58-95/ (863) 238-55-65

Codes of the main industry areas of the Company's activities according to OKVED:

35.12.1 Electricity transmission

35.13 Electric power distribution

61.10.1 Telephone service activities

70.22 Business and management consulting

70.10.2 Holding company management activities

The sector of operation and the branch of the economy: electric power industry.

The period of the Company's activity in the energy industry: 15 years.

E-mail: office@rosseti-yug.ru

Internet page address: <http://rosseti-yug.ru>

Single hotline number

8(800)220-0-220

Registrar

Full corporate name: **Joint Stock Company "Independent Registrar Company R.O.S.T."**

Abbreviated corporate name: **JSC NRK - R.O.S.T.**

Location: Moscow, Stromynka st., 18, building 13.

Postal address: 107996, Moscow, Stromynka st., 18, PO Box 9

Phone of the Unified Customer Service Contact Center: (495) 780-73-63

E-mail: rost@rrost.ru.

Link to the website of NRK-R.O.S.T. JSC: <http://www.rrost.ru>

Branch of the registrar

1. Krasnoda branch of JSC "NRK - R.O.S.T."

Location: 350020, Krasnodar, Krasnaya st., 176, 4th floor

Tel./Fax: (861) 255-21-01, (861) 210-03-28.

E-mail: krasnodar@mail.rrost.ru

Registrar Transfer Agents

1. Rostov Branch of Joint Stock Company "Independent Registrar Company" (JSC NRC)

Location: 344010, Rostov-on-Don, City of Volos st., 42/105.

Tel.: (863) 244-10-26

Reception hours: Monday to Friday from 9:00 to 14:00 without a break

2. Volgograd Branch of Joint Stock Company "Independent Registrar Company" (ISC NRC)

Location: 400131, Volgograd, Mira st., 19 office 309
Tel.: (8442) 24-72-74, 24-72-79

3. Novorossiysk Branch of Joint Stock Company "Independent Registrar Company" (ISC NRC)

Location: 353900, Krasnoda-DGC region, Novorossiysk, Svobody st., 1, office 117
Tel.: (8617) 64-29-00, 60-10-33

Hotline for dividend payments

For more information on the payment of dividends on shares of ROSSETI South, PJSC, please contact NRK - R.O.S.T. by phone hotline: +7 (495) 780-73-63 or by e-mail: rost@rrost.ru.

GRI 102-53 Contact information for questions regarding the report or its content
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Department of Corporate Governance and Shareholder Relations:

Hotline for shareholders

Mon-Fri, from 8.00 to 17.00 Moscow time.

tel.: +7 863 307-08-38.

E-mail: [HYPERLINK "mailto:pavlovaen@rosseti-yug.ru"](mailto:HYPERLINKmailto:pavlovaen@rosseti-yug.ru)

APPENDICES

Appendix 1. Accounting (financial) statements of ROSSETI South, PJSC, for 2022 and Auditor's opinion on the accounting (financial) statements of ROSSETI South, PJSC, for the period from January 1 to December 31, 2022, on 111 pages.

Appendix 2. Consolidated financial statements under IFRS for 2022, on 64 pages.

Appendix 3. Information on the structure of the property complex of ROSSETI South, PJSC, on 1 page.

Appendix 4. Report on compliance with the principles and recommendations of the Corporate Governance Code, on 62 pages.

Appendix 5. Information on the participation of ROSSETI South, PJSC, in other organizations, on 2 pages.

Appendix 6. Functions of ICS participants, on 3 pages.

Appendix 7. Functions of RMS participants, on 1 page.

Appendix 8. Evaluation of the effectiveness of the ICS&RMS on 1 page.

Appendix 9. Report on Interested-Party Transactions Concluded by PJSC ROSSETI South in 2022, on 15 pages.

In total, 9 appendices on 260 sheets.

TOTAL 536 pages