



ROSSETI
FGC UES

'19

INTEGRATED REPORT

OF PUBLIC JOINT-STOCK COMPANY
"FEDERAL GRID COMPANY OF THE UNIFIED
ENERGY SYSTEM"

Chairman of the Management
Board of PJSC FGC UES
A. Murov

ABOUT THE REPORT

The Integrated Annual Report¹ of the Public Joint Stock Company "Federal Grid Company of the Unified Energy System" for 2019 (hereinafter, the Report or the Annual Report) is aimed at informing stakeholders about the strategy and mission of PJSC FGC UES, the policy in the field of social responsibility and sustainable development, key events and performance results, impact on the economy, society, and environment, as well as about stakeholder engagement.

This Report has been prepared in accordance with international and Russian standards and regulatory requirements, including:

- GRI Sustainability Reporting Standards;
- International Integrated Reporting Framework;
- AA1000 Stakeholder Engagement Standard (AA1000SES).

This Report is meant for a wide range of stakeholders.



For detailed information on the Report, its preparation, determination of material topics, and responsibility for the information provided, see section [Additional information/About the Report](#).



Our Interactive Report is available on the corporate website at www.fsk-ees.ru/eng, section [Investors/Financial Disclosure/Annual Reports](#).

GRI 102-1, 102-5

In the text of this Report, Public Joint Stock Company "Federal Grid Company of the Unified Energy System" is also referred to as PJSC FGC UES, JSC FGC UES (used until 7 July 2015), Rosseti FGC UES or the Company.

¹ An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term. An integrated report should be prepared in accordance with International Integrated Reporting Framework.

WHAT DOES THE TRANSMISSION NETWORK OF THE FUTURE LOOK LIKE?

To date, Russia is undergoing a transformation in its economy, followed by the structure modification and creation of new industries. The government targets the acceleration of technological advances and introduction of digital technology into both the economy and social spheres. This will result in changes in the nature and geography of electricity consumption, along with higher requirements for electricity supply. At the same time, market competition over staff able to work in changing conditions is becoming fiercer.

To face new challenges, the Unified National Electric Grid is being developed and transformed, too:

- Technologies, that take us to a brand-new level of security, controllability and efficiency of electric grids, are now available.
- Geographical emancipation is on the way: the infrastructure is being created to connect large capacity volumes in regions with the smallest grid density, i.e. Eastern Siberia and Far East.
- Training of employees able to work in changed conditions becomes a priority, equal to the introduction of new technology.

? **WHAT
WILL**
ELECTRIC
GRIDS BE LIKE
IN THE
FUTURE?

? **WHICH DIGITALISATION
PROJECTS**
HAVE ALREADY BEEN IMPLEMENTED
AND WHICH ARE YET TO COME?

? **HOW DOES
OUR COMPANY**
PREPARE FOR
UPCOMING CHANGES
IN THE INDUSTRY?

? **HOW DOES
COMPANY**
ADAPT ITS
STRATEGY?

ALL THESE AND OTHER QUESTIONS WILL BE ANSWERED
THROUGH OUR ANNUAL REPORT.

OUR MISSION: Ensuring the reliable operation and organic growth of the UNEG, its high economic efficiency and maximum cost reduction.

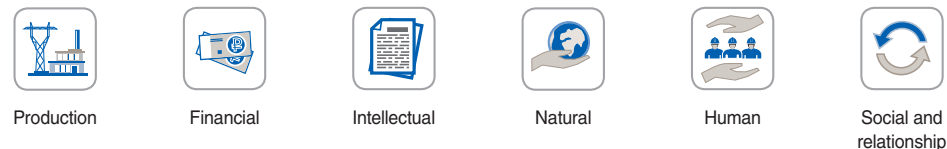
Who we work for (the Company's stakeholder groups)



Our Priorities



Our Resources (types of capital)



We pay close attention to sustainable development and integration of ESG principles into the Company's activities



Environmental

- Greenhouse gas emissions
- Air pollution
- Energy efficiency
- Procurement of eco-friendly materials
- Waste management



Social

- Corporate Social Responsibility Programme
- Human rights
- Recruitment practice
- Workplace safety
- Responsible procurement



Governance

- Shareholders' rights
- Membership of the Board of Directors
- Remuneration of the management
- Work ethics
- Risk management

The financial indicators presented in this Annual Report are prepared on the basis of annual accounting statements of PJSC FGC UES for 2019, as per RAS. Individual indicators are given in accordance with the Consolidated Financial Statements as per IFRS and are accompanied with a corresponding note.



Link to the website



Cross-link to other sections of the Report or Appendices hereto

The indication of the Company's activities related to achievement of the UN sustainable development goals.

For more information on the UN Sustainable Development Goals, see <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



Rosseti FGC UES

a Russian energy company that offers electricity transmission services in the Unified National Electric Grid.

Strategic Report

Rosseti FGC UES is a low-risk business, steadily developing as a result of consistent implementation of strategic priorities, effective management and great expertise of its employees.

Corporate Management Report

The Company's corporate management is based on principles of corporate governance specified in the Corporate Governance Code recommended by the Bank of Russia

Financial Report

The Company's financial stability and high performance

Additional Information

Our Interactive Report is available on the corporate website at www.fsk-ees.ru/eng, section *Investors/Financial Disclosure/Annual Reports*.

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Introduction of Digital Technology

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Assessment of the Corporate Governance Quality

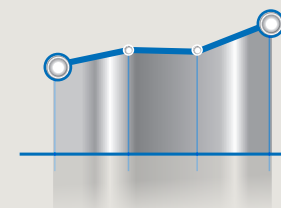
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Statement by the Chairman of the Board of Directors of PJSC FGC UES



The dynamics of the Company's financial/economic and production indicators serve as evidence of its stable development.

Dear shareholders,

Rosseti FGC UES (PJSC FGC UES) is a major subsidiary of PJSC Rosseti, operator of Russia's Unified National Electric Grid. The Company management controls a unique infrastructural system, which ensures continued energy supply to the country, transmission of electricity from generation facilities to distribution grids and to direct consumers, as well as joint work with energy systems in neighbouring countries.

Main Achievements of 2019

A number of important achievements were made by Rosseti FGC UES last year.

Despite the growth in uncontrolled expenses and tariff restrictions, the Company managed to achieve high financial and economic results.

The trend towards reducing the accident rate was maintained. Progress was made by the Company in the sphere of digital transformation.

Rosseti FGC UES's investment programme is typically a major programme in Rosseti Group with regard to financing volumes and physical parameters. This is justified both by the scale of the Unified National Electric Grid and the long list of objectives fulfilled by the Company.

In 2019, the five-year investment cycle, which saw the implementation of a number of significant projects, came to an end.

Measures were taken to strengthen the ties between five unified energy systems — in the Central and North-Western regions, as well as in Middle Volga, the Urals and Siberia.

Nuclear and hydropower facilities were connected to the transmission networks. Infrastructure conditions were created to drive the capacity of the Eastern Siberia – Pacific Ocean pipeline, and of the power supply system in areas of accelerated socio-economic development. Thanks to the construction of new energy facilities in the Irkutsk Region and the consolidation of facilities in the Sakha Republic (Yakutia), we expanded the geographical reach of Rosseti FGC UES's operations.

The implementation of our development projects is accompanied by import substitution.

According to the results of 2019, the share of domestic electrotechnical equipment in the total volume of Company purchases amounted to 89 %.

By 2030, this indicator will stand at 95 %, which is in line with the goals of Russia's Energy Strategy. At the same time, systematic work is being conducted to expand partnerships with small and medium-sized enterprises. In 2019, the share of purchases from such businesses made up 64 % of the total procurement value of the Company, compared to the Russian government's quota of 18 %.

Medium-term Plans

In the past year, the Board of Directors and the management addressed the issues of prospective development of Rosseti FGC UES. The Company's investment programme for 2020–2024 has been prepared and approved. It targets the development of business in order to create conditions to ensure growth in profit for shareholders and investors against a backdrop of continuous improvement of production and financial indicators.

In 2020–2024, Rosseti FGC UES plans to invest RUB 555 billion in the modernisation and construction of main power grids; 40.2 GVA of transformer capacity will be commissioned, along with 8,700 km of power transmission lines.

The costliest aspect of the investment programme will be the renovation of facilities already in operation. Additionally, greater attention will be given to innovative projects as part of the Digital Framework 2030 concept.

New construction will mostly be related to implementing the comprehensive plan to modernise and expand the trunk infrastructure. These projects will make it possible to complete the creation of the Power of Siberia gas pipeline system, increase freight traffic along the Baikal–Amur Mainline and the Trans-Siberian Railway, and expand the throughput capacity of electrical networks in the Far East, North-Western and North Caucasus regions.

Improving Corporate Governance

It is only possible for the Company to carry out effective work and implement the scheduled plans when there is constructive interaction among all management bodies and full confidence from shareholders and investors with regard to observing their legitimate interests.

Rosseti FGC UES understands this, and is continuously improving its methods of corporate governance. In 2019, the Board of Directors adopted a new edition of the Corporate Governance Code, along with a series of internal documents aimed at protecting insider information.

An external assessment of the risk management system in effect was conducted, as a result of which an independent expert made a formal judgement with regard to the system's efficiency.

The Russian Institute of Directors confirmed Rosseti FGC UES's rating on the corporate governance scale at a level of 7++ — Well-Developed

Corporate Governance Practice. This confirms the Company's compliance with all requirements of the effective laws and key recommendations of the Russian Corporate Governance Code.

Sustainable Development

Maintaining its commitment to sustainable development principles, Rosseti FGC UES strives to find a balance between the economic, social and environmental aspects of its activities.

Only by fostering open dialogue with stakeholders and taking their interests into account we can make this happen.

The Company takes part in activities related to conservation of flora and fauna, implements projects aimed at preserving biodiversity in its regions of presence, and introduces innovative energy-saving technologies, which enable us to reduce the harmful environmental impact of the entire fuel and energy complex.

In 2019, Rosseti FGC UES confirmed the compliance of its Environmental Management System with the requirements of ISO 14001:2015.

In terms of summing up the results, it can be noted that the dynamics of the Company's financial/economic and production indicators serve as evidence of its stable development. Our accumulated experience, professional team and effective management practices have allowed us to successfully solve every task we have faced and achieve our strategic goal.

Pavel Livinsky
General Director, Chairman
of the Management Board
of PJSC Rosseti

Statement by the Chairman of the PJSC FGC UES Management Board



In the reporting year, a series of projects were carried out which were significant for the entire industry in terms of scale. This made it possible to remove infrastructural limitations in several regions across the country.

Dear colleagues,

2019 was a fruitful year for Rosseti FGC UES (PJSC FGC UES). Strong economic results were achieved. A high level of reliability was ensured with regard to the Unified National Electric Grid. A series of projects were carried out which were significant for the entire industry in terms of scale. These made it possible to remove infrastructural limitations in several regions across the country. The Company's accomplishments in the sphere of sustainable development were highly praised by the professional community.

Production and Financial Results

The main priority for Rosseti FGC UES is to ensure the uninterrupted operation of the UNEG.

In 2019, the Company reduced its specific accident rate by 12 %, reaching a historic minimum.

The financial performance has improved. In 2019, revenue as per Russian Accounting Standards was up by 1 % to RUB 243 billion.

The profit received totalled RUB 58 billion, 3.5 % higher year-over-year.

The Company boasts the highest ACRA rating according to the national scale. Ratings from the "big three" agencies are at investment level. Rosseti FGC UES's activities were positively assessed by investors. Over the last year, market capitalisation rose by more than

a quarter. The Company confirmed its status as a market leader in terms of investment efficiency.

Major Projects

In 2019, several activities were undertaken as part of the comprehensive plan to modernise and expand trunk infrastructure, which was developed by the Russian government as part of the President's May Decree.

The key highlight was the completion of the construction of the first UNEG supply centres in the Irkutsk Region: the Ust-Kut 500 kV substation and the Sukhoy Log 220 kV substation. This became the final stage of the creation of the Peleduy Energy Ring, a major power grid project in Eastern Siberia.

In addition, all planned activities were achieved by the end of the year with regard to the Eastern Siberia – Pacific Ocean power supply system, thus allowing us to bring the oil pipeline to the design capacity. At the same time, the Company performed the necessary scope of work to launch the Power of Siberia gas pipeline.

New supply centres were also commissioned in Yamalo-Nenets Autonomous Okrug, Orenburg and Omsk Regions, and the Nadezhdinskaya area of accelerated development in Primorsky Krai was connected. Furthermore, power was supplied to power units at the Novovonezhskaya NPP-2 and Zaramagskaya HPP-1 in the North Caucasus.

Plans until 2024

This year, the Company entered a new five-year investment period. In 2020–2024, over RUB 555 billion will be invested in the modernisation and development of the UNEG. The regional priorities include Siberia, the Far East, and the Central Federal District.

The main direction is to implement measures in order to meet the requirements of the President of Russia's May Decree. Our key projects cover the creation of network infrastructure for providing power supply to the Baikal-Amur Mainline, Trans-Siberian Railway and to the Power of Siberia gas pipeline, and

the expansion of throughput capacity of electrical connections in the Primorsk and Kuzbass power systems, as well as for Kola-Karelian transit.

Large-scale work has been scheduled with the aim to modernise the regional supply centres and supply power using renewable energy sources. The Company will also strengthen the network infrastructure for the development of port zones, including Murmansk, Taman and Nakhodka, and will provide electricity to dozens of mining and processing production sites.

The President of Russia set the task to implement intelligent systems for managing power grid facilities.

By 2025, it is planned to implement more than 30 comprehensive digital projects in the UNEG and transit over 100 substations to remote control. The coverage of digital communications will reach 100 % by this deadline, and all the Company's energy facilities will be monitored remotely from the unified control centres.

Sustainable Development

In 2019, the Russian Union of Industrialists and Entrepreneurs included Rosseti FGC UES on its list of leaders in the "Responsibility and Openness" and "Sustainable Development Vector" indexes.

This serves as recognition of the Company's high results in the field of corporate governance and social and economic development. The decision became the basis for including the Company's shares in the corresponding indices on the Moscow Exchange.

Rosseti FGC UES strives to ensure a high level of openness and transparency in its activities by implementing the principle of active dialogue with stakeholders. Each year, we disclose information on all the material aspects of the Company's work in annual integrated reports, which comply with GRI and IR international standards.

I would also like to draw attention to environmental issues. Rosseti FGC UES carries out a range of activities aimed at reducing its environmental impact.

In 2019, 2,500 tonnes of waste were transferred for reprocessing, neutralisation and disposal. Over 80,000 bird protection devices were installed on power transmission lines. In the Amur Region, the Irkutsk Region, Krasnoyarsk Krai and Krasnodar Krai, projects were implemented with the aim of preserving biodiversity. Over 81,000 juvenile sturgeon were released into water bodies.

HR Policy

The Company's key value is its team of professionals. Rosseti FGC UES employs 22,000 people.

Taking into account industry-wide trends, including digitalisation, the Company management adopts modern approaches to organising and controlling activity, as well as realising personnel potential.

In 2019, the Centre for Skills Development and Assessment was created, whose goal is to objectively and independently assess employees' skills and qualifications.

More than 17,800 employees took part in the training, retraining and advanced training programmes, 17,200 of which were production personnel.

The results of 2019 strengthen Rosseti FGC UES's reputation as an organisation that successfully implements projects of nationwide significance. The background for this is a stable financial position, high operational efficiency, production capacities, employee competence, and support from shareholders and the Board of Directors for the chosen course.

Andrey Murov

Chairman of the PJSC FGC UES Management Board

ABOUT THE COMPANY

PJSC FGC UES is a Russian energy company that provides electricity transmission services in the Unified National Electric Grid (UNEG). In this type of activity, the Company is a subject of natural monopoly. It is included in the list of core Russian organisations of strategic importance.

We facilitate:

- power transmission through the transmission network in 79 regions of Russia, helping to address the most pressing issues of the country's social and economic development;
- supply of electric energy across the borders of 11 foreign countries, collection and processing of electricity flow information through 127 interstate transmission lines;
- maintaining and developing the UNEG infrastructure, including for its higher performance efficiency and for expanding geographical reach on the competitive market of power and capacity;
- effective assistance in management and control of state property in the power grid sector of the industry, implementation of the state policy in the electric energy sector.

GRI 102-2

Rosseti FGC UES is a low-risk business, steadily developing as a result of consistent implementation of strategic priorities, effective management and great expertise of its employees.

Core business areas:

- management of the Unified National Electrical Grid;
- provision of electricity transmission and technological connection services to participants of the wholesale electricity and capacity market;
- investment of the Unified National Electrical Grid development.

We operate:

- 951 substations;
- 148.270 km of high-voltage backbone transmission lines.



2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

2003

Inclusion of the Company in the Register of Natural Monopoly Entities in the Fuel and Energy Complex, and in the list of commercial organisations and entities on the Federal Wholesale Electricity and Capacity Market.

2002

State registration of JSC FGC UES.

2005–2008

A large-scale transformation of the electric grid complex took place. As a result, the right of ownership and management of the JSC RAO UES transmission network of Russia was handed over to JSC FGC UES.

The JSC FGC UES reorganisation was completed by merger of 56 transmission network companies, JSC RAO UES of Russia, JSC State Holding and JSC Minority Holding FGC UES.

2008

The number of Company's shareholders exceeded 470,000. Listing on the RTS and MICEX exchanges. Launch of the GDR programme.

2009

Approval of the FTS parameters for the Company's transition to RAB regulation for 2010–2012. Inclusion of the Company's shares into the calculation of stock indexes MSCI Russia and MSCI Emerging Markets.

2011

Listing of JSC FGC UES' depositary receipts on the London Stock Exchange.

2014

Endorsement of the Long-Term Development Programme of JSC FGC UES for 2015–2019 with an outlook for 2030 by the Government of the Russian Federation.

2013

JSC Rosseti, a state-owned company, becomes the major shareholder with 80.6 % of JSC FGC UES' ordinary shares.

2015

Bringing the Company's corporate governance system and practices in line with general recommendations of the Corporate Governance Code of the Russian Federation and listing rules of the Moscow Stock Exchange, including the approval of revised key internal documents.

2018

Further expansion of the Company's geographical reach up to 79 regions: connection of facilities in the Republic of Sakha (Yakutia) and the Irkutsk Region.

2016

The 2016–2020 Innovative Development Programme of PJSC FGC UES has been approved by the resolution of the Board of Directors

2019

Start of active integration of ESG principles into the Company's activities. Preparation of the Sustainable Development Policy.

GEOGRAPHIC REACH

GRI 102-4, 102-6, 102-7

MPS CENTRE

EMPS

Valdaiskoye; Verkhne-Donskoye; Vologda; Moscow; Priokskoye; Chernozemnoye


SPECIAL PURPOSE PRODUCTION CENTRE BELY RAST

	PL 391 pcs.	SS 156 pcs.
	23,328.242 km	87,924 MVA

MPS NORTH-WEST

EMPS


Karelskoye; Leningrad; Novgorod; Severnoye

	PL 280 pcs.	SS 101 pcs.
	15,448.670 km	41,069 MVA

MPS EAST

EMPS


Amur; Primorsky; Khabarovsk

	PL 236 pcs.	SS 101 pcs.
	19,379.754 km	16,161 MVA

MPS WEST SIBERIA

EMPS


Eastern; Central; Southern; Yamalo-Nenets

	PL 218 pcs.	SS 91 pcs.
	14,290.966 km	39,561 MVA

MPS SIBERIA

EMPS


Transbaikal; West-Siberian; Krasnoyarsk; Kuzbass; Khakassky

	PL 340 pcs.	SS 121 pcs.
	26,200.371 km	47,855 MVA

MPS SOUTH

EMPS


Kuban; Rostov; Sochi; North-Caucasus; Volga-Don

	PL 428 pcs.	SS 194 pcs.
	20,085.368 km	45,155 MVA

MPS VOLGA

EMPS


Nizhny Novgorod; Nizhne-Volzhskoye; Samara; Sredne-Volzhskoye

	PL 179 pcs.	SS 88 pcs.
	12,781.431 km	32,145 MVA

MPS URALS

EMPS

Orenburg; Perm; Sverdlovsk; South Ural

	PL 251 pcs.	SS 99 pcs.
	16,750.855 km	43,044 MVA

PJSC FGC UES operates in 79 regions of Russia. The territory in which the Company's facilities are located is divided into zones of responsibility for regional branches – main power systems (MPS) and their regional enterprises (EMPS). Territories with low-density population and no major customers, such as Chukotka, Kamchatka, the Magadan Region, Sakhalin, Nenets Autonomous Okrug and the Altai Republic, are not integrated into the UNEG as their current economic conditions do not allow for laying electricity transmission lines or establishing large substations.

UNIFIED NATIONAL ELECTRIC GRID*

SUBSTATIONS WITH A VOLTAGE OF UP TO 1,150 KV:

352,913 MVA

951 PCS.

POWER TRANSMISSION LINES A WITH VOLTAGE OF UP TO 1,150 KV:

148,265.66 KM

2,323 PCS.

NUMBER OF REGIONS OF PRESENCE:

79

For further details on the Company's international operations, as well as on electric energy exports and imports under contracts of PJSC Inter RAO, see Appendix 1.

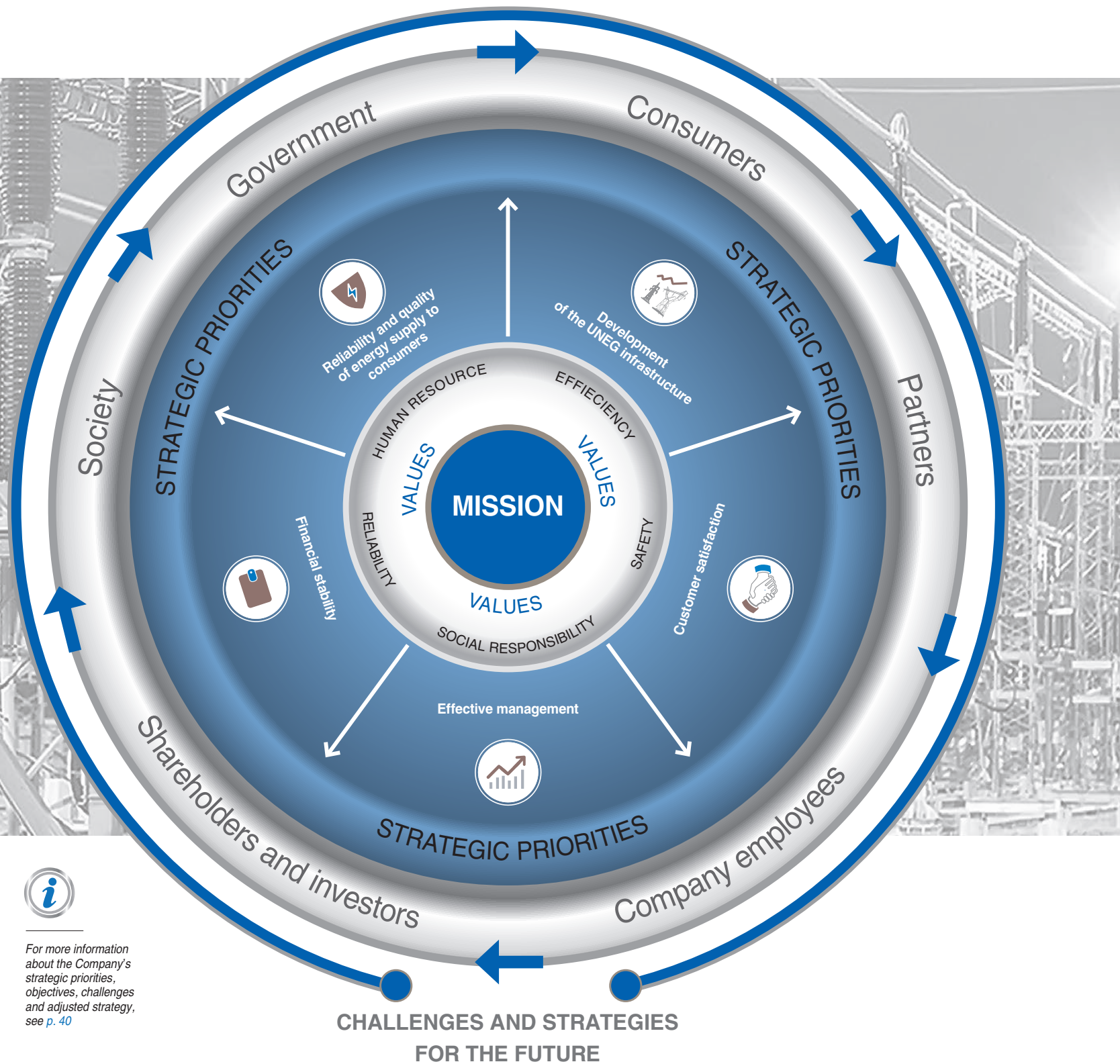
** Information on the power transmission lines and SS with the properly registered ownership of PJSC FGC UES and other owners, including 0.4–110 kV voltage class facilities but excluding power transmission lines and SS with a voltage class of 10 kV and lower, accepted by PJSC FGC UES for long-term lease and operating in the territory of Krasnodar Krai.*

FGC UES ensures the transmission of electric energy across the borders of 11 foreign countries, collection and processing of information on electricity flow through 127 interstate transmission lines.

OUR STRATEGY

Mission

Ensuring the reliable operation and solid growth of the UNEG development economy thanks to high economic efficiency and maximum cost reduction.



For more information about the Company's strategic priorities, objectives, challenges and adjusted strategy, see p. 40



For more information on creating value for FGC UES stakeholders, see p. 20

Values:

RELIABILITY

The Company strives for maximum reliable and uninterrupted supply of electric power for the needs of the economy and social sector of the Russian Federation.

HUMAN RESOURCE

The Company's key resource is its employees. We value each and every of them, regardless of gender, age, color, nationality or position. The Company is guided by the principles of honesty and objectivity when forming its personnel structure.



EFFICIENCY

The Company strives for the continuous efficiency improvement, which is supported by strategic initiatives of its governing and control bodies, top management and shareholders.



SAFETY

The Company applies a strictly regulated and balanced approach to security measures, as well as carries out activities aimed at the prevention of possible violations.

SOCIAL RESPONSIBILITY

The Company is a socially responsible business, which focuses on environmental and labour protection issues and the implementation of social programmes.





CORPORATE GOVERNANCE



The Company adheres to requirements of Russian legislation and a significant number of recommendations of the Russian Corporate Governance Code, as well as applies the best world-known practices in the area of corporate governance.

7++

The Well-Developed Corporate Governance Practice is a corporate governance rating assigned by the Russian Institute of Directors.

TOP-20

At the end of 2019, the Company became one of the leaders of the National Corporate Governance Index.

TSR

As for the total shareholder (TSR) indicator, the Company's shares were included in the list of the most liquid and capitalised shares in the electric energy sector upon the results of 2019

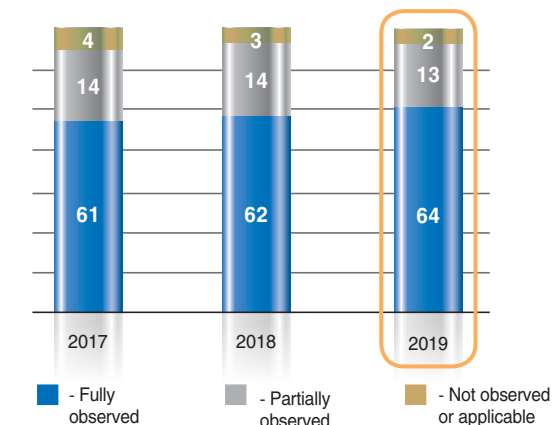
The Board of Directors is an effective and professional governing body of the Company, capable of making objective and independent judgments and taking decisions in the best interests of the Company and its shareholders.

3 INDEPENDENT DIRECTORS OUT OF 11

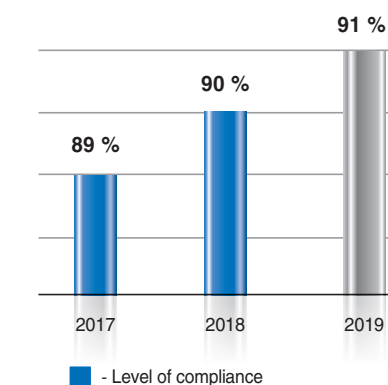
on the Board of Directors provide an independent perspective on operations carried out by the Company and its governing bodies, based on their knowledge, experience and expertise. Only independent directors may constitute the Audit Committee and the HR and Remuneration Committee.

The Company continues to develop its corporate governance system.

Observance of recommendations and principles of the Corporate Governance Code*



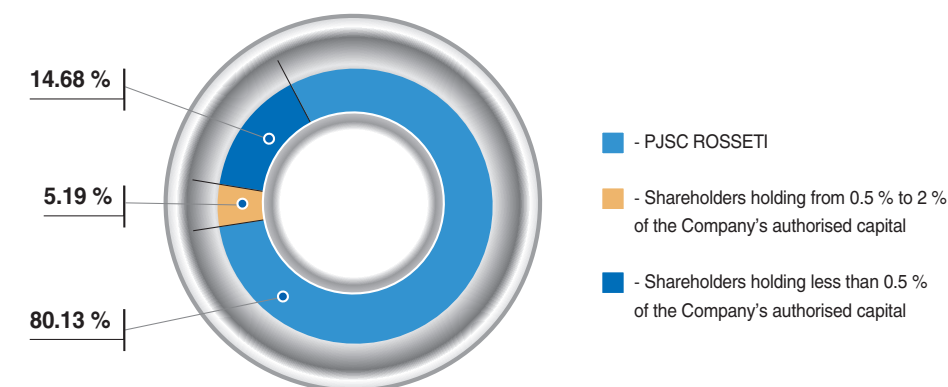
Results of the corporate governance self-assessment



* In compliance with the methodology recommended in Letter of the Bank of Russia No. IN-06-52/8 of 17 February 2016, "On Disclosure in the Annual Report of a Public Joint Stock Company of a Report on Compliance with Principles and Recommendations of the Corporate Governance Code".

The total number of the Company's shareholders exceeds 460,000 persons.

PJSC FGC UES share capital structure as of 31 December 2019



RESOURCES

at the beginning of 2019...

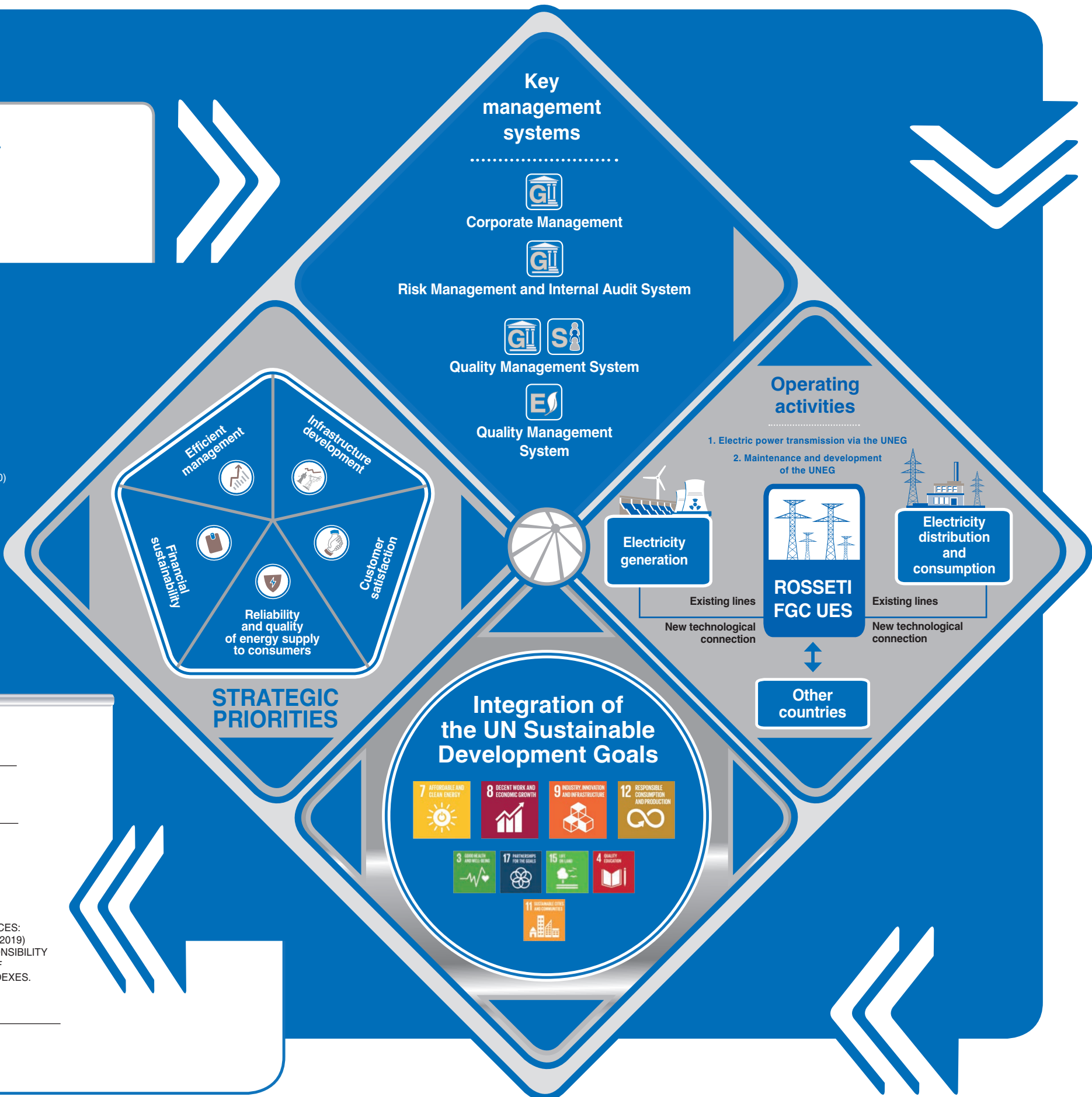
BUSINESS MODEL

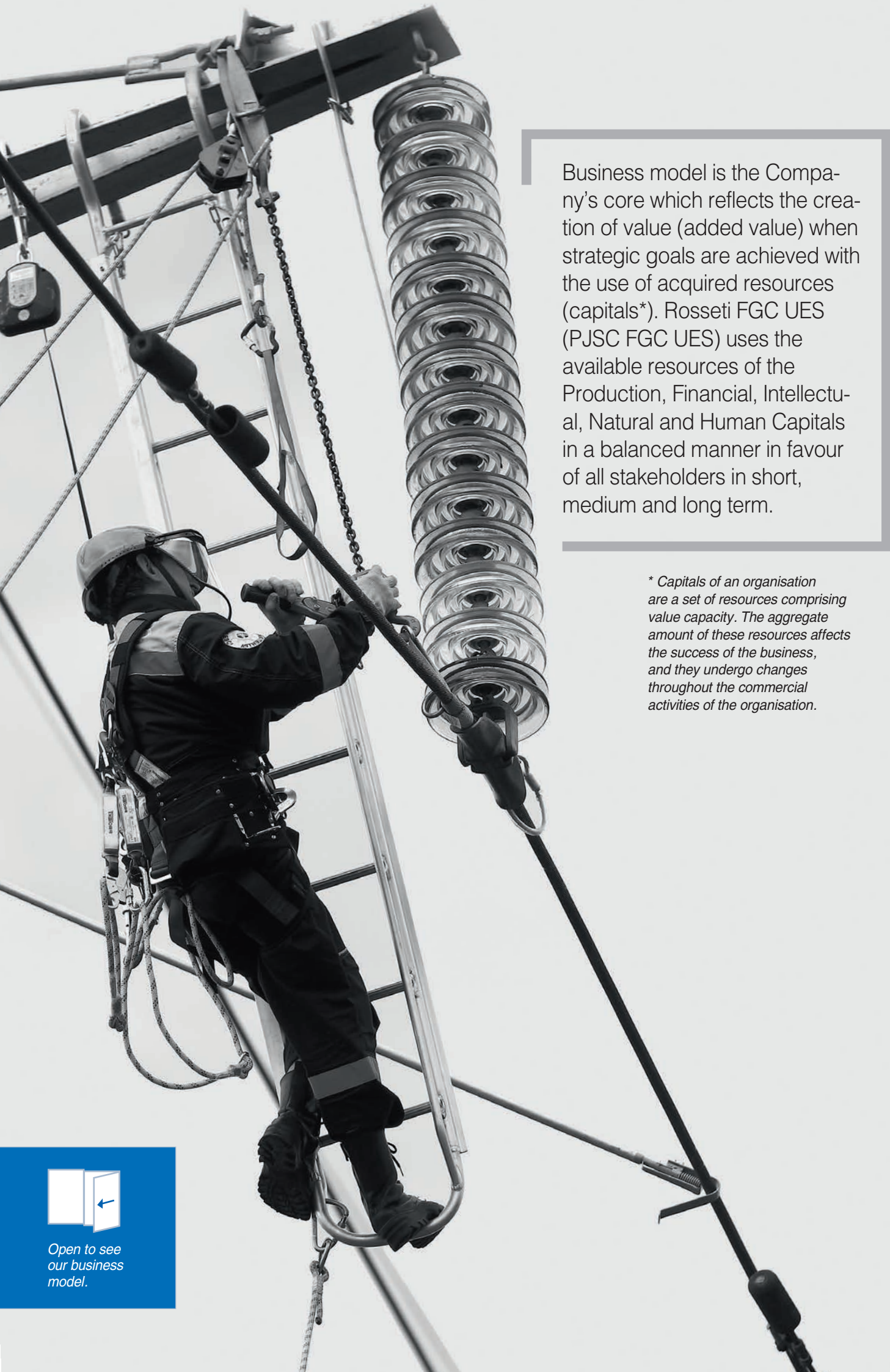


Financial capital RUB 127.3 BILLION CASHFLOW FROM CURRENT ACTIVITIES RUB 246.7 BILLION BORROWED CAPITAL (TOTAL DEBT) <i>More details on p. 20</i> We strive to raise return on financial capital and maintain financial stability.	Productive capital 958 SUBSTATIONS 145.94 THOUSAND KM LENGTH OF POWER TRANSMISSION LINES 352 GVA TRANSFORMER CAPACITY <i>More details on p. 22</i> We invest in the power grid infrastructure development and upgrade of our production assets.	Intellectual capital RUB 3.74 BILLION COST OF INTANGIBLE ASSETS 204 PATENTS ACQUIRED, INCLUDING 10 INTERNATIONAL ONES 183 CERTIFICATIONS FOR ECM PROGRAMMES <i>More details on p. 24</i> We support scientific and innovative potential, as well as develop and introduce new technologies.	Human capital PERSONNEL: 22,302 PEOPLE* GENDER COMPOSITION: M 83 % F 17 % NUMBER OF EMPLOYEES WHO PARTICIPATED IN TRAINING, RE-TRAINING AND PROFESSIONAL DEVELOPMENT PROGRAMMES IN 2018: 15,840 PEOPLE <i>More details on p. 26</i> We highly appreciate the experience and professional skills of our staff, provide social support and arrange for their development and training.	Nature capital 774,781.4 GJ ELECTRIC POWER CONSUMPTION IN 2018 799.5 THOUSAND M ³ WATER CONSUMPTION IN 2018 <i>More details on p. 28</i> We strive to cut down on the use of natural resources and enhance energy efficiency.	Social relationship capital RATING/OUTLOOK MOODY'S BA1 / STABLE FITCH BBB- / POSITIVE STANDARD & POORS BB+ / POSITIVE CUSTOMER SATISFACTION WITH TECHNOLOGICAL CONNECTION SERVICES: 9.3 POINTS (OUT OF 10) <i>More details on p. 30</i> We support by our actions, the positive image of the Company, and full information transparency contributes to that.
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... at the end of 2019.

Financial capital RUB 130.0 BILLION CASHFLOW FROM CURRENT ACTIVITIES: (+RUB 2.7 billion in 2019) RUB 227.0 BILLION BORROWED CAPITAL (TOTAL DEBT) (-RUB 19.7 billion in 2019)	Productive capital 951 SUBSTATIONS (-0.731% in 2019) 148.27 THOUSAND KM LENGTH OF POWER TRANSMISSION LINES (+1.624% in 2019) 352.4 GVA TRANSFORMER CAPACITY (+0.416 GVA in 2019)	Intellectual capital RUB 4.66 BILLION COST OF INTANGIBLE ASSETS (+RUB 0.92 billion in 2019) 200 PATENTS, INCLUDING 10 INTERNATIONAL ONES (+2 patents in 2019; 6 patents expired) 187 SOFTWARE CERTIFICATES (+4 certificates in 2019)	Human capital PERSONNEL: 22,432 PEOPLE* (+0.6% in 2019) GENDER COMPOSITION: M 83 % F 17 % Number of employees participated in training, skills improvement programmes in 2019: 17,859 people * Headcount	Nature capital 600,833.1 GJ (-22.45% in 2019) ELECTRIC POWER CONSUMPTION IN 2019 744.4 THOUSAND M ³ (-7% in 2019) WATER CONSUMPTION IN 2019	Social relationship capital MOODY'S Baa3 / STABLE FITCH BBB / POSITIVE STANDARD & POORS BBB- / STABLE CUSTOMER SATISFACTION WITH TECHNOLOGICAL CONNECTION SERVICES: 9.33 POINTS (OUT OF 10) (+0.03 P.P. IN 2019) THE COMPANY IS A LEADER OF RESPONSIBILITY AND TRANSPARENCY, AND VECTOR OF SUSTAINABLE DEVELOPMENT RUIE INDEXES. SHARES OF PJSC FGC UES ARE INCLUDED IN FTSE4GOOD.
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Business model is the Company's core which reflects the creation of value (added value) when strategic goals are achieved with the use of acquired resources (capitals*). Rosseti FGC UES (PJSC FGC UES) uses the available resources of the Production, Financial, Intellectual, Natural and Human Capitals in a balanced manner in favour of all stakeholders in short, medium and long term.

** Capitals of an organisation are a set of resources comprising value capacity. The aggregate amount of these resources affects the success of the business, and they undergo changes throughout the commercial activities of the organisation.*



Open to see our business model.

KEY RESULTS OF THE YEAR



FINANCIAL CAPITAL

Ensuring financial sustainability and increasing efficiency of the Company's activities

Creating values



Financial sustainability

For external stakeholders

DIVIDENDS FOR OUR SHAREHOLDERS

RUB 20.4 BLN

TIMELY PAYMENTS OF BOND LOAN INCOME

RUB 15.2 BLN

TAX PAYMENTS AND SOCIAL CONTRIBUTIONS

RUB 49.5 BLN

For Rosseti FGC UES

REVENUE

RUB 242.7 BLN.

PROVIDING PROFITABILITY

RUB 58.1 BLN
NET PROFIT

THE POSSIBILITY OF USING OWN RESOURCES TO FINANCE THE INVESTMENT PROGRAMME

How we achieved this

- Efficient control of operating expenses (a decrease of 5.1% against 2018)
- The possibility of attracting debt financing under favourable conditions due to high credit ratings and strong performance
- Implementation of the action plan to reduce account receivables (-22.3% against 2018)
- Revenue collection growth

Drivers of our further growth

- Reduction in specific operating expenses
- Efficient management of the Company's debt portfolio
- Long-term (3–5 years) supply contracts at fixed prices

Significant events

- Under the contract of exchange, PJSC FGC UES consolidated the UNEG facilities owned by JSC DVEUK
- In 2019, Moody's and Fitch Ratings upgraded the credit rating of PJSC FGC UES by one notch to Baa3 and BBB, and S&P and ACRA confirmed the previously assigned credit ratings at BBB- and AAA (RU), respectively. The outlook is Stable for all credit ratings of PJSC FGC UES; they correspond to sovereign ratings of the Russian Federation
- Reduction of debt load by RUB 19.7 billion. In 2019, the Company repaid the Eurobonds issue in the amount of RUB 17.5 billion
- In June 2019, the Annual General Meeting of Shareholders resolved to pay dividends for 2018 in the amount of RUB 20.4 billion
- In December, the Extraordinary General Meeting of Shareholders resolved to pay interim dividends for 9M 2019 in the amount of RUB 11.2 billion



For more information, please see Key Performance Indicators (p. 51) and Analysis of Financial Results (p. 85) sections



KEY RESULTS OF THE YEAR



PRODUCTIVE CAPITAL

Developing the power grid infrastructure and renovating our production assets

Creating values

For external stakeholders

DROP IN THE SPECIFIC NUMBER OF ACCIDENTS AGAINST 2018 :

BY **12%**

ENSURING THE POWER GRID INFRASTRUCTURE ACCESSIBILITY FOR NEW CONSUMERS:

4.7 GW
OF CAPACITY CONNECTED

For Rosseti FGC UES

COMMISSIONED:

4,000 MVA
OF SUBSTATIONS' TRANSFORMER CAPACITY

2,800 KM OF PTL

DROP IN THE RELEVANT AMOUNT OF LOSSES

BY **0.25%**



Infrastructure development



Reliable electricity supply



Customers' satisfaction

How we achieved this

- Better organisation of equipment operation
- Implementation of target programmes aimed to improve the reliability
- Effective implementation of the Investment Programme
- Respect of deadlines for technological connection

Drivers of our further growth

- Support of the reliability level and quality of our services
- Development of the production assets management system as part of the digital transformation of power in Russia
- Evolution of the UNEG infrastructure

Significant events

- The most industrialised and populated areas of the Republic of Sakha (Yakutia) were connected to the UNEG, and the new facilities were put into operation in the Irkutsk Region. Major producing and processing enterprises are located there along with infrastructure facilities of strategic importance.
- Large-scale projects for the development of a plan of external power supply to the Eastern Siberia — Pacific Ocean pipeline system and the Power of Siberia gas pipeline were completed, which enabled for the export of hydrocarbons to Asia.
- New centres were constructed aimed to supply power to the Urals and Siberia - 500 kV substations named Preobrazhenskaya and Voskhod, and the possibility to connect Nadezhdinskaya advanced development zone in Primorsky Krai was ensured, as well as the output of power units of Novovoronezhskaya NPP-2 and Zaramagskaya HPP.
- Upgrade of the 500 kV Irtysh substation in the Tyumen Region was completed.

RUB 149.8 bln funding of the Investment Programme in 2019



For detailed information, please see sections Key Performance Indicators (p. 51) and Investment Activities (p. 71)

KEY RESULTS OF THE YEAR



INTELLECTUAL CAPITAL

Developing the scientific and innovative potential

Creating values

For external stakeholders

IMPROVING THE QUALITY OF EDUCATION OF STUDENTS MAJORING IN POWER ENGINEERING:

WE PARTNER WITH

52 UNIVERSITIES

STRENGTHENING CONNECTIONS BETWEEN INDUSTRY-SPECIFIC EDUCATION AND ACTIVITIES OF THE MODERN TRUNK ELECTRIC GRID NETWORK.

DEVELOPMENT OF CUTTING-EDGE TECHNOLOGIES IN RUSSIA

MINIMISATION OF NEGATIVE ENVIRONMENTAL IMPACT

DEVELOPMENT OF REGIONS WITH INNOVATIVE TERRITORIAL CLUSTERS

For Rosseti FGC UES

EFFICIENT IMPLEMENTATION OF KNOWLEDGE-BASED TECHNOLOGIES

ADVANCED TRAINING OF PERSONNEL

How we achieved this

- Focus on enhancing the efficiency of innovative activities
- Focus on R&D and implementation of technologies connected with digitalisation (R&D costs amount to RUB 0.92 billion)
- Close interaction with research centres and leading higher education institutions in the country

Drivers of our further growth

- Digitalisation of the Company's assets and business processes
- Continuous development of the remote control of grid facilities
- Implementation of the innovation management system

Significant events

- For the first time in the country's electric grids, a new Russian digital complex was launched at Yuzhnaya SS in Yekaterinburg to maintain energy system sustainability.
- Energy efficient technologies were installed at the largest power facilities in Moscow, Belgorod and Tver Regions, as well as at the substation in the Nizhny Novgorod Region. This will enable the Company to reduce energy consumption for substations' own needs.
- Several power facilities of the Company were switched to remote control, including Tobol SS, the first digital substation in the country. Thanks to this, the quality of electric power management of power facilities improved significantly.
- A power equipment digital control system was launched at the Khabarovskaya 500 kV SS, which allowed the Company to minimise accident risks and increase energy efficiency of the facility.
- The agreement on establishment of the Cybersecurity and Information Technology Specialised Department in cooperation with MPEI National Research University was signed.



For more information, please see the Innovation Activities section (p. 74)



Reliable electricity supply

KEY RESULTS OF THE YEAR



HUMAN CAPITAL

Highly qualified personnel, safe operation, and social guarantees

Creating values

For external stakeholders

PREPARATION OF SKILLED PERSONNEL FOR WORKING IN ELECTRIC GRID AND OTHER ACTIVITIES CARRIED OUT IN RUSSIA AND OTHER COUNTRIES

COOPERATION WITH

120
UNIVERSITIES AND SPECIALISED
SECONDARY SCHOOLS

CONTRIBUTION TO THE ECONOMIC AND SOCIAL STABILITY, INCLUDING FOR FAMILIES OF OUR EMPLOYEES

For Rosseti FGC UES

DEVELOPMENT OF THE STAFF POOL AND NEW COMPETENCIES

17,900 PEOPLE

COMPANY EMPLOYEES WHO TOOK PART IN THE TRAINING, RE-TRAINING AND ADVANCED TRAINING PROGRAMMES

GROWTH OF LABOUR PRODUCTIVITY AGAINST 2018

2.5%

CREATING THE CORPORATE CULTURE

How we achieved this

- Fulfilling the labour and personal potential of employees
- Creation of a safe work environment: reducing the number of people injured in accidents (by 34% against 2018)
- Average growth of wages by 4.5% compared to 2018
- Support of the professional development
- Stable preservation of high-end specialists: low rate of staff turnover (5.11%)
- Implementation of housing and other social programmes to support employees and their families

Drivers of our further growth

- Improvement of the labour protection system to exclude occupational accidents
- Raise of the efficiency of corporate structures

Significant events

- About 2,000 students from 48 Russian educational institutions, providing power engineering majors, took part in all-Russian Day of PJSC FGC UES.
- The Company was thanked by the Ministry of Energy of Russia for its contribution to the promotion of the fuel and energy complex and engineering education.
- The Company was one of the winners of the Best Qualification Assessment Centre contest and took the third place. The award was given by the National Council under the President of the Russian Federation for Professional Qualifications (NPQC) and the National Agency for Qualification Development.
- The Company won the main prize of the Best Socially-Oriented Company of the Energy Sector contest held by the Ministry of Energy of Russia. Furthermore, Rosseti FGC UES won in the Labour Market Development and Employment Promotion category.



For more information, please see "Key Performance Indicators" (p. 51), "Personnel Management" (p. 100) and "Occupational Health and Safety" (p. 111)



Efficient management

KEY RESULTS OF THE YEAR



NATURAL CAPITAL

Contributing to the environmental safety and sustainable consumption of energy resources

Creating values

For external stakeholders	
REDUCTION IN GENERATED WASTE COMPARED TO 2018:	REDUCTION IN WATER CONSUMPTION COMPARED TO 2018:
2%	7%
For Rosseti FGC UES	
ENHANCING ENERGY EFFICIENCY	
CERTIFICATION AUDITS OF THE EMS	

How we achieved this

- Achievement of objectives set in the Environmental Policy of PJSC FGC UES is an integral and essential part of the Company's activities
- The Company's environmental management system was certified for compliance with ISO 14001:2015
- The environmental risk management was added to the Company's Risk Management System
- We pay special attention to biodiversity conservation in the regions where the Company operates

Drivers of our further growth

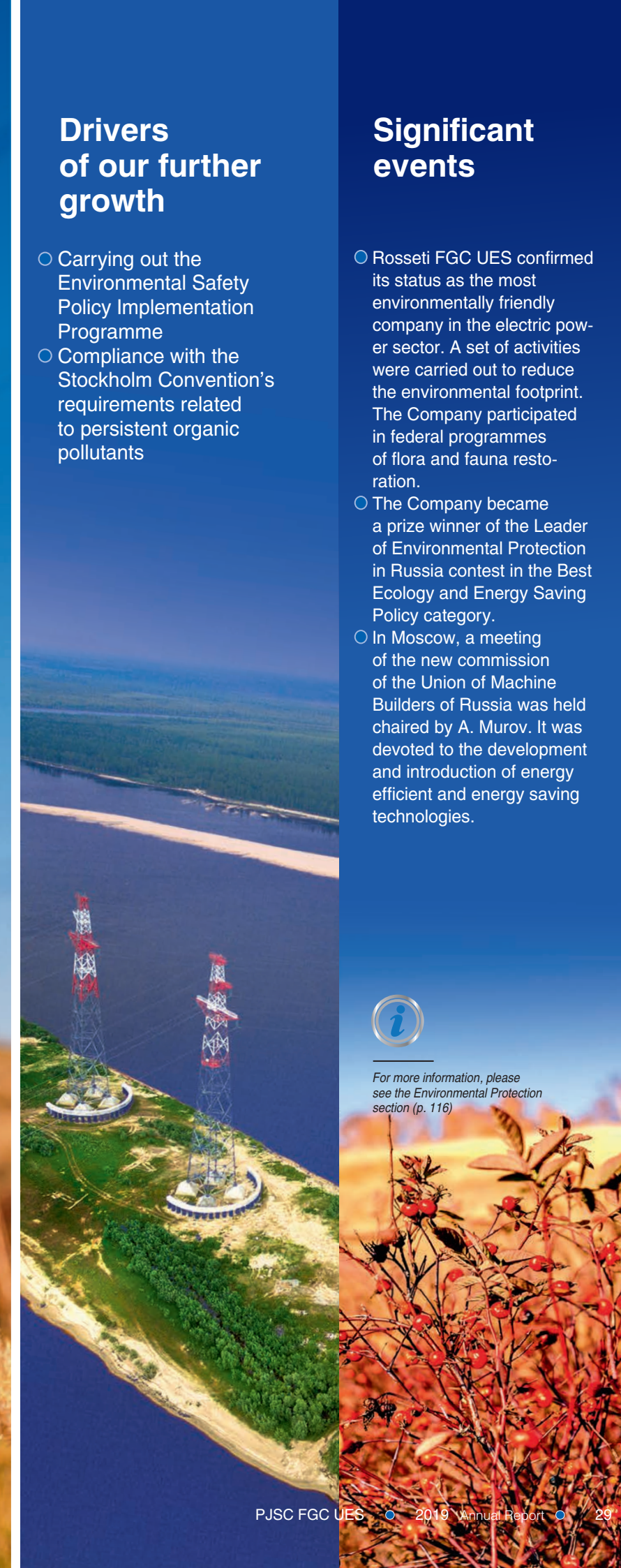
- Carrying out the Environmental Safety Policy Implementation Programme
- Compliance with the Stockholm Convention's requirements related to persistent organic pollutants

Significant events

- Rosseti FGC UES confirmed its status as the most environmentally friendly company in the electric power sector. A set of activities were carried out to reduce the environmental footprint. The Company participated in federal programmes of flora and fauna restoration.
- The Company became a prize winner of the Leader of Environmental Protection in Russia contest in the Best Ecology and Energy Saving Policy category.
- In Moscow, a meeting of the new commission of the Union of Machine Builders of Russia was held chaired by A. Murov. It was devoted to the development and introduction of energy efficient and energy saving technologies.



For more information, please see the Environmental Protection section (p. 116)



KEY RESULTS OF THE YEAR



SOCIAL RELATIONSHIP CAPITAL

Maintaining a positive image and reputation of the reliable partner

Creating values

For external stakeholders

EDUCATIONAL, ART, ECOLOGY AND SPORTS PROJECTS

TOTAL FUNDING:

RUB 184 MLN

HIGH CUSTOMER AWARENESS

PUBLICATIONS IN MASS MEDIA:

OVER 30 THOUSAND
(+31 % BY THE NUMBER OF POSITIVE PUBLICATIONS AGAINST 2018)

For Rosseti FGC UES

LOYALTY AND EMOTIONAL INVOLVEMENT OF COMPANY EMPLOYEES

MAINTENANCE OF THE REPUTATION OF A RELIABLE PAYER, AS WELL AS HIGH CREDIT RATINGS

HEALTH AND LIFE INSURANCE OF PERSONNEL

RUB 14.5 MLN

COSTS OF INSURANCE

COSTS OF INSURANCE:

RUB 285 MLN

How we achieved this

- The Company's social investment costs
- Consistent interaction with all stakeholder groups
- Maximum transparency of the information provided in full and disclosed in a timely manner
- Active participation in congress and exhibition activities at national and international levels

Drivers of our further growth

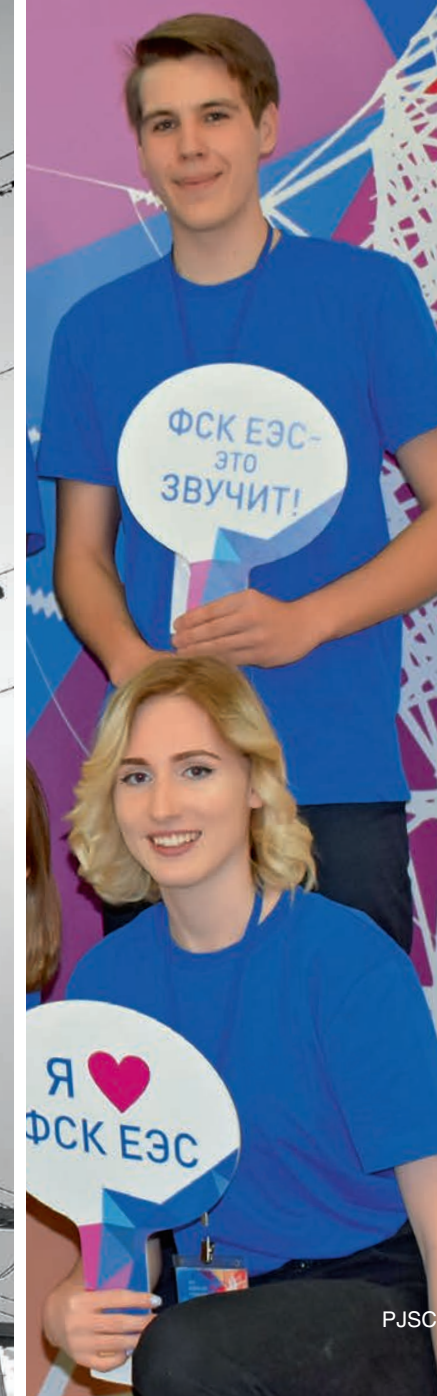
- Continuous communication with representatives of interested parties
- Efficient interaction with authorities
- Further increase in customer satisfaction
- Improvement of the information disclosure system
- Implementation of projects to support culture, art and sports

Significant events

- With the Company's support, the Hermitage Museum organised an exhibition called The Morozov Brothers. Great Russian Collectors.
- With support of Rosseti FGC UES, the national rugby team participated in the World Cup for the first time since 2011.



For more information, please see The Company's Social Policy (p. 108) and Development of Regions and Charity (p. 127) sections



Reliable electricity supply



Customer satisfaction



STRATEGIC REPORT

[35] INDUSTRY OVERVIEW,
STRATEGY, RISKS AND KPI

[60] PERFORMANCE HIGHLIGHTS 2019

- Operational Results
- Analysis of Financial Performance
- Sustainable Development and Corporate Social Responsibility



The unique advantages of integrated reporting are strategic focus and orientation towards future. The Strategic Report section contains information reflecting both achieved and planned strategic indicators of the Company's performance, includes information that allows to compile a complete view of the effectiveness of the Company's operations, including in comparison with other enterprises in the industry.

Industry Overview

Global trends

Global electric energy industry is going through a large-scale changes requiring adjustments in strategic plans of industry development and its process model. There is a demand for changing electric grids as an essential basis for development of the modern production and energy balance shifts.

Global trends directly or indirectly affect Company's operations. The Company monitors these trends, but also strives to respond to them in a timely manner, assessing potential risks and opportunities in advance. The most significant global trends in the electric power industry which could impact the Company's operations are as follows.

- **Increase in the share of electricity in the total volume of consumed power.** The universal, manageable and convenient nature of electricity make this type of energy the best for modern industrial procedures and procedures of transformation of the human environment.
- **Diversification of electricity sources (decentralisation).** With restrictions on the extraction of traditional fossils of primary energy carriers, the share of renewable energy sources is growing.
- **Increase in irregular consumption of electricity with growth in the number of consumers and generation sources.** This results in the necessity to improve flexibility in grid operations when managing power flows on electricity transmission lines.
- **Development of digital technologies (digitalisation).** Significant growth of information flows along with the use of technologies for flexible management of transmission capacity,

improvement of grid control and management systems, the need to increase the speed of data processing and decision making processes make it necessary to use digital technologies.

Russian energy sector still maintains its defining influence on the decision-making process regarding vital strategic objectives of the country development. It is primarily attributed to the new energy infrastructure which will allow to ensure accelerated social and economic development of West Siberia and Far East, strengthen material and export potential of the country. In addition, it is planned to overcome the lack of infrastructure integration and develop new territorial production clusters based at the power supply and processing plants under construction.

The Russian Government approved the Comprehensive Plan for Modernisation and Expansion of the Transmission Network Infrastructure⁵. Its implementation implies application of innovative and digital technologies providing for both new quality of service for individuals and businesses. This ambitious task will require coordinated efforts to be taken by infrastructure sectors, regions, equipment manufacturers and the financial sector.

⁵ Approved by Order No. 2101-r of the Russian Government of 30 September 2018.



One of the global trends in the electric energy industry is decentralisation — development of distributed production, energy accumulation technology, etc. How does it affect the UNEG development?

ANSWER:

The consumers' inclination towards cost optimisation and decarbonisation encourages the development of the distributed and RES production, as well as the associated technologies. However, at the same time, deep digitalisation of processes at the customers' side leads to high demand for security. Alternate electricity suppliers are yet unable to provide this without doubling connection facilities in the centralised energy supply system. In addition, electricity suppliers and consumers are interested in achieving bigger flexibility in terms of process solutions, as well as from the economic viability perspective. The Company reacts to these trends by carrying out systematic work on reducing accident risk in the transmission network complex, implementing digital solutions for substation automation, operational grid management, ensuring technological connection to the UNEG of RES production facilities.

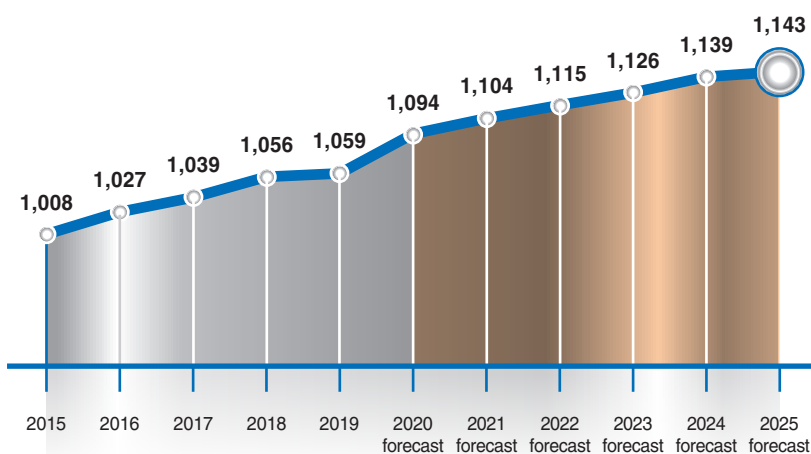
Macroeconomic trends 2019

PJSC FGC UES is the largest backbone transmission network company in Russia. It accounts for 87% of all assets of the unified national (all-Russian) electric (backbone) grid. In compliance with the Federal Law "On electric energy industry", PJSC FGC UES is responsible for managing the UNEG.

The volume, structure and dynamics of the Company's services depend on the general state of the country's economy. In recent years, growth of the Russian GDP remains at a stable, relatively low level (1.5–2 %). In near future, this trend is likely to maintain. In 2019, energy consumption (according to the operational data of JSC SO UES) grew by 0.4 % against 2018. According to the forecast of the Scheme and

Development Programme of the Unified Energy System for 2019–2025, the growth rate for electricity consumption will remain low — around 1% per year on average. Significant growth of electricity consumption will take place in certain regions of intensive industrial growth and development of social infrastructure (South of Russia, Far East, Kaliningrad Region, etc.).

Electricity consumption in Russia in 2014–2018 and forecast for 2019–2024, bln kWh



Sources: Reports of the System Operator, the Scheme and Development Programme for the Unified Energy System of Russia for 2019–2025.

⁶ Approved by Order No. 174 of the Ministry of Energy of Russia of 28 February 2019.

Correlation of the prices for grid electric energy and energy from own sources in centralised systems stimulates transition of some customers to own energy supply sources, and the energy supply measures slow the specific energy consumption growth down. External electric energy turnover remains stable. Based on the mentioned factors, Rosseti FGC UES does not expect volumes growth for paid grid services in 2020–2022.

At the same time, the Company continues to implement investment projects in network nodes where the increase in electricity consumption leads to the need of increasing throughput capacity and where it is required to provide technical improvement of the network in terms of reliability.

As an active participant in the debt capital markets (as of 31 December 2019, the Company's debt portfolio consisting of rouble bonds only was RUB 224.3 billion), the Company is obviously affected by changes in macroeconomic conditions, at least in terms of the proposed market rates and the time periods for attracting new financing.

Due to the presence of floating rate bonds in the borrowed funds of a coupon tied to the inflation rate (RUB 150 billion or more than 60% of the total debt, attracted at the rate of inflation +1... 2.5% annually), the Company is also subject to the risk of changing interest costs on existing borrowings due to fluctuations in inflation in the country.

Despite certain inflation growth at the beginning of 2019, the following events showed its localised nature and confirmed the ability of authorities to effectively manage inflation risks. By the end of 2019, inflation came down to 3%. According to the basic scenario of the Bank of Russia, it is forecast that inflation in mid-term perspective remains around 4%. Taking into account these circumstances and the Company's right for early bond redemption at its discretion if the coupon rate exceeds 10% per annum, the risk of changing interest costs is considered to be acceptable.

Opportunities and risks for Rosseti FGC UES

Strengths	Weaknesses
<ul style="list-style-type: none"> Continuous control of the Company's activities by the government. Low sensitivity to short-term fluctuations of market conditions regarding demand for grid services. Extensive experience in the field of management, operation and development of electric grids. Focus on innovative development and advanced technologies. Highly qualified personnel. Strong financial performance and a balanced loan portfolio. High level of corporate governance. Solid reputation among partners and investors. 	<ul style="list-style-type: none"> Major dependence on decisions of state administrative bodies including tariff regulation and development of the investment programme. High capital capacity.

Opportunities	Threats
<ul style="list-style-type: none"> Application of innovative energy-saving technologies. Improving the efficiency of grid asset management. Reduction of operating costs. Connection of new consumers to the UNEG. 	<ul style="list-style-type: none"> Decrease in demand due to production decentralisation and deterioration of general market situation. Growth in operational costs due to overstatement of the capacity specified by consumers during capacity technological connection. Refusal of applicants to implement their own development projects, which may lead to a reduction in revenue of the Company from technological connection services. Errors in predictions of the grid development, and in the composition and structure of the Investment Programme.

Rosseti FGC UES has considerable potential for further development. The Company's weaknesses and threats are estimated on a continual basis as part of the risk management process, while the management team takes actions to reduce possible adverse effects.

Comparison of Rosseti FGC UES with certain foreign public power grid companies engaged in monopoly activity for electricity transmission through the transmission networks⁷

No.	Company name	Headcount	Length of power transmission lines, thousand km	Operating costs per 100 km of power transmission lines, EUR mln (2016 data)	Capitalisation*, EUR mln
1	PJSC FGC UES	22,052***	146	1.46	3,682
2	RTE	–	106**	1.34	–
3	RED Electrica	1,799	44	1.27	9,671
4	Terna Rete Italia S.P.G.	4,252	74**	1.53	11,739
5	Fingrid	380	14	3.16	–
6	KEGOC	4,797	27	–	991

* As of 31 December 2019.
** Including distribution networks.
*** Average staff number.

Comparison of Rosseti FGC UES with some Russian public power companies with the most capitalised and liquid shares among those listed in the MOEXEU sector index

No.	Company name	Capitalisation, RUB bln	Average annual trading volume on the Moscow Exchange, RUB mln	EBITDA, RUB bln	EBITDA profitability	Dividend yield*	EV/EBITDA
1	PJSC FGC UES	256.6	207.0	140.7	56.4 %	10.8 %	3.1
2	PJSC Inter RAO	526.4	653.7	141.5	13.7 %	4.4 %	1.2
3	PJSC Unipro	153.6	76.8	29.3	36.5 %	4.3 %	5.9
4	PJSC RusHydro	209.7	284.0	97.5	26.6 %	7.6 %	3.6
5	PJSC Mosenergo	62.7	25.7	41.1	21.7 %	10.2 %	2.7

Source: Moscow Exchange data, Bloomberg data

* Dividend yield is calculated as the ratio of dividends paid in 2019 per share to the share price as of the beginning of 2019 (excluding dividends paid for the 9M 2019 results).

⁷ The table data provided as of 31 December 2018.

Development Strategy

When determining its strategic development priorities, the Company is guided by the priorities of state policy in the field of the electric grid complex.

Top level document of Rosseti Group is the Development Strategy of PJSC Rosseti and its subsidiaries and affiliates (Rosseti Group) until 2030, approved by the Board of Directors of PJSC Rosseti (minutes No. 388 of 26 December 2019).

The main strategic priorities of the state policy are determined in the Development Strategy of the Russian Electric Grid Complex until 2030:




- long-term reliable, high-quality and affordable energy supply to consumers;
- ensuring reliable and safe operation of the electric grid complex;
- developing the most efficient grid infrastructure in line with global standards;
- maintaining the tariff level, which provides for an acceptable level of electricity costs for the Russian economy and supports the investment attractiveness.



The Company's strategic objectives are achieved through adoption and implementation of a number of programmes, in particular:

- Long-Term Development Programme;
- Investment Programme;
- Innovative Development Programme;
- Unified Technical Policy;
- Corporate Plan of Import Substitution;
- Energy Saving and Energy Efficiency Programme;
- Programme to Improve Investment and Operating Efficiency and Reduce Costs;
- Environmental Programme.



Strategic Priorities of Rosseti FGC UES in 2019

Strategic Priorities ⁸	 Reliability and quality of energy supply to consumers	 Development of UNEG infrastructure	 Customer satisfaction
Why it is important	The power supply of large industrial enterprises and cities depends on the reliability of UNEG operation. Limitations or cuts in electricity supply to end consumers can have serious economic and social consequences. The transmission network shall meet the physical conditions and limitations in terms of power, frequency, voltage, and stability, and provide the necessary reserves to withstand unforeseen fluctuations in demand, unexpected equipment failures, and avoid loss of load and cascade tripping.	Development of the UNEG makes it possible to expand the geographical boundaries of the competitive electricity and capacity market, providing for entry into the market of new generation sources and consumers in order to balance demand and supply in various grid nodes with high reliability and cost effectiveness.	Through technological connection, the Company fulfils the objective to provide consumers with the available infrastructure and conditions for economic growth. When carrying out activities related to transmitting electricity, the Company shall ensure continuous power supply to consumers.
How we measure the result	<ul style="list-style-type: none"> Absence of any increase in major accidents. Achieving the required reliability level of services provided. 	<ul style="list-style-type: none"> Implementation of the commissioning schedule of facilities. Increase in capacity utilisation of electric grid equipment. Reduction of unit investment costs. 	<ul style="list-style-type: none"> Meeting technological connection deadlines. Achieving the required reliability level of services provided⁹.
Risks affecting the achievement of strategic priorities	<ul style="list-style-type: none"> The risk of failure to achieve the reliability level of electricity transmission services, established under tariff regulation. 	<ul style="list-style-type: none"> The risk of failure to deliver key parameters of the investment programme. Risk of failure to fulfil decrease in specific investment costs established for the target period. Risk of failure to achieve the capacity utilisation rate established for the target period. 	<ul style="list-style-type: none"> Risk of failure to achieve the quality level of technological connection services established under tariff regulation.

 Effective governance	 Financial sustainability
<p>Limitations of the electricity price (tariff) growth rates slow down the increase in operating costs and the allowable amount of investments in upgrading and renovating electric power grids. In the context of tariff restrictions and stabilisation of the scope of grid activities, the Company needs to improve its internal efficiency to ensure further technological development and create profit for shareholders, which will also be re-invested in the production, including equipment renovation and modernisation.</p>	<p>Improvement of the investment efficiency is associated with the optimisation of financing sources. Rosseti FGC UES strives to find a balance of using the Company's own funds, borrowed funds and other sources. The high financial stability indicators of the Company contribute to attracting capital under favourable terms. The financial stability guarantees the Company's solvency and its investment and reputation attractiveness for shareholders, investors, and contractors in the long term within the acceptable risk level.</p>
<ul style="list-style-type: none"> Growth of financial and economic indicators (consolidated net cash flow, EBITDA). Reduction of unit operating costs and specific investment costs. Growth of labour productivity. Efficiency of innovation activities. 	<ul style="list-style-type: none"> Strict fulfilment of obligations to bond holders, maintenance of the required liquidity level, compliance with the debt-load limits approved by the Board of Directors. Reduction of the overdue accounts receivable.
<ul style="list-style-type: none"> Risks of deviation from values established in the business plan: volume of electricity transmission services, volume of technological connection services, non-influenceable costs, average tariff for electricity transmission, net profit, performance. Risk of increase in the level of operational costs established for the year. 	<ul style="list-style-type: none"> Risk of deviation of overdue account receivables from the amount set in the business plan. Risk of fluctuation in the Debt/EBITDA indicator from the value set in the business plan.

⁸ Based on the approved LDP 2015–2019.

⁹ The indicator is calculated in compliance with the Methodological Guidelines approved by the order No. 1256 of the Ministry of Energy of Russia dated 29 November 2016.

Long-Term Development Programme

In 2019, the validity period of the Long-Term Development Programme (LDP) established¹⁰ in 2014 came to an end. Main directions of the Company's strategic development are specified in the LDP for 2020–2024.

In the LDP established in 2014, 11 objectives were determined, covering all aspects of the Company's activities: investment activity, stable operation of UNEG of Russia, technological connection, financial stability, saving of expenses. Implementation of major investment projects (including energy supply to BAM, TransSib, BRELL, projects on providing energy infrastructure for international sports events) was considered.

During implementation of the LDP established in 2014:

- reliability and quality of the services were improved;
- measures for reducing specific investment costs were implemented;
- measures for increasing operating efficiency were gradually implemented.

In order to monitor the implementation of measures and the achieved actual values of the Company's performance indicators determined in the LDP 2014, an audit was carried out, the results of which are presented in the Audit Report dated 8 April 2020. Based on the analysis results, the reliability level of the Company's actual performance indicators was determined and the actual indicators were found to conform with their target values.

The LDP of PJSC FGC UES for 2020–2024 is developed in compliance with the target points and provisions of the Electric Grid Complex Development Strategy of the Russian Federation.¹¹

In the course of development of the new LDP, external challenges and internal factors objectively affecting Company's operations were taken into account. The Company's actions are driven by the need to increase efficiency of its activities while maintaining high levels of energy supply for the users of the transmission network. At the same time, FGC UES strives to firm achievement of target points for improving efficiency established by state administration: increasing performance, reducing operational costs, increasing investment performance, improving production asset management.

GRI 102-21, 102-43

The process of reviewing and approval of the Long-Term Development Programme with key stakeholders is governed by the Methodological Recommendations on Preparation of Long-term Development Programmes of the Ministry of Economic Development of the Russian Federation, individual resolutions of the Government of the Russian Federation, and the Company's internal documents. In compliance with the existing procedure, the LDP of the Company is going through a validation process in the federal executive bodies, and, at the final stage, will be approved by the Government of the Russian Federation. The primary site for document discussion is the Strategy Committee of the Company's Board of Directors, which discusses the LDP prepared by the management, and once approved, it is distributed among stakeholders.

Currently, the LDP of the Company has been already approved by the Ministry of Energy of Russia, Rosimushchestvo, and the Ministry of Economic Development of the Russian Federation, reviewed by the Ministry for the Development of the Russian Far East and Arctic and sent to the Government of the Russian Federation.

The Company prepares annual reports on LDP progress which are evaluated by an independent auditor and then the Company's Board of Directors. Annual reports are sent to the Ministry of Economic Development of the Russian Federation, Ministry of Energy of Russia and Rosimushchestvo, including by means of the Intergovernmental Portal. Representatives of the industry community and the federal executive bodies are members of the Strategy Committee, and discuss LDP when reviewing quarterly progress reports.

¹⁰ Approved by the resolution of the Board of Directors, minutes No. 243 of 22 December 2014.

¹¹ Approved by Directive No. 511-r of the Government of the Russian Federation of 3 April 2013.



DISTINCTIONS AND FEATURES OF THE NEW LDP

How does the Company's Strategy change?

ANSWER:

The new LDP mainly maintains continuity regarding the previous version of the document. At the same time, new approaches to solving constant basic objectives of the Company — maintaining and developing UNEG, ensuring reliability of the energy supply — were developed.

Implementation of the new, digital design, unification and distribution of project documentation and engineering-geological studies results become a priority.

In accordance with the current global trends, major attention is paid to the implementation of innovative technologies. The Digital Substations programme is planned to be expanded. Implementation of cutting-edge technology is expected to increase equipment reliability and network monitoring and control, reduce the impact of the human factor, and lower the number of failures and time required to liquidate their consequences.

Fulfillment of these objectives requires changes in financing volumes and principles, as well as new approaches to assessment of the achievement level of the established goals. For example, the process for improving investment efficiency instead of the level of cost decrease will be assessed with acceleration of the designing terms, application of cutting-edge technologies, and reduction in faults taken into account.

This way, the Long-Term Development Programme takes into account current risks which can affect the implementation of the Company's strategic plans, and provides for measures for their mitigation, as well as includes implementation of measures stipulated in the May Decree of the President of the Russian Federation.¹²

¹² The national goals and strategic development objectives of the Russian Federation until 2024 were determined in Decree No. 204 of the President of the Russian Federation dated 7 May 2018.



“ Reacting to emerging challenges and industry trends, the Company has developed the updated Long-Term Development Programme effective until 2024. Key operational priorities remain unchanged. However, we significantly improved the tools used for their achievement. We emphasised application of cutting-edge technologies, increasing performance, improving efficiency of all business processes. This will allow to maintain the Company's competitiveness and generate value for various stakeholder groups. ”

Aleksandr Zaragatsky

First Deputy Chairman of the Management Board of PJSC FGC UES
Member of the Management Board of PJSC FGC UES

The new Long-Term Development Programme is developed based on the continuity principle relating to the approved LDP 2014, but with new trends and challenges taken into account.

Subject areas	Modern trends	Future strategy
Investments	The Company's volume of electricity transmission services has stabilised. Projects for increasing network services are mainly planned for the Far East region and the South Federal District.	Investments in cutting-edge technology. Improving reliability of electricity supply. Improving quality of design and implementation of project.
Production	Improving reliability and ensuring flexibility of transmission network management remain a regular objective of Rosseti FGC UES. Development of the production assets management system.	Expansion of automated control technology implementation, remote control, digital substations, and other digital technologies. Transition to risk-oriented asset management.
Improvement of pricing and maintaining financial stability	The Company's financial condition has been significantly improved. Maintaining tariff regulation for Rosseti FGC UES services by the means of return on investment helps to stabilise the Company's economic targets.	Maintaining dividend yield at the level expected by shareholders. Ensuring flexible debt and liquidity management.
Technological connection	Implementation practice for technological connection on the SPV principles was not common among network users. The issue of customer debt for finished production facility projects was mainly solved.	Improving attractiveness of technological connection. Development of interactive services for handling applications. Reducing the share of accumulated outstanding obligations under technological connection.
Innovations, digitalisation and import substitution	Implementation of the Innovative Development Programme and the Import Substitution Policy	Continuing work under the seven innovative development directions. Development of the industry infrastructure, support in creating and developing domestic corresponding production facilities, as well as stimulating increase in levels of electric and technical production localisation in the Russian Federation. Implementation of the Digital Transformation Programme of PJSC FGC UES 2019–2030
Operating efficiency	The Company continues its work on improving performance and reducing operational costs.	



Delivering on Our Strategy

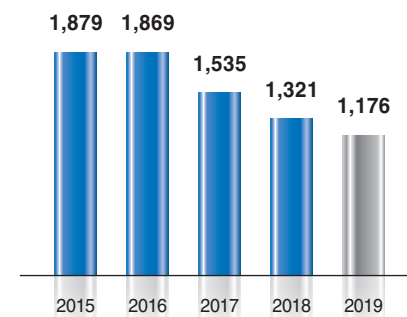
1. Reliability and quality of energy supply to consumers

Contribution of 2019 results to delivering the Strategy

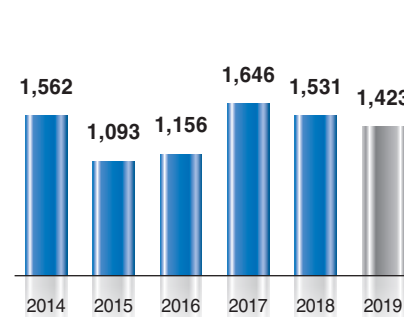
Through the introduction of new equipment, improvement of skills and professionalism of maintenance personnel and other efforts, the specific accident rate at FGC's facilities dropped by 12 %.

International benchmarking has shown that the reliability and security of electric power transmission in the Company (indicators of the average duration of interruption, undersupply, number of accidents) are up to par with the best analogues.

Number of accidents at Rosseti FGC UES facilities, events*



Electricity undersupply dynamics with Rosseti FGC UES, MWh



* Starting from 1 January 2017, in accordance with the Production Meeting Minutes of PJSC FGC UES and JSC SO UES technical management, the events related to decommissioning SS and overhead line equipment upon urgent dispatching orders and disruptions in SCS operation which do not fall within the scope of paragraph 4 of the Accident Investigation Rules in Power Industry were investigated and recorded in addition to the existing accident investigation process. For the proper comparison of the number of accidents, information on the accident rate in 2014–2016 was supplemented with the above-stated events based on the materials submitted by JSC SO UES.

In 2019, the electricity undersupply indicator fell by 7.1 % to 1,423 MWh compared to 2018.

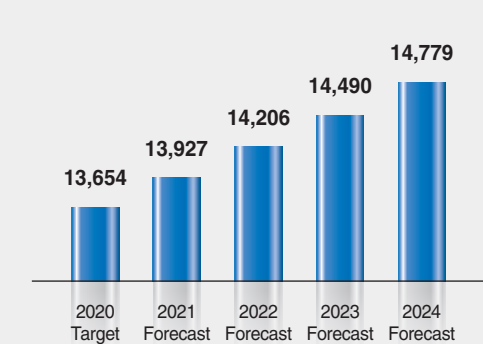
Plans and targets until 2024¹³

The reliability of electricity transmission services will be maintained at a consistently high level thanks to the following factors:

- timely identification and analysis of factors that impact the reliability and production safety;
- adherence to the Unified Technical Policy and implementation of the Innovative Development Programme;
- implementation of the retrofitting and upgrading programme;
- implementation of the maintenance and repair programme;
- implementation of the lightning-surge proofness improvement programme;
- improvement of the UNEG monitoring and control level;
- development of the production assets management system.

The Maintenance and Repair Programme (M&R) is one of the key tools, driving safe operation of electric grid facilities.

M&R costs, RUB mln



Our lightning-surge proofness improvement programme will enable us by 2026 to reduce process disruptions in high-voltage lines to 32 % against 2017.

¹³ All target values provided herein and in the tables below are given in compliance with PJSC FGC UES's Business Plan 2020 and forecasts for 2021–2024 (approved by the resolution of the Board of Directors of PJSC FGC UES, minutes No. 476 of 13 December 2019).

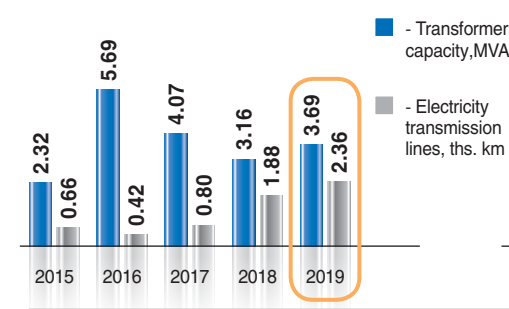
2. UNEG Expansion

Contribution of 2019 results to delivering the Strategy

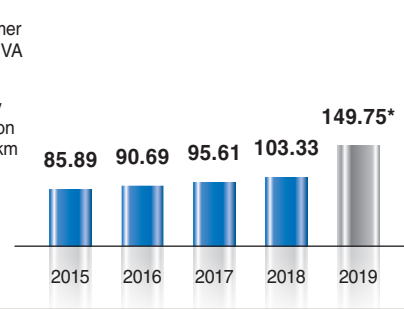
In 2019, as part of the investment programme, the Company carried out several major projects for the construction of overhead lines and substations, including in the Far East and Western Siberia.

(OHL 220 kV Ust-Ilimsk HPP – Ust-Kut No. 2; SS 220 kV Sukhoi Log with single-chain OHL 220 kV Peleduy – Sukhoi Log and two single-chain OHL 220 kV Sukhoi Log – Mamakan; OHL 220 kV Komsomolskaya – Selikhino – Vanino, and reconstruction of SS 220 kV Petrovsk – Zabaikalskaya)

Capability implementation dynamics (setting under voltage)



Investment financing volume dynamics, RUB bln



* Including the non-cash part of RUB 34.8 billion in the framework of electric grid asset exchange with JSC DVEUK.

The investment programme financing totalled RUB 149.8 billion.

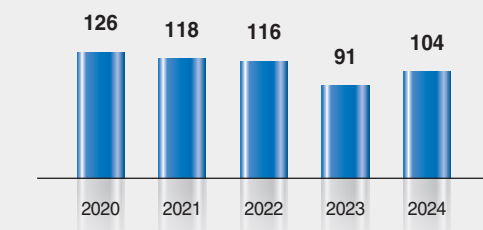
Plans and targets until 2024

The Company's priority projects for the development of UNEG infrastructure until 2024 include:

- projects aimed at implementing power distribution schemes for power plants (NPPs, HPPs, TPPs, generation based on renewable energy sources, upgrade of existing power plants);
- implementation of measures of providing external power supply to PJSC Gazprom facilities during the construction of gas producing, gas transporting and gas processing capacities in the Far Eastern federal district (Power of Siberia complex project);
- electrification of the West-East and North-South transport corridors along with the Baikal-Amur and Trans-Siberian railways to increase freight traffic up to 180 million tonnes in conjunction with the transport infrastructure development;

- investment projects for the provision of electricity to enterprises and oil and gas fields.

Planned dynamics for investment in the fixed capital, RUB bln*



* Scheduled financing parameters in accordance with the approved investment programmes (IPs) of PJSC FGC UES (Order of the Ministry of Energy of Russia No. 36@ dated 27 December 2019).

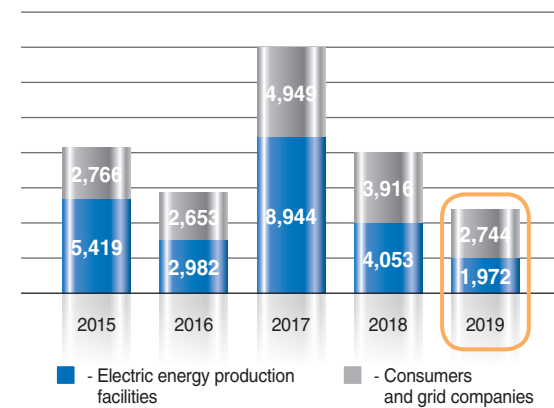
3. Customer satisfaction

Contribution of 2019 results to delivering the Strategy

According to the participants of the annual customer satisfaction survey in 2019, the readiness of Rosseti FGC UES employees to settle disputes in a constructive manner in the course of technological connection, as well as the level of the Company's compliance with deadlines established by applicable law, significantly increased.

The index of customer satisfaction with the technological connection service raised year-over-year and reached the level of 9.33 (out of 10) (+ 0.3 %).

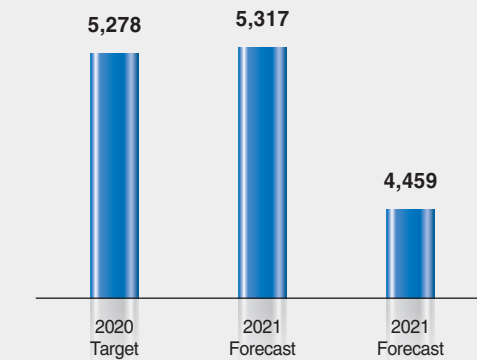
Dynamics of consumer connections to Rosseti FGC UES, capacities, and electric energy production facilities, MW



Plans and targets until 2024

- Uninterrupted power supply to consumers.
- Priority fulfilment of investment projects for the technological connection in the contractual/regulatory term.
- Improving the quality of contractual obligations on technological connection.

Forecast of capacity to be connected in 2020–2022, MW*



*The indicator is based on the applications for TC currently submitted. Since these volumes may be significantly adjusted in future, the long-term forecast is not informative.

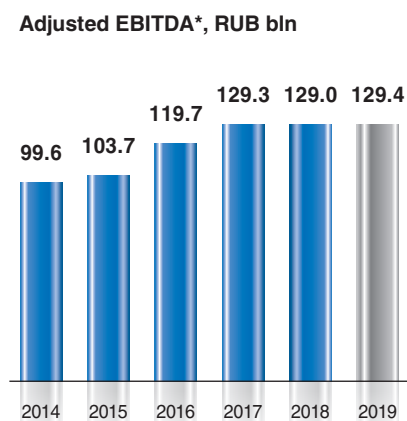
4. Effective governance

Contribution of 2019 results to delivering the Strategy

At the end of 2019, the Adjusted EBITDA amounted to RUB 129.4 billion, demonstrating only a slight increase against the prior-year comparative (0.31%).

Reduction in controlled operating costs and amount of savings (actual)

Indicator	2012	2013	2014	2015	2016	2017	2018	2019
Unit costs in current year prices (RUB thousand/c.u.)	34.2	33.5	30.4	27.4	26.3	26.3	28.67	29.87
Unit costs in prices for 2012 (RUB thousand/c.u.)	34.2	31.3	26.4	20.6	18.5	18.5	18.86	18.81
Effect of the electrical installation code (%)		- 8 %	- 23 %	- 40 %	- 46 %	- 46 %	- 45 %	- 45 %

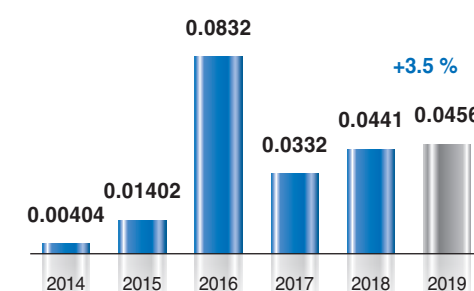


* Excluding operations for the accrual and restoration of provisions for doubtful debts, financial performance related to the sale of and change in the cost of quoted financial assets, and revenues from technological connection.

Plans and targets until 2024

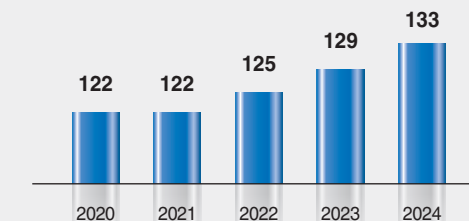
- The annual reduction in controlled operating costs amounted to 2 %;
- Increase in labour productivity in 2020 amounted to at least 2 %, and starting from 2021— to at least 5 % annually.
- The annual increase in labour productivity amounted to at least 5 %.
- Technological and price audits of investment projects and investment programmes.
- Improvement of the investment planning quality.
- Improvement of the design work quality using the capabilities of information support and digital technologies.
- Rise in the share of retrofitting and upgrading activities in the Company's investment programme structure.

Earnings per share, RUB



The Company's net profit in 2019 grew to RUB 58.1 billion, earnings per share saw an increase of 3.5 % compared to the previous year.

EBITDA forecast*, RUB bln



*Excluding operations for the accrual and restoration of provisions for doubtful debts, financial performance related to the sale of and change in the cost of quoted financial assets, and revenues from technological connection.

5. Financial sustainability

Contribution of 2019 results to delivering the Strategy

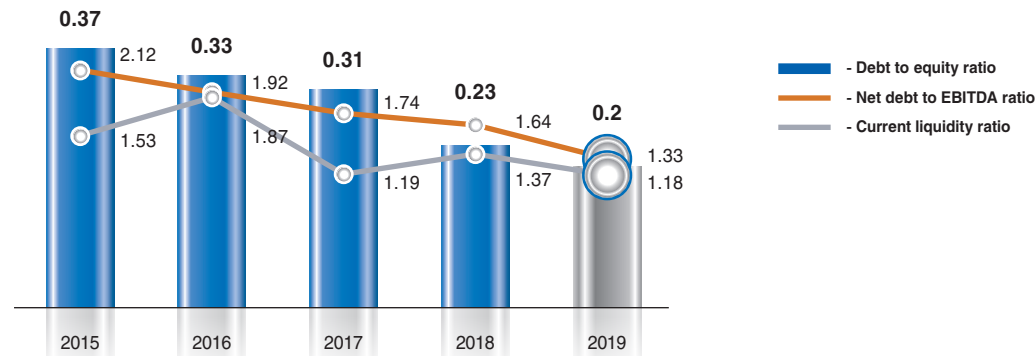
In 2019, the Net debt/EBITDA ratio was down to 1.33, indicating a reduction in the Company's debt burden.

The current liquidity ratio is 1.18 and remains within standard values.

The Company does everything that it takes to maintain its credit ratings at a sovereign level (not lower than the credit rating of obligations of the Russian Federation).

To date, according to the scales of international rating agencies S&P, Moody's, and Fitch, the credit ratings of PJSC FGC UES are at a sovereign level; the rating assigned by JSC ACRA agency is AAA (RU), the highest one on a national scale.

Financial stability indicator of Rosseti FGC UES



Plans and targets until 2024

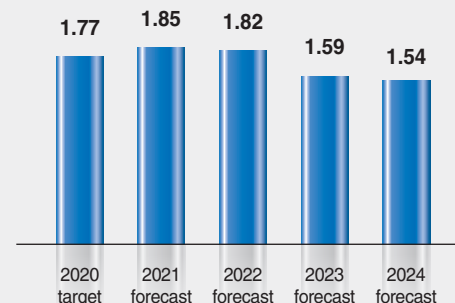
The Company intends to finance Rosseti FGC UES's operating and investment activities in line with the established debt burden restrictions, while maintaining its credit ratings at a sovereign level.

● continuous work with credit rating agencies and the investment community aimed to maintain and increase the business transparency and consistency, which will help to support high credit ratings of the Company and reduce the risk premium in the fee for borrowed funds used.

The Company is committed to

- a balanced credit policy within the framework of current Regulation on Credit Policy;
- if necessary, prompt adjustment of the investment programme financing in order to limit the debt burden and increase resistance to external shocks;

Net debt/EBITDA forecast



The maximum target value for the Net debt/EBITDA indicator is 3.

Key Performance Indicators

The Company has a system for measuring targets based on key performance indicators (KPIs) in place and provided management motivation to meet the KPI targets that characterise the achievement of development goals by the Company.

This system is quarter- and annual-based and is applied to managers at all levels: senior management and heads of structural divisions of the Company's Executive Office and branches, along with subsidiaries.

The Company operates a multilevel KPI system: Company (KPIs of top managers), Executive Office,¹⁵ and branches (MES, EMPS).¹⁶ At each management level, KPIs are established and monitored at a higher level of management, thus making it possible to apply an end-to-end control mechanism.

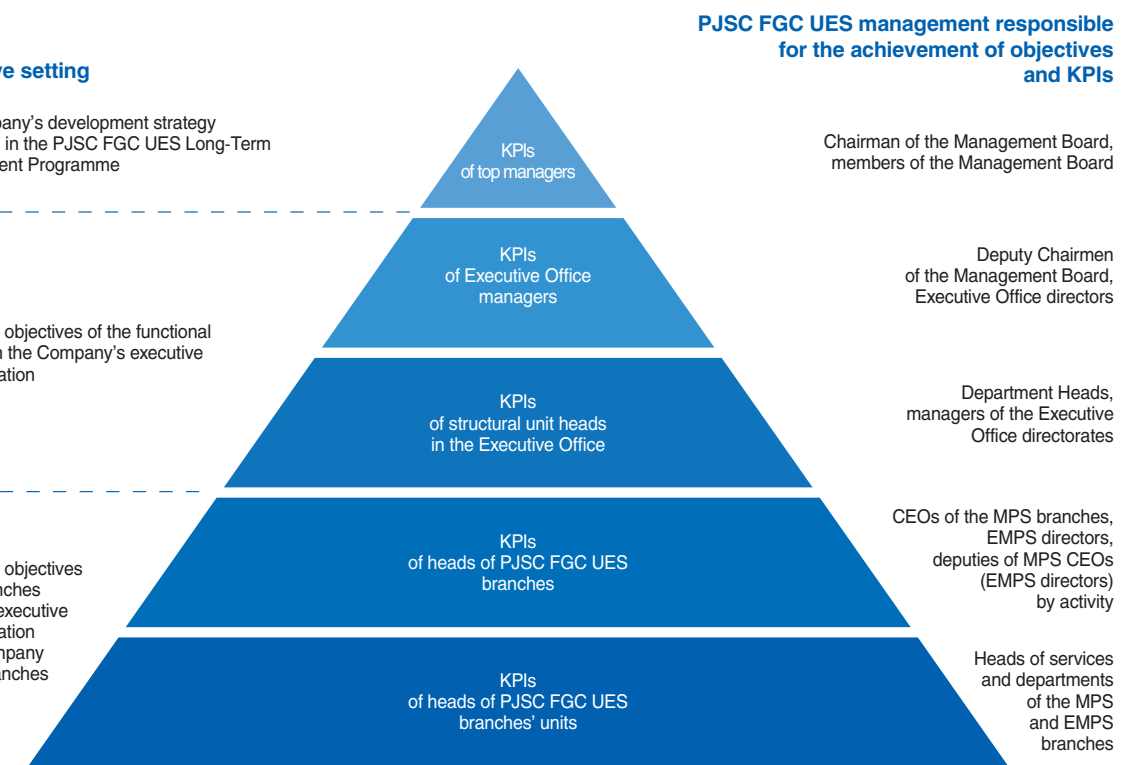
The motivation system is based upon KPIs that are established to assess the performance of and bonuses to be paid to the top management,¹⁴ as well as the Company's objectives as part of the LDP and the Business Plan.

Objective setting

The Company's development strategy as defined in the PJSC FGC UES Long-Term Development Programme

Goals and objectives of the functional units set in the Company's executive documentation

Goals and objectives of the branches set in the executive documentation of the Company and its branches



¹⁴ KPIs are set according to the Methodology for KPI Calculation and Assessment of Target Achievement by Top Managers approved by the Board of Directors (Minutes No. 370 of 13 June 2017), taking into account the meeting minutes of the Board of Directors No. 474 dated 26 November 2019 and No. 480 dated 27 December 2019.

¹⁵ The Regulation on Key Performance Indicators of PJSC FGC UES's Executive Office and Branches was approved by PJSC FGC UES (Order No. 519 dated 11 December 2017). The KPI system developed for the heads of the Company's Executive Office and divisions of branches was adopted by Order No. 145 of PJSC FGC UES dated 29 April 2016, On Approval of the Methodology for KPI Calculation and Assessment of Target Achievement by the Heads of PJSC FGC UES's Executive Office and Divisions of Branches (MES).

¹⁶ The KPI system developed for the heads of the Company's branches was approved by Order No. 143 of PJSC FGC UES dated 26 April 2016, On Approval of the Methodology for KPI Calculation and Assessment of Target Achievement by the Heads of PJSC FGC UES's Branches.

Amendments introduced into the KPI system in 2019

The Company approved¹⁷ a number of amendments to the Methodology for KPI Calculation and Assessment of Target Achievement by Top Managers of PJSC FGC UES,¹⁸ which are in effect since 1 January 2019. The key amendments are as follows.

1. The Absence of Increase in Major Accidents KPI calculation methodology was clarified in terms of the requirements of the rules for investigating the causes of accidents in the electric power industry, approved by Decree of the Russian Government No. 846 dated 28 October 2009, as well as taking into account the accident rate for the past years on the adopted networks upon their consolidation with Rosseti FGC UES when determining the average quarterly number of accidents in the Company as a whole.
2. With the Company's transition to the use of Pens indicator in tariff regulation as well as taking into consideration the provisions of Order No. 1256 of the Ministry of Energy of Russia dated 29 November 2016 (Methodological Guidelines for Calculating the Reliability and Quality Level), amendments were introduced to the Achievement of Reliability of Services Provided annual KPI.
3. The Compliance with the Commissioning Schedule annual KPI is converted to a quarter-based indicator (since 1 July 2019). The target value of the new quarter-based KPI Compliance with the Commissioning Schedule was set at the annual level of 2018.
4. The Efficiency of Innovation Activities KPI calculation methodology was supplemented with regard to the use of regulatory documents relevant to the time of forming the report on the indicator achievement.
5. The Respect of Deadlines for Technological Connections KPI calculation methodology introduced an indicative indicator that considers the task of reducing the volume of contracts for which technological connection deadlines are violated due to untimely fulfilment of obligations, including by the applicant.
6. With a view to specify the classification of accidents in the reporting period, amendments were made to the Absence of Increase in the Number of People Injured in Accidents KPI calculation methodology, providing for attributing an accident to the reporting period in case the investigation is completed no later than one month after the reporting quarter. If the investigation takes too long (more than the indicated period), the accident shall be recorded in the quarter upon signing of the accident investigation act.





The target values of KPIs of PJSC FGC UES's top managers for 2019 were approved by resolution of the Board of Directors on 25 November 2019 (Meeting Minutes of the Board of Directors No. 474 of 26 November 2019). Keeping in mind particularities of the KPI calculation methodology, the majority of target KPI values were set at the previous year's level, except for updated target values of Level of Electricity Losses and Consolidated Net Cash Flow indicators.

¹⁷ The resolution of PJSC FGC UES's Board of Directors dated 27 December 2019 (Minutes No. 480 of 27 December 2019).

¹⁸ The methodology was approved by the resolution of the Company's Board of Directors dated 7 June 2017 (Minutes No. 370 of 13 June 2017).


KPIs in the context of strategic goals

GRI 103-3

Strategic priorities	KPI	2018 Assessment of KPI achievement	2019* Target KPI	2019* Assessment of KPI achievement	2020 Target KPI
 Reliability of power supply to consumers	Absence of increase in major accidents	KPI was achieved in all quarters	No increase	KPI was achieved in all quarters	No increase
	Absence of increase in the number of people injured in accidents	KPI was achieved in Q2 and Q3	No increase	KPIs achieved in all quarters except Q4	No increase
	Readiness for operation in the heating season*	x	x	x	≥ 0.95
 Development of UNEG infrastructure	Compliance with the commissioning schedule	74 % (achieved)	≥ 90 %	Q3 — 95 % Q4 — 105 %	≥ 90 %
 Customer satisfaction	Respect of deadlines for technological connections	1.0	≤ 1.1	1.0	≤ 1.1
	Achievement of reliability of services provided	0.22	≤ 1.00	Achieved	≤ 1
 Financial sustainability	Consolidated net debt/EBITDA**	KPI was achieved in all quarters	Q1, Q2, Q3, Q4 ≤ 3.0	KPI was achieved in all quarters	x
	Debt/EBITDA	x	x	x	≤ 3.0
	Implementation of the Action Plan to reduce account receivables	KPI was achieved in all quarters	≥ 100.0 %	KPI was achieved in all quarters	x
	Indicator of reduction in account receivables*	x	x	x	≤ 100 %

* The expected level of KPI achievement is shown for Q9 2019 and the full year 2019. The final actual values, taking into account the period and procedure of report preparation, the source information needed for KPI calculation, are approved by the Company's Board of Directors.

KPI in the context of strategic objectives (continued)

Strategic objective	KPI	2018 Assessment of KPI achievement	2019*** Target KPI	2019*** Assessment of KPI achievement	2020 Target KPI
 Effective governance	Consolidated profit from operating activities (EBITDA)**	KPI was achieved in all quarters	For Q1, H1 and 9 months of the reporting period ≥ 0 ; annual value $\geq 3.0\%$	KPI was achieved in all quarters	x
	Profit from operating activities (EBITDA)*	x	x	x	Achieved
	Return on invested capital	x	x	x	$\geq 95.0\%$
	Total shareholder profitability*	x	x	x	\geq MOEX EU index change in the reporting period
	Consolidated net cash flow**	RUB 21.6 bln	> RUB 5 bln	RUB 27.5 bln	x
	Reduction in unit operating expenses (costs)	10.6 %	$\geq 2.0\%$	5.1 %	$\geq 2.0\%$
	Increase in capacity utilisation of electric grid equipment**	Achieved	Achieved	Achieved	x
	Level of electricity losses	Achieved	$\leq 4.57\%$	4.15 %	\leq the value specified in the Company's Business Plan
	Reduction in unit investment costs**	1.00	≤ 1.00	0.92	x
	Improving labour productivity	10.71 %	$\geq 2.00\%$	4.72 %	$\geq 2.00\%$
Efficiency of innovation activities	108 % ¹⁹	$\geq 90\%$	Not subject to the assessment ²⁰	$\geq 90\%$	

* The indicator has been applied since 2020.

** The indicator has not been applied since 2020.

*** The expected level of KPI achievement is shown for Q9 2019 and the full year 2019. The final actual values, taking into account the period and procedure of report preparation, the source information needed for KPI calculation, are approved by the Company's Board of Directors.

¹⁹ The Report on the Efficiency of Innovation Activities KPI achievement by top managers of PJSC FGC UES for 2018 is recommended for approval by the Company's Board of Directors (Meeting Minutes of the Management Board No. 1676 of 27 December 2019) and the HR and Remuneration Committee of the Board of Directors of PJSC FGC UES (Minutes No. 70 of 23 January 2020).

²⁰ KPI achievement can be assessed only upon the review of the Innovation Development Programme 2019 implementation report by Russian authorised federal executive bodies (in accordance with the procedure approved by Instruction of the Russian Government No. DM-P36-7563 dated 7 November 2015, or any other document regulating the procedure for monitoring and assessing the quality of development, update and implementation of innovative development programmes of joint-stock companies with state participation).

Key risks

The Company approved a register²¹ of key operational risks (KORs) to assess their impact on the Company's performance; the materiality level is updated every year, as well as risk management measures are taken.

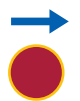

Risk assessment is carried out using the scenario and/or expert method. The risk materiality level is determined based on the results of the assessment in accordance with the materiality levels (moderate, significant, critical) provided for in the Methodology for Operational Risks Assessment.²²

CRITICAL RISKS are considered unacceptable and subject to priority management.

SIGNIFICANT RISKS are not that critical, but significantly impact the Company's operations and are subject to management.

MODERATE RISKS do not have a significant impact on the Company's operations, but are subject to regular monitoring.

The Company's activity is inherent in the following significant risks

No.	Risk group, list of risks	Risk description	Risk management activities	Risk significance assessment* and dynamics
1	2	3	4	5
1	Financial results and creditworthiness	The risk of deviation of the actual electricity transmission services volume from the value set in the Business Plan	- Arrangement of measures aimed at settling and preventing disputes with consumers of electricity transmission services in part of the scope of such services; - maintenance of the dialogue with consumers of electricity transmission services with regard to the coordination of the planned scope of services, including declared capacity, to introduce them into respective contracts and submit to state tariff regulation authorities.	
2	Financial results and creditworthiness	The risk of deviation of the actual technological connection volume from the value set in the Business Plan	- Control of the timely fulfilment of obligations under technological connection contracts; - handling of claims against applicant parties who have exceeded the term of fulfilment of their technological connection obligations before the Company; - strengthening the responsibility of our contractors. Scheduling the term of completion of procedures carried out by the Company's structural divisions, and implementing measures to improve the control over scheduled deadlines at all stages, from registration of an application for technological connection to full-scale performance of contractual obligations; - quality control of materials prepared during the submission of tariff application; - timely submission of tariff application; - monitoring and attracting new consumers;	

²¹ Approved by resolution of the Board of Directors on 27 January 2015 (an extract of Meeting Minutes of the Board of Directors No. 248/1 of 29 January 2015).

²² Approved by Order No. 86 of 21 March 2016.

The Company's activity is inherent in the following significant risks (continued)

No.	Risk group, list of risks	Risk description	Risk management activities	Risk significance assessment* and dynamics
1			<ul style="list-style-type: none"> - timely activation of works within the framework of IP implementation; - introduction of technological connection and investment plan actions in due time; - preparation of offers to be considered by executive authorities for introduction of amendments to orders of the Russian Government No. 861 of 27 December 2004 and No. 1178 of 29 December 2011 regarding the clarification of the procedure for concluding agreements for design and estimate documentation development, extension of application submission term in order to set a price for technological connection, and settlement of relations with third parties in respect of technological connections; - execution of the Programme for Technological Connection Efficiency Improvement in Respect of PJSC FGC UES' Electric Grids, and Increase of Transformer Capacity Utilisation (approved by resolution of the Management Board No. 1281/2 of 31 December 2014); - fulfilment of PJSC FGC UES' accumulated obligations under previously concluded technological connection contracts, whose terms have been violated by the Company; 	
3	Financial results and creditworthiness	The risk of deviation of expenditures on the purchase of losses from the value set in the Business Plan	<ul style="list-style-type: none"> - Ensuring the compliance of technical conditions of measuring instruments with Decree of the Russian Federation No. 1172 of 27 December 2010 and Federal Law No. 102 of 26 June 2008; - timely and complete implementation of measures aimed at reducing electricity losses. 	
4	Financial results and creditworthiness	The risk of deviation of overdue account receivables from the amount set in the Business Plan	<ul style="list-style-type: none"> - Handling claims with an aim to reduce account receivables, along with control of timely performance; - complete and/or partial reduction of power supply to consumers in arrears; - control of the performance of debt restructuring agreements; - dialogue with the Federal Bailiff Service of the Russian Federation at the enforcement proceedings stage, signing of cooperation agreements with the Federal Bailiff Service of the Russian Federation, control of debt payment in the framework of enforcement proceedings based on court rulings related to recovery of overdue debts. 	
5	Investment activities	The risk of failure to deliver key parameters of the investment programme	<ul style="list-style-type: none"> - Development and submission of draft amendments (adjustments) to target indicators of PJSC FGC UES' investment programme for 2016–2020 to the Ministry of Energy of Russia; - approval by the regulator of the required gross revenue in a sufficient amount for the Investment Programme implementation; - timely approval of amendments (adjustment of) to target indicators by the regulator; - timely approval by the Company's management bodies of target indicators for the investment budget along with relevant amendments (adjustment) in the Investment Programme, forming part of PJSC FGC UES' budget; - timely submission by project managers (MPS' general directors, structural divisions of the Executive Office) of GCU as part of project certificates to develop the IPR project for the construction and rehabilitation of electric grid facilities; 	



– Critical



– Significant

The Company's activity is inherent in the following significant risks (continued)

No.	Risk group, list of risks	Risk description	Risk management activities	Risk significance assessment* and dynamics
1			<ul style="list-style-type: none"> - timely performance of scheduled GCU activities as part of project certificates to develop the IPR project for the construction and rehabilitation of electric grid facilities pursuant to the investment programme; - acceptance quality control of materials and equipment; - quality management of capital construction; - handling claims against contractors who violate contractual obligations prior to commissioning; - financing with regard to target indicators of the Company's investment budget; - timely preparation of initial permits and design documentation. 	
6	Achievement of strategic objectives in terms of uninterrupted power supply and quality of technological connection services	The risk of failure to achieve the reliability level of electricity transmission services, established under tariff regulation	<ul style="list-style-type: none"> - Widening of overhead line rights-of-way to reach the established standard; - development of M&R programmes with the consideration of results of the equipment assessment, including the electric grid equipment diagnostics performed based on these results; - quality control of M&R works (including those performed by contractors); - monitoring the implementation of actions based on results of technological violations (accidents) investigation; - implementation of electric grid facilities subject to renovation and target reliability improvement programmes (IPR implementation) in due time. 	
7	Human capital	The risk of an accident at the fault of the Company	<p>Internal accident investigations resulted in issue of orders for remedial actions to be taken. In addition, the following risk minimisation actions are being made:</p> <ul style="list-style-type: none"> - advanced upgrading of personnel skills and training on safe performance methods (in order to develop safe behaviour and prevent dangerous situations at work); - medical examinations of employees (preliminary, regular, pre-trip); - arrangement of safety days and other occupational safety inspections, work with personnel at each EMPS; - operation of the system of response to violations of occupational safety requirements (taking enforcement actions against employees who have violated these requirements); - analysis of violations of occupational safety requirements and development of remedial measures; - acquisition and provision of certified high-quality personal protective equipment, special clothing and footwear, rinse-off and detoxicating products, working tools and devices, along with control over proper application; 	

The Company's activity is inherent in the following significant risks (continued)

No.	Risk group, list of risks	Risk description	Risk management activities	Risk significance assessment* and dynamics
1			<ul style="list-style-type: none"> - introduction and application of technologies that ensure safe performance and safe working environment; - control of the adherence to occupational safety requirements at PJSC FGC UES' facilities; - safe operation of vehicles, including premises and parking spaces; - control of the compliance with the rules of passenger and cargo transportation; - analysis of road accidents and development of remedial actions; - control of the performance (implementation) of programmes that contain occupational safety requirements and aimed at preventing injuries (programmes for the liquidation of potentially dangerous areas, etc.); - performance of actions under the Safe Energy for Children project (school lessons on the electrical safety, tours of the Company's substations for school children, preparation and distribution of special cards and bookmarks on the electrical safety of children, publication of articles in regional and interregional mass media about works carried out to prevent electrical injuries of children and teenagers); - performance of actions under the Safe Energy for the General Public project (interaction with communities of fishermen and gardeners, non-ferrous metal reception points, as well as provision of information via printed media, radio and television about the danger of approaching and staying close to electrical installations, violating the electric grid safety rules and requirements, mortal danger of unauthorised connection to electric grids among residents of private households, etc); - performance of actions under programmes for placement of warning signs that prohibit and inform about the danger of fishing in the exclusion area of overhead lines where they cross water bodies; - when signing contractor agreements, introduction of obligations and liability of personnel for safe performance of works in electrical installations that already exist or under construction, and during retrofitting and upgrade, along with control of the compliance with the safety requirements; - inspections at EMPS where accidents—including road ones—took place; 	



– Critical



– Significant

The Company's activity is inherent in the following significant risks (continued)

No.	Risk group, list of risks	Risk description	Risk management activities	Risk significance assessment* and dynamics
1			<ul style="list-style-type: none"> - preparation and performance of actions to prevent occupational injuries and ensure compliance of MPS and EMPS personnel with the occupational safety requirements based on accident investigation results, performance of control measures and resolutions of the Occupational Safety Committee, as well as ensuring efficient operation and continuous improvement of the occupational safety management system; - timely performance of actions under prescriptive orders and operational instructions issued based on results of inspections conducted by supervision and control bodies and as part of technical inspections, as well as actions aimed to address the root causes of accidents stated in investigation reports. 	

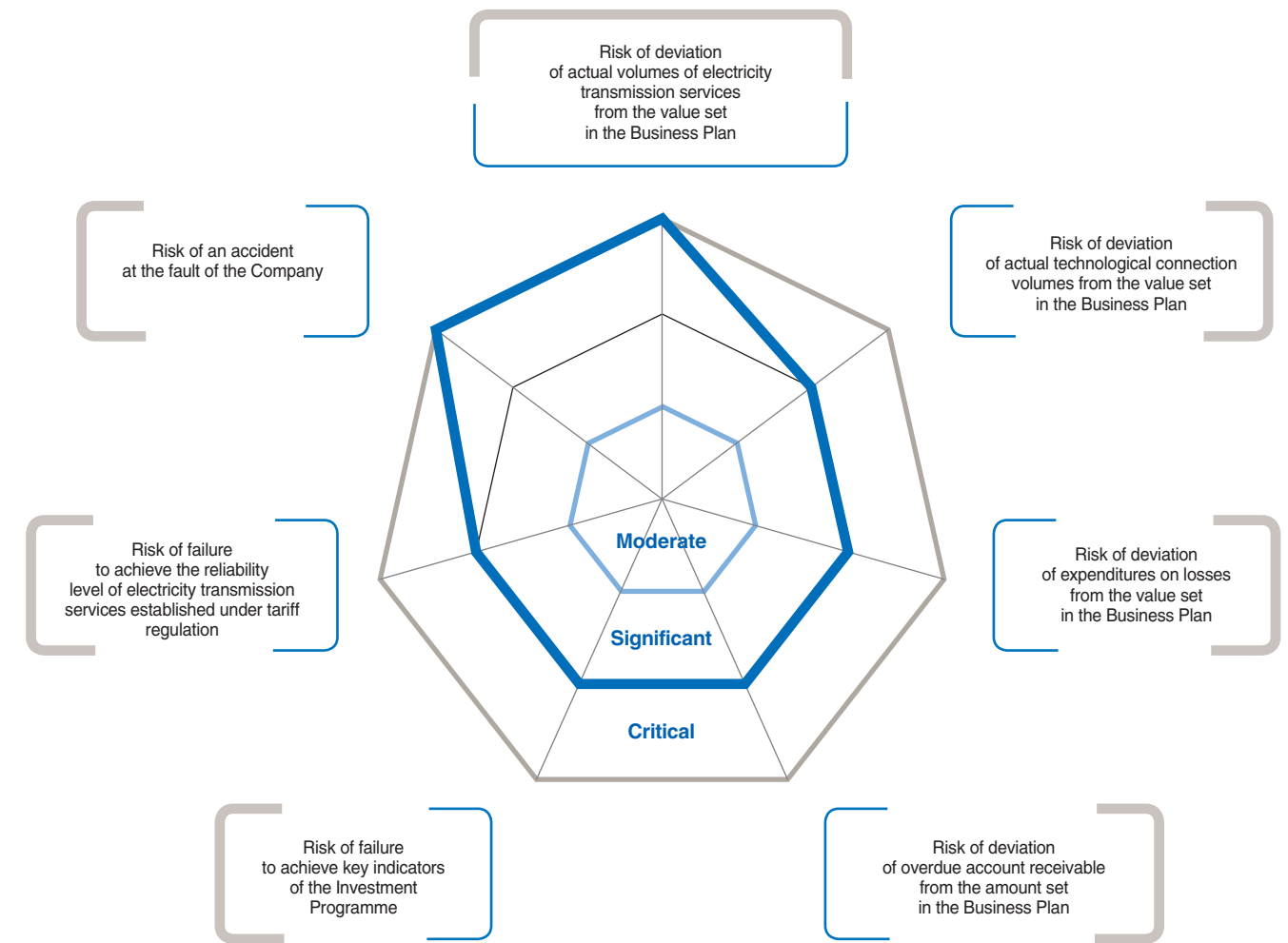


Fig. 1 Risk map

Operational Results



The customer-oriented approach is a key pillar of our Company. While satisfying approximately half of all electricity consumption in Russia, Rosseti FGC UES builds long-term mutually beneficial relations with consumers, offering them high-quality services.

It operates the Unified National Electrical Grid (UNEG) and provides consumers with services related to electric power transmission via the UNEG. Such services are considered as monopoly operation and regulated by the state.

The reliability and safety of the UNEG operation is ensured by management systems. The Company operated the following systems:

- Quality Management System (QMS);
- Environmental Management System (EMS);
- Energy Management System.

QMS is a part of the Company's general management system. It is designed to ensure the high quality of the services provided in accordance with the requirements of regulatory documents, the needs and expectations of consumers, as well as to satisfy all stakeholders, including employees, shareholders, investors and partners of the Company. The Quality Policy of PJSC FGC UES is a significant part of QMS.

In 2019, the Certification Association Russian Register certified QMS for compliance with ISO 9001:2015. According to the results, full adherence of PJSC FGC UES's QMS to ISO 9001:2015 was confirmed, and the corresponding certificate with a validity period until 2022 was issued.

The Unified Technical Policy has been approved and is effective in Rosseti FGC UES²³. Its purpose is to determine key technology areas to ensure the reliability and efficiency of the electric grid complex in the short and medium term, with proper industrial and environmental safety, based on innovative development principles providing for non-discriminatory access to electric grids for all market participants.

Control over the implementation of the Unified Technical Policy in the electric grid complex is carried out by dedicated structural units of the Executive Office of PJSC FGC UES and its branches — MPS (EMPS) — on a regular basis.

Electricity transmission



Based on PJSC FGC UES' performance in 2019, the volume of electricity supply from the UNEG to consumers amounted to 558,722 million kWh, which is 992 million kWh (0.2%) more year-over-year.

	2019 target	2019 result	2020 target
Electricity supply from UNEG to service consumers, mln kWh	554,830	558,722	556,895
Electricity losses in the UNEG, mln kWh	25,361	23,197	24,455

²³ Resolution of PJSC FGC UES's Board of Directors, Minutes No. 208 of 27 December 2013.

Market of electricity transmission services

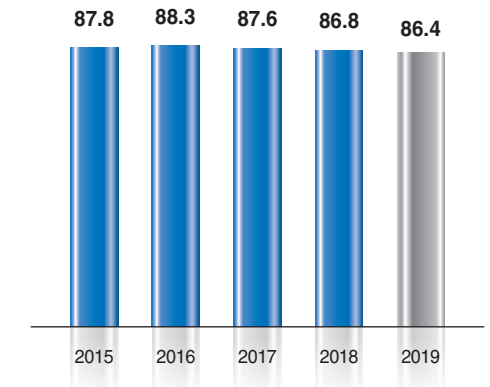
GRI 102-6

The scope of services provided in the backbone transmission network depends on the general state of national economy and is determined as power capacity supplied to consumers of electricity transmission services and capacity of power receivers connected to the network.

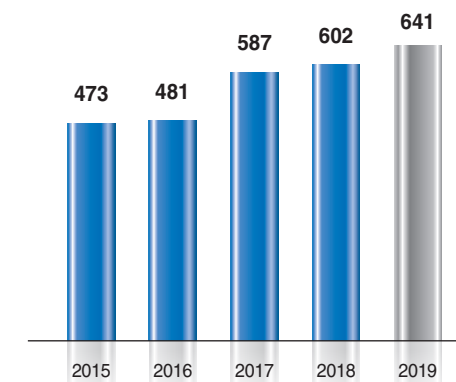
In 2019, the value of paid capacity under the UNEG amounted to an average of 86.4 GW; by the end of 2019, the reduction in paid capacity was 0.4 GW against 2018, which was due to the phased transition within 10 years of SDCs of PJSC Rosseti to settlements with the Company for electricity transmission services based on the actual capacity.

Main consumers of the Company's electric power transmission services are regional distribution companies, retail suppliers and large industrial enterprises.

Power capacity paid by consumers of electricity transmission services through the UNEG, GW



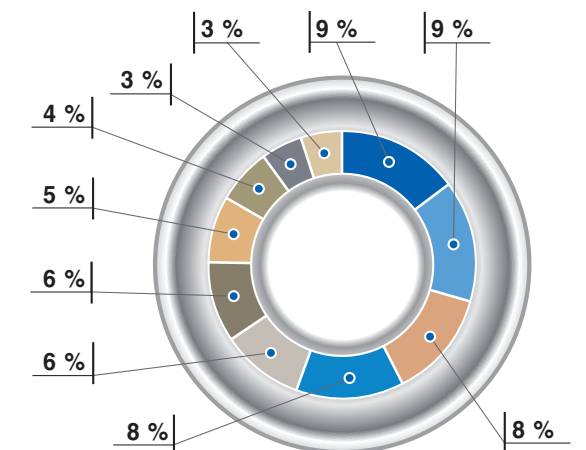
Number of contracts, ea.



Based on the results of 2019, the total number of the Company's counterparties in the electric power transmission via the UNEG service agreements reached 641.

A growing number of contracts comes from activities related to technological connection to the UNEG, as well as conclusion of contracts with consumers of the Company's services who are technologically connected to facilities of other entities.

Shares of major service consumers in the Company's revenue in terms of sales of electric energy transmission services in 2019



- - PJSC MOESK
- - JSC Rosseti Tumen
- - PJSC IDGC of Centre
- - JSC IDGC of Urals
- - PJSC IDGC of Volga
- - PJSC IDGC of Centre and Privolzhye
- - PJSC IDGC of Siberia
- - PJSC Lenenergo
- - PJSC Kubanenergo
- - PJSC IDGC of North-West

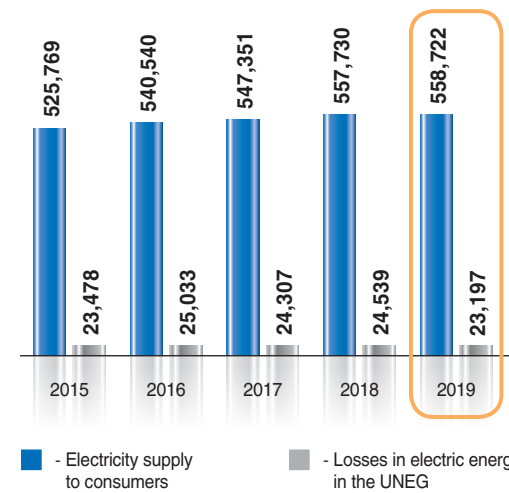
Reduction of relative electricity losses



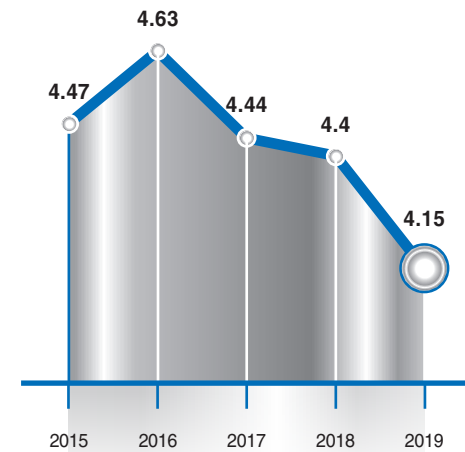
GRI 103-2, EU12

In 2019, electricity losses amounted to 23,197 million kWh (4.15% of electricity supply from the grid to consumers of electricity transmission services via the UNEG). With an increased electricity supply from the grid, the relative value of losses dropped by 0.25 p.p., while losses of electricity were down by 1,343 million kWh or 5.47% in absolute terms. Changes in electricity losses were caused by shifts in the UNEG's operation in 2019 due to changes in power plants loading and redistribution of consumer loads in Rosseti FGC UES' grids.

Supply and loss dynamics in Rosseti FGC UES grids, mln kWh



Losses in electric energy in the UNEG, %



BASED ON THE RESULTS OF 2019, THE TECHNOLOGICAL EFFECT OF ACTIONS TAKEN TO REDUCE ELECTRICITY LOSSES AMOUNTED TO

54.42

MILLION KWH

The Company purchase electricity and capacity on the wholesale electricity and capacity market to compensate for actual losses in the UNEG. These acquisitions are made in the territory of constituent entities of the Russian Federation that are grouped into pricing and non-pricing zones.

The Action Plan to reduce electricity losses was approved as part of the Energy Saving and Energy Efficiency Programme of PJSC FGC UES for 2015–2019 and implemented in several key areas:

- optimisation of circuit and mode parameters in the process of operation and control of the electric grids;
- reduction of electric power consumption for auxiliary supply of the substations;
- construction, reconstruction and development of the electric grids, as well as commissioning of energy-saving equipment (loss reduction has a concurrent effect).

Technological connection



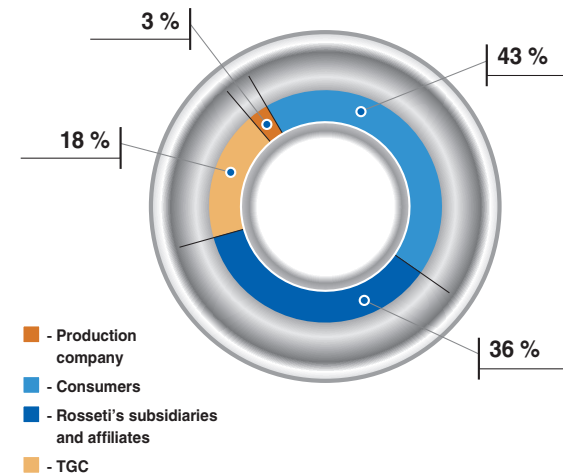
Customer satisfaction

	2019 target	2019 result	2020 target
Number of technological connection contracts, ea., including:	189	202	199
by generation facility, ea.	9	12	17
consumers, TGC, SDCs of PJSC Rosseti, ea.	180	190	182
Total maximum capacity for technological connection, GW	5.29	4.7	5.3
by generation facility, GW	0.5	1.97	0.5
consumers, TGC, SDCs of PJSC Rosseti, GW	4.7	2.74	4.8

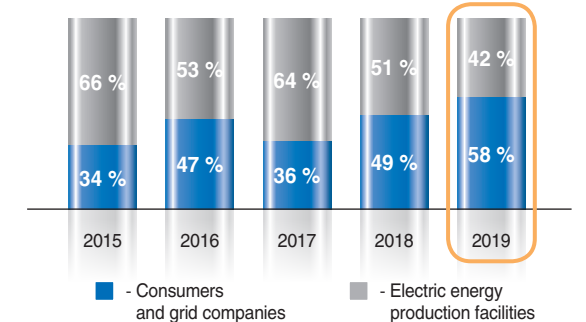
In 2019, the Company carried out work on technological connection under 202 contracts, including 12 contracts for generation facilities, and 190 connections under contracts with electricity consumers, TGC and SDCs of PJSC Rosseti.

In 2019, the indicators of capacity and the number of contracts were down against 2018 due to the completion of large generation projects.

Categories of technological connection customers in 2019 (by number of contracts)



Dynamics of technological connection of consumers and electric power production facilities (by connected capacity)



The Company provides consumers with a comprehensive service for technological connection of power receivers of electricity consumers, power generation facilities, and electric grid facilities owned by network organisations and other entities to FGC UES' electric grids.

The Technological Connection Services online portal provides consumers with access to up-to-date information on the state of Rosseti FGC UES' feeding centres, load level of their equipment, along with information on implementation progress of their applications for technological connection to the electric grids of the Company. Website: <http://portaltp.fsk-ees.ru/>.

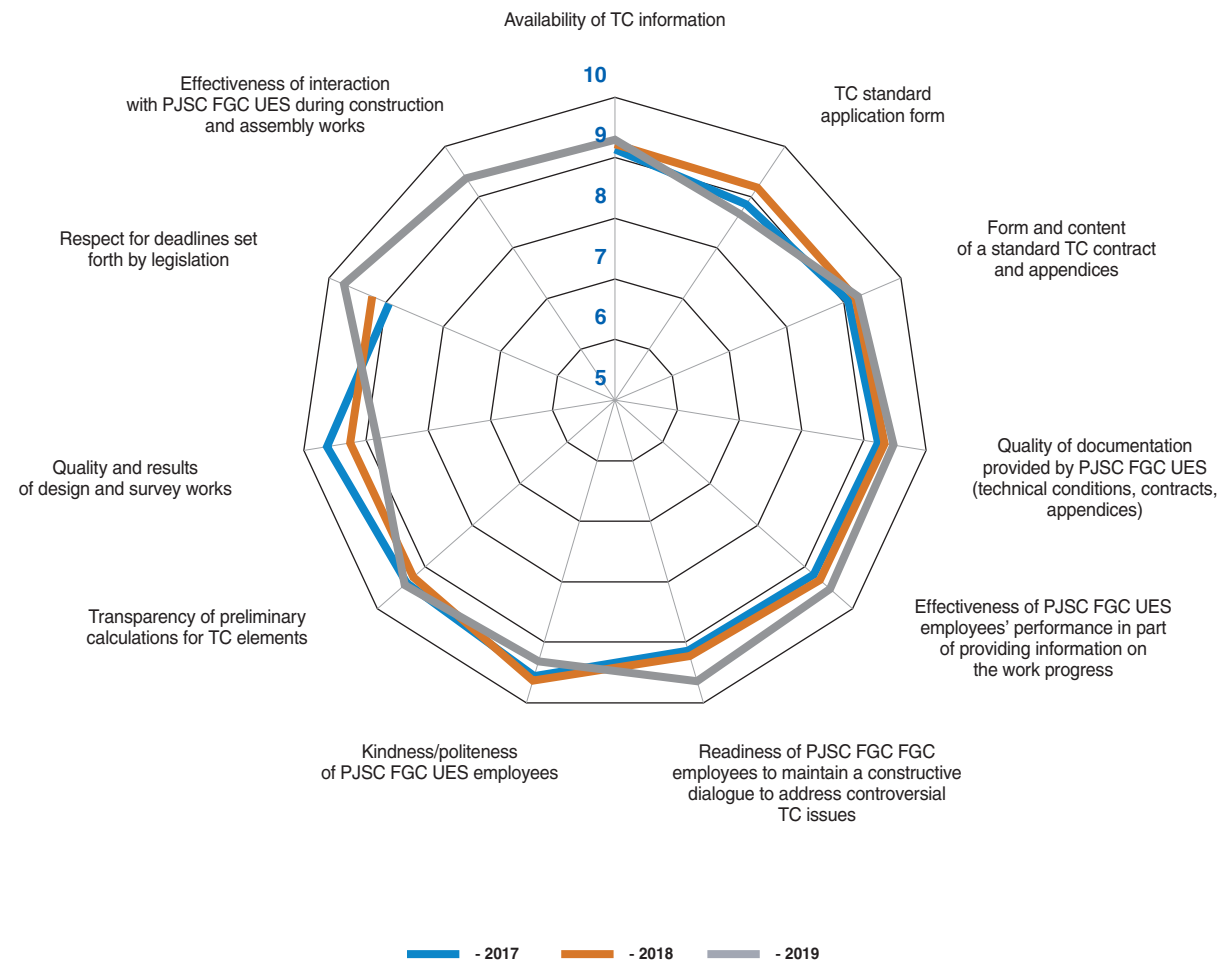
20

LARGE TECHNOLOGICAL CONNECTION PROJECTS WERE IMPLEMENTED IN 2019



For more information on activities and results of the Energy Saving and Energy Efficiency Programme of PJSC FGC UES for 2015–2019, see the Environmental Protection section.

Customer satisfaction with the technological connection service



According to participants of the customer satisfaction survey 2019, there was improvement in the quality of documents received, as well as in the performance of PJSC FGC UES personnel in terms of providing information about the process of technological connection. Of most importance was the readiness of Rosseti FGC UES employees to settle disputes in the course of technological connection in a constructive manner, and assessment of the compliance with deadlines established by applicable law. The overall integral value vs. 2018 grew and reached 9.33.



For information of the Consumer Council of PJSC FGC UES and 2019 results, please see Appendix 1.

Major technological connection projects in 2019



● - Facilities of power plants, subject to technological connection
● - Facilities of electricity consumers, subject to technological connection
○ - PJSC Rosseti's subsidiaries and affiliates

Major technological connections to be implemented in the upcoming years

Project	2020	2021	2022	2023	2024	2025
CONNECTION OF CONSUMERS						
Electricity supply to infrastructure facilities of advanced development zones:						
South Yakutia						
Neftekhimichesky in Primorye Territory						
Electricity supply to the gas transportation system Power of Siberia: KS-4, KS-5, KS-7						
Electricity supply to the Amur Gas Chemical Complex in the Amur Region:						
electricity supply for construction (236 MW)						
electricity supply for industrial needs (301 MW)						
Electricity supply to railway substations of JSC RZD as part of power supply infrastructure development at BAM and TransSib						
Electricity supply to Udokan Deposit Ore Processing Plant (stage II)						
CONNECTION OF GENERATION FACILITIES						
Power generation at power unit No. 1 of Kurskaya NPP-2						
Power generation at GTP 1, 2 of Udarnaya HPP						
Technological connection of renewable energy sources:						
Wind power plants (WPPs):						
Azovskaya WPP in the Rostov Region						
Kochubeevskaya WPP in the Stavropol Territory						
Rodnikovskaya WPP in the Stavropol Territory						
Kolskaya WPP in the Murmansk Region						
Solar power plants (SPPs):						
Luch, Asterion and Medveditsa SPPs in the Volgograd Region						
Technological connection of the waste thermal treatment plant in the Moscow Region						

Improving the power supply reliability



Reliability of energy supply

GRI 103-2

All activities of Rosseti FGC UES are aimed at ensuring reliable and uninterrupted operation of the UNEG.

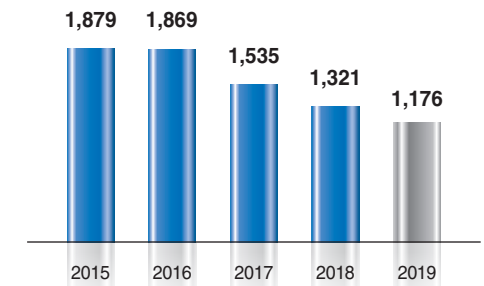
The reliability of the Company's grids improves year after year. In 2019, the specific accident rate at the Company's facilities was down by 12 %.

In 2019, the specific accident rate at FGC UES facilities declined by 12 % due to the introduction of new equipment, advancement of servicing personnel skills and expertise and other activities. The number of staff errors decreased compared to 2018 and accounted for less than 0.6 % of the total number of accidents. The average specific accident rate for SS and PTL has a steady downward trend.

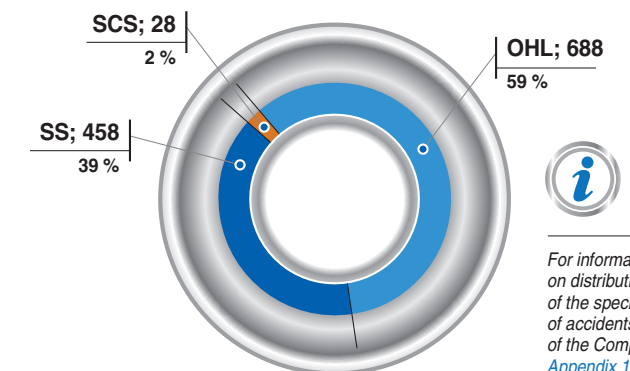
GRI 102-48

* Starting from 1 January 2017, in accordance with the Production Meeting Minutes of PJSC FGC UES and JSC SO UES technical management, the events related to decommissioning SS and overhead line equipment upon urgent dispatching orders and disruptions in SCS operation which do not fall within the scope of paragraph 4 of the Accident Investigation Rules in Power Industry were investigated and recorded in addition to the existing accident investigation process. For the proper comparison of the number of accidents, information on the accident rate in 2014–2016 was supplemented with information about the above-stated events based on the materials submitted by JSC SO UES.

Number of accidents at the Company's facilities, pcs.*



Distribution of accidents by key element of electric grids (PTL, SS and SCS)



For information on distribution of the specific number of accidents at MPS of the Company, see Appendix 1.

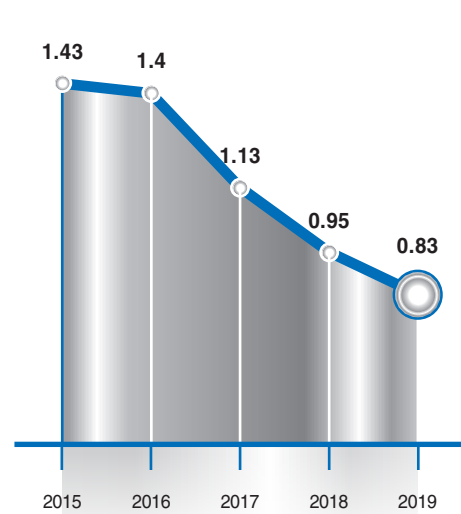


“ Over the next five years and beyond, the Company will be implementing its Digital Transformation Programme. Automation and digitalisation of technological and business processes run like golden threads through the programme. One of key directions is the introduction of a legally relevant electronic document management system, or the so-called digital document management system. This will help to get rid of paper document flow, which will increase speed and quality of interaction with our customers. Furthermore, it is possible to classify and standardise the Company's technical solutions in construction and retrofitting. Digitalisation of these processes will lead to reduction of capital costs followed by operating costs. The use of digital support environment in the optional elaboration of the connection scheme and block-modular equipment will enable us to accelerate construction significantly, as well as to reduce the time of technological connection of new customers. ”

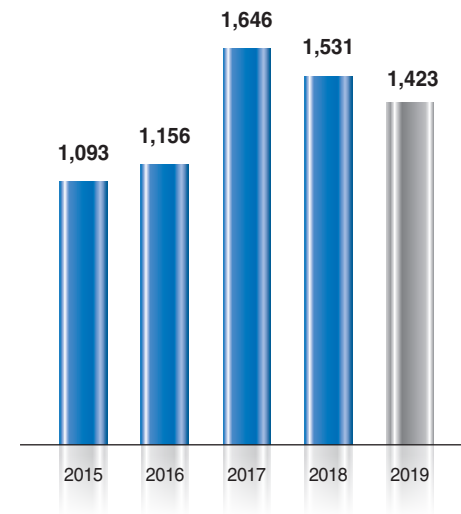
Aleksey Molsky

First Deputy Chairman of the Management Board of PJSC FGC UES, member of the Management Board of PJSC FGC UES

Specific accident rate at Rosseti FGC UES facilities
(number of accidents per 1,000 conventional units)



Dynamics of power energy undersupply
by Rosseti FGC UES



The indicator of volume of electricity shortage to consumers tends to stabilise within the medium-term value. In 2019, the indicator was down to 1,423 MWh (by 7.1% y-o-y). The increase in the indicator compared to 2015 and 2016 was due to higher requirements for technological violations taken into account when calculating the reliability of indicators in accordance with Order No. 1256 of the Ministry of Energy dated 29 November 2016 and Order No. 443 of PJSC FGC UES dated 30 November 2018.

Reliability level of services provided ²⁴

2015		2016		2017		2018		2019	
Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
0.036	0.0135	0.035	0.0117	0.035	0.0094	0.034	0.0087	0.034	0.0096

In 2020, special focus will be put on personnel actions, operation of transmission lines and automatic reclosing equipment of overhead lines in order to maintain a high level of reliability. Target value of the services reliability indicator amount to 0.03340 in 2020.²⁵

²⁴ The reliability of services provided is determined by the ratio of the actual total duration of electricity outages during the control period (hour) to the maximum number of consumer connection points for the same period.

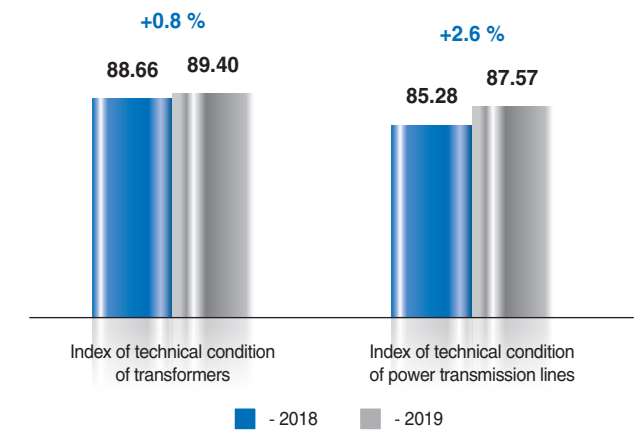
²⁵ Order of the FAS of Russia No. 1616/19 of 10 December 2019.

Retrofitting and upgrading of fixed assets

The Technical Upgrading and Reconstruction (TU&R) Programme²⁶ (hereinafter, the TU&R Programme) is aimed at addressing the following issues:

- reduction of the physical wear and tear rate and probability of SS and PTL equipment failure;
- upgrade of the electric grid complex, including installation of equipment adapted to the introduction of digital technologies.

In 2019, the TU&R Programme financing amounted to RUB 25.5 billion, and the actual spending totalled RUB 20.1 billion.



Repair programme

In 2019, repairs were made to ensure uninterrupted operation of the Company's electric grid complex in autumn and winter, during fire, thunderstorm and flood hazard periods (as well as additional preventive measures were taken to improve the protection of power grid facilities from the impact of natural phenomena), along with usual and additional activities carried out to support the reliability of the entire complex.

In 2019, the scheduled repairs were made in full.

ACTUAL REPAIR EXPENSES AMOUNTED TO
14.1
RUB BILLION
IN THE REPORTING YEAR



For more information on the TU&R implementation results in 2019, see Appendix 1.

²⁶ Approved by the Board of Directors of PJSC FGC UES (an extract from Meeting Minutes of the Company's Board of Directors No. 427/1 of 6 November 2018). The upgraded TU&R programme 2019–2026 No. 952pr/2 of 6 December 2019 was approved by the Management Board of PJSC Rosseti.

“ Significant funds spent by the Company to finance the repair programme ensure a high reliability level of the UNEG facilities operation. In 2019, Rosseti FGC UES improved its key indicators that demonstrate operational efficiency. Furthermore, the accident rate was down by 12%, to the minimum level over the Company's history. Our goal is to maintain the achieved values, since we understand that any accident implies not only financial or reputation damage to our Company, but also losses of our customers. ”

Dmitry Vodennikov

Deputy Chairman of the Management Board —
Chief Engineer of PJSC FGC UES,
member of the Management Board of PJSC FGC UES



Operation during specific periods

Weather and climatic conditions have a significant impact on the Company's operations. Power grid equipment, buildings and structures are prepared in advance for operation during specific periods, such as:

- autumn and winter (low temperatures and maximum loads);
- periods associated with natural anomalies (flood, fire and thunderstorms).

In 2019, the UNEG operated in its regular mode during specific periods as well.

44 duty teams worked on a full-time basis in Rosseti FGC UES, thus enabling the reliable operation of facilities during emergency and abnormal situations. 609 standby power supply sources with a total capacity of 182.5 MW were at the Company's disposal.

On 15 November 2019, the Committee of the Ministry of Energy of Russia issued a certificate, confirming the Company's readiness for the 2019/2020 heating season.

Industrial safety management



GRI 103-2

The Company's industrial facilities are operated in compliance with requirements of Federal Law No. 116-FZ dated 21 July 1997, On Industrial Safety of Hazardous Industrial Facilities, as well as other regulatory acts in the field of industrial safety.

Rosseti FGC UES runs 249 industrial facilities of III and IV hazard classes, which are registered in the State Register of Hazardous Industrial Facilities and identified by the following features:

- use and storage of hazardous substances;
- use of equipment operating under excess pressures above 0.07 MPa or water temperatures above 115 °C;
- use of fixed lifting mechanisms.

The Company organises and implements production control for safe operation of Rosseti FGC UES industrial facilities, as well as prevents accidents at these facilities and makes sure they are prepared to control the damage and recover afterwards.

In 2005–2019, no accidents were registered at the Company's hazardous industrial facilities.

All industrial safety requirements are fulfilled in accordance with the procedure established by law.

Contribution of occupational health and safety measures

In 2019, the Company continued to reduce occupational injury risks:

- we identified, registered/excluded and re-registered hazardous industrial facilities, and assigned hazard classes in the State Register of Hazardous Industrial Facilities;
- draft laws were reviewed and amended to implement the "regulatory guillotine" mechanism aimed at changing the statutory regulation structure in terms of occupational safety.

Grid development and investment activities



Infrastructure development

GRI 103-2

Investment in the electric grid infrastructure development is the core of reliable power supply and an important driver of economic growth. Rosseti FGC UES builds new electrical grid facilities and reconstructs the existing ones.

The key investment programme activities²⁷ scheduled for 2015–2019 were fulfilled. In the course of their implementation, over 7,800 km of electricity transmission lines and about 31,200 GVA of transformer capacity were commissioned. In 2019, a new investment programme²⁸ for the next five years (2020–2024) was adopted.

The Company's Investment Programme is aimed at providing for the commissioning of fixed assets with a capacity of 40,200 MVA, and 8,700 km of electricity transmission lines. The total volume of investment is expected in the amount of RUB 555.15 billion.

Priority goals for the Company's Investment Programme are as follows:

- maintaining the level of operational reliability of the Unified Energy System required to ensure uninterrupted power supply to consumers;
- providing electricity supply to facilities of national significance;
- ensuring quality and availability of services for electric power transmission and connection of consumers to the electric grids;
- improving the operational efficiency of backbone transmission networks via cost reduction and implementation of energy efficiency programmes;
- synchronising the development programmes with generation facilities and distribution grids;
- developing an effective system for the UNEG operation management, improving monitoring of the electric grid facilities;
- developing an automated system of technological management and connection, as well as IT technologies to improve the quality and operation, and creating conditions for a gradual transition to "intelligent" electric grid.

²⁷ Approved by Order of the Ministry of Energy of Russia No. 980 of 18 December 2015 (taking into account the amendments, introduced as per Orders of the Ministry of Energy of Russia No. 31@ of 27 December 2017 and No. 36@ of 27 December 2019).

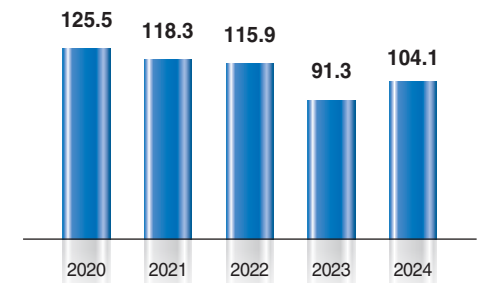
²⁸ Order No. 36@ of the Ministry of Energy of Russia of 27 December 2019.

THE TOTAL VOLUME OF INVESTMENT IS EXPECTED IN THE AMOUNT OF

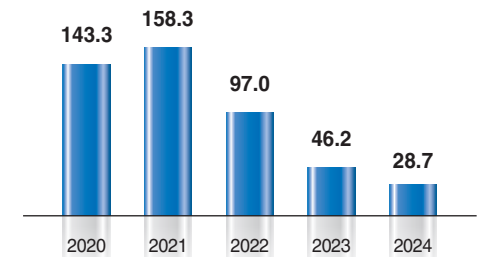
555.15
RUB BILLION

Key parameters of the Company's Investment Programme 2020–2024:

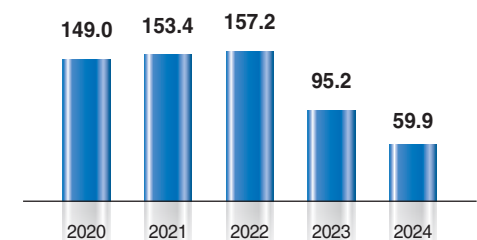
Amount of financing, RUB bln



Volume of capital investment development (excl. VAT), RUB bln



Commissioning of fixed assets of grid capacity, RUB bln



For more information on activities related to preparation for specific periods in 2019, see Appendix 1.

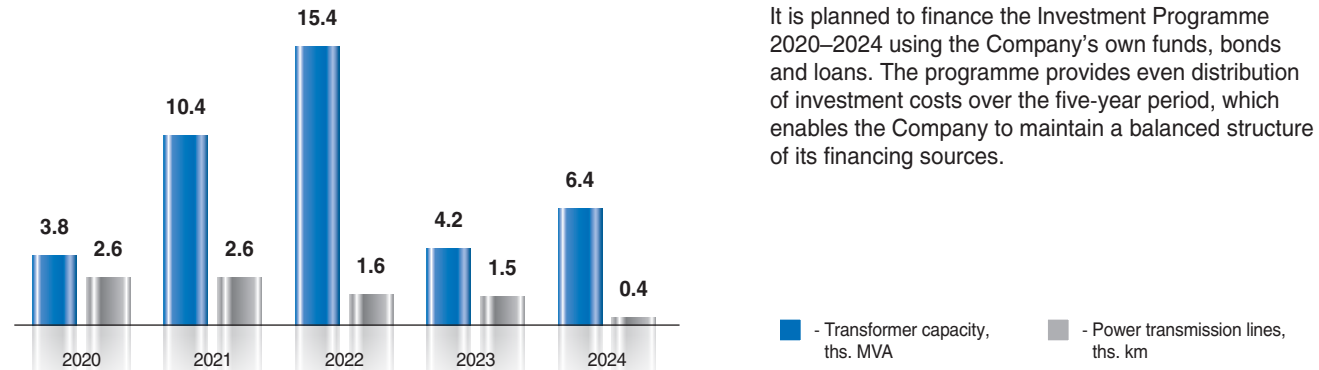


For more information on the organisation of favourable working environment, see section Occupational Safety.



For information on fire safety measures, see Appendix 1.

Dynamics of commissioning capacity



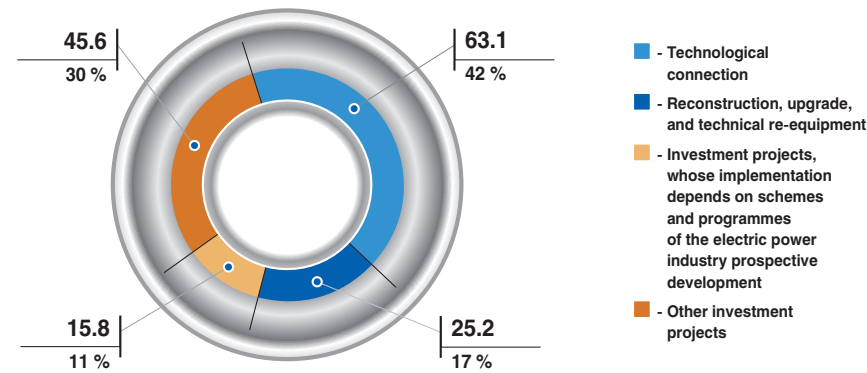
It is planned to finance the Investment Programme 2020–2024 using the Company's own funds, bonds and loans. The programme provides even distribution of investment costs over the five-year period, which enables the Company to maintain a balanced structure of its financing sources.

Implementation of the investment programme in 2019

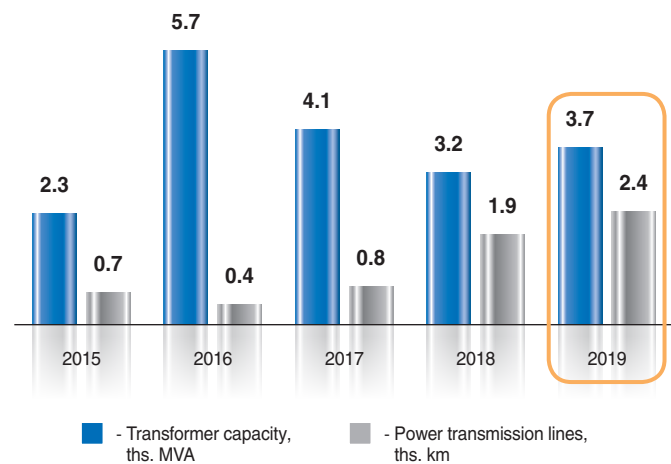
Structure of capital investments financing in 2019, RUB bln (incl. VAT)



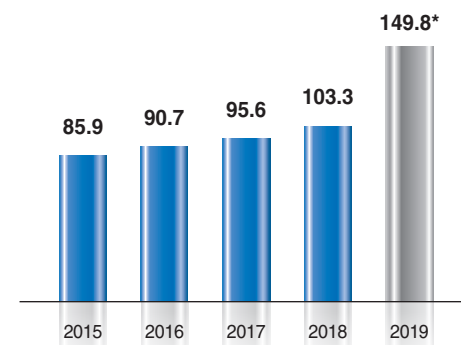
For more information on key investment projects and their parameters, see Appendix 1.



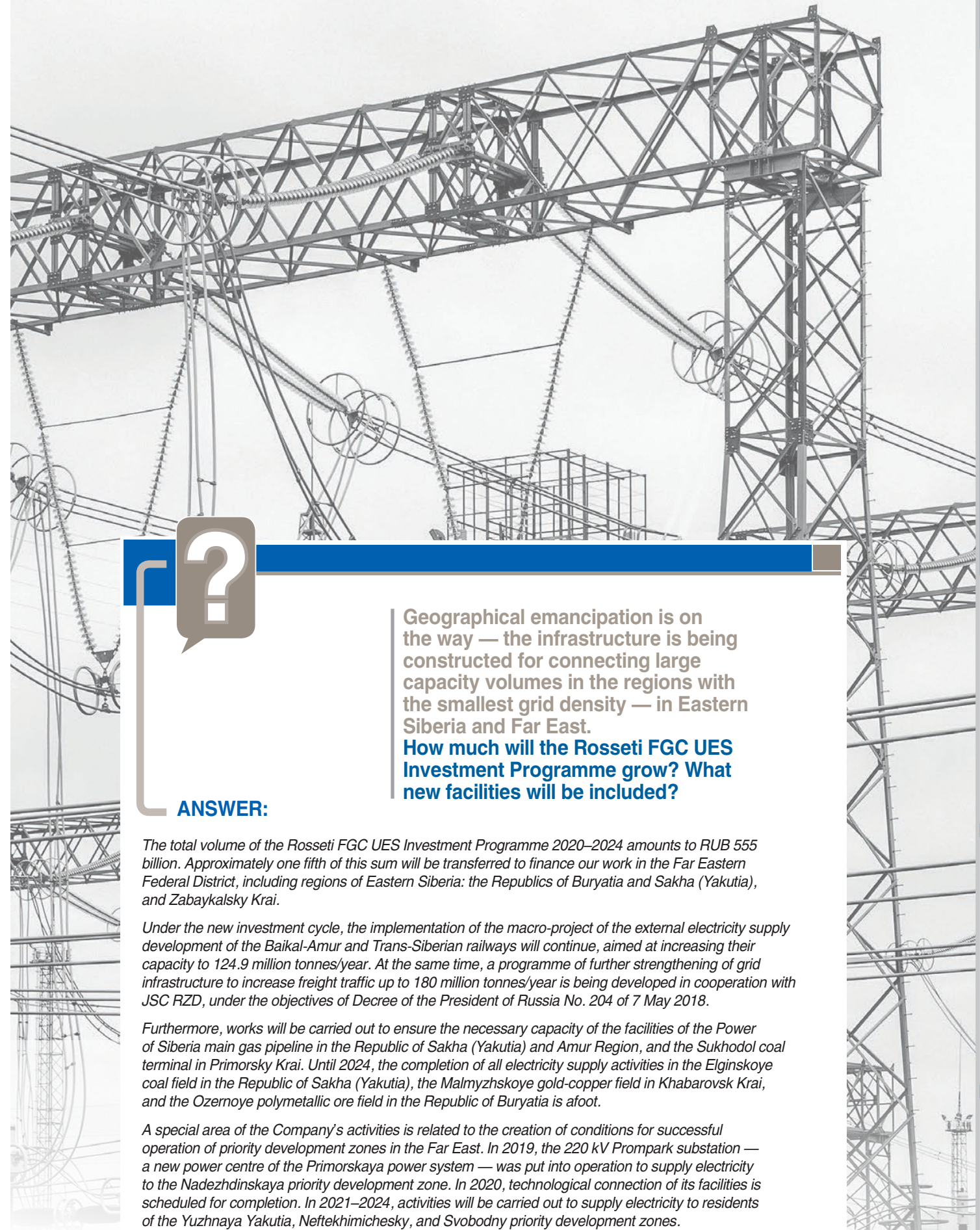
Dynamics of capacity commissioning



Dynamics of investment financing volume, RUB bln



* Including the non-cash part of RUB 34.8 billion in the framework of electric grid asset exchange with JSC DVEUK.



Geographical emancipation is on the way — the infrastructure is being constructed for connecting large capacity volumes in the regions with the smallest grid density — in Eastern Siberia and Far East.
How much will the Rosseti FGC UES Investment Programme grow? What new facilities will be included?

ANSWER:

The total volume of the Rosseti FGC UES Investment Programme 2020–2024 amounts to RUB 555 billion. Approximately one fifth of this sum will be transferred to finance our work in the Far Eastern Federal District, including regions of Eastern Siberia: the Republics of Buryatia and Sakha (Yakutia), and Zabaykalsky Krai.

Under the new investment cycle, the implementation of the macro-project of the external electricity supply development of the Baikal-Amur and Trans-Siberian railways will continue, aimed at increasing their capacity to 124.9 million tonnes/year. At the same time, a programme of further strengthening of grid infrastructure to increase freight traffic up to 180 million tonnes/year is being developed in cooperation with JSC RZD, under the objectives of Decree of the President of Russia No. 204 of 7 May 2018.

Furthermore, works will be carried out to ensure the necessary capacity of the facilities of the Power of Siberia main gas pipeline in the Republic of Sakha (Yakutia) and Amur Region, and the Sukhodol coal terminal in Primorsky Krai. Until 2024, the completion of all electricity supply activities in the Elginskoye coal field in the Republic of Sakha (Yakutia), the Malmyzhskoye gold-copper field in Khabarovsk Krai, and the Ozernoye polymetallic ore field in the Republic of Buryatia is afoot.

A special area of the Company's activities is related to the creation of conditions for successful operation of priority development zones in the Far East. In 2019, the 220 kV Prompark substation — a new power centre of the Primorskaya power system — was put into operation to supply electricity to the Nadezhdinskaya priority development zone. In 2020, technological connection of its facilities is scheduled for completion. In 2021–2024, activities will be carried out to supply electricity to residents of the Yuzhnaya Yakutia, Neftekhimichesky, and Svobodny priority development zones.

Innovation activity

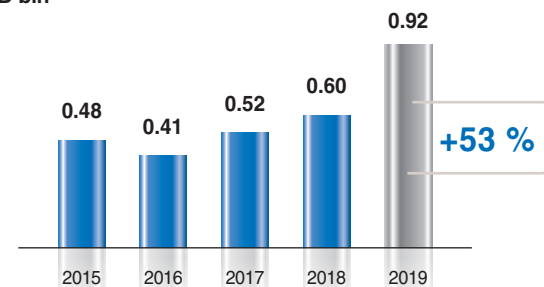


“ In 2019, we continued to introduce end-to-end digital technologies at the Unified National Electric Grid’s facilities. We implemented a number of remote control projects in cooperation with System Operator of the United Power System, including at our new facilities: the 500 kV Tobol substation in the Tyumen Region, and the 500 kV Preobrazhenskaya substation in the Orenburg Region. Development of the in-house digital communication network continued. Unique digital equipment was launched at the 220 kV Borskaya substation in the Nizhny Novgorod Region. Digitalisation of backbone electric grids will be resumed within the next investment cycle. Our priority area is the creation of low-maintenance and highly-reliable facilities. ”

Pavel Korsunov
Deputy Chairman of the Management Board of PJSC FGC UES

The introduction of innovation technologies modifies the Company’s activities and enables us to improve the efficiency of our operations, as well as reliability and quality of services provided. Making use of the innovation potential and competitiveness of the Company in the long term requires a comprehensive approach of the PJSC FGC UES Innovative Development Programme.

R&D financing dynamics in 2015–2019, RUB bln



IN 2019

$$6 = 2 + 4$$

INTELLECTUAL
PROPERTY ITEMS

PATENTS
FOR INVENTIONS

CERTIFICATES
FOR COMPUTER
SOFTWARE



The UNEG is being steadily developed and transformed. What technology allows the Company to break the new ground of security, controllability and performance efficiency of the electric grids?

ANSWER:

The Innovation development of Rosseti FGC UES essentially comes from digitalisation. For more than a decade, we have been introducing digital solutions in the UNEG in line with IEC 61850. Over 200 substations were partially digitalised. Our Company is the industry pioneer in terms of switching power facilities to remote control. According to the 2019 results, this technology was adopted by 22 facilities. Digital technology enables us to raise the efficiency and safety of industry-wide operations, as well as cut operating costs.

The Innovative Development Programme also includes the Energy Saving Substation project. It involves the implementation of technological solutions, allowing to reduce electricity consumption for own needs up to 50% at existing power facilities.

A project to construct a high-temperature superconducting cable line with a length of 2.5 km — making it the world’s largest cable line — is also being implemented. This technology enables the transmission of high capacity at low voltage and with minimum losses. Pilot implementation of this cable line is planned to take place in the power system of Saint Petersburg.

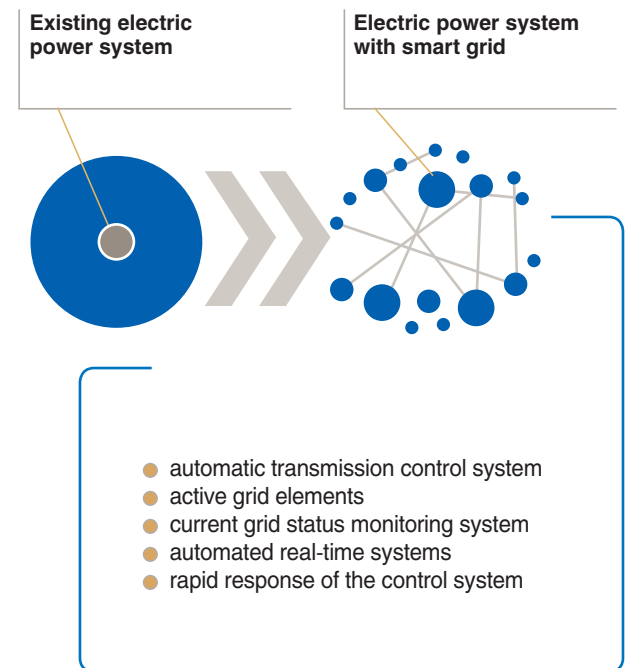
Innovative Development Programme

GRI 103-2

As a means to manage innovation, the Company adopted the Innovative Development Programme 2016–2020 of PJSC FGC UES with an outlook for 2025²⁹ (hereinafter referred to as the “Programme”), which is consistent with the Company’s Long-Term Development Programme.

Priority areas of innovative development were defined with due regard to the analysis of the Company’s technological and innovative level, as well as the assessment of market and technology development forecast.

In the long run, the Programme is expected to result in creation of an electric power system with intelligent grid, which would differ from the existing one by presence of innovative components.



²⁹ Approved by the resolution of PJSC FGC UES’s Board of Directors, Minutes No. 328 of 28 June 2016. The revised Programme was approved by the resolution of the Board of Directors of PJSC FGC UES, Minutes No. 370 of 7 June 2017.

Objectives of innovative development

Achievement of worldwide average rates of reliability, safety, quality, efficiency, and availability of electricity for consumers.	Improvement of the intellectual property and regulatory and technical documentation management to improve general management system.
Better cooperation with innovation partners — small and medium businesses, higher education institutions and scientific organisations.	Customer-oriented approach by means of high-tech services.
Ensuring commercial introduction of innovative equipment and practices.	Talent development with innovation competences.
Transition to the "adopter" model of innovative technology offered on the market, use of "open innovation" tools.	Creation of good conditions for the development of promising scientific research, operation and advanced production.

The effectiveness of the Innovative Development Programme is measured with a system of indicators. KPIs are developed for the Programme that reflect the ultimate efficiency and effectiveness of innovative projects and activities (10 KPIs), and performance indicators (PIs), i.e. "process" indicators (5 PIs) (including technological and organisational ones).

Areas of innovative development

<p>DIGITAL SUBSTATION</p> <p>A substation with a high level of automation.</p> <p>Implementation period: 2016–2025</p> <p>Technologies: SS equipment based on IEC 61850, switchboards, intelligent electronic devices, etc.</p>	<p>DIGITAL DESIGN</p> <p>An engineering ecosystem based on modern design information technology</p> <p>Implementation period: 2015–2025 <i>(modification and development of information services: 2020–2025).</i></p> <p>Technologies: CAD (PLM, BIM), simulation tools, electronic design services, data processing logistics, mobile terminals, geolocation, laser technologies, etc.</p>
<p>ENERGY EFFICIENCY</p> <p>Measures:</p> <ol style="list-style-type: none"> 1) Improvement of the efficiency of transformer cooling systems and heating automation. 2) Research and testing of functional wire coatings. 3) Creation of distributed (intelligent) systems of voltage and reactive power control <p>Implementation period: 2015–2022 (implementation of target programmes: 2018–2025).</p> <p>Technologies: automation, functional wire wraps.</p>	<p>COMPOSITE MATERIALS AND SUPERCONDUCTIVITY</p> <p>Development of new technological solutions with a wider use of new construction materials in accordance with the Order of the Russian Government related to development of the composite material production industry.</p> <p>Implementation period: 2015–2025.</p> <p>Technologies: composite materials for OHL and SS structures, for insulating products, composite core and conductor products, high-temperature superconductivity technology, etc.</p>

<p>REMOTE CONTROL AND SECURITY</p> <p>The Automated Process Control System (APCS) provides for remote control, increased systemic reliability, reduced management costs and high operational readiness.</p> <p>Implementation period: 2016–2025.</p> <p>Technologies: systems of process control of the level of control centers (SCADA, EMS) and the level of facilities (SSPI, SSPTI), modern digital measurement systems.</p>	<p>POWER QUALITY</p> <p>Voltage control devices and systems of balancing and compensation of voltage harmonics are placed in complex circuit-mode nodes of a grid, which ensures control at a new qualitative level.</p> <p>Implementation period: 2016–2025.</p> <p>Technologies: a package of FACTS technologies (DCD, static thyristor compensator (STC), controlled shunt reactor (CSR), phase shifting devices (PSD), STATCOM), systems of balancing and compensation of voltage harmonics, monitoring and control distributed systems, etc</p>	<p>RELIABILITY AND ASSET MANAGEMENT</p> <p>Development of a methodology for integrated management of production funds and assets, based on the planning of technical impacts on equipment, taking into account the analysis of its current condition, costs and potential risks.</p> <p>Implementation period: 2016–2019 <i>(elaboration and development: 2020–2025).</i></p> <p>Technologies: transactional asset management systems, mobile terminals, unmanned aviation equipment, systems of consequences simulation for process disruptions, systems of remote data reading from sensors and RFID, etc.</p>
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Development of communication networks and IT systems

GRI 103-2

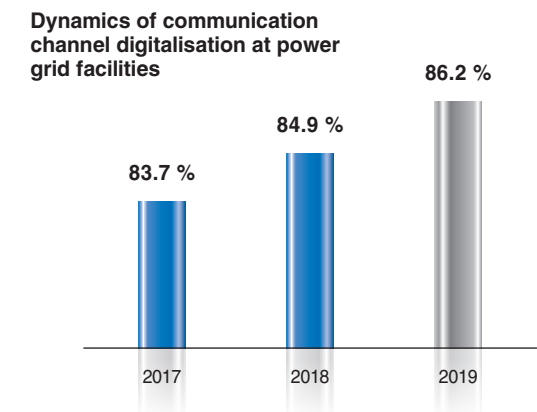
Rosseti FGC UES supervises the development of technology communication network and information systems of the Company by introducing sophisticated equipment and digital technologies into the electric grid complex.

Development of the technology communication network

The technology communication network development is aimed at creating the telecommunication infrastructure in the Company in accordance with the Master Plan of Creation and Development of the Unified Technology Communication Network of the Electric Power Industry (hereinafter, UTCNEPI), approved by the Management Board and the Government Committee for Federal Communications.

The emphasis in the arrangement of communication systems is on ensuring and expanding the range of communication services to users with quality indicators set and at optimal costs of development and operation. The key objectives cover digitalisation and intelligence.

One of the main indicators of the Company's technological communication network development is the level of supply of electric grid facilities with digital communication channels to operate and introduce functional systems. The Company expects to achieve full digitalisation and intelligence by 2025.



Structure of UTCNEPI and applied technologies

UTCNEPI structural component	Highlights in 2019	Use of domestic equipment, %								
<p>A fibre-optic communication network is a basic technology communication network created by means of placing fibre-optic cable on overhead lines (FOCL OHL). FOCL will allow us to improve the process control efficiency of electrical grid facilities, and reliability of power supply to consumers in the regions. By 2025, for the purpose of ensuring the exchange of big data of intelligent control systems built upon digital technologies, it is planned to expand FOCL to 105,000 km, including resources of major telecom operators based on long-term reciprocal lease agreements.</p>	<p>FOCL's total length amounted to 81,300 km in 2019, including resources of major telecom operators — an expanse of almost 5,000 km.</p> <p>Total length of FOCL, ths. km</p> <table border="1"> <tr> <th>Year</th> <th>Total length of FOCL, ths. km</th> </tr> <tr> <td>2017</td> <td>73.6</td> </tr> <tr> <td>2018</td> <td>76.5</td> </tr> <tr> <td>2019</td> <td>81.3</td> </tr> </table>	Year	Total length of FOCL, ths. km	2017	73.6	2018	76.5	2019	81.3	37.6 %
Year	Total length of FOCL, ths. km									
2017	73.6									
2018	76.5									
2019	81.3									
<p>The network of high-frequency communication on overhead lines is a type of communication means in which phase conductors and overhead power transmission line cables are used. Such communication channels transmit voice, telemechanics data, AIMS CEM, RP and EA commands.</p>	<p>As part of the upgrade, 222 high-frequency communication half-sets were installed. A total of 11,798 half-sets were installed by the Company.</p> <p>Dynamics of HF communication systems commissioning</p> <table border="1"> <tr> <th>Year</th> <th>Dynamics of HF communication systems commissioning</th> </tr> <tr> <td>2017</td> <td>264</td> </tr> <tr> <td>2018</td> <td>143</td> </tr> <tr> <td>2019</td> <td>222</td> </tr> </table>	Year	Dynamics of HF communication systems commissioning	2017	264	2018	143	2019	222	80 %
Year	Dynamics of HF communication systems commissioning									
2017	264									
2018	143									
2019	222									
<p>The telecommunication network is built on the point-to-point principle and provides interaction with the process network of the system operator and other participants of the wholesale electricity market. The development strategy provides for network digitalisation, as well as introduction of VoIP technology along with traditional services.</p>	<p>Twenty three digital private automated branch exchange sets (PABX) were introduced, as well as systems for recording operation personnel communication, DECT wireless communications systems, loudspeaker and radio searching communications systems.</p> <p>Dynamics of telephone switching systems commissioning</p> <table border="1"> <tr> <th>Year</th> <th>Dynamics of telephone switching systems commissioning</th> </tr> <tr> <td>2017</td> <td>39</td> </tr> <tr> <td>2018</td> <td>27</td> </tr> <tr> <td>2019</td> <td>23</td> </tr> </table>	Year	Dynamics of telephone switching systems commissioning	2017	39	2018	27	2019	23	54.1 %
Year	Dynamics of telephone switching systems commissioning									
2017	39									
2018	27									
2019	23									

To place FOCL on overhead lines, only domestic fibre-optic cable is used.

IT systems and automated control systems

The Company runs three major projects to build corporate information systems:

- Automated Process Control System (APCS);
- Corporate Information Management System (CIMS);
- Automated Information and Measuring System for Commercial Electricity Metering (AIMS CEM for UNEG).

System description	System objective	Highlights in 2019
<p>Automated Process Control System is a unified distributed hierarchical system, which can be both the UNEG functioning management system, and the UNEG operation and development management system.</p>	<ul style="list-style-type: none"> ● Increased management efficiency due to high level of observability; ● emergency shutdown prevention; ● reduction in decision-making times and staff errors. 	<ul style="list-style-type: none"> ● The work on creation of automated dispatching and technological control systems of grid control centres was continued; ● the work under the programme for improvement of reliability and observability of UNEG facilities was carried out at 100 substations.
<p>Corporate Information Management System is a set of information systems that are interconnected to automate business processes.</p>	Comprehensive improvement in the business process efficiency.	A number of projects were implemented and the Company's business processes were improved through automation development.
<p>Automated Information and Measuring System for Commercial Electricity Metering is a wide area multilevel information and measuring system with a unified centre for collecting, processing, storing and transmitting results of measurement of the amount of electricity transmitted with a distributed measurement function, ensuring the Company's functioning in the wholesale electricity and capacity market.</p>	<ul style="list-style-type: none"> ● Automation of electricity metering; ● improvement of accuracy and reliability of electricity metering; ● a clear picture of electricity distribution at each substation; ● operational control of electricity balances; ● improvement of accuracy and efficiency of electricity payment; ● formation of a wide range of reporting documents. 	<p>In 2019, AIMS CEM SS 35–750 kV were operated at 908 substations of the Company. The system development was carried out in conformity with the Company's investment programme; an extensive list of measures was implemented.</p>



Unstoppable digital transformation

How is cybersecurity of the Rosseti FGC UES transmission network ensured?

ANSWER:

The relevance of cybersecurity has grown significantly in recent years. The number of incidents and attacks on the information infrastructure of the Russian Federation is increasing; in this regard, there is a need for centralised control and management of the information security system of the Company. In addition, we have to comply with the requirements of federal legislation and industry regulation in terms of ensuring the security of critical information infrastructure. To address these problems, the Company applies the best practices and positive experience of major infrastructure organisations, including international ones. The Company has established a Centre for Operational Management and Response to Information Security Incidents. In the reporting year, we recorded almost 7,000 activities concerning the information security; over 5,000 of them were attempts to distribute malicious software from the Internet and via e-mail. All the incidents were duly responded to and the sources of threats were blocked.

The Company focuses on raising the level of employees' awareness of personal security issues. We started to work with bodies authorised in information security: the Federal Service for Technical and Export Control of Russia, the Federal Security Service of Russia, the National Coordination Centre for Computer Incidents, the State System for Detection, Prevention and Elimination of Computer Attacks (in Russian, GosSOPKA).

Procurement activities

GRI 103-2, 102-9

The Company conducts active procurements aimed at purchasing the necessary equipment and services on the competitive market within its investment programme, as well as annual repairs and target programmes in all regions of its presence.

Principles of the Company's procurement activities	Objectives of the Company's procurement activities
Openness	Optimise the procurement management system on the basis of best practices.
Competitiveness	Reduce the Company's expenses by cutting the cost of procured goods, works and services and minimising intermediary services.
Justification	Provide goods, works and services of high quality at minimum cost and in a timely manner.

The Unified Procurement Standard of PJSC FGC UES (Regulation of Procurement³⁰) is the main document that regulates the Company's procurements.

As part of compliance with Federal Law No. 505-FZ of 31 December 2017, the revised Regulation on Procurement was prepared in 2018, which supervises procurement to be carried out according to the new rules of 2019.³¹ The Regulation on Procurement secures the procurement of goods, works and services using the unified methodological basis and modern competitive forms, mainly competitive bidding.



For information on the update of procurement methodology and the Model of Rosseti FGC UES's Procurement System, see Appendix 1.

In the reporting year, Rosseti FGC UES developed and approved³² the Programme to Improve the Quality of Procurement Management in PJSC FGC UES in accordance with Directive of the Russian Government No. 1519p-P13 of 20 February 2019. Certain activities were carried out aimed at assessing and advanced training of employees who were not only directly involved in procurement, but also responsible for the formation of the Company's specific requirements, contract execution and payment.

The following documents underpin the Company's procurement activities:

- legal acts of the Russian Federation;
- state procurement experience;
- international best practices;
- PJSC Rosseti Unified Procurement Standard (Regulation on Procurement).

For the convenience of interaction with suppliers, procurements are made through an electronic trading platform. The updated procurement plan with the possibility of automatic transition to the trading platform to receive immediate information is published each month on the Unified Information System portal (www.zakupki.gov.ru) and at <https://www.fsk-ees.ru/eng> in the Suppliers section.

The Company holds annual meetings with major suppliers to discuss items related to interaction improvement.

As a result of the procurement campaign 2019, the Company completed 13,826 procurement procedures for a total amount of RUB 154 billion, and attracted 9,820 suppliers to procure goods, works and services.

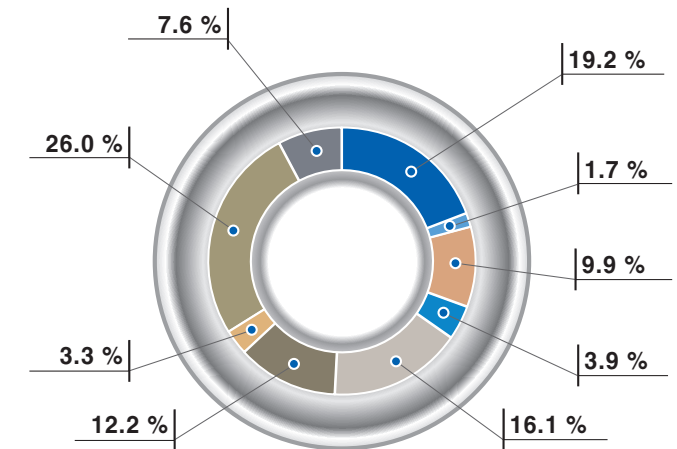
GRI 103-3

The share of procurement procedures conducted on a competitive basis amounted to 83.8% of the total procurement volume (RUB 129.1 billion). The economic effect of procurement activities amounted to RUB 2.7 billion.



For more information on procurement methods and statistics, see Appendix 1.

Regional distribution of procurements by procurement volume



- - Executive Office (Moscow)
- - MPS Volga (Samara)
- - MPS East (Khabarovsk)
- - MPS Western Siberia (Surgut)
- - MPS North-West (Saint Petersburg)
- - MPS Siberia (Krasnoyarsk)
- - MPS Urals (Yekaterinburg)
- - MPS Centre (Moscow)
- - MPS South (Zheleznovodsk)

³⁰ In accordance with Part 2, Article 2 of Federal Law No. 223-FZ Legal Basis for Procurement of Goods, Works and Services, dated 18 July 2011.

³¹ Approved by the resolution of PJSC FGC UES's Board of Directors, Minutes No. 436 of 29 January 2019.

³² Order of PJSC FGC UES No. 194 of 26 June 2019.

Procurements from local suppliers and small and medium-sized enterprises

GRI 204-1

As procurements are made by regions of presence of PJSC FGC UES branches, a large number of local suppliers and contractors are engaged in procurement procedures.

Up to 70% of local suppliers and contractors participate in procurements in each region. For execution of highly specialised works, companies performing such works across the Russian Federation can be attracted. New jobs are created and local residents and related economy sectors are involved for the construction and commissioning of power facilities.

Annual open meetings are held with SMEs, partners and other related organisations to identify the needs of SMEs, improve the competitive environment and increase the Company's procurement efficiency.

Open days for participants of procurement procedures in 2019

From 9 October to 13 December 2019, Rosseti FGC UES held Open Days for suppliers and potential participants of procurement procedures, including SMEs, in Sochi, Vladivostok, St. Petersburg, Yekaterinburg and Krasnoyarsk. A series of events target the implementation of the SMEs Acceleration federal project, as well as the profile partnership programme of the Company. Representatives of JSC «Corporation SME», RUSNANO Fund, Skolkovo and other development institutes and organisations took part in the work. Common mistakes of procurement participants were discussed and general changes in the procurement legislation in the revised Unified Procurement Standard of PJSC FGC UES were reviewed at the meetings. The results of activities aimed to expand the participation of SMEs in the Company's procurements were also talked about. Representatives of small and medium-sized enterprises presented goods and services that can be of use by the Company's electric grid complex.

In 2014, the Company approved the Programme of Partnership between the Company and small and medium-sized enterprises;³³ SMEs that have joined the Programme are registered.

Information on the number and total value of contracts concluded with SMEs based on procurement results for 2019

ACCORDING TO THE 2019
PROCUREMENT RESULTS, 2,388 CONTRACTS
WERE CONCLUDED WITH SMES
FOR A TOTAL AMOUNT OF
56.3
RUB BILLION (INCL. VAT)



For information about key areas and procurement volumes in the regions in 2019, see Appendix 1.



The Road Map for Cooperation with Small and Medium-Sized Enterprises section was developed on the Company's official website: www.fsk-ees.ru/suppliers/dorozhnaya_karta_po_sotrudnichestvu_s_msp.



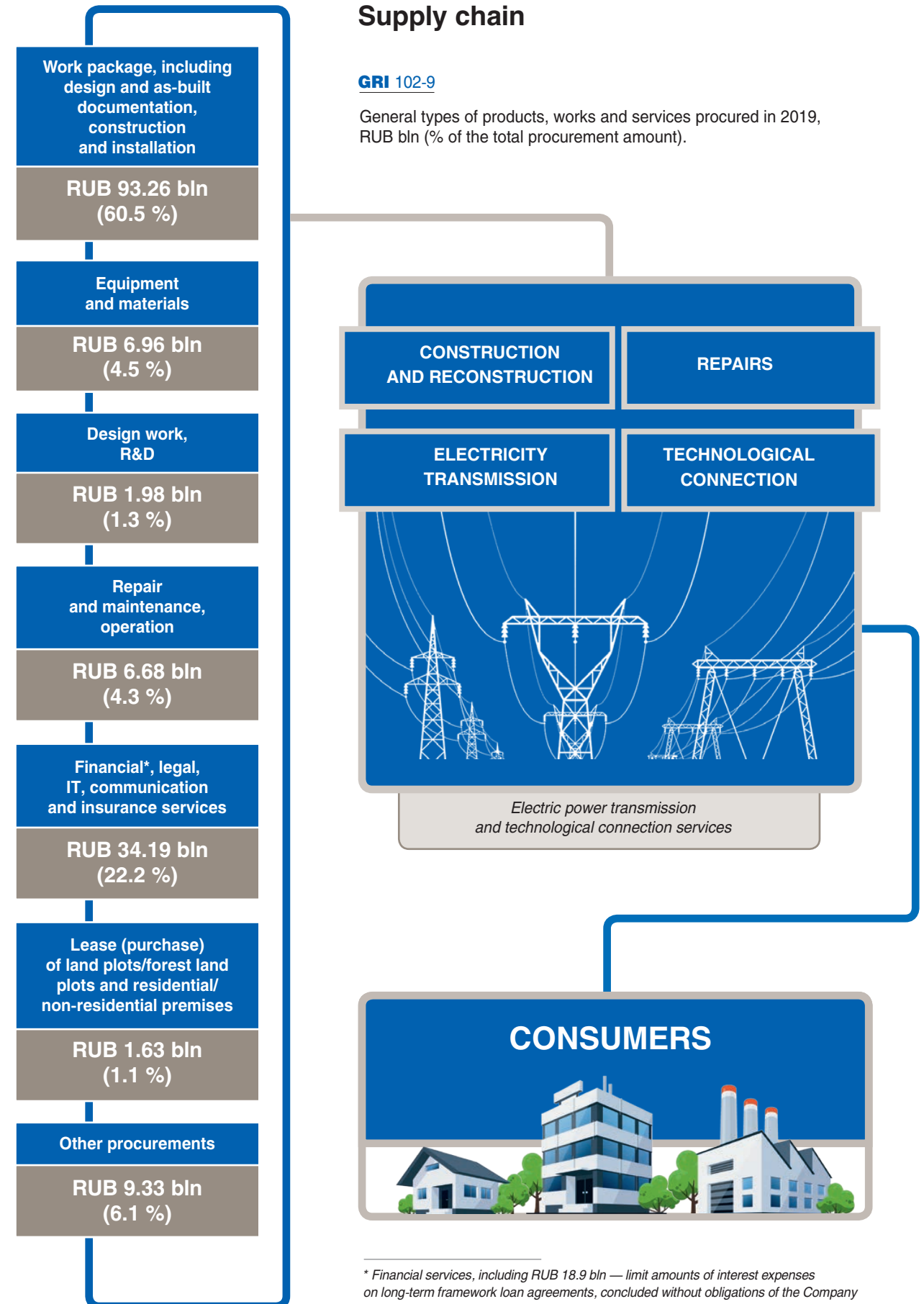
For further information on cooperation with SMEs, see Appendix 1.

³³ In the context of compliance with Directive of the Russian Government No. 867-r of 29 May 2013, On Approval of the Action Plan (Road Map) called the Expansion of Access for Small and Medium-Sized Enterprises to Procurements Conducted by Infrastructure Monopolies and Companies Partially Owned by the State. At present, Directive No. 867-r has been fulfilled (Directive of the Russian Government No. 174-r of 6 February 2016).

Supply chain

GRI 102-9

General types of products, works and services procured in 2019, RUB bln (% of the total procurement amount).



* Financial services, including RUB 18.9 bln — limit amounts of interest expenses on long-term framework loan agreements, concluded without obligations of the Company and banks for loan selection/provision.

Legal actions against the Company in connection with procurement activities

GRI 206-1

In 2019, 70 claims were made to the FAS of Russia. Following the results of examination by the FAS Committee, 11 claims were found to be justified, 40 claims were declared unfounded, 6 claims were recognised to be partially substantiated, 7 claims were withdrawn by the applicant, 4 claims were left undecided by the antimonopoly service, and 2 claims were pending since no decisions were made.

Following the review of the information submitted by the Company, the FAS decided to add 4 participants of procurement procedures who have avoided signing the contracts to the register of bad-faith suppliers.

The Company filed 4 appeals against resolutions of the Moscow Arbitration Court. The complaints were dismissed, the resolutions of the trial court were left unchanged.

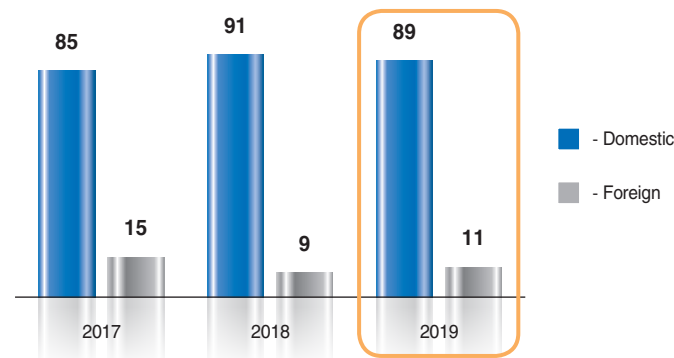
The FAS filed 1 appeal against a resolution of the Moscow Arbitration Court. The complaint was dismissed, the resolution of the trial court was left unchanged.

Import substitution

The Companies activities in the area of import substitution are carried out in accordance with the Corporate Plan of Import Substitution 2017–2020³⁴.

Its goals and objectives are aimed at ensuring process safety of the electric grid complex of the Russian Federation and reducing dependence on foreign products, equipment, and technical devices, as well as services/works and software of non-resident companies.

The share of domestic electrical products in the total volume of procurement of basic electrical equipment for the needs of Rosseti FGC UES in 2017–2019, %



By the end of 2019, the share of procurement of domestic electrical equipment in the total volume of PJSC FGC UES procurement totalled 89% (based on calculations of the average percentage of costs of each of 20 types of main electrical equipment, which is most import-dependent).



For information about the claims made to the FAS, see Appendix 1.

³⁴ Order of PJSC FGC UES No. 494 of 28 November 2017.

Analysis of Financial Performance



Financial sustainability

GRI 102-7

An analysis has been prepared on the basis of the PJSC FGC UES annual accounting indicators for 2019 according to RAS. Individual indicators are provided in accordance with IFRS Consolidated Financial Statements and are accompanied with the corresponding note.

Key facts of the reporting year

- In 2019, net profit increased by 3.5 % up to RUB 58.1 billion compared to the previous year. At the same time, free cash flow from the current operations has been growing for five years consecutively, reaching RUB 130.1 billion.
- Moody's increased the PJSC FGC UES' credit rating to the Investment category (Baa3 Stable).
- In October 2019, Fitch agency increased PJSC FGC UES' credit rating from BBB- Stable to BBB Stable.
- In 2019, dividends were paid for the results of 2018 in the amount of RUB 20.4 billion and accrued for 9M 2019 in the amount of RUB 11.2 billion (paid in 2020). Total volume of dividends amounted to over RUB 31 billion.

Financial performance management



Effective governance

The Company's financial stability and creditworthiness are maintained by means of the following:

- limiting the debt burden to levels that allow for guaranteed service and repayment of raised debts under the valid tariff solutions;
- implementing a conservative approach to financial risk management, i.e. minimising currency risks, setting strict requirements for partner banks, using a developed system to secure performance of obligations by contractors using bank guarantees and other instruments;
- detailed liquidity planning on different time horizons;
- using various debt financing instruments that allow access to funds of the most conservative investors, maximising the time periods for raising debts and minimising the rates.



“ The Company has been consistently showing good economic results in recent years which is evidence of the efficient cost management. High level of financial stability of the Company is confirmed by the maximum AKRA rating under the national scale and investment ratings of The Big Three agencies. This allows us to suggest the formation of the basis for the development projects that are adequate to the tasks of the state agenda and the needs of the market. The Company has the potential to create economic value for stakeholders in the future. ”

Sergey Terebulin

Deputy Chairman of the Management Board of PJSC FGC UES, member of the Management Board of PJSC FGC UES

Indicators describing the efficiency of the financial policy

GRI 103-3

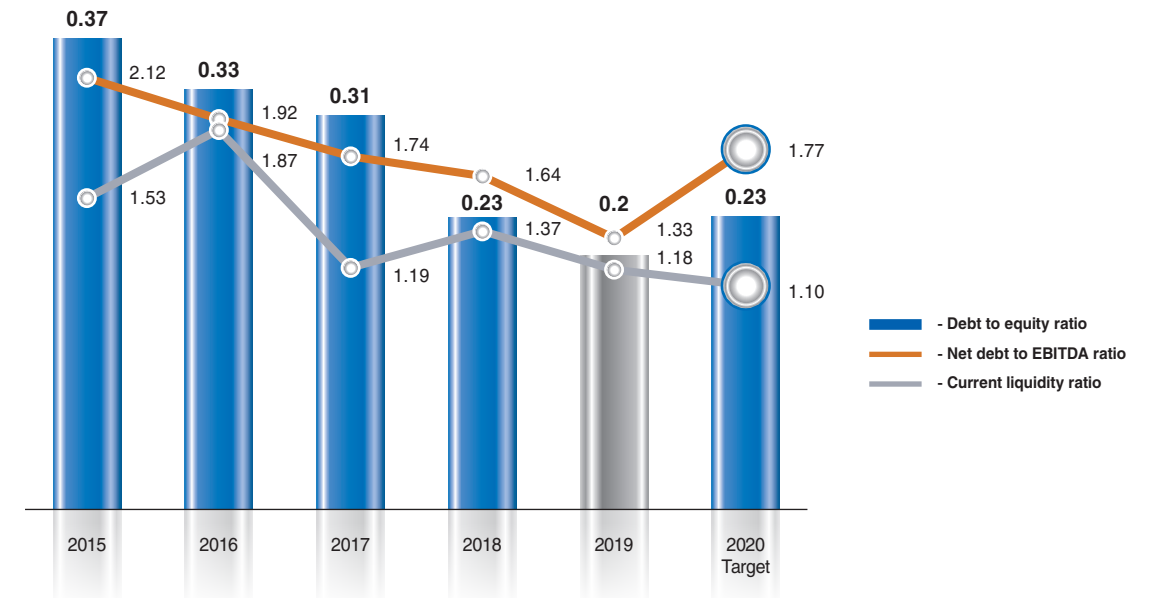
As of 2019, the sales margin was 24.43 %. Excluding revenues from technological connection services (TC) (depending on the schedule of services provided, determined by customer requests), the sales margin amounted to 18.66 %, which is 1.68 p.p. higher than in 2018. The main factor of sales margin increase without TC is a restraint on rates of cost growth regulated by the Company management, both on providing electricity transmission services, and in other (unregulated) activities.

Decrease of EBITDA margin in 2019 and planned value for 2020 in comparison with the previous periods (2015–2018) is caused by lower EBITDA growth rate compared to the Company's revenue growth rate. The EBITDA growth rate was slowed down due to the growth of uncontrolled expenses (purchase of electricity losses on the WECM, taxes and duties, payment for the use of the UNEG facilities owned by other parties in accordance with tariffs approved by the FAS of Russia, etc.).

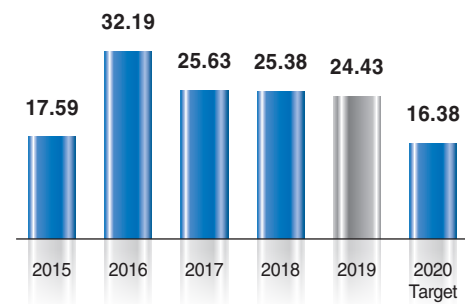
The current liquidity indicators are within the standard values proving the issuer's capability to repay its short-term liabilities using its working assets.

The interest coverage ratio has been increasing since 2016 as the interest burden on the Company declines due to a drop in inflation, with a small adjustment in 2019 due to a one-off spike in inflation in early 2019, including the revision of the VAT rate.

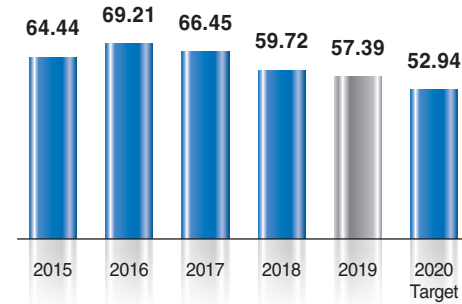
Financial stability indicator of Rosseti FGC UES



Return on sales, %



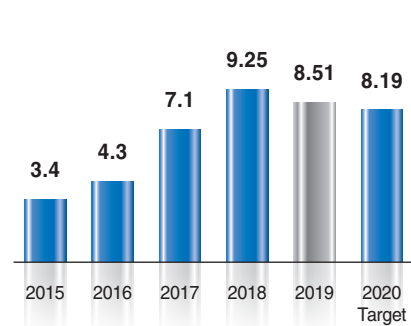
EBITDA margin*, %



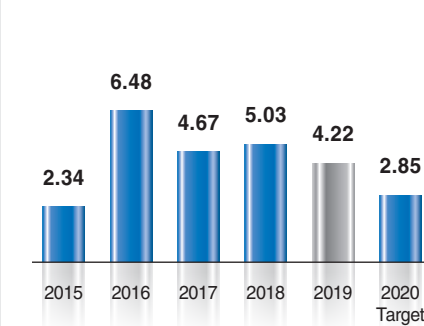
Dynamics of key financial indicators

In RUB bln	2015	2016	2017	2018	2019	2019/ 2018, % change, %	2020 Target	Forecast			
								2021	2022	2023	2024
Revenue	173.3	218.4	216.0	240.3	242.7	1.0 %	235.3	240.5	254.3	250.9	262.7
Cost	134.9	140.0	152.4	170.8	174.4	2.1 %	186.7	191.0	194.5	196.2	196.6
Adjusted EBITDA*	103.7	119.7	129.3	129.0	129.4	0.3 %	121.7	121.7	125.2	129.3	133.3
Net profit	17.9	106.1	42.4	56.2	58.1	3.5 %	29.5	31.0	38.2	34.0	42.9
Cash flow from current activities	99.1	101.1	120.7	127.4	130.1	2.1 %	130.9	145.1	142.1	142.7	141.5
CAPEX	85.9	90.7	95.6	103.3	149.8	45.0 %	129.3	129.7	120.1	95.0	109.3
Net debt	220.3	229.9	224.7	209.5	172.1	-17.9 %	215.0	223.8	227.8	210.5	205.4

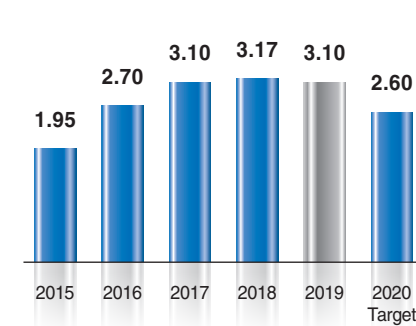
Interest coverage ratio



ROE**



ROIC***



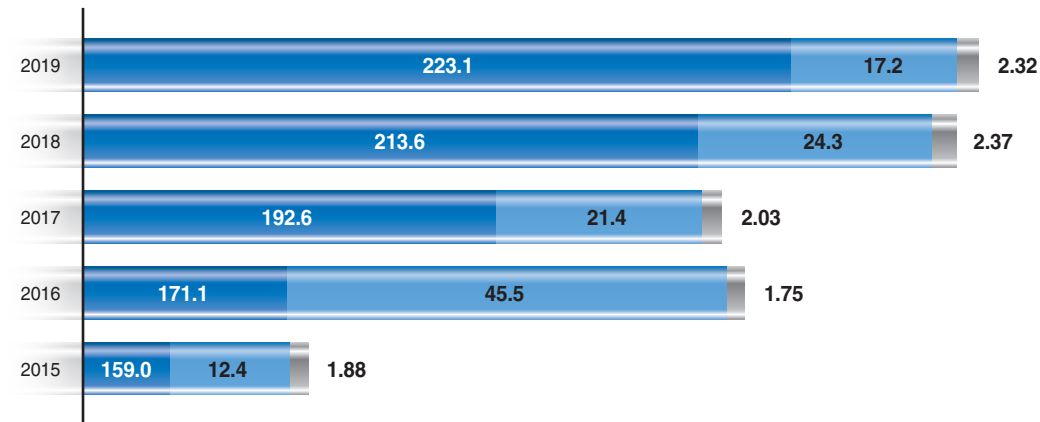
* When calculating the indicator, the revenue of the Company is adopted excluding provision of the services of TC to the grid (in order to make it comparable with EBITDA indicator).

** Indicator is calculated basing on the adjusted net profit of the Company (excluding the accruals and recovery of the bad debts, financial results related to sale and change in value of quoted financial assets) and corresponding adjustment of the equity capital value.

*** Indicator is calculated basing on the adjusted EBIT (excluding operations for the accrual and restoration of provisions for doubtful debts, financial performance related to the sale of and change in the cost of quoted business assets, and revenues from technological connection).

Revenue

Revenue structure in 2015–2019, RUB bln



- - Revenue from electricity transmission services
- - Revenue from technological connection services
- - Revenue from other activities

In 2019, the Company's revenue increased by RUB 2.4 billion (up 1.0 %) against 2018 including the following:

- revenue from electricity transmission services increased by RUB 9.5 billion (+4.5 %) mainly due to increased revenue from electricity transmission caused by tariff growth from 1 July 2018 and from 1 July 2019 by 5.5 % in both cases;
- revenue from TC services decreased by RUB 7.1 billion (-29.1 %) due to changes in the service schedule determined by consumer applications.

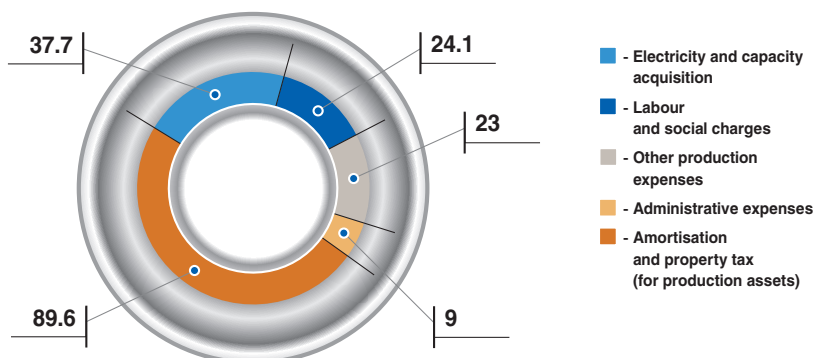
Costs

Cost

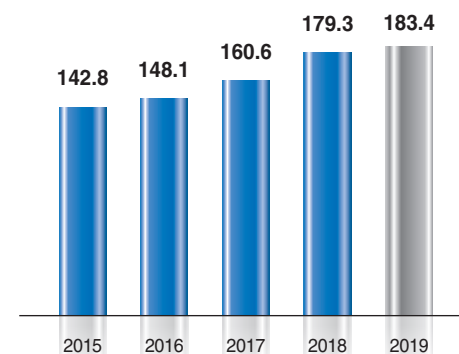
The main factors of cost changes in 2019 compared to 2018 are the growth of costs on the lease of power grid facilities (under agreements on the procedure for the use of UNEG facilities owned by other parties in accordance with tariffs approved by the FAS of Russia), an increase in the number of equipment serviced and the inflation factor.

The growth of management expenses amounted to 5.4% due to the increase in depreciation charges of intangible assets as a result of the commissioning of new software complexes.

Production cost structure in 2019, RUB bln



Dynamics of full production cost, RUB bln



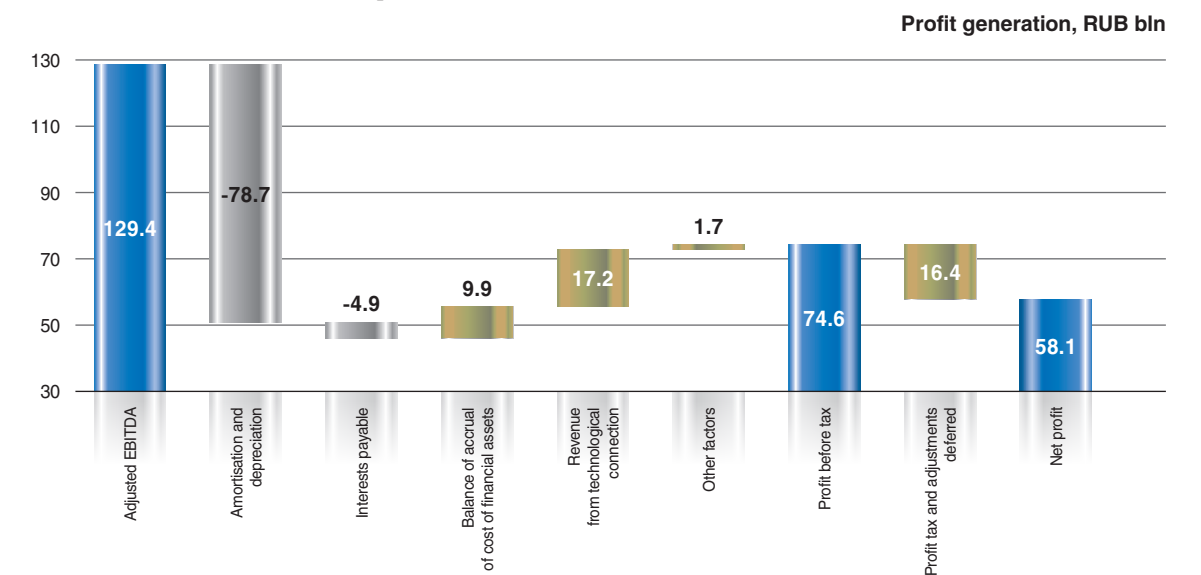
Cost Management Programme

Cost optimisation

For the purpose of increasing the efficiency of the Company's operations, optimising the volume and structure of production and management costs, as well as for the purpose of implementing Directive No. 2303p P13 of the Government of the Russian Federation dated 16 April 2015, the Company has developed a Programme for Increasing Investment and Operational Efficiency and Reducing Costs of JSC FGC UES, which is annually approved as part of the Company's business plan.

Decrease in specific operating expenses in accordance with Directive of the Government of the Russian Federation No. 2303p-P13 of 16 April 2015 "On the reduction of operating expenses by at least 2–3 % annually" for 2019 against the level of 2018 was 5.1 % (in comparable prices) which exceeds the target value (3.0 %).

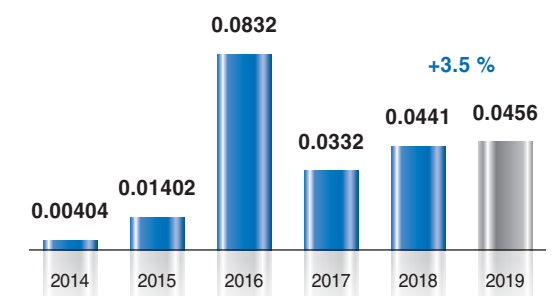
EBITDA and profit



Adjusted EBITDA for 2019 increased by RUB 0.4 billion (+0.3) compared to 2018 and amounted to RUB 129.4 billion.

Net profit for 2019 amounted to RUB 58.1 billion, which is 3.5 % more than in 2018.

Earnings per share, RUB



Capex

Electricity transmission is a capital-intensive business, and many of the Group's production facilities are outdated and require regular maintenance and upgrading. The costs on maintaining, expanding and increasing the efficiency and size of the electricity transmission grid represent a priority for the Company and have a significant effect on the cash flows and future operating results.

In 2019, the Company did not use means of state support in the form of subsidies or budget investments.



For more information on the Company's capital expenditures, see the section [Investment Activities](#).

Cash Flow

Cash flow balance, RUB billion

	2015	2016	2017	2018	2019
Cash flow balance	- 17.5	14.0	- 2.6	- 1.6	- 1.3
Cash flow balance from current operations	99.1	101.1	120.7	127.4	130.1
Cash flow balance from investments	- 132.6	- 55.2	- 96.3	- 99.8	- 91.6
Cash flow balance from financial operations	16.0	- 30.0	- 27.0	- 29.3	- 39.9



The Regulation on Dividend Policy of PJSC FGC UES is available on the website at www.fsk-ees.ru, in the section Shareholders and Investors/ Corporate Governance/ Constituent and Corporate Documents http://www.fsk-ees.ru/shareholders_and_investors/corporate_governance/constituent_and_internal_documents/.

Profit Distribution and Dividend Policy

The principles of the Rosseti FGC UES dividend policy are set in the Regulations on Dividend Policy of PJSC FGC UES approved by the Board of Directors³⁵.

The Regulations on Dividend Policy take into account the decision of the Russian Government and certain recommendations of the Corporate Governance Code³⁶ in terms of determining the size of the dividend accounting for at least 50% of net profit as in financial statements³⁷, including consolidated financial statements, compiled in accordance with the International Financial Reporting Standards (IFRS).

Dividend History of PJSC FGC UES

	2016 (for 2015)	2017 (for 2016)	2017 (for Q1 2017)	2018 (for 2017)	2019 (for 2018)	2019 (for 9M 2019)
Total dividends, RUB mln	16,976.6	18,184.8	1,423.1	18,884.71*	20,449.4	11,229.3
Dividend per share, RUB	0.0133185	0.0142663525	0.0011164730	0.014815395834	0.016042926012	0.00880960765
Dividends, % of net profit as per RAS	95%	17%**	16%	50% (of the adjusted net profit as per RAS)	50% (of the adjusted net profit as per RAS)	-
Date of declaration	29 June 2016	29 June 2017	29 June 2017	28 June 2018	26 June 2019	30 December 2019
Date of actual payment	25 July 2016** 15 August 2016***	2 August 2017** 23 June 2017***	2 August 2017** 23 August 2017***	1 August 2018** 22 August 2018***	30 July 2019** 20 August 2019***	27 January 2020** 17 February 2020***
Balance of unpaid dividends**** (as of 31 December 2019), RUB mln	64	70.5	5.5	75.05	57.66	Payment of dividends started in 2020.

* Excluding dividends paid for Q1 2017.

** To nominee holders and trustees.

*** To other persons registered in the PJSC FGC UES shareholder register.

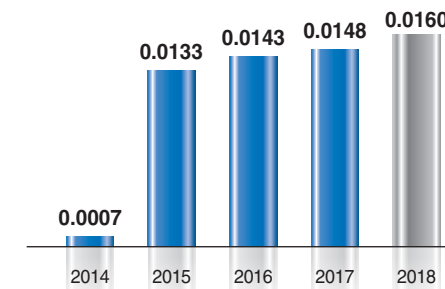
**** Dividends were paid in full to all the persons registered in the Company's shareholder register, except for those who had not promptly informed the register-keeper on changes in their data, and whose dividend payment details were incorrect.

³⁵ Resolution of the Board of Directors, Minutes No. 406 as of 30 May 2018.

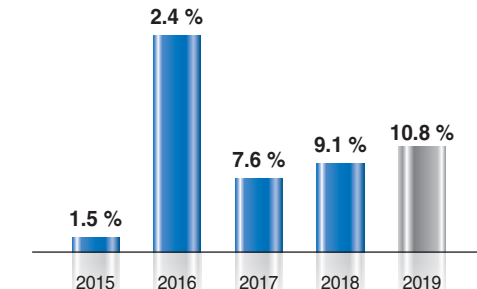
³⁶ Directive of the Government of the Russian Federation No. 1094-r of 25 May 2017.

³⁷ The amount was calculated taking into account the adjustment of net profit in accordance with Regulation No. 1094-r of the Government of the Russian Federation dated 29 May 2017.

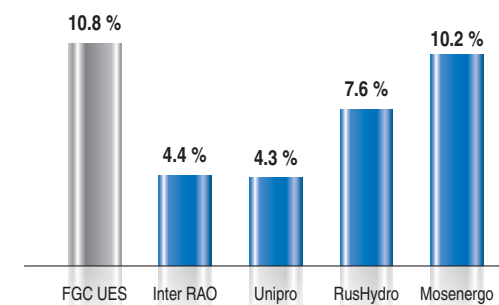
Dividend per share, RUB



Dividend yield of PJSC FGC UES shares



Dividend yield* of the most capitalised and liquid shares of Russian companies operating in the electric power sector



In 2019, the dividend yield of PJSC FGC UES shares amounted to 10.8%*. This was one of the highest indicators among all enterprises in the sector.



For more information on the dynamics of PJSC FGC UES shares and total shareholder return (TSR), see section Share Capital, Securities Trading.

* Dividend yield is calculated as the ratio of dividends paid in 2019 per share to the share price as of the beginning of 2019 (excluding dividends paid for the 9M 2019 results).

Debt Obligations

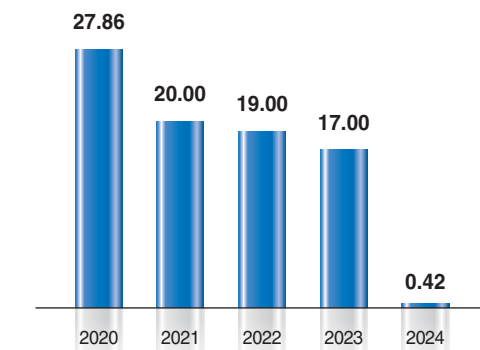
As of 31 December 2019, the total debt portfolio (without accrued interest) amounted to RUB 224.5 billion (as of 31 December 2018 — RUB 243.9 billion).

In 2019, the Company had no new borrowings.

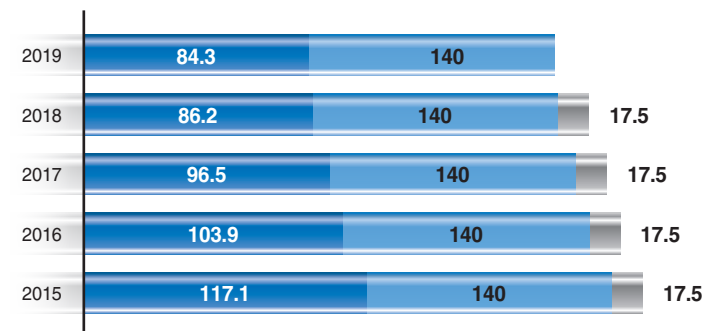
The weighted average cost of the debt portfolio as of 31 December 2019 was 6.14 % per annum, which is 0.23 % higher than as of 31 December 2018 (5.91 % per annum). The growth in the weighted average cost of debt portfolio was caused by the growth of CPI.

The Company bonds outstanding are listed on PJSC Moscow Stock Exchange on the First, Second and Third listing levels.

Bond loan repayment schedule over next 5 years, RUB bln



Bond loan structure, RUB*



* Principal debt, excluding interest accrued as of the balance sheet date.

Credit Ratings

On 12 February 2019, Moody's rating agency increased the PJSC FGC UES' credit rating to the investment category (Baa3 Stable).

In October 2019, Fitch agency increased PJSC FGC UES' credit rating from BBB- to BBB.

The Company's credit ratings assigned by international rating agencies Standard & Poor's, Moody's and Fitch Ratings based on their global scales remain at the sovereign level. The credit rating from Russian rating agency ACRA has been confirmed at the level of the financial obligation credit rating of the Government of the Russian Federation.

Credit Ratings of the Company as of 31 December 2019

Rating agency	International scale rating	Forecast	Date of last rating review
Standard & Poor's	BBB-	Stable	16 May 2019
Moody's	Baa3	Stable	12 February 2019
Fitch Ratings Ltd	BBB	Stable	15 October 2019
Rating agency	National scale rating	Forecast	Date of last rating review
JSC ACRA	AAA (RU)	Stable	25 November 2019

Tariff Regulation

Company's Tariff Policy

Rosseti FGC UES carries out regulated activities to provide electricity transmission services through the UNEG, power distribution grids (DGC facilities), technological connection to electric grids, and other non-regulated activities.

The Company's core business of electricity transmission via the UNEG and technological connection services is performed basing on the tariffs that are approved by the federal executive authority for tariff regulation. The functions of state regulation of tariffs for the services rendered by the Company have been delegated to the Federal Antimonopoly Service.

The FAS of Russia defines two payment methods for technological connection to the UNEG facilities: the approval of an individual payment for a specific applicant (in case construction of electrical grid facilities is required) and the approval of a payment per formula using the standard tariff C1 rate.

Tariffs for electricity transmission services

Since 2010, the tariffs for Rosseti FGC UES electricity transmission services via the UNEG have been set on the basis of the return on invested capital method (RAB regulation).

In order to establish the tariffs for each year of the regulated period, the required gross revenue (RGR) is determined by summing up the return values, the return on invested capital, and the expenses required for provision of electricity transmission services via the UNEG. To prevent sharp increase in tariffs, the RAB regulation method provides for a smoothing mechanism that redistributes the required gross revenue over the years throughout the entire long-term regulation period.

Tariffs for Electricity Transmission via UNEG, RUB/MW per month³⁸

	From 1 January 2015 until 30 June 2015	From 1 July 2015 until 30 June 2016	From 1 July 2016 until 30 June 2017	From 1 July 2017 until 30 June 2018	From 1 July 2018 until 30 June 2019	From 1 July 2019 until 31 December 2019	From 1 July 2020 until 31 December 2020
Tariffs for Services of Electric Power Transmission via the UNEG	134,589	144,687	155,542	164,096	173,164	182,697.68	192,746.05
Tariffs for electric power transmission services via the UNEG for the constituent entities of the Russian Federation forming part of the North Caucasian Federal District	52,923	56,869	61,138	64,402	67,955	71,690.66	75,653.94

The main long-term regulatory parameters established by FAS of Russia for the second long-term regulation period of 2015–2020

	2015	2016	2017	2018	2019	2020
Rate of return on capital invested, %	10	10	10	10	10	10
Base level of operating expenditures, RUB million	35,023.035	–	–	–	–	–
Operating expenditure efficiency index, %	3.0	3.0	3.0	3.0	3.0	3.0
Net current capital, RUB million	11,418	11,919	12,432	12,967	13,524	14,092.5
Period of return of capital invested, years	35	35	35	35	35	35
Electric power loss rate, when transferred via electric grids, %	4.27 %	4.27 %	4.27 %	4.27 %	4.27 %	4.27 %



For information about tariff regulation, control of reliability and quality of services, tariffs for UNEG technological connection services, as well as the list of main regulatory acts governing tariff setting and electricity transmission via the UNEG, see [Appendix 1](#).

³⁸ The tariff rate of payment for the standard process electric power losses when transferring via the UNEG as of 1 July 2015 is determined by the formula in accordance with the Russian Federation Government Resolution No. 458 on 11 May 2015.

REFERENCE. Consolidated information on financial performance under IFRS

(RUB bln, except for the ratios and indicators given in %)	2015	2016	2017	2018	2019
Consolidated statement indicators of profit and loss and other comprehensive income					
Revenues	187.0	255.6	242.2	254.0	249.6
Other operating income	4.0	6.0	6.4	6.5	6.3
Operating expenses	(131.0)	(155.5)	(151.7)	(151.2) ³⁹	155.3
Profit / (loss) for the year	44.1	68.4	72.7	92.8	86.6
Financial information not regulated by IFRS					
EBITDA (1)	98.1	120.3	129.0	140.5	140.7
Adjusted EBITDA (2)	104.4	116.7	126.4	133.6	136.2
Adjusted profit for the period (3)	40.8	46.4	86.6	91.0	83.7
Coefficients and other indicators					
Return on assets (4)	4.8 %	8.3 %	7.4 %	7.8 %	6.7 %
Return on equity (5)	7.8 %	12.8 %	11.0 %	11.4 %	9.6 %
Current liquidity ratio (6)	1.22	1.19	1.18	1.62	1.39
Total equity/Total assets ratio	0.62	0.66	0.68	0.69	0.71
Total debt	281.5	266.7	257.9	246.8	239.7
Short-term debt	31.5	29.7	24.0	22.2	31.4
Long-term debt	250.0	237.0	233.9	224.6	208.3
Net debt (7)	222.9	221.8	215.4	205.4	176.8
Net debt / adjusted EBITDA	2.1	1.9	1.7	1.5	1.3
Cash flow from operating activity	98.0	111.5	120.8	124.1	136.2

(1) EBITDA is a profit/(loss) for the period before taxes, interest, depreciation and amortisation.

(2) Adjusted EBITDA for 2017–2018 was calculated as EBITDA (profit for the period before income tax expenses, financial income and costs, and depreciation) after deduction of the reversed/accrued net loss from depreciation of fixed assets, revenue from technological connection, costs for creation of provisions for expected credit losses and doubtful debts, loss from derecognition of the subsidiary (only for 2017), profit from the exchange of assets (only for 2019), loss from termination of an affiliate (only for 2019), changes in the provision for legal claims and taking into account financial income. Adjusted EBITDA for 2015–2016 was calculated as EBITDA after the deduction of net loss from depreciation and revaluation of fixed assets, gain on derecognition of the subsidiary (only until 2016), revenue from technological connection, cost of creating provisions for doubtful debts (excluding the depreciation amount of the accounts receivable calculated as a difference between the book value of the accounts receivable and the present value of the estimated future cash flows), and taking into account financial income.

(3) Adjusted profit for 2017–2019 was calculated as the profit for the period after deduction of the reversed/accrued net loss from depreciation of fixed assets, loss and gain on derecognition of the subsidiary (only for 2019), profit from the exchange of assets (only for 2019), loss from termination of an affiliate (only for 2019), including the respective amounts of the deferred income tax (except for the deferred income tax on technological connection).

(4) Adjusted profit for 2015–2016 was calculated as the profit for the period after deduction of net loss from depreciation and revaluation of fixed assets, gain on derecognition of the subsidiary (only for 2016), including the respective amounts of the deferred income tax.

(5) The return on assets was calculated as the adjusted profit for the period divided by the average of the total assets for the period.

(6) Return on equity is calculated as adjusted profit for the period divided by the average equity value for the corresponding period.

(7) Current liquidity ratio is calculated as ratio of the consolidated current assets to consolidated current liabilities.

(8) Net debt is a long-term and floating debt less cash and equivalents, short term bank deposits and short term notes.

³⁹ Due to the change in the reporting format, the item «Provision for expected credit losses» of RUB 4.6 billion was excluded from operating expenses in the compared period.

The list of organisations included in the outline of the consolidation of financial statements (in accordance with the indicators [GRI 102-45, 201-1](#))

No.	Name of the organisation	INN
1	PJSC FGC UES	4716016979
2	JSC APBE	7729530055
3	Index Energetiki — FGC UES LLC	7729601362
4	JSC Kuban Trunk Grids	2312130841
5	JSC Mobile GTEs	7706627050
6	JSC MUS Energetiki	7705039240
7	JSC NTC FGC UES	7728589190
8	JSC Tomsk Trunk Grids	7017114665
9	JSC TsiUS UES	7728645409
10	JSC ChitaTechErgo	7536053550
11	JSC Electrosetservice UNEG	7705825187
12	JSC ESSK UES	7723185941
13	IT Energy Service LLC	7729403949
14	FGC – Asset Management LLC	7728320231
15	JSC ENIN (affiliate consolidated by the equity method)	7725054454
16	JSC IPS SakRusenergo (affiliate consolidated by the equity method)	–
17	Federal Grid Designated Activity Company (structured company controlled by PJSC FGC UES)	–

Sustainable Development and Corporate Social Responsibility



The underlying principle of Rosseti FGC UES's strategic goal-setting in the field of sustainable development and corporate social responsibility is maintaining a balance between the economic, social and environmental aspects of the Company's activities.

The Company considers sustainable development and corporate social responsibility to be integral and key parts of its business, and is striving to integrate this standpoint in its day-to-day operations, while keeping to the principle of transparency and developing dialogue with a wide circle of stakeholders.

On the one hand, in its special role as an operator of UNEG – state-controlled technological infrastructure that is systemically important for the Russian energy system – the Company ensures that UNEG runs smoothly and develops adequately with economic growth, with high efficiency and minimal waste.

On the other hand, Rosseti FGC UES is aware of its impact on the economy, society and the environment and, when making strategic decisions, analyses and considers associated risks.

Priority areas of the Company's work on sustainable development and corporate social responsibility:

- improving the energy efficiency and reliability of the power grid infrastructure;
- responsible business conduct and integrating social responsibility into all Company divisions;
- introducing new technological solutions;
- supporting a responsible HR management system aimed at the optimal use of human capital and involvement of employees in the effective implementation of the Company's corporate objectives;
- keeping UNEG running safely;
- supporting domestic manufacturers;
- minimising environmental impact, with a focus on environmental compliance and rational use of natural resources in electric power transmission;
- supporting social and economic development and the well-being of the regions of presence;
- interacting constructively with stakeholders.

To achieve these objectives, Rosseti FGC UES has integrated the priorities of sustainable development and corporate social responsibility into the Company's Long-Term Development Programme. So, the Company's LDP is designed to minimise the negative impact of electric power transmission, and also sets targets for various mechanisms to raise the Company's economic resilience.

Thus, sustainable development is part of the corporate strategy and is integrated into the Company's business processes.

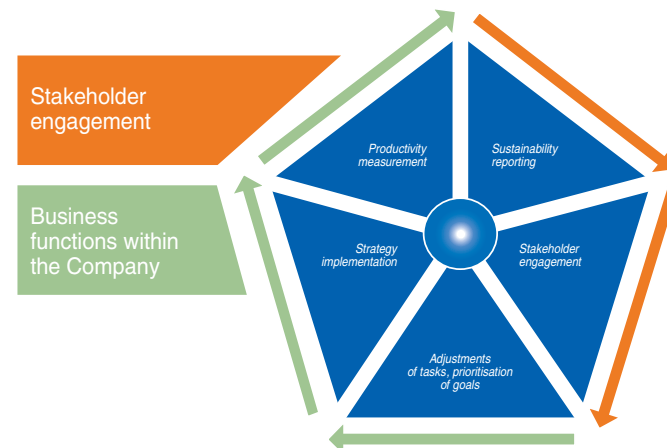
As a result of extensive work carried out by the Company in terms of sustainable development, in 2019, Rosseti FGC UES's shares were listed in the FTSE4Good index, designed for investors who are committed to responsible investment.

At the end of the reporting year, the Russian Union of Industrialists and Entrepreneurs (RUIE) named the Company as a leader in the Responsibility and Openness and Vector of Sustainable Development lists, according to the annual assessment results. This decision proves the high value of the Company's activities in the field of corporate governance along with social and environmental development.

At the beginning of 2020, the equity shares of PJSC FGC UES were first included in the Moscow Stock Exchange Index Calculation Base — RSPP: Responsibility and Openness and Vector of Sustainable Development.



Stakeholders' contribution to shaping the Company's strategy



Sustainable development management

In 2019, the Company established a Sustainable Development and Corporate Social Responsibility Policy for PJSC FGC UES, that was reviewed by the Management Board⁴⁰ and recommended for approval by the Board of Directors. The document defines principles, goals, objectives and approaches to sustainable development management and stakeholder engagement.

GRI 102-26

As per this document, responsibility for decision-making in the area of sustainable development and corporate social responsibility is distributed between the Board of Directors, the Management Board, deputy chairmen of the Management Board, directors, and heads of structural divisions.

Rosseti FGC UES's commitment to the UN Sustainable Development Goals*

GRI 102-12

In 2015, all UN member states adopted 17 sustainable development goals aimed at eradicating poverty, protecting our planet, and improving quality of life and prospects for people around the globe. At the same time, a 15-year plan for achieving them was adopted.

The Company has made a list of priority and important goals in line with the specifics of its activities, and it takes these into account during strategic planning and operational activities.

	The UN Sustainable Development Goals	Summary of the goals	The Company's contribution to achieving the goals	Practical implementation
Priority goals	<p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Affordable and clean energy</p>	Ensuring universal access to affordable, reliable, sustainable and modern energy sources for all.	<ul style="list-style-type: none"> ● Uninterrupted power supply to consumers. ● Creating the conditions for the technological connection of renewable energy generation facilities. 	<ul style="list-style-type: none"> ● Pens⁴¹ was 7.1% higher in 2019 than a year earlier. ● The Pp indicator⁴² was achieved relative to the target value set by Order of the FTS of Russia No. 297-e/3 of 9.12.2014. ● Three renewable energy facilities with a total capacity of 55 MW were connected to UNEG.
	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Commendable work and economic growth</p>	Promoting sustained, inclusive and sustainable economic growth, full and productive employment and dignified work for all.	<ul style="list-style-type: none"> ● Improving labour productivity. ● Ensuring appropriate pay and working conditions, respecting the rights of employees. 	<ul style="list-style-type: none"> ● A 4.7 % increase in labour productivity was achieved. ● The average salary of employees of the Company grew by 4.5 % over the course of the year. This indicator is 1.8 times higher than the national average wage



⁴⁰ Minutes of the Management Board No. 1685/2 of 13 March 2020.

⁴¹ Volume of undersupplied electricity, Pens.

⁴² Average length of time for the cessation of electric power transmission.

	The UN Sustainable Development Goals	Summary of the goals	The Company's contribution to achieving the goals	Practical implementation
Priority goals	 Industrialisation, innovation and infrastructure	Creating stable infrastructure, and promoting inclusive and sustainable industrialisation and innovation.	<ul style="list-style-type: none"> Preserving and developing UNEG. Modernising the infrastructure of the main electric grid. Innovative activities and implementing the R&D Programme. 	<ul style="list-style-type: none"> 2,832 km of power transmission lines and 3,957 MVA of transformer capacity were put into operation. There are 150 active substations where IEC standard 61850 is applied. Remote control was implemented at 22 substations. Two invention patents and four certificates for computer software were received.
	 Responsible consumption and production	Ensuring the transition to rational consumption and production models.	<ul style="list-style-type: none"> Improving energy efficiency and reducing losses. Rational use of natural resources. Minimising negative impact on the environment. Efficient operation of the environmental management system. 	<ul style="list-style-type: none"> A 7 % reduction in water consumption. The cumulative effect of energy-efficiency and energy-saving programmes amounted to 55.268 million kWh.
Relevant goals	 Good health and well-being	Ensuring a healthy lifestyle and promoting well-being for people of all ages.	<ul style="list-style-type: none"> Health and life insurance for staff. Ensuring safe working conditions and occupational safety. Holding corporate sports events. 	<ul style="list-style-type: none"> Workplace injuries reduced by 34 %. 42 sports events were held, involving workers in local, regional and industry-wide competitions.
	 Quality education	Ensuring inclusive, fair and high-quality education and promoting lifelong learning opportunities for all.	<ul style="list-style-type: none"> Training, re-training and advanced training for staff. Improving the quality of training new specialists for the electric grid complex. Cooperating with higher and secondary specialised educational institutions. 	<ul style="list-style-type: none"> 17,859 employees took part in training, re-training and advanced training programmes. 980 students completed internships at the Company's production facilities. 52 partner universities as of the end of 2019.
	 Sustainable cities and populated areas	Making cities and populated areas inclusive, safe, resilient and environmentally sustainable.	<ul style="list-style-type: none"> Improving the reliability of the supply of energy to consumers in cities and populated areas. Applying technical architectural solutions that promote the rational use of land in cities and populated areas and preserving the integrity of their architectural appearance. 	<ul style="list-style-type: none"> 0.0096⁴³ is the reliability indicator for services provided. This is 0.0244 lower than the target value of 2019.

⁴³ The reliability of services provided is determined by the ratio of the actual total duration of electricity outages during the control period (hour) to the maximum number of consumer connection points for the same period.

	The UN Sustainable Development Goals	Summary of the goals	The Company's contribution to achieving the goals	Practical implementation
Relevant goals	 Conserving terrestrial ecosystems	Protecting and restoring terrestrial ecosystems and supporting their rational use, sustainable forest management, combating desertification, halting and reversing land degradation, and halting biodiversity loss.	<ul style="list-style-type: none"> Taking action to minimise the impact of power grid infrastructure on the lives of animals. Recreating natural resources and compensatory planting of seedlings. 	<ul style="list-style-type: none"> Over 80,000 bird-protection devices installed. Over 81,000 juvenile sturgeon released into reservoirs to restore the population.
	 Partnership for sustainable development	Revitalising the global partnership for sustainable development.	<ul style="list-style-type: none"> Effective interaction with stakeholders. Studying and applying the best global practices through an international scientific and technical exchange. Supporting small and medium-sized enterprises. 	<ul style="list-style-type: none"> The share of procurements made from small and medium-sized enterprises is over 63 %.

* The remaining UN goals are not directly related to the Company's activities. The Company shares them and makes the best possible contribution to their achievement.

HR Management



Human

GRI 103-2 a

Human capital represents a combination of employees' knowledge, skills and experience, necessary to implement the Company's strategy and introduce innovations. The Company is focussing on the growth and motivation of its employees. It recognises their expertise as an important aspect of sustainable development. The Company's success depends on the health and well-being of its employees, which is why we care about improving their life quality.

GRI 103-2 b

Rosseti FGC UES's strategic goal in the field of HR management is to create a balanced management system, optimise our use of human resources, satisfy the social and material needs of our employees, and continue to develop, train and involve them in the efficient implementation of the Company's goals.

To achieve the HR management strategic goal, the Company is using modern approaches and tools to manage and develop its staff, including integrated IT solutions.

GRI 103-2 c-i

When it comes to HR management, we are acting on the following documents:

- international documents: the Universal Declaration of Human Rights, the UN Global Compact, and the ILO Conventions;
- the Company's internal documents (listed in Appendix 1).

“ Rosseti FGC UES key competitive advantage is its highly-qualified and motivated employees. PJSC FGC UES key strategic goal in the field of HR management is to improve staff efficiency and engagement to ensure the reliable operation and development of UNEG. The Company is implementing a long-term programme aimed at preparing reservists for appointments to special positions and ensuring continuity in technological process management. The measures taken by the Company to improve performance over the past five years have significantly boosted labour productivity. Further growth in labour productivity is linked with the introduction of digital technologies, training specialists to work in new conditions, and improved competency profiles. In 2019, the Company won the first prize in a contest organised by the Ministry of Energy of Russia for the Best Socially-Oriented Company in the Energy Sector, and in the Development of the Labour Market and Promotion of Employment category. ”

Natalia Ozhegina

Deputy Chairman of the Management Board of PJSC FGC UES



GRI 103-2 c-ii

The Company is using a number of mechanisms to achieve its strategic goals, including performance management through increased employee motivation, creating the conditions for professional growth and career development, and reinforcing a unified corporate culture with consideration for the socio-economic development and specifics of the Company's regions of presence.

GRI 103-2 c-iii

Priority areas of the Company's HR policy are:

- managing staff efficiency;
- managing staff numbers;
- managing staff development.

Key objectives for HR management during digital transformation are:

- creating and introducing an HR management system to promote effective management of electric grid facilities with a high level of automation, advanced information technology and management systems, modern equipment and next-generation communications network technologies;
- ensuring the availability of qualified personnel for remote management of substations, automating technological processes, and using digital technologies and equipment in the electric grid complex.

GRI 103-2 c-v

With a view to improving performance effectiveness and optimising its use of human resources, the Company is taking consistent steps to improve labour productivity⁴⁴ and cut operating costs by optimising staff costs.

GRI 102-16

The Code of Corporate Ethics and Employee Conduct of PJSC FGC UES is a set of general principles, regulations and rules of professional ethics and corporate conduct to be adhered to by all Company staff, irrespective of their position.

The Code is designed to promote the achievement of the Company's strategic goals, to shape collective, positive behaviour patterns and a corporate spirit, to strengthen the Company's authority and the trust that shareholders, investors, lenders and other stakeholders have in the company, to develop open and trusting relations with the state, organisations and citizens, to increase the efficiency with which the Company's employees fulfil their employment responsibilities, and to maintain and improve the Company's technological, production and scientific potential. All newly-hired employees are familiarised with the Code.



Information on KPIs in the field of HR management (Improving Labour Productivity) is disclosed in the Key Performance Indicators section. Information on additional target values for the HR policy established at the level of heads of the Company's executive office and branches can be found in Appendix 1.



More detail about the Code is available at <http://www.fsk-ees.ru>, in the Personnel/ Code of Corporate Ethics section.



Information on the complaints procedure for employees can be found in Appendix 1.

⁴⁴ In pursuance of directives of the Russian Government No. 2454p-P13 of 24 April 2014, No. 2303p-P13 of 16 April 2015, No. 4750p-P13 of 4 July 2016, and No. 12153-P13 of 25 December 2019.

Results of Implementing the HR Policy

Number and qualifications of employees

GRI 102-7, 103-2, 103-3

One of the HR policy's key priority areas is maintaining the number and qualification of employees necessary for safe functioning and growth of the Company.

The average headcount of the Company for 2019 was 22,028 people, which is almost the same as of the last year.

GRI 401-1

In 2019, the active employee turnover rate was 5.11 %. The staffing level in the Company remains high and on 31 December 2019 it was 96.4 %, which proves high level of personnel availability.

Rosseti FGC UES has high standards for the level of education and qualification of its employees. The employee structure by level of education has remained unchanged in recent years, and workers with higher education make up the majority (64 %).

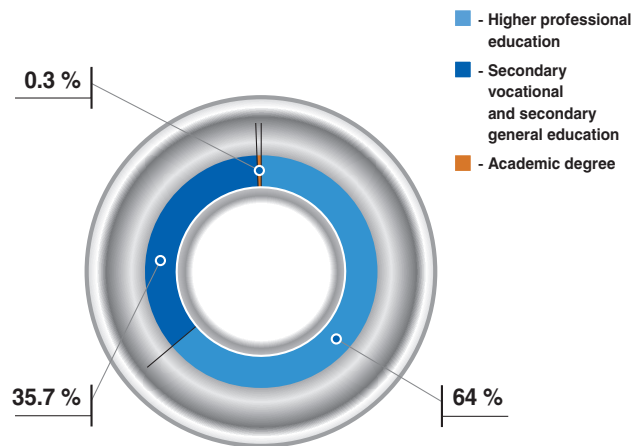
One of our utmost priorities is updating and maintaining the quantitative and qualitative composition of personnel in order to ensure the reliable operation and development of our Company. The average age of the Company's employees is 41 years. Moreover, the majority of the Company's personnel (50%) are employees who are in the most economically and socially active age, i.e. up to 45 years. Thus, Rosseti FGC UES has an optimal combination of young, enterprising employees and experienced, highly professional workers, ensuring that the transfer of their professional skills and experience is achieved and mutually shared.

We are taking measures to help us reach our goals and maintain the necessary high level of work from our staff. In 2019, the Company won the first prize in a contest organised by the Ministry of Energy of Russia for the Best Socially-Oriented Company in the Energy Sector, and also in the Development of the Labour Market and Promotion of Employment category.

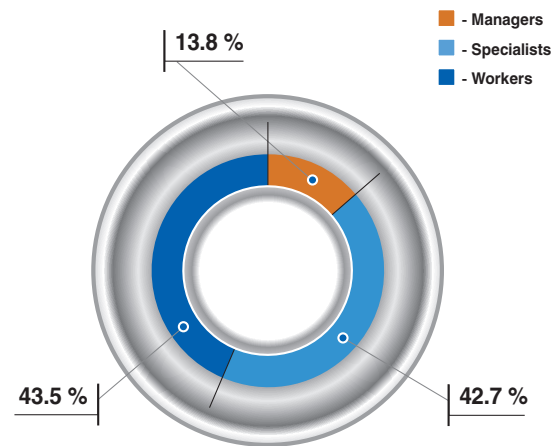
GRI 102-8

The Company has a tiny share of outsourced activities. There are no seasonal variations in the staffing.

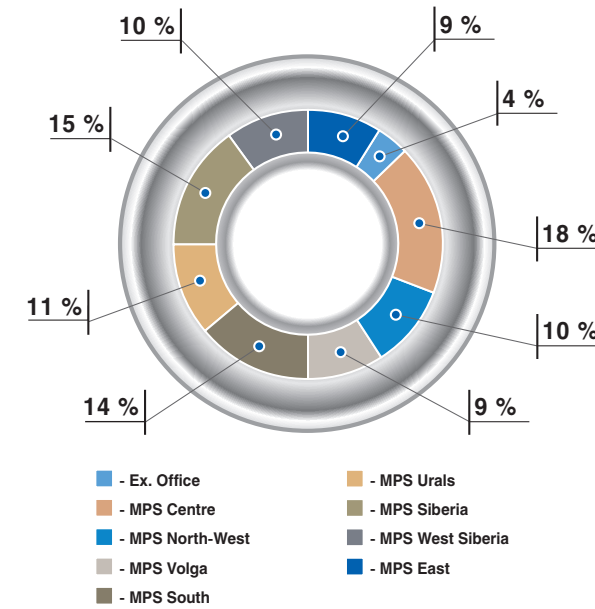
Employee structure by education as of 31 December 2019



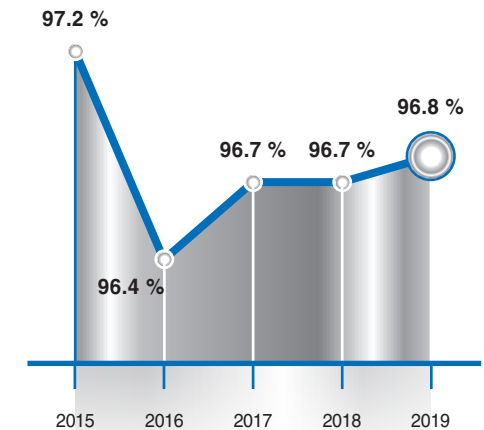
Employee structure by category as of 31 December 2019



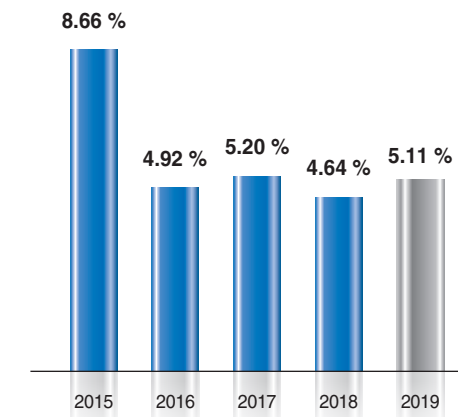
Rosseti FGC UES employee headcount by branch in 2019



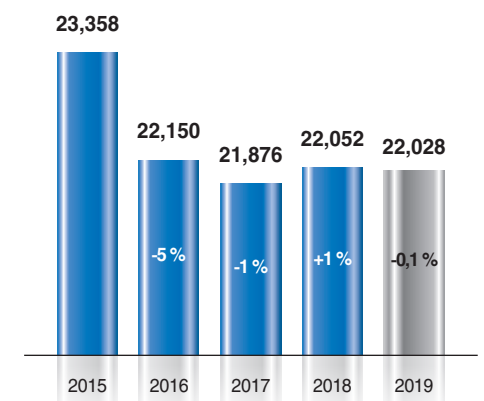
Staffing level in Rosseti FGC UES



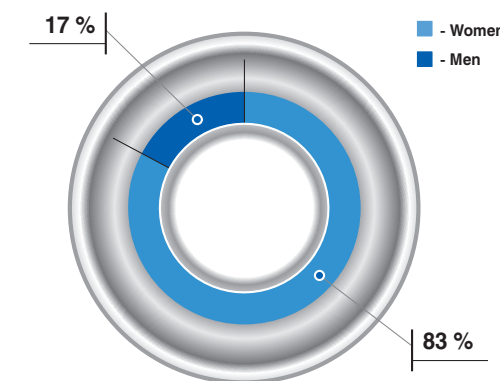
Employee turnover in Rosseti FGC UES



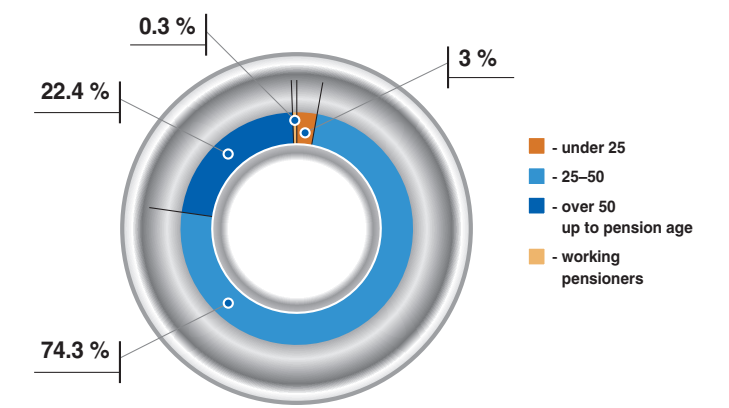
Rosseti FGC UES average employee headcount



Employee gender structure as of 31 December 2019



Employee structure by age in 2019



Staff training and development

Training, re-training and advanced training for staff



GRI 103-2

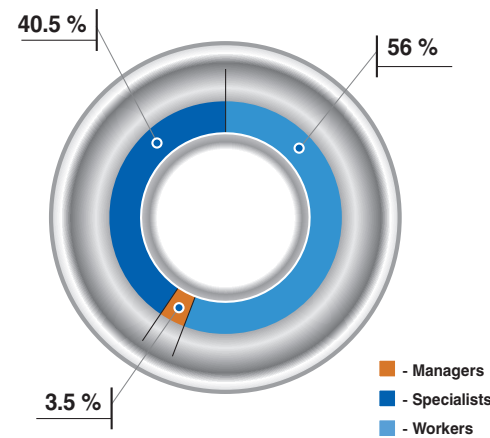
Rosseti FGC UES's system of personnel training and development is an important area of its HR policy, giving our employees relevant and promising professional competencies from the point of view of digitalisation.

The Company's training centres remain the main platform for personnel training at Rosseti FGC UES. They offer 80 standard advanced training and 17 professional training programmes. All educational programmes fully meet professional standards, which proves professional and public accreditation we have received for the most popular advanced training programmes.

The Personnel Training Centres place a special focus on the training of practical skills at special electric grid sites, in relay protection and automation laboratories, and with the use of computer simulator complexes.

In total, 17,859 employees of the Company took part in training, re-training and advanced training programmes in 2019. 11,502 of them were trained at the Company's Personnel Training Centres. The share of personnel trained off-site in 2019 amounted to 81 % of the Company's total staff. For dispatchers at Grid Control Centres of MPS and EMPS, 467 emergency training examinations were conducted.

Distribution of Rosseti FGC UES trained employees by category in 2019



In 2019, as part of the 'Knowledge Day' educational project, carried out annually at Rosseti FGC UES to develop the skills management system and advanced personnel training, 320 events were organised involving 9,700 employees



More detailed information about the share of employees who participated in these training sessions, and the relationship between training costs and payroll is available in Appendix 1.

GRI 404-1

Average number of training hours in 2019

	Management	Specialists	Labourers
Men	32 hours/person	28 hours/person	40 hours/person
Women	24 hours/person	20 hours/person	32 hours/person

The average number of training hours per employee in 2019 was 29.

In accordance with the educational activities licence, Personnel Training Centres train not only Company staff, but also carry out complex training projects for third-party clients. In 2019, 1,590 external customers received training, including 20 specialists from the Vietnamese power grid company EVN NPT.



Market competition over staff able to work in changing conditions is becoming fiercer.

What advanced training practices are used by Rosseti FGC UES?

What conditions should be created to develop and retain talented workers?

What is staff readiness for digital transformation?

ANSWER:

In order to train staff to work in a digital electric grid complex, Rosseti FGC UES is actively working in several areas. On the one hand, we are taking a systematic approach to the development and re-training of Company personnel. The Company is working on new training programmes, upgrading its in-house training centres by introducing new digital equipment and technology, and retraining its specialists in new professional competencies.

On the other hand, we are happy to be involved in training personnel for the energy industry of the future, expanding our cooperation with energy companies, universities and the international energy community.

The Company is involved in developing and upgrading existing educational programmes of higher and secondary special educational institutions, along with educational laboratories and digital equipment training facilities. Engaging students and graduates in the Company's research activities and implementing a programme for the professional development of talented youth in the electric power sector in partnership with the Youth Section of the CIGRE Russian National Committee are important for the Company.

Personnel qualification assessment

GRI 103-3

Company employees carry out the most important functions to ensure UNEG's reliability. This creates special requirements for assessing their knowledge and skills.

Professional standards in the electric power industry, approved by the Ministry of Labour of Russia, are used as a guideline when training, developing and assessing the qualifications of staff. To assess an employee's qualifications through an independent assessment, a Qualification Development and Assessment Centre was created, based in the Company's scientific and technical centre.

In the reporting period, in order to conduct professional exams for compliance with employee qualifications, 35 sets of assessment methods were developed and adapted to the specifics of electric transmission networks. At the examination sites of MPS branches' Personnel Training Centres, 1,389 operation and maintenance employees took an independent assessment, and 1,321 of them passed.

PJSC FGC UES came third in the Best Qualification Assessment Centre competition, organised in 2019 by the National Presidential Council for Professional Qualifications and the National Agency for the Development of Qualifications.

Employee pool

The Company carries out consistent work on the following employee pools:

- Managerial pool including senior management of the Company;
- Youth pool covering all Company employees under 30;
- Production pool including managers of branch production facilities.

In 2019, special emphasis was placed on in-depth forming and developing of a reserve employee pool for the Chief Engineer unit.

An employee pool was created to provide managers with highly qualified staff in the long-term through the formation, development and appointment of participants from the programme to dedicated positions. Retaining the best employees by means of additional opportunities for professional development and career growth is vital.

The employee pool for the Chief Engineer unit includes 337 reserve employees for 349 dedicated positions.

Appointments to higher positions from the reserve pool as of 31 December 2019, people

Type of employee pool	Number	Appointment to dedicated positions	Other appointments
Production employee pool	337	63 (18.7 %)	–
Young employee pool	39	14 (36 %)	–

Youth Policy

In 2019, PJSC FGC UES was thanked by the Ministry of Energy of Russia for its contribution to the promotion of the fuel and energy complex and engineering education.

The youth policy of Rosseti FGC UES is aimed at supporting the professional growth of young employees and attracting talented graduates to work in the Company.

Rosseti FGC UES has developed an integrated approach to working with young employees, as well as attracting and retaining them. The Company has the PJSC FGC UES Youth Policy in place, which covers three strategic areas of working with young people:

- increasing the attractiveness of Rosseti FGC UES for students of higher and secondary establishments of professional education when selecting their future professions, and developing mutually beneficial cooperation with specialised higher and secondary establishments of professional education;
- socialising labour and adapting young specialists to the Company's corporate environment, promoting advanced training, professional advancement for young specialists, and the formation and development of professional leadership qualities: a proactive attitude, and professional initiative;
- promoting professions in the energy sector, and increasing the interest of students in activities of Rosseti FGC UES.

Furthermore, since 2012, the Company has had a Policy on Young Specialists, which provides information on a range of social and professional development programmes for young specialists at the Company.



For more information on cooperation with specialised educational establishments, please see Appendix 1.



Annually Rosseti FGC UES cooperated with almost 80 establishments of higher education and 40 specialised secondary educational establishments, including contractual cooperation with 52 and 11 establishments, respectively.

Rosseti FGC UES is an active participant in the annual All-Russian Olympiad for schoolchildren, organized by PJSC Rosseti in order to identify gifted, capable of innovative thinking high school students planning their professional activities in the electric power industry. In 2019, more than 300 schoolchildren took part in competitions at MS Personnel Training Centres in the East, West Siberia, the Urals and the South. The winners took part in the energy project crew and were included in Rosseti Group's employee pool.

To facilitate an exchange of experience and join efforts in terms of personnel training for the energy industry of the future, the Company is developing cooperation with the international scientific community. PJSC FGC UES holds over 20 events every year together with universities, energy companies and the Youth Section of the CIGRE Russian National Committee, which is the largest international scientific and technical association in the energy sector. In 2019, six olympiads, eight scientific and technical conferences and forums, three competitions, and one championship, as well as colloquiums, quizzes, and practical open lectures by representatives of research subcommittees of CIGRE RNC were held.

In total, 7,000 students and young specialists took part in the Youth Section programmes, including representatives of youth associations from Germany, the United Kingdom, France, Austria, and Finland.

The CIGRE RNC Youth Section was appointed as the General Coordinator for the organisation of all youth events within the framework of the 48th CIGRE Session in 2020.



In 2019, Rosseti FGC UES became an active participant in the VmesteYarche (Brighter Together) festival. As part of the festival, the Company organised 62 events in 21 regions, involving more than 4,000 students, schoolchildren, teachers of higher and secondary educational institutions and residents of Russia's regions.

ANNUALLY ROSSETI FGC UES COOPERATED WITH ALMOST **80** ESTABLISHMENTS OF HIGHER EDUCATION AND **40** SPECIALISED SECONDARY EDUCATIONAL ESTABLISHMENTS

Improving labour productivity

LABOUR PRODUCTIVITY IN 2019 WENT UP BY **4.7%** IN COMPARISON WITH 2018.

The key event for improving labour productivity in 2018–2019 was the implementation of a project to build typical organisational and functional structures in the branches' production units — EMPS (RMPS, FMS, SS). This project made it possible to reduce the number of management levels, raise the span of management, even out staff workloads and increase performance manageability.

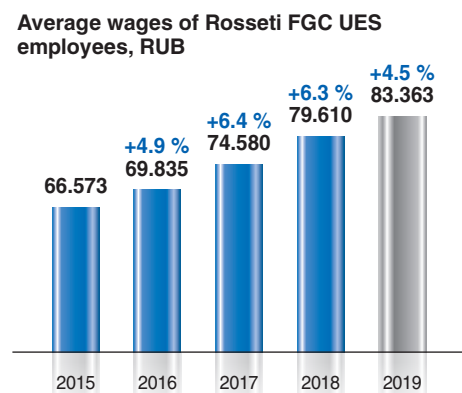
Employee remuneration system

Rosseti FGC UES has established and maintains an employee remuneration system which takes into account job categories, performance results of branches and structural units, the specifics of the regional labour markets, and the individual contribution of each employee. The performance of the Company's top management is assessed against KPI which are approved by the Board of Directors.

Differentiation in wages is determined by the level of complexity and importance of works performed, employee qualification and their impact on the overall performance results of the Company.

The remuneration system is based on time invested and includes bonuses for employees. The basic wage (wage rate) is consistent with the staff register and a list of basic wages. Workers' wage rates (basic wages) are determined with consideration of the minimum monthly wage rate of a grade 1 worker, which is established by the Industry Tariff Agreement.

According to the results of 2019, the average salary was 83,363 RUB, which is 4.5% higher than in 2018.



The Company's Social Policy

GRI 401-2

The Company's social package is an additional tool for motivating and ensures social protection for employees. It includes voluntary medical insurance, accident insurance, a non-state pension, payment of material assistance, and advance payment of wages.

For the purposes of developing a corporate culture and keeping the best labour traditions going, as well as offering career guidance for the children of employees, the Company held the following events:

- On 1 June 2019, a Rosseti FGC UES Open Day took place at all Company branches. More than 1,300 children of employees visited the Company's production facilities, participated in electrical safety lessons, contests, quizzes and quests.
- More than 500 children aged 4 to 14 took part in a children's drawing contest called 'I Want to Work in Energy!'.

Voluntary health insurance (VHI) and personnel health support

GRI 403-6 (A)

In accordance with its adopted social policy, Rosseti FGC UES has a corporate voluntary health insurance system for employees, which guarantees the timely and high-quality provision of additional medical and other services in addition to the compulsory medical insurance programme.

The VHI programme contains an expanded list of medical services, including expensive high-tech medical procedures, a wide range of specialist doctors, and care in the best prevention and treatment institutions in Russia.

GRI 403-6 (B)

The Company actively supports initiatives related to sports and healthy lifestyle. Different training sessions in popular sports such as indoor football, volleyball, basketball, badminton, swimming, ping-pong and gym sessions were organised for Company workers; the cost of subscriptions to fitness clubs is compensated.



For more information on healthy lifestyle initiatives, see Appendix 1.

IN 2019,
THE COMPANY
SPENT
358.4
MILLION RUB
ON THE VHI
PROGRAMME

Accident insurance

Accident and health insurance guarantees the payment of extra compensation to employees (or their relatives) in case of the death, urgent hospitalisation and partial or complete disability of an insured person resulting from an accident or illness.

IN 2019,
THE COMPANY SPENT
14.5
MILLION RUB
ON ACCIDENT INSURANCE

Award policy

IN 2019
1,437
EMPLOYEES,
SUBSIDIARIES AND
CONTRACTORS
WERE AWARDED,
INCLUDING FOUR
EMPLOYEES WHO WON
STATE AWARDS

Rosseti FGC UES runs a programme for encouraging employees with state awards, awards from the Government of the Russian Federation, the Ministry of Energy of Russia, the All-Russian Industrial Association of Employers in Energy Sector ('ERA of Russia' Association) and PJSC Rosseti, and corporate awards.

Employees of branches of PJSC FGC UES receive awards from federal subjects of the Russian Federation and subsidiaries for their contribution to the development of the regional electric grid complex.



For more information on corporate awards, see Appendix 1.

Improving housing conditions for employees

To attract qualified personnel to key facilities, facilities under construction, and remote power facilities, Rosseti FGC UES has a programme in action to provide workers with accommodation through the service housing fund; there is also a programme to compensate for the cost of rent.

ACCORDING
TO THE RESULTS
OF 2019,
**THE AVERAGE
SALARY
IS
4.5%
HIGHER THAN
IN 2018**

285
MILLION RUB
WERE
ALLOCATED
TO NON-STATE
PENSION
SCHEMES
IN 2019

Non-state pension schemes

The Programme of Non-State Pension Schemes for Company employees has been in operation since 2004. Key principles:

- a unified approach to providing non-state pensions;
- a differentiated approach to the determining the amount of the non-state pension;
- rewarding employees for their services to Rosseti FGC UES and the electric power industry, and for their continuous and dedicated work.



Support for veterans

Rosseti FGC UES is one of the founders of the Council of Energy Veterans (non-profit partnership) and pays annual membership fees which are used to provide material assistance to veterans of the energy sector. The Company also provides assistance to the Council of Energy Veterans by organising festive and cultural events.

In May 2019, the Company held ceremonial events for the Council of Energy Veterans and veterans of PJSC FGC UES to commemorate the 74th anniversary of victory in the Great Patriotic War (WWII). In December, the Company's executive office and branches organised special events for power sector veterans to celebrate 'Energy Industry Day'.

In 2020, the Company is planning to hold a series of events to celebrate the 75th anniversary of victory in the Great Patriotic War (WWII).

Occupational Health and Safety

Occupational health and safety management

GRI 103-2

In all aspects of its businesses, the Company is committed to prioritising the life and health of its employees over operating performance results.

GRI 403-1 (A)

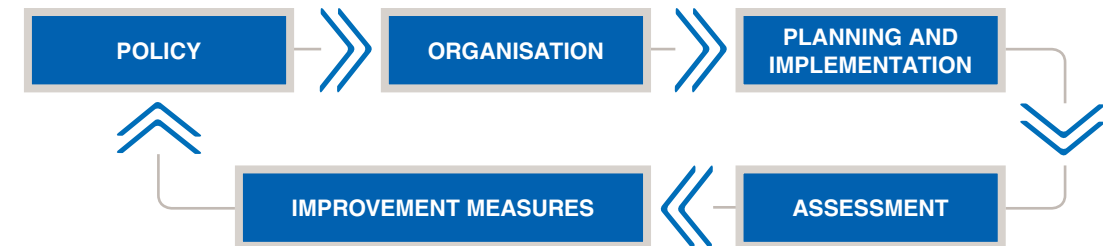
In adherence with the requirements of the Labour Code of the Russian Federation and to increase the efficiency of the Occupational Health and Safety Management System, the Company has approved the Regulations on the Occupational Health and Safety Management System⁴⁵. The Regulations define the OHS Policy and operation procedure for the Occupational Health and Safety Management System in the Company.



For more information on the commitments of the Company in the field of Occupational Health and Safety, please see Appendix 1.

The Occupational Health and Safety Management System at Rosseti FGC UES is aimed at eliminating workplace injuries and occupational diseases, promoting safe conduct and development of accident prevention skills among employees, and constantly improving working conditions. The Occupational Health and Safety Management System has been developed to ensure continuous improvement in workplace safety for Company employees, as well as for employees of contractors and third-party entities.

Continuous cycle of the Occupational Health and Safety Management System



GRI 403-1(B), 403-8

The Occupational Safety Management System covers all employees of Rosseti FGC UES and the Company's contractors, provided that their operation processes or workplaces are controlled by the Company.

The Company is guided by a list of normative acts of the Russian Federation containing OHS provisions and executive documents of PJSC FGC UES that are mandatory for efficient operation of the Occupational Health and Safety Management System⁴⁶.

The Company's main objectives in the field of Occupational Health and Safety are:

- creation of healthy and safe working conditions;
- consistent and continuous reduction of occupational injuries and diseases;
- creation and maintenance of a positive employer image on the labour market; strengthening trust of shareholders, investors, creditors and other stakeholders;
- development of safe behaviour and accident-prevention skills among Company employees;
- ensuring a high level of corporate safety culture;
- continuous improvement of working conditions.

⁴⁵ Order of PJSC FGC UES No. 470 dated 14 December 2018.

⁴⁶ Instruction of PJSC FGC UES No. 551r dated 12 November 2018.

Process of Hazard Identification, Assessment of Relevant Risks, Competence of Persons-In-Charge

GRI 403-2 (A)

The Company has developed the Methods for Hazard Identification and Injury Risk Assessment for PJSC FGC UES facilities. The main objective is to create a systematic method to reducing the risks of injuries and improving occupational safety in the workplace.

Occupational risks are assessed for separate employee groups with similar working conditions. Hazard identification and assessment are conducted at MPS and EMPS facilities at least once a year, and the results are recorded in the Hazard and Risk Assessment Map. On the basis of hazard identification and risk assessment, suggestions are made to reduce the risk of injuries and to improve staff training.

In order to reduce (prevent) exposure to hazardous production factors, hazards are identified and injury risks are assessed; annual in-process monitoring of sanitary regulations is performed; and working conditions are analysed. The results are used to develop and approve corrective action plans.

GRI 403-2 (B)

If violations of safety requirements and hazardous production factors are detected, the employees of Rosseti FGC UES have the opportunity to use any available means to report this to their immediate supervisor and to the occupational health and safety unit (by phone, personally, in a memo or by any other means). The Company adopted the management policy of Rosseti Group of Companies in the field of occupational health and safety, and instructions for occupational health and safety by profession and type of work are developed and approved. Authorised occupational safety personnel selected by labour collectives in all branches of PJSC FGC UES control retaliatory measures debarment by the Company's management in case of employees' refusal to work in hazardous situations when their health may be harmed or when they reported a dangerous situation.

GRI 403-2 (D)

The investigation of occupational accidents at the Company is carried out in strict accordance with the requirements of the Labour Code of the Russian Federation⁴⁷ and Decree of the Ministry of Labour of Russia No. 73 of 24 October 2002 "On Approval of Forms of Documents Required for Investigation and Recording of Occupational Accidents, and Regulations on Features of Occupational Accident Investigation in Certain Industries and Organisations."

Employee Certification

In order to set forth the uniform requirements for staff relations, the Company has developed the Regulations on Staff Relations at PJSC FGC UES, which stipulate the procedure for safety certification of employees, knowledge check of normative documents, electric unit installation and operations manuals, occupational health and safety, fire safety and other rules and instructions issued by state supervisory authorities.



For more information on the main response measure categories, see Appendix 1.



For information on the operation of units in charge of accident prevention, on the industrial safety projects implemented by the Company in 2019, and on the normative framework for occupational accident investigation, see Appendix 1.

⁴⁷ Federal Law No. 197-FZ dated 30 December 2001.

Trainings and Other Educational Events

GRI 403-5

All Company employees are trained in occupational safety and health and are checked for knowledge of occupational safety provisions in accordance with the Regulations on OHS Training and Checks⁴⁸, including at specialised training centres and Rosseti FGC UES Personnel Training Centres. Professional competitions (contests), safety briefings, workshops, simulation exercises on occupational health and safety, first aid drills and other activities are organised. All activities are carried out in accordance with the developed programmes, regulations and other documents. For employees of the Company all types of training are free.

GRI 403-5

The Company has introduced and conducted occupational health and safety training, which is held in adherence with law requirements. The training takes into account the categories of workers and is divided according to briefing types:

- induction briefings;
- initial workplace instruction;
- repeated briefings;
- unscheduled briefings;
- targeted briefings.

All briefing types are conducted by experienced and qualified employees during working hours at a frequency determined by certain regulations and guidelines.

Arrangement of Favourable Working Conditions for Employees

Rosseti FGC UES pays great attention to working conditions for its employees. In order to provide employees with the necessary sanitary utilities and to create favourable and healthy working conditions to reduce the risk of health deterioration, work is underway to implement the Comprehensive Programme to Improve Working Conditions at MPS Branches. Measures to further improve sanitary utilities were included in action plans to improve conditions and occupational safety and minimise occupational risks.

Based on the results of special OHS assessment, 42 out of 17,801 jobs in the Company are considered hazardous ones (labour category 3.1. or higher), which is equal to 0.23 %.

GRI 403-4

The Company has business subdivisions of occupational safety and reliability (hereinafter referred to as BSOSR), comprising qualified and trained experts compliant with professional standard "Specialist in the area of occupational safety." Each BSOSR comprise both stationary and mobile occupational safety offices. All production facilities are furnished with the occupational safety and health desks.



For details on personnel protection from exposure to hazardous production factors, see Appendix 1.

⁴⁸ Approved by Regulation of the Ministry of Labour of Russia and the Ministry of Education of Russia No. 1/29 dated 13 January 2003.

Each branch of MPS (EMPS) comprise the Occupational Health and Safety Committees. Occupational Health and Safety Committees have been established at all levels of the Company management structure (Executive Office, MPS, EMPS). The main objective of the committees is to develop concerted administrative decisions to improve Occupational Safety Management System, ensure occupational safety requirements in the Company, and prevent occupational injuries and diseases. All decisions regarding the meetings of the Occupational Health and Safety Committees are made by a majority vote of the members. The Company currently has 44 Committees; in 2019, 285 meetings of the Committees were held. The number of the Occupational Health and Safety Committee employees is 1,069, including 428 staff representatives (40 %).

GRI 403-4

Meetings of the workforce of business operating units of the Company's subsidiaries – EMPS have appointed and authorised the operating personnel in the area of occupational safety, who are guided by the requirements of the Labour Code of the Russian Federation, legislative documents and other regulations on occupational safety, Regulations on «Organization of Control over the Labour Conditions and Occupational Safety by Workforce», Company's Occupational Safety executive documents, decisions of workforce of the Company's subsidiary structural unit.

Workplace injuries and occupational diseases

GRI 403-9 (A)

In 2019, two accidents occurred in the Company's subsidiaries, as a result of which one person died, another person was severely injured (for the same period of 2018, three accidents occurred, including two deaths and one severe injury with disability for more than six months). In 2019, the main type of injury was an electric arc lesion. The number of man-hours of payroll and part-time employees at PJSC FGC UES is 38,872,769.4 as of 2019.

GRI 103-3

According to the Ministry of Energy of Russia for 2018, the overall injury frequency rate equals Fr = 0.332. According to the calculated data, the Company's overall injury rate is more than 3 times lower than the industry average value and equals 0.09⁴⁹ (in 2018, it was 0.136).

GRI 403-9 (B)

No accidents involving the Company's contractors whose business processes or jobs are controlled by the Company took place in 2019.



For information on approaches to managing exposures and impacts in the field of occupational and industrial safety through cooperation with business partners and consumers, see Appendix 1.

Overall injury frequency rate (Fr) by the branches in 2019⁵⁰

Branch name	Overall injury frequency rate (Fr) (N1/Np)x1,000
MPS Centre	0.26 (1 lethal accident)
MPS West Siberia	0.47 (1 severe accident)

⁴⁹ The overall injury frequency rate is the number of injured employees relative to the average employee headcount in the reporting period per 1,000 employees: $Fr = (N1/Np) \times 1000$, where N1 is the number of injured employees with disability for more than three business days and deaths; Np is the headcount in a certain period of time (average employee headcount).

⁵⁰ Based on 38,872,769.4 hours worked.

	2018	2019
Overall injury frequency rate (Fr)	0.136	0.09
Mortality rate	0.0512 per 1 million hours worked	0.0257 per 1 million hours worked
Severe injury rate excluding lethal accidents	0.0256 per 1 million hours worked	0.0257 per 1 million hours worked
Workplace injury rate	0.0768 per 1 million hours worked	0.0514 per 1 million hours worked

GRI 403-9 (c)

The main causes and prerequisites for accidents that occurred in 2019 were:

- process violations by personnel;
- inadequate monitoring by persons in charge of safe operations;
- inadequate work organisation;
- violations of labour routine and discipline by workers.

Occupations associated with a high injury risk are SS maintenance electrician and switchgear equipment repair electrician. The main activities associated with a high injury risk are operations in electrical installations. The accidents which took place in 2019 are directly related to activities associated with a high risk of personnel injury in the Company.

GRI 403-9 (d)

Injury prevention, occupational safety increase, elimination of gross and frequent violations of occupational safety requirements were carried out in accordance with the Comprehensive Programme for Reducing Injury Risks of PJSC FGC UES Personnel, the Comprehensive Programme for Reducing Third Party Injury Risks at PJSC FGC UES and the Programme of Control Measures on Compliance with Occupational Safety Requirements at Facilities.

GRI 403-10

No occupational diseases took place in the Company.



For the list of production safety projects implemented by the Company in 2019, see Appendix 1.

Environmental Protection

The Company considers its environmental activities to be an integrally important part of its operations. Rosseti FGC UES aims to minimise adverse impact on the environment within the course of electricity transmission and distribution.

Environmental Policy

The Environmental Policy of the Company regulates the activities of the Company in the field of environmental safety management; it was developed in accordance with the principles established by the state policy on environmental development of the Russian Federation and Energy Strategy of Russia until 2030 and approved by the PJSC FGC UES Board of Directors on 30 September 2014.

The main targets for environmental protection and sustainable use of natural resources are as follows:

- compliance with the environmental protection law and the reduction of adverse impact on the environment;
- effective functioning of the Environmental Management System (EMS);
- minimisation of adverse impact on the environment by application of innovative solutions and the introduction of the best available technologies.

Within the Programme of the Environmental Policy Implementation for 2016–2019⁵¹, the Company implements the following technical and organisational initiatives:

Technical initiatives	Organisational initiatives
<ul style="list-style-type: none"> ● Replacement of equipment containing hazardous and toxic substances; ● Renovation and repair of oil receiver and oil collector systems and devices; ● (Re)construction of water supply and sewage systems; ● Organisation of temporary waste storage areas. 	<ul style="list-style-type: none"> ● Development of required regulatory and technical documentation and improvement of documentary support for environmental protection activities; ● Effective functioning of the EMS in compliance with the requirements of ISO 14001:2015; ● Improving the production and industrial environmental control and the internal environmental audit systems of the EMS; ● Environmental training for personnel.

In 2019, the following measures were developed and approved for 2020–2024:

- Environmental Policy Implementation Programme of PJSC FGC UES;
- Quantitative environmental targets.

GRI 102-11

Following the precaution principles, the Company strives to avoid the possible environmental damage, even if there is no measured scientific evidence proving such adverse environmental impact and damage. At the stage of development of project documentation for the power grid facilities construction/renovation, the impact of their operations on the environment is assessed, and design choices are made to prevent or minimise any possible negative impact.



The main directions of the Environmental Policy implementation as stipulated in the Environmental Policy Programme are presented in Appendix 1.

⁵¹ The Environmental Policy Implementation Programme of PJSC FGC UES for 2016–2019 (approved in 2015).

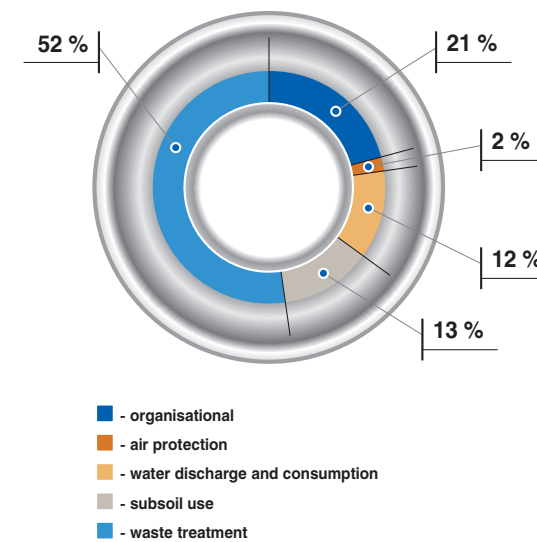
Environmental management system and environmental audit

Rosseti FGC UES has introduced, certified and successfully operates a unified environmental management system. In 2019, following a compliance audit, the Company's Environmental Management System was found to be fully compliant with ISO 14001:2015. In the reporting year, 237 employees were trained in environmental safety programmes.

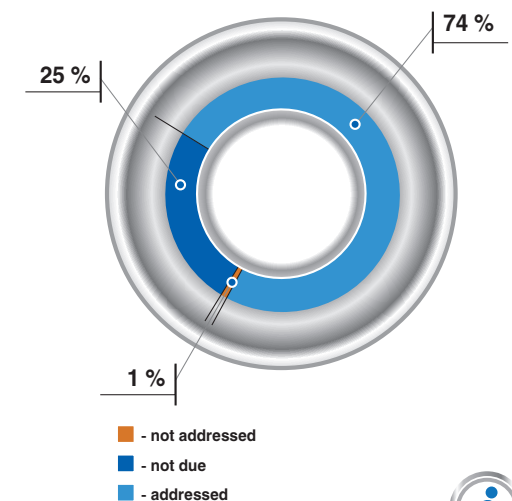
In order to assess compliance with the requirements of environmental legislation of the Russian Federation and the EMS, 459 production facilities, MPS and EMPS were inspected in the framework of internal environmental audits (IEA) in 2019. During these audits, 628 violations were issued. The majority of violations found during IEA were rectified by the end of the reporting period.



Detected violations



Violations addressed as of 31 December 2019



The number of non-compliances identified during the 2019 IEA per one inspected facility reduced by 2 % over the previous year which proves the efficiency of the Rosseti FGC UES activities for minimisation of the adverse environmental impact.



For more information on the results of IEA and inspections, see Appendix 1.

Environmental protection outcomes

Due to the implementation of environmental protection activities, the Company managed to reduce negative environmental impact in 2019 when compared to 2018:

- reduction in water consumption by 7 %;
- reduction in waste water discharges by 22 %;
- reduction in waste generation by 2 %.

Environmental impact assessment and rationing of emissions and waste generation in 2019

Environmental Impact Assessment	Development of Projects for Sanitary Protection Zones of Water Supply Facilities	Development of Waste Generation and Disposal Standards	Stationary Emission Sources Inventory and Emission Standards Development
The Company carried out 1,179 laboratory analyses of air quality, underground water and waste water, and the level of physical impact.	The Company has prepared 41 drafts of sanitary protection zones, 10 drafts of sanitary protection zones of drinking water sources.	126 drafts of standards were prepared.	Activities were carried out at 106 production facilities.

To comply with the Environmental Policy and to establish documented environmental objectives and tasks, the Company approved Quantitative Environmental Targets for 2017–2019. In 2019, the Company managed to achieve all set Quantitative Environmental Targets, assessed in the reporting year.

Quantitative environmental target	Number of facilities		Absolute value		Unit value		Achievement of the -quantitative environmental target, %
	2018	2019	2018	2019	2018	2019	
Reduction in operating equipment containing trichlorodiphenyl by 4% vs. previous year	–	–	21,295	12,516	–	–	–41
A 2% reduction of water consumption volume by total number of industrial facilities compared to the results of the previous year	969	974	799.54	744.44	0.82	0.76	–7
A 2% reduction in the number of environmental law violations were identified during the internal environmental audit in relation to the annual number of audited facilities of the previous year	394	459	550	628	1.39	1.37	–2

GRI 102-12 Participation in the Earth Hour international initiative

On 30 March 2019, the Company became a participant in the Earth Hour international initiative once again. The objective of the annual initiative is to raise public awareness about environmental problems, climate change, the sustainable use of natural resources, deforestation, and the declining numbers of local animal species. During the initiative, lights that did not affect operation and safety in administrative buildings were turned off, as well as emergency lighting at substations and other facilities. A total of 758 of the Company's facilities participated in the Earth Hour; the total volume of electricity saved amounted to 8,822.42 kWh.

PJSC FGC UES environmental protection awards

Following the results of the XV All-Russian Competition Leader of Environmental Protection in Russia 2019, PJSC FGC UES won awards in Best Environmental and Energy Saving Policy.

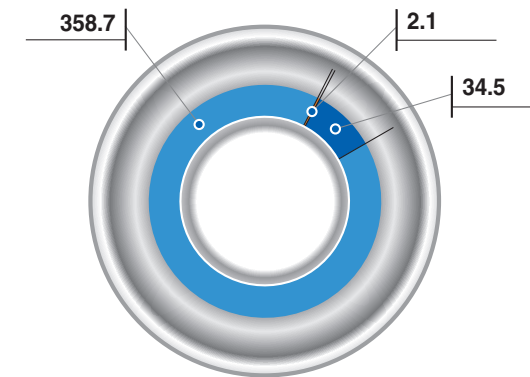
Environmental Protection Costs



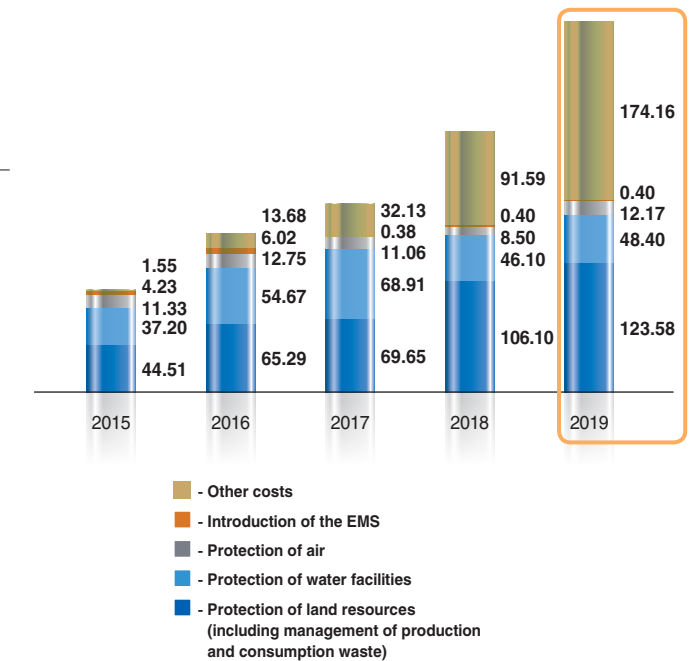
For more information on payments made for negative environmental impact, see Appendix 1.

The total cost of environmental protection in 2019 amounted to RUB 395.3 million, which is 42% more than a year earlier. The increase in capital costs is associated with the reconstruction of water supply, water discharge and oil facilities at Severnaya SS of Prioksky EMPS MPS Centre. The increase in current costs is associated with a significant increase in the number of installed bird protection devices, as well as the number of repair and maintenance works of oil facilities.

Environmental protection costs in 2019, RUB mln



Operating expenses on environmental protection in 2015–2019, RUB mln



The Company's activities in the field of air, water, soil and land protection

Air pollutant emissions

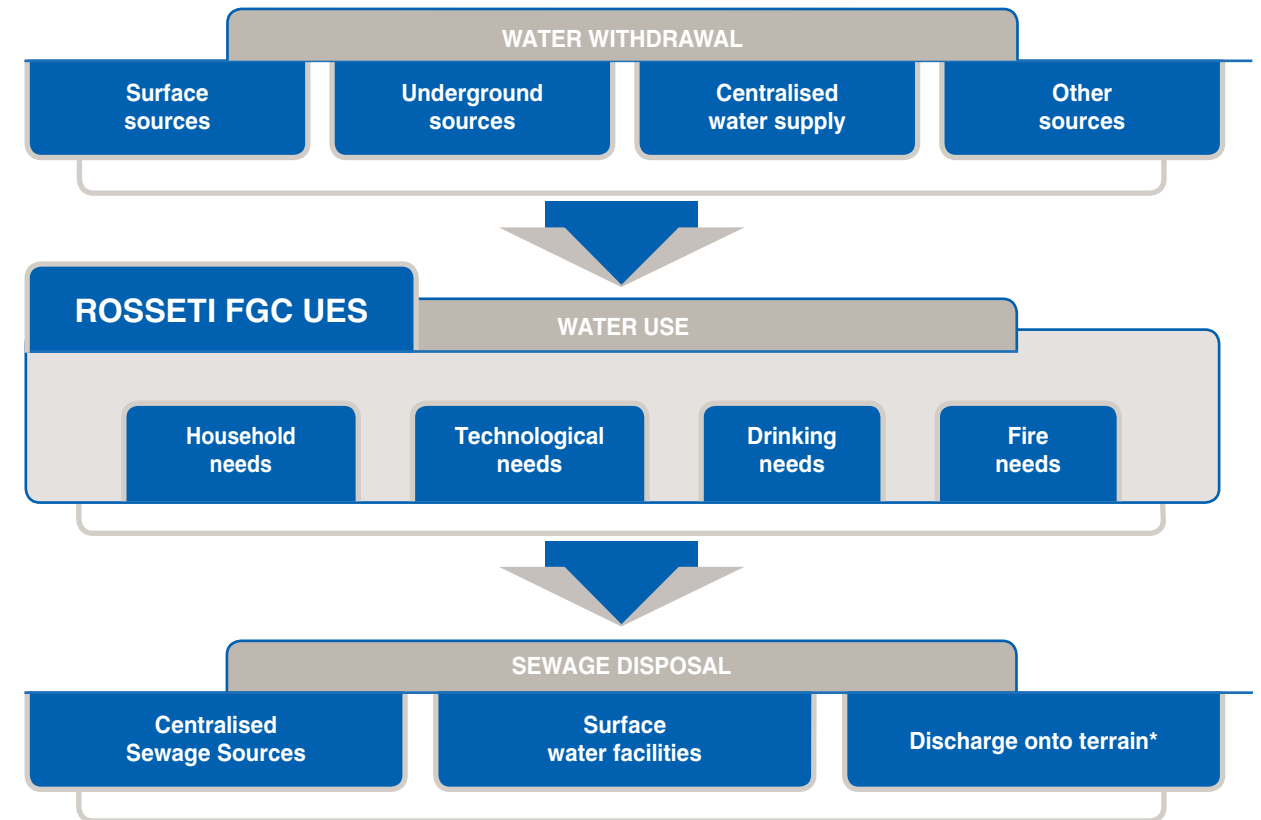
In the course of production activities at Rosseti FGC UES branches, air pollution occurs as a result of pollutants from stationary sources of emissions. The total volume of emissions is set by calculating the maximum permissible emissions (MPE) produced during the course of project development and are not analytically measured since the operation of this equipment is not constant and the amount of emissions is very small.





Usage of water resources

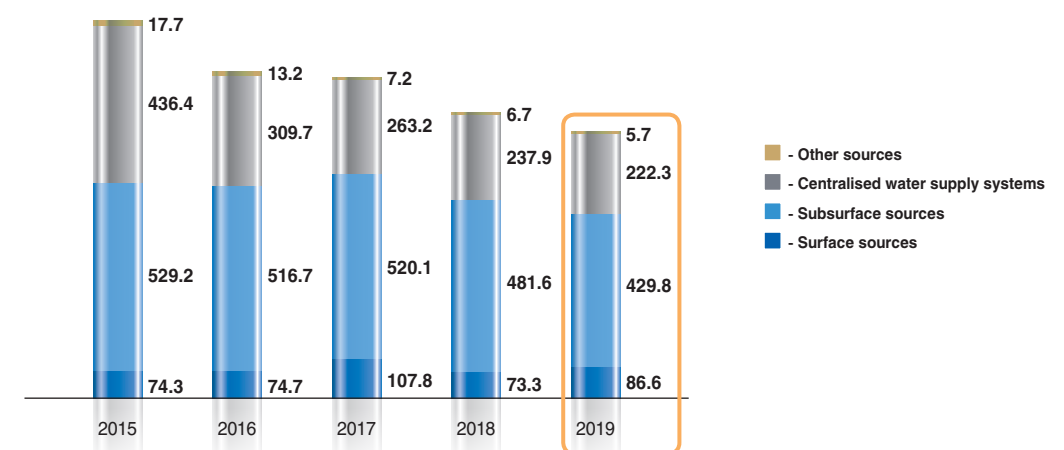
GRI 303-1



*Since 2016, unorganised discharge onto the terrain has been excluded from the types of negative environmental impact in accordance with changes in the environmental legislation of the Russian Federation; thus, the accounting for terrain discharge at the Company has been discontinued.

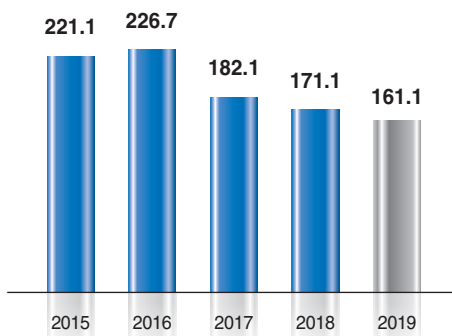
In 2019, water consumption amounted to 744.4 thousand m³ of water, which is 7 % lower than in 2018. The annual decrease in water consumption is associated with a reduction in losses due to the timely maintenance and repair of water supply systems in the Company's subsidiaries, as well as actions taken to save water resources.

Water use by water source in 2015–2019, ths. m³



GRI 305-7

Dynamics of changes in volumes of gross air emissions in 2015–2019, tonnes



A minor reduction in the volume of atmospheric air pollutant emissions in 2019 was the result of taking inventory of stationary sources of pollutant emissions and the receipt of new permits for emissions of the Company's facilities.

Greenhouse gas emissions

In the process of transmission and distribution of electricity due to losses in electrical grids and the consumption of electricity for the needs of substations, indirect emissions of greenhouse gases are formed.

Energy Saving and Energy Efficiency Programme in the Unified National Electric Grid (UNEG) for 2015–2019, approved by the Management Board of PJSC FGC UES, includes three key areas that can reduce indirect greenhouse gas emissions:

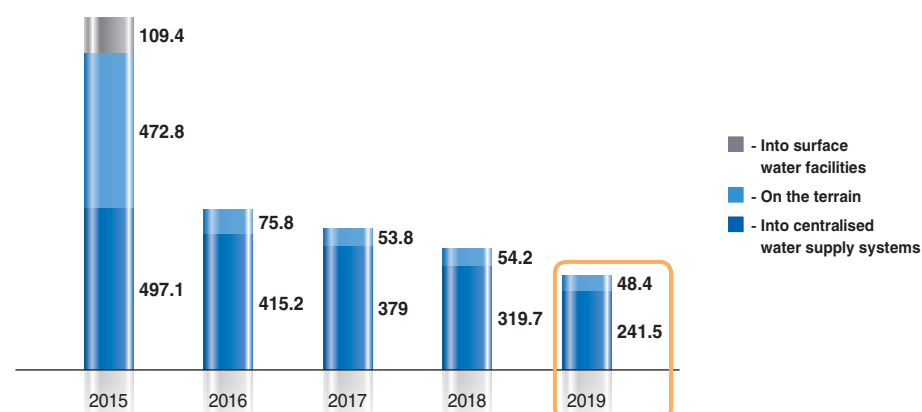
- Optimisation of electric grid operation and management modes;
- Reduction of electric power consumption for auxiliary supply of the substations;
- The construction, reconstruction and development of electric grids, and the commissioning of energy-saving equipment (of which loss reduction has had a concurrent effect).

The Company does not keep records of indirect greenhouse gas emissions.

GRI 306-1

Significant decrease in water disposal in 2016–2019 is associated with the termination of unorganised terrain discharge accounting since 2016.

Water discharge by water sources in 2015–2019, ths. m³



In order to minimise the negative impact on water bodies in 2019, the following activities were carried out:

- reconstruction of water supply and sewage systems at 1 production facility;
- repairs and maintenance of water supply and sewage systems were performed at 391 facilities.

Waste generation and disposal

GRI 306-2

During the process of production activities in the Company's branches, more than 80 kinds of hazard class I–V production and consumption wastes are formed.

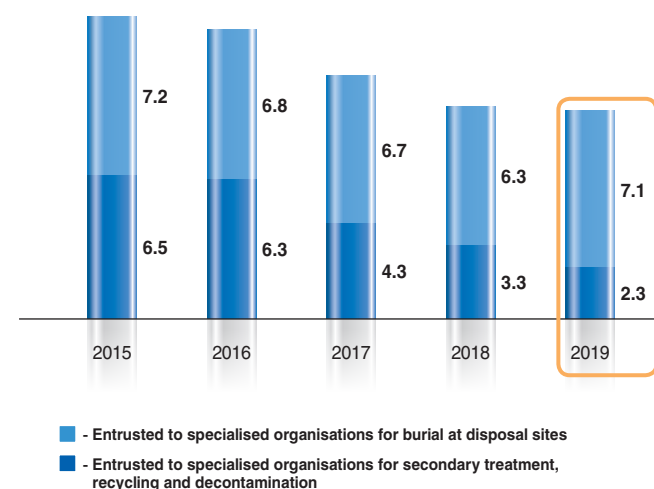
The wastes are transferred to special licensed organisations for processing, secondary processing, use and disposal on special sites. Rosseti FGC UES strives to operate in such a way as to ensure a stable reduction in waste generation and to dispose waste in the safest and most sustainable ways.

The annual decrease in the volume of generated waste is primarily a result of a reduction in the scope of reconstruction and technical refurbishment work carried out at electric grid facilities. The decrease in the share and volume of waste transferred to specialised organisations for processing, secondary processing and use is associated with the expansion of the list of municipal solid waste, mandatory transferred to regional operators.

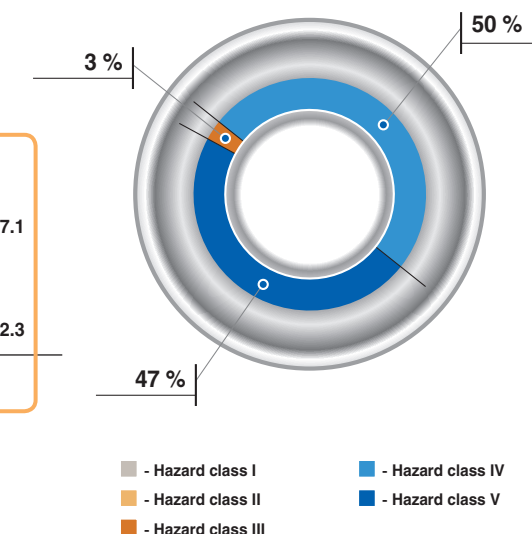
In 2019, for more rational waste management, the following measures were implemented:

- repairs and maintenance of oil receiver and oil collector systems and devices were performed at 260 facilities;
- reconstruction of systems and devices of oil receivers and oil collectors at 1 facility;
- sites for temporary storage of waste were arranged at 76 facilities;
- 3,268 capacitors containing trichlorodiphenyl, with a total weight of 109.1 tonnes, were transferred to specialised organisations for decontamination/disposal.

Dynamics of changes in volumes of waste by means of its management in 2015–2019, ths. tonnes



Total waste in 2019 by hazard class



Conservation of biodiversity

GRI 304-2

The activities of the Company do not have a significant impact on the biodiversity of protected natural zones or other areas that are significant from the point of view of biodiversity outside of protected natural zones. In the course of the Company's operation, no cases of animal habitat relocation and/or damage were observed.

Electric grid companies impact on biodiversity has not been studied enough. The Company implements biodiversity monitoring projects in its regions of presence.



The species in the Red List of the International Union for Conservation of Nature and the Red Book of the Russian Federation, whose habitats are located on the territory affected by the activities of Rosseti FGC UES, as well as the Register of Specially Protected Natural Territories where the Company's assets are located, are given in Appendices 8 and 9.



Biodiversity monitoring process and its results are shown in Appendix 1.

Key measures taken by the Company to reduce the impact of electric grid facilities on biodiversity	Key technical solutions used by Rosseti FGC UES to protect biodiversity	Key 2019 Biodiversity Protection Results
<ul style="list-style-type: none"> ● restriction of industrial and construction activities in areas of special conservation interest; ● taking management and investment decisions with account of environmental impact assessment, and development of measures aimed at mitigating and eliminating negative environmental impact; ● use of innovative materials and technologies that ensure compliance with environmental requirements and minimise negative environmental impact; ● implementation of compensatory measures aimed at restoring the population and habitats. 	<ul style="list-style-type: none"> ● high towers with the conductors over top of the valuable trees' crown; ● implementation of activities to provide animal protection on electric grids (installing special devices in OHL bars to prevent birds from nesting on the bar elements, usage of bird deterrent and bird protection devices to prevent animals from entering the territory of substations and getting into units and devices, etc). 	<ul style="list-style-type: none"> ● 80,602 bird protection systems were installed on OHL; ● compensatory plantings of 31,107 Scots pine seedlings were carried out; ● 81,444 sturgeon juveniles were released into water bodies;

GRI 304-4

The total number of species in the Red List of the International Union for the Conservation of Nature and the Red Book of the Russian Federation whose habitats are located on the territory affected by the activities of Rosseti FGC UES, amount to 290 species, including 135 animal species, 141 plants, and 14 mushrooms.

Far Eastern Stork Protection Project

The oriental white stork (*Ciconia boyciana* Swinhoe) lives in the Far Eastern region of Russia that belongs to the Company's branch operation area, namely MPS East. It is one of the rarest species of animals in the world and is classified as an endangered species of East Asia, according to the International Union for Conservation of Nature and Natural Resources.

Since 2007, activities for preserving the habitat of the oriental white stork in the Amur Region and Khabarovsk Region have been conducted by the Company for over 10 years. On the breeding ground areas of birds, bird deterrent devices were installed on OHL bars, artificial nesting areas for breeding were established, and other approaches were carried out to adjust the stork's habitat. In the reporting year, efforts were continued to preserve the habitat of oriental white storks; protection structures were erected to protect birds from death on HV lines at Amur EMPS in the catchment basin of the Amur and Zea rivers in the Amur Region.

Soil reclamation

The Company regularly and timely conducts activities to preserve and restore flora and fauna in the territories of electric grid facilities construction and reconstruction. When construction and installation works are completed, soil reclamation works, anti-erosion measures, as well as planting greenery and landscaping are carried out.

The negative impact on the vegetation, such as cutting down glades on forest-covered lands, occurs mainly during the construction of power transmission lines. The vegetation and relief restoration is carried out in compliance with disturbed lands reclamation projects and forest management projects that are part of the general design documentation.

In 2019, the Company implemented natural resources restoration activities on the territory of 4,548 hectares.

Energy saving and energy efficiency improvement

GRI 302-4

Operational benefit of measures to reduce energy/fuel consumption for 2019

210,462 GJ

Economic benefit of measures to reduce energy/fuel consumption for 2019

75.38 RUB MLN EXCL. VAT

IN 2019
11
THOUSAND
BIRD PROTECTION DEVICES WERE INSTALLED IN THE AMUR REGION AND KHABAROVSK REGION

In 2019, the Company completed the implementation of the Energy Saving and Energy Efficiency Improvement Programme of PJSC FGC UES for 2015–2019⁵², with the goals fully achieved.

The technological effect of PJSC FGC UES Energy Saving and Energy Efficiency Programme implementation for 2015-2019 amounted to 34,488 TRF*, the economic effect amounted to RUB 350 million.

In 2019, the Energy Saving and Energy Efficiency Improvement Programme of PJSC FGC UES for 2020–2024 was developed and approved⁵³. It sets the following goals:

- To ensure savings and rational use of fuel and energy resources and reduce consumption of electricity for corporate needs during electricity transmission via UNEG grids;
- To maintain energy management system and conduct supervisory and recertification audits of the Company's activities as per requirements of ISO 50001: 2011 international standard on Energy Management Systems. Requirements and guidelines;
- To improve the energy efficiency of the Company's electric grid facilities and equipment;
- To conduct activities on Energy Efficient Substation National Project.



For more details on the Energy Saving and Energy Efficiency Programme of PJSC FGC UES for 2020–2024, please see www.fsk-ees.ru, section Innovations/ Energy Efficiency.

Energy Management System

Rosseti FGC UES operates its energy management system in compliance with ISO 50001:2011 Energy Management Systems. Requirements and Guidelines. In December 2017, an independent audit was conducted, and the energy management system of the Company and all of its branches was certified for compliance with ISO 50001:2011.

In October 2019, the second annual supervisory (external) audit of the Company's Energy Management System for compliance with ISO 50001:2011 requirements was carried out in the Executive Office of PJSC FGC UES and in the branches of MPS South and MPS Ural⁵⁴. Following the results of the supervisory audit, compliance with the international standard requirements was confirmed without objections.



⁵² Excerpt from Meeting Minutes No. 1326/2 of the Management Board of 4 August 2015. The Energy Saving and Energy Efficiency Programme was updated in accordance with Order No. 525-e of the FTS of Russia dated 26 March 2015 on Amendments of Order No. 508-e of the FTS of Russia dated 26 March 2014 on Requirements for the Energy Saving and Energy Efficiency Programme of JSC FGC UES for 2015–2017, and Order No. 398 of the Ministry of Energy of Russia dated 30 June 2014 on Approval of the Requirements to the Form of Energy Saving and Energy Efficiency Programmes of Entities with a Public Share and Municipal Units, Organisations Engaged in Regulated Activities, and Progress Reporting.

* 1 TRF = 29.3 GJ

⁵³ Excerpt from Meeting Minutes No. 1653/8 of the PJSC FGC UES Management Board of 12 August 2019.

⁵⁴ Conforms to the National Standard of the Russian Federation GOST R ISO 50001-2012.

Implementation of the Energy Saving and Energy Efficiency Improvement Programme 2014–2019 in the reporting year

During the reporting year, the Company implemented energy efficient measures developed on the basis of a mandatory energy audit conducted in 2017⁵⁵. In addition, pilot projects in the field of energy saving and energy efficiency improvement are being implemented in Rosseti FGC UES, including Energy Efficient Substation National Project. This project will allow to obtain a technological and economic effect, reduce the consumption of electricity for the substations' needs.

The effect of energy consumption reduction measures in 2019

	Technological effect		Economic effect, RUB mln (excl. VAT)
	In physical terms	Tonnes of fuel oil equivalent	
Measures to reduce electricity losses	54,418.15 thousand kWh	6,693.43	66.15
Measures to reduce electric and thermal energy consumption in buildings, structures and installations owned by PJSC FGC UES	849.60 thousand kWh 2.24 thousand Gcal	424.31	7.03
Motor fuel reduction measures	58.57 thousand litres	65.44	2.2
Total	–	7,183.18	75.38

Cooperation with the Russian Engineering Union

In 2019, at the initiative of the Chairman of the Management Board of PJSC FGC UES A. Murov and the Russian Engineering Union, the Commission on the Development and Implementation of Technologies in the Field of Energy Efficiency and Energy Saving was formed.

In May and November, the Commission held several meetings which were attended by the representatives of federal executive bodies, members of the Russian Engineering Union, as well as the representatives of universities, business community, the scientific and expert communities. Within the meetings of the Commission, such issues were discussed as promotion of energy efficient equipment production, financing tools for energy efficiency projects, training for specialists involved in the field of energy efficiency and energy saving at industrial enterprises.



For details on measures taken to reduce the consumption of electricity, thermal energy, resources, and POL, please see Appendix 1.



For more information on the amount of energy resources consumed by the Company in 2019, please see Appendix 1.

Contribution to the regions of presence



The Company supports the regions where it operates by means of both the investment and adaptation of certain business processes, thus making additional contribution to the development of local communities.

Development of the electric grid infrastructure

Improving the reliability of electricity supply and connecting new areas to the UNEG gives a significant boost to the economic development of the regions. The Company implements projects to build and upgrade the electric grid infrastructure, aiming at the socio-economic development of 79 regions where the Company is present and the reliable electricity supply to its consumers.

The Company's major projects are carried out to comply with Order of the President of the Russian Federation No. 204 of 7 May 2018, On National Goals and Strategic Objectives of the Development of the Russian Federation up to 2024. Top priority areas are the electrification of West-East and North-South transport corridors, including Baikal-Amur and Trans-Siberian railways, development of centralised power systems, and stable power supply.

Pursuant to the Comprehensive Plan of Infrastructure Upgrade and Extension up to 2024, approved by Decree of the Government of the Russian Federation No. 2101-r of 30 September 2018, Rosseti FGC UES takes 33 measures to ensure external power supply of railways and pipeline systems, process technological connection of large industrial consumers, and meet the current and perspective demand for electric power and capacity in the Company's regions of presence.

Investment in the grid infrastructure development is fundamental for reliable power supply, and it is also a key factor of economic growth.



IN 2019,
THE VOLUME OF
INVESTMENTS TOTALLED
149.8
BILLION RUB



For more information on construction of new and reconstruction of existing trunk lines, please see section Production Capital.

⁵⁵ The energy performance certificate of PJSC FGC UES was registered with the Ministry of Energy of Russia under No. 21435/E-010/2017.

Regional development

Murmansk

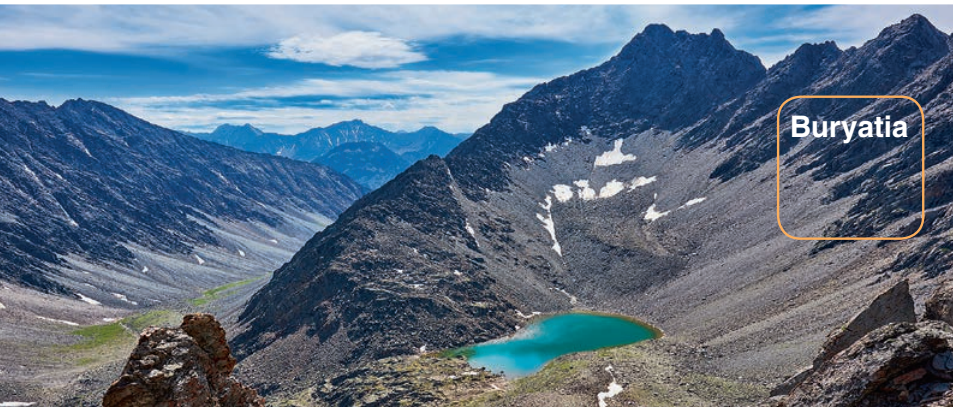


The first autotransformer was delivered to the Murmansk region for the Murmanskaya substation, a large power supply centre of the North-West, which will create additional conditions for the region's economic development.



Yakutia

In 2019, during the implementation of the Comprehensive Plan for Modernisation and Expansion of Trunkline Infrastructure until 2024, industrialised and residential areas of the Republic of Sakha (Yakutia) were connected to the UNEG.



Buryatia

During the repair programme implementation, over 6,000 support rod insulators were installed at substations of the Siberian Federal District, as well as in the Republic of Buryatia and Trans-Baikal Territory. This improved the reliability of key power supply centres in 10 regions with a population of more than 19 million people.



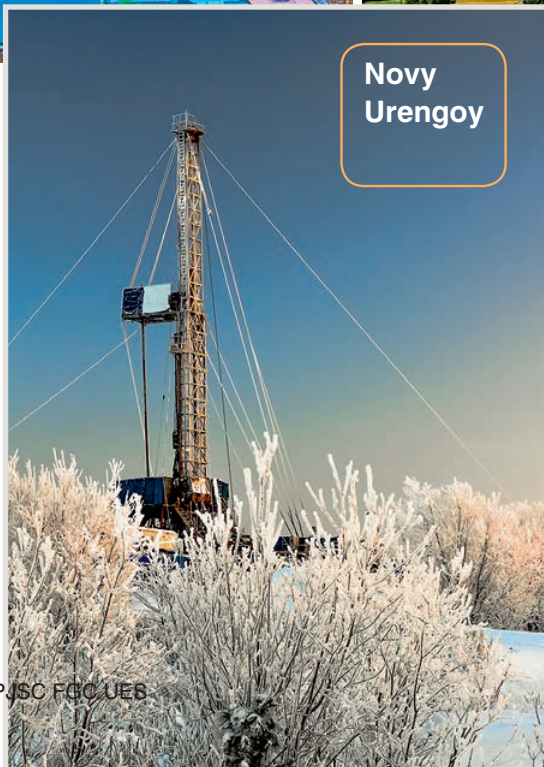
Irkutsk

The construction of the first in-hosue catering centres in the Irkutsk Region was completed. The Ust-Kut and Sukhoy Log substations commissioning was the final stage of the Peleduisky power ring establishment. As a result, the lack of capacity will be eliminated and infrastructure conditions will be created for the construction of a massive housing stock, along with the development of major industrial projects and productions.



Tambov

Power was supplied to the Vidny complex in Tambov, which included four multi-storey buildings with a total living area of 48,000 m². The power supply to substation Tambovskaya No. 4 (300,000 people) as well as to large industrial consumers in the Tambov Region depends on uninterrupted operation.



Novy Urengoy

The construction of three power facilities in the Yamalo-Nenets Autonomous Okrug was completed, which raised the reliability of power supply to household and social facilities in the Purovsky District of Novy Urengoy (170,000 people).

Import substitution

The Company makes its contribution to the support of domestic producers by implementing activities within the scope of the 2017–2020 Corporate Plan of Import Substitution of PJSC FGC UES. In the course of the Corporate Plan of Import Substitution, the Company reached a high share of 89% of procurement from domestic suppliers as of the end of 2019.

Implementation of the plan makes an impressive contribution to the evolution of domestic production and formation of competitive internal markets of electric and technical equipment.

Interaction with innovative territorial clusters

To reach the full capacity of the regions' innovative potential, the Company develops the interaction with innovative territorial clusters.

In 2019, the Company continued its scientific and technological works aimed at the preparation of an electronic catalogue of general project solutions for design and configuration of SS safety and control equipment, including solutions for digital SS, carried out together with the Cheboksary Electrotechnical Cluster.

The Company cooperates with innovative territorial clusters (such as Kamsk Innovative Territorial Production Cluster, electrotechnical clusters in Saint Petersburg, Yaroslavl, Kuzbass, and Cheboksary, Zelenograd Cluster, and Power Electronics and Electric Engineering Cluster) for the purpose of setting industry standards and regulatory requirements, participating in RNC CIGRE, and in terms of quality assurance and product supply.

Payments to budget and extrabudgetary funds

Being a large tax payer, the Company has a significant influence on forming the revenue side of budgets of the territories where it operates.



The detailed lay-out by tax type is given in Appendix 1.

GRI 419-1

Tax deductions to federal, regional and local budgets, RUB thousand

Taxes (contribution to extrabudgetary funds)	Amount of taxes transferred	Penalties and fines
Federal taxes and levies	29,965,494	27,761
Regional taxes	13,424,336	74,962
Local taxes and levies	56,943	6
Extrabudgetary funds	6,030,312	25
Total	49,477,085	102,754

Sponsorship and Charity

Sponsorship

Key projects in 2019:

- cooperation with the State Hermitage Museum. PJSC FGC UES sponsored the exhibit called "The Great Russian Collectors. The Morozov Brothers";
- cooperation with the Peterhof State Museum Reserve. With support of Rosseti FGC UES, the Autumn Fountain Show was organised on 20–21 September 2019 and attended by over 30,000 people;
- cooperation with the Russian Chess Federation. A number of joint measures have been implemented to develop and popularise chess in Russia;
- cooperation with PFC CSKA. With support of the Company, certain competitions and events were arranged for the club fans;
- cooperation with the Russian Rugby Federation. A number of competitions were held with help of Rosseti FGC UES;
- cooperation with the Roscongress Foundation. The Company became a partner of the largest business events with top public officials: St. Petersburg International Economic Forum, Eastern Economic Forum, Russian Energy Week;
- cooperation with the Moscow Academic Music Theatre named after K. Stanislavsky and Nemirovich-Danchenko;
- cooperation with the Russian Engineering Union. The Company supported the VIII International Youth Forum "Engineers of the Future."

Charity

Key areas of charity work:

- support of educational, scientific and cultural activities and public awareness campaigns;
- assistance with fitness and sports activities (with the exception of professional sports);
- social support and protection of citizens, including financial support of low-income people, social rehabilitation of unemployed, disabled and other persons who are unable to exercise their rights and lawful interests on their own due to physical or intellectual impairments or any other circumstances;
- protection and proper maintenance of buildings, facilities and territories of historic, religious, cultural or environmental importance;
- social rehabilitation of orphans, children without parental care, neglected children and children in difficult life circumstances;
- support of activities in the field of health care, healthy lifestyle promotion, improvement of moral and psychological condition of citizens;
- assistance for those who have suffered from natural, environmental or industrial disasters or other catastrophes, as well as social, ethnic or religious conflicts, victims of repression, refugees and forced migrants;
- assistance in the environment and fauna protection;
- assistance for individuals requiring treatment for a severe disease or a surgery to preserve their lives and health, including for prevention of disability or longstanding rehabilitation.

IN 2019,
SPONSORSHIP
AMOUNTED TO
184
MILLION RUB

IN 2019,
AS CHARITY FOR
INDIVIDUALS
AND LEGAL ENTITIES
THE COMPANY
ALLOCATED OVER
328.8
MILLION RUB

Stakeholder Engagement

Approaches to Engagement



For more information on documents governing the interaction between the Company and its stakeholders, please see Appendix 1.

GRI 102-43

Rosseti FGC UES understands that reliable, continuous and quality power supply to consumers in the Russian Federation is only possible when stakeholders' interests are respected, a constructive dialogue is maintained, and this practice is integrated into all business processes of the Company. The Company strives to provide a high level of openness and transparency of activities through an active dialogue with its stakeholders. Interaction with stakeholders takes place in all regions of Rosseti FGC UES's presence, while interaction with certain stakeholder groups is the responsibility of individual structural divisions of the Company.

GRI 102-43

Principles, underlying the stakeholder engagement:

- respect and consideration of the interests of all stakeholders, timely response to their requests;
- open and productive cooperation;
- ongoing and comprehensive information about all material topics of Rosseti FGC UES's activities, including through annual reports;
- the desire to achieve certain benefits for all participants;
- fulfilment of our obligations.

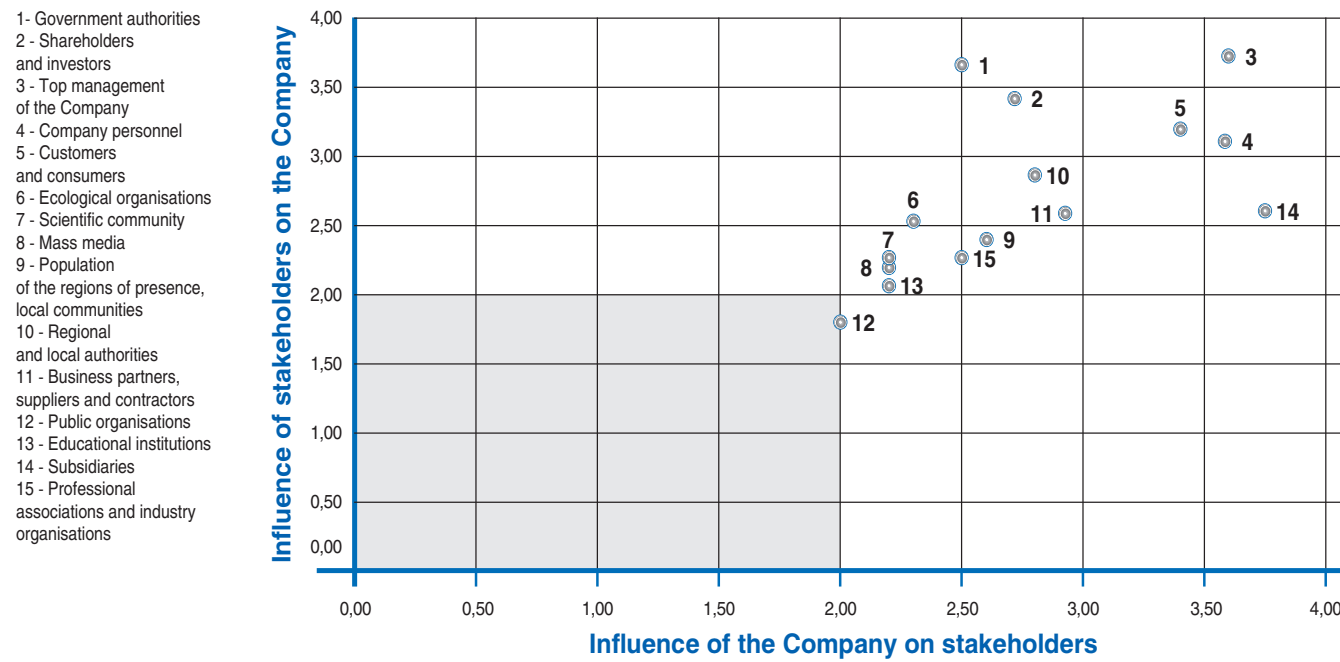
GRI 102-42

When identifying and selecting stakeholders to engage with, the Company relies upon assessment of their influence on its current operations and strategic development, as well as on the established stakeholder engagement practice and stakeholder dependence on the Company's performance. As part of the Annual Integrated Report 2019 preparation, the degree of mutual influence of stakeholders and the Company was assessed, and material stakeholders were identified. As a result, the following adjustments took place:

- assessment grades assigned to the degree of influence of stakeholders on the Company and the Company's influence on certain stakeholders were updated;
- due to a lower degree of stakeholder influence on the Company, the stakeholder named "Public social and charitable organisations" was not included in the list of material stakeholders as per the results of the assessment.



Map of mutual influence of material stakeholders and the Company



GRI 102-40 Company stakeholders

Stakeholders	Stakeholder group
Shareholders and investors	Shareholders and investors
Business partners, suppliers and contractors	Partners, incl. non-profit ones
Professional associations and industry organisations	
Customers and consumers	Consumers
Government authorities	The State
Regional and local authorities	
Population of the regions of presence, local communities	
Scientific community	Society
Educational institutions	
Ecological organisations	
Mass media	
Subsidiaries	Internal stakeholders
Top management of the Company	
Company personnel	

For a successful implementation of the sustainable development and corporate social responsibility policy, the Company determined interests and expectations of significant stakeholder groups, as well as types of engagement ranging from a dialogue to possible collaborative campaigns and programmes.

Stakeholder engagement types and channels

Stakeholder group	Key interests of stakeholders	Main channels of engagement	Material events
Shareholders and investors			
Shareholders and investors	Economic efficiency Business sustainability Transparency of business processes	Meetings of shareholders and other corporate events Information disclosure IR-presentations and IR-events Obtaining credit ratings from leading international and national rating agencies Commitments to comply with social and environmental requirements under agreements on funding the Company's projects Reporting	For more information on the investor and shareholder events in the reporting period see section Share Capital, Securities Trading .
Business partners, suppliers and contractors			
Professional associations and industry organisations			
Partners, including non-for-profit organisations and associations			
	Growth in shareholder value Fair competition and responsible market conduct in order to create equal conditions for all business partners Transparency of activities, including transparency of procurements The spotless reputation of Rosseti FGC UES as a business partner	Partners, including non-for-profit organisations and associations Participation in forums, exhibitions, conferences, dialogues Joint projects Promotion of export of hi-tech products Anti-corruption Contractual relations and cooperation agreements Open and competitive procurement procedures Support of domestic suppliers	For more information on interaction with suppliers and contractors in the reporting period, see section Procurement .
	Electric power development and modernisation Transparency of activities	Participation in forums, exhibitions, conferences, dialogues Cooperation with specific Russian and international organisations Participation in professional and business associations Scientific and technological exchange and technology transfer Interaction with industry and scientific and technical mass media	At the discretion of the Chairman of the PJSC FGC UES Management Board — Andrey Murov, in 2019, the Commission on developing and implementing technology in the field of energy efficiency and saving was established under the Russian Engineering Union, and first meetings were arranged. At the discretion of the Chairman of RNC CIGRE — Andrey Murov, in October 2019, in Saint Petersburg, a joint meeting of main CIGRE management bodies — Management Committee and Technical Council, took place. Within the framework of Russia Day, reports on key features of the energy system operation were presented.

Stakeholder engagement types and channels (continued)

Stakeholder group	Key interests of stakeholders	Main channels of engagement	Material events
Consumers			
Consumers	Reliable power supply Improved quality of services High standards of service	Meetings of the Consumer Council Customer surveys Establishment of a practice to build electric power facilities with co-funding from consumers through creation of special project companies for speedy access to UNEG Interaction within contracts, agreements, cooperation agreements	In the reporting period, two agreements on developing electric grid infrastructure were concluded with major domestic industrial consumers — JSC Russian Copper Company and PJSC SIBUR Holding.
The State			
State and local government bodies	UNEG development and modernisation The Company's compliance with regulatory and applicable requirements, financial fair play, established prices, technical regulations, cooperation agreements.	Approval of investment programmes Identification of regulatory and applicable requirements Company's propositions on how to change laws and regulations Signing of cooperation agreements State control and supervision Acquiring regulative and permission documentation Reporting	In the reporting year, the Company regularly engaged with the representatives of federal and regional executive authorities, as well as local administrations. In particular, the Ministry of Energy of Russia approved the adjustment of the Company's investment programme for 2019, and the Company's investment programme for 2020–2024. In February 2019, the Chairman of the PJSC FGC UES Management Board, A. Murov, was included in the Work Group of the State Council of the Russian Federation in Energy Industry created to consider the most pressing issues and ensuring preparation of materials for their further consideration at the State Council meetings.
Society			
Residents of the regions of presence	Ensuring reliable and stable power supply Creating jobs Improving the quality of life in the Company's regions of presence Reducing negative environmental impact	Contribution to the development of the regions of the Company's presence Implementation of socially important measures Public hearings Environmental protection programmes	For more information on population engagement measures in the regions of presence in the reporting year, see section “Contribution to the Development of the Regions of the Company's Presence.”

Stakeholder engagement types and channels (continued)

Stakeholder group	Key interests of stakeholders	Main channels of engagement	Material events
Society			
Scientific community	Sectoral science development Development and implementation of innovative technologies International scientific and technical exchange	Joint projects Attraction to scientific and technical activities Scientific and technical partnership with RNC CIGRE.	The Chairman of the Russian National Committee CIGRE, head of Rosseti FGC UES — Andrey Murov, arranged a reporting conference dedicated to the results of the 47th session of the international association. Summary reports on study materials were presented at the event.
Educational institutions	Targeted staff training Sectoral science development Development of innovative technologies	Cooperation in scientific and research activities Training, re-training and advanced training of personnel Practical placement system Establishment of in-house training programmes	For more information on educational engagement measures in the reporting period, see section Youth Policy .
Environmental non-government organisations	Reducing negative environmental impact	Cooperation with environmental organisations	For more information on measures for public environmental organisation engagement, see section Environmental Protection .
Mass media	Providing prompt access to information on the Company's activities Obtaining the official opinion and comments from the Company on current and future events, trends, and directions of development	Organisation of events for mass media Initiation of publications in national, regional and local media Updates of information on the corporate website, official blog and social media profiles of the Company	For more information on media engagement measures, see section Information Disclosure .
Internal stakeholders			
Subsidiaries	Strategy implementation (LDP) High quality of corporate governance Business plan delivery KPI achievement	Organisational and administrative documents Interaction between companies on routine aspects Development of engineering centres and competencies on the base of subsidiaries	For more information on subsidiary engagement, see section Subsidiaries Management .

Stakeholder engagement types and channels (continued)

Stakeholder group	Key interests of stakeholders	Main channels of engagement	Material events
Internal stakeholders			
Top managers	Strategy implementation (LDP) Gain in all types of capital – financial, HR, intellectual, and social and reputational KPI achievement Uniform corporate values in sustainable development Management of one of the largest infrastructure companies in Russia	Organisational and administrative documents Preparation of financial and executive statements Ongoing interaction within the scope of business processes Decent level of remuneration corresponding to skills and contribution to achieving strategic goals	For more information on the Company's Management Board activities, achievement of established KPI and levels of remuneration paid, see section Executive Governance Bodies and Key Performance Indicators (KPI) .
Personnel	Professional and career development in a large, stable company Workplace safety and labour culture Decent remuneration and social insurance	HR Policy Organisational and administrative documents Personnel development Development of corporate culture and maintaining good moral and psychological climate Remuneration defined by the level of complexity and responsibility of the work performed, qualification of employees, and influence on the Company's main performance results Social support of employees. Information and communication using internal channels	For more information on personnel engagement, see section HR Management .

Interaction with stakeholders during the Report preparation



For more information on participation of representatives of stakeholders in defining the relevant Report topics, please see [Information on the Report](#).

In order to ensure transparency and accountability of Rosseti FGC UES, representatives of key stakeholders are engaged in preparing the report: they define the topics for disclosure in the Report, take part in Public Hearings of the Report draft, and public certification of the Report. Interaction with stakeholders during the public reporting processes is a provision of international standards AA1000SES of the Institute of Social and Ethical Accountability, Global Reporting Initiative (GRI SRS), and the Integrated Reporting International Framework.

During preparation of the previous report, the Company undertook commitments, the majority of which were taken into account in the 2018 report, while some commitments were met as part of the preparation of the Report 2019.

GRI 102-44

Account of suggestions from stakeholders sounded out during the Public Hearings of 2018 Report

No.	Stakeholder	Suggestion	Taken into account
Professional associations and industry organisations			
1.	Representative of the Expert Centre of Non-Profit Partnership Russian Institute of Directors	To supplement the Annual Report with information on implementation of recommendations and information on independent annual assessment of the Board of Directors activities.	Taken into account when drafting the 2019 Report.
2.	Representative of the Russian Bird Conservation Union	To amend the Annual Report stating that the activities of the Company affect biodiversity.	The impact of the Company on biodiversity is insignificant. Pursuant to standard GRI 304-2, impact is significant if habitats, valuable populations or separate species cannot be preserved. In the course of Rosseti FGC UES operation, no cases of animals' habitats relocation and/or damage were observed.
3.		To supplement Appendix 10 to the Annual Report with a detailed list of RED Book species.	Taken into account in Appendix 10 of the Report 2018.
4.	Representative of the Association ERA of Energy	To supplement the Annual Report with information on independent assessment results for staff qualification correspondence to professional standards organised by the Centre for Development and Assessment of Qualifications in the Electric Grid Complex (CDA).	Taken into account when drafting the 2019 Report.
MOEX			
5.	Representative of PJSC MOEX	To state in the Annual Report that dividends are calculated with net revenue adjustment.	Taken into account in section Dividend Policy and Profit Distribution.

GRI 102-43

Public hearings on the Report project took place in March 2020 in the Company in absentia. Stakeholders were represented by representatives of power sector companies, industry associations, MOEX, large companies from other industries, non-for-profit and environmental organisations, and educational establishments. Based on the results, an accounting table of suggestions and recommendations of stakeholders was drafted in accordance with which additions and comments to the Report as they allowed to increase the awareness of the stakeholders regarding the concerning issues.

The table for accounting suggestions and recommendations by stakeholder, acquired at Public Hearings of the draft Report for the following reporting periods — two suggestions (40%) for 2019

No.	Stakeholder	Suggestion	Taken into account
1	Representative of PJSC MOEX	Place a clear comparison of the dividend yield of the Company's shares and of other companies.	Responded. The diagram for dividend yield comparison was added to the PJSC FGC UES Dividend History section.
2		Reflect the changes of the dividend yield of FGC in retrospect of 3–5 years, its changes with the approval of a new dividend policy taken into account.	Responded. The diagram for dividend yield of the Company's shares was added to the PJSC FGC UES Dividend History section.
3		Reflect the fact of the Company's acquiring the annual award of the informational agencies Interfax and AK&M for achievements in the field of information disclosure by stock market participants.	Responded. An insert was added to the Information Disclosure section.
4	Representative of the Russian Institute of Directors	The Industry Overview sections requires updating due to the changes in macroeconomic indicators and forecasts for 2020. It is suggested that forecast figures are removed as they can be reconsidered in the near future.	Responded. The GDP Growth Rate and the Industrial Production Growth Rate diagrams were removed.
5		Sections for strategy implementation and forecast of financial indicators require updating due to the change in forecasts for 2020.	Not included. Forecast values are presented in accordance with the approved Business Plan and Investment Programme. In the Disclaimer section there is a warning of the possible changes in forecast values.
6		Add information of the staff reserve for the senior managerial positions.	Responded. The Information was added to the Staff Reserve section.
7		Excess information on the number of the Company's mentions by mass media, diagrams for the Number of Publications, and Tonality of Publications.	Not included. The volume of disclosed information remained the same to fully reflect the channels and forms of engagement with the stakeholders.
8		Change the classification of the certain statements on the corporate governance in the Company from Positive Changes to Maintaining Postive Practice (table in the Independent Corporate Governance Assessment section).	Responded. Changes were made.
9		Excess information in the General Meeting of Shareholders section.	Responded. The section was made shorter.
10		Identify the direction of the Board of Directors work instead of specific questions in the Board of Directors Plan of Activities for 2020 section.	Not included. The activities of the Board of Directors are planned based on the specific questions.

The table for accounting suggestions and recommendations by stakeholder, acquired at Public Hearings of the draft Report for the following reporting periods — two suggestions (40%) for 2019 (continued)

No.	Stakeholder	Suggestion	Taken into account
11		Excess information on the principles of establishing and arranging activities of the Board Committees in the Company.	Not included. This information is essential for the Report readers to understand the mechanics defining the composition and activities of the Committees.
12		Excess information on the gender composition of the Committees with the Company's Board of Directors.	Not included. According to ESG subject relevance growth rate, the issues of gender distributions are considered significant.
13		The actual amount and structure of the external auditor is absent.	Responded. The Information was added to the External Auditor section.
14	Representative of the Ruskabel Media Holding	Consider the possibility of removing the diagram and forecast for the energy consumption growth rate.	Not included. The forecast for the energy consumption is an official position of the System Operator relevant as of the date of drafting the Report.
15		Contradicting trends: Rosseti FGC UES does not expect increase in the volume of paid grid services accompanied by the growth of GDP and industrial production.	Responded. The GDP Growth Rate and the Industrial Production Growth Rate diagrams were removed.
16		Consider the possibility to adjust the set of metrics which reflect the performance results in the Report regarding the disclosure of information.	Not included. Will be reviewed in the preparation of the 2020 Report.
17		Representative of the Russian Bird Conservation Union	It is suggested to start developing and implementing comprehensive measures to protect the white stork species.
18		It is suggested to include measures ensuring the ornithological safety of the electric grids facilities located outside of the Key Ornithological Areas in the Environmental Policy Implementation Programme and Quantitative Environmental Targets in the same way as it is conducted when projects in field of the forestry certification are developed.	Partially responded. The Company included the measure "Equipment of the facilities with bird safety devices" in the Environmental Policy Implementation Programme. The inclusion of the relevant indicator in the Quantitative Environmental Targets is not possible as the number of the annually installed bird safety devices is related to the accident rate in the responsibility area of the PJSC FGC UES branches and is not aimed at their overall increase.

Rosseti FGC UES takes part in Russian and international report contests annually. In 2019, the Company was nominated and awarded in respected international and Russian competitions.

The Company's Integrated Annual Report 2018 was awarded in the Moscow Exchange contest in Best Annual Report of the Company with Capitalisation of RUB 40 to 200 bln, Best Presentation of Company's Strategy and Investment Attractiveness in the Annual Report, Best Annual Report in the Electric Energy Economic Sector.

At the MarCom Awards international contest, the Company won three gold medals in Printed Media, Printed Publications in the Infrastructure Sector — Electric Grids, and Interactive Reports.

Information disclosure

Rosseti FGC UES strives to ensure high level of informational openness and transparency of its operations practising active dialogue with all stakeholders, including federal and regional authorities, shareholders, investors and partners, public organisations, educational institutions, mass media, scientific and expert community in Russia and other countries.

In order to create a positive business reputation and positive image, the Company operates the Regulations on Implementation of the Communication Policy of Rosseti FGC UES, its Branches and Subsidiaries.

Its informative work implies several communication channels, including a website and official profiles of the Company on social media (Facebook, Instagram, Twitter, VKontakte, Odnoklassniky), as well as industry and corporate media (Unified Network Energy and RUM, Russian Networks, etc.).

The Company directly interacts with federal and regional printed, audio and visual, electronic mass media and information services including media of all 79 territorial entities of Russia where Company's facilities are located.

Special mass media events are implemented (no less than two events per quarter at responsibility of each branch — MPS), including press tours at Company's facilities.

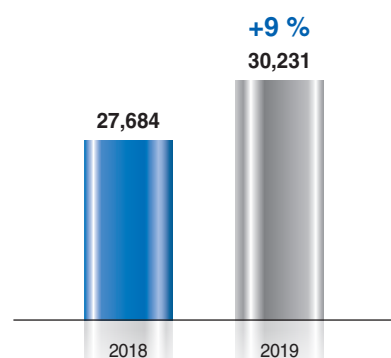
Data on production and financial performance results of Rosseti FGC UES, annual reports, press releases (no less than five publications per week, all placed in federal and regional news), media publications on Company's activities, technical and legal documents, information for shareholders and investors, partners and consumers, and media files are posted to the website in a timely manner.

On an annual basis, the Company undertakes a qualitative and quantitative study of the information realm (mentioning in mass media) in order to assess the dynamics and interpretation of the activities. Studies are conducted by independent experts based on SCAN-Interfax data.

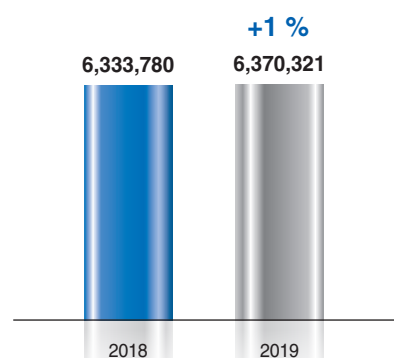
In 2019, the Company was mentioned by mass media over 30 thousand times which is 9 % y-o-y. The number of publications containing positive assessment of Company's activities, grew by 31 %, and the number of mildly negative publications decreased by 29 %.

IN 2019, ROSSETI FGC UES RECEIVED THE ANNUAL AWARD OF THE INFORMATIONAL AGENCIES INTERFAX AND AK&M FOR ACHIEVEMENTS IN THE FIELD OF INFORMATION DISCLOSURE BY THE STOCK MARKET PARTICIPANTS

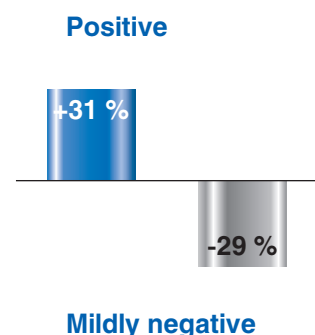
Number of publications (according to SCAN-Interfax)



Quality of publications (according to SCAN-Interfax)*



Tonality of the publications (according to SCAN-Interfax)



* Span of the quality index of publications changed in 2019 due to the transfer to the new version of SCAN-Interfax.



Participation in the congress and exhibition events

Rosseti FGC UES actively participates in all significant congress and exhibition and scientific and practical events in the sector, as well as Russian key economic forums. This facilitates implementation of the Company's communication policy, strengthening the Company's reputation and development of the industry, as well as politically and economically important cooperation.

This way, in 2019, representatives of the Company took part in the Russian Investment Forum, Saint Petersburg International Economic Forum, II Russian-Chinese Energy Business Forum, Eastern Economic Forum, Russian Energy Week, the Power Grids international forum, and a number of other major events.



For information on participation in congress and exhibition events, see Appendix 1.

Brand management

In 2019, the Company started the implementation of the comprehensive programme for transfer to the unified brand architecture of the Rosseti Group of Companies. In compliance with the Unified Brand Identity Standard of PJSC Rosseti and the Rosseti Group of Companies⁵⁶, Provision and Guidelines for Managing Brand Identity of PJSC FGC UES⁵⁷, guidelines for decorating vehicles and special machines, procedure for setting information signs at substations, overhead and cable electricity supply lines, and guideline for designing information stands were developed and approved.

All measures for transfer to the unified brand architecture are performed by the Company in compliance with the approved Roadmap, mainly aimed at:

- creating conditions for efficient use of brand identity by structural and separate subdivisions of Rosseti FGC UES (PJSC FGC UES);
- uniform appearance and decoration of offices, corporate resources and documents, printed and electronic;
- unification of approaches to establishing and improving Rosseti FGC UES image;
- improving efficiency and ensuring uniform approach to arranging and using corporate communication means of the Rosseti Group of Companies;
- optimisation of costs for arranging and providing corporate communication;
- ensuring awareness of Rosseti FGC UES as organisation included in the Rosseti Group, consolidated into the unified management system and unified quality standards for services provided.

⁵⁶ Approved by the resolution of the Board of Directors of PJSC Rosseti, minutes No. 353 of 30 April 2019.

⁵⁷ Approved by the resolution of the Board of Directors of PJSC FGC UES, minutes No. 464 of 27 August 2019.

CORPORATE GOVERNANCE REPORT

- [145] GENERAL INFORMATION ON THE COMPANY'S CORPORATE GOVERNANCE
- [156] GOVERNING BODIES OF THE COMPANY
- [192] REMUNERATION SYSTEM FOR GOVERNING BODIES
- [198] ENSURING CONTROL AND RISK MANAGEMENT
- [208] SHARE CAPITAL, SECURITIES TRADING



Corporate governance at Rosseti FGC UES provides high efficiency of decision-making, optimisation of business processes and control of their performance, corporate risk management, and information openness. Corporate governance is compliant with the principles of responsibility, accountability, fairness and transparency. The Company meets the requirements of laws and advanced corporate governance standards to the letter.



Statement by the Chairman of the Board of Directors of PJSC FGC UES

In the reporting year, Rosseti FGC UES continued work to improve its corporate governance system.

The Board of Directors adopted a new version of the Corporate Governance Code, which was prepared in accordance with the requirements of the listing rules of the Moscow Exchange along with the recommendations of the Bank of Russia's Corporate Governance Code. According to the results of self-assessment, Rosseti FGC UES fully or partially observes 97% of the principles and recommendations of the Russian Corporate Governance Code.

The Board of Directors is a key figure in the system of corporate governance. Its composition complies with the Company goals and objectives, and it is balanced in terms of the number of Board members with the necessary professional knowledge, competencies, business skills and experience: 3 out of the 11 members of the Board of Directors are independent directors, which facilitates the achievement of a high level of quality in terms of management decisions, taking into account the interests of stakeholders.

The Board of Directors committees take part in making decisions related to key issues of strategic development, investment activity, incentives and KPIs, internal audits and monitoring. In accordance with the recommendations of the Russian Corporate Governance Code, the HR and Remuneration Committee and the Audit Committee are made up of independent directors. The members of the Strategy Committee and the Investment Committee serve as representatives both of management and of parent company PJSC Rosseti. This makes it possible to receive the necessary expertise on key issues related to planning Rosseti FGC UES activities.

In line with its commitment to the principles of sustainable development, the Company carries out the ongoing work to reduce its environmental footprint, and ensure a balance between the economic and social aspects of its activities.

The Company strives to make the maximum possible contribution to achieving its Sustainable Development Goals, which were approved by the UN General Assembly in 2015, with the aim to solve the most acute problems facing the international community.

In 2019, the Sustainable Development Policy was developed, which defines the goals, objectives and principles of Company activity in this sphere, including the approaches to interacting with stakeholders and preparation of reports. It is in our interest to develop a corporate governance system to raise the Company's efficiency and competitive position. This enables us to ensure growth in shareholder value, achieve our long-term goals, and ensure the sustainable development of Rosseti FGC UES.

More information on the Company's achievements in the area of sustainable development can be found in the corresponding section.

Chairman of PJSC FGC UES
Board of Directors
P. Livinsky

Memorandum of the major shareholder of PJSC Rosseti regarding affiliated electric grid companies

PJSC Rosseti is a public holding company with a state share in the authorised capital of 88.04%, established in accordance with Decree of the President of the Russian Federation No. 1567 of 22 November 2012; the Company aimed at increasing the efficiency and development of the electric grid complex of the Russian Federation, as well as coordinating work on management of this complex through subsidiaries and affiliates.

PJSC Rosseti owns a controlling stake in 14 distribution grid companies⁵⁸ (PJSC Kubanenergo, PJSC Lenenergo, PJSC Moscow United Electric Grid Company, PJSC IDGC of Volga, PJSC IDGC of North-West, PJSC IDGC of North Caucasus, PJSC IDGC of Siberia, PJSC IDGC of Urals, PJSC IDGC of Centre, PJSC IDGC of Centre and Privolzhye, PJSC IDGC of South, PJSC TDC, JSC Rosseti Tyumen, JSC Yantarenergo) and 1 backbone power grid company (PJSC FGC UES). The disposal of these assets is not considered.

PJSC Rosseti identified the strategic development priorities of the Group companies:

- providing reliable, high-quality and affordable power supply in the new digital environment;
- ensuring further efficiency increase of the main electric power transmission business;
- promotion of legislative initiatives aimed at developing the industry;
- maintaining a balance of interests for all parties: the state / consumers / shareholders / investors;
- development of new areas of activity, such as non-tariff and consumer services, through digital transformation to ensure the Company's resilience to changes in the industry.

PJSC Rosseti manages the companies of the Group in accordance with unified corporate standards aimed at ensuring the efficiency of business processes, controlling their quality, minimising all types of corporate risks, and maintaining informational and operational transparency.

⁵⁸ PJSC Kubanenergo provides services under the brand name Rosseti Kuban.
 PJSC Lenenergo provides services under the brand name Rosseti Lenenergo.
 PJSC MOESK provides services under the brand name Rosseti Moscow Region.
 PJSC IDGC of Volga provides services under the brand name Rosseti Volga.
 PJSC IDGC of North-West provides services under the brand name Rosseti of North-West.
 PJSC IDGC of North Caucasus provides services under the brand name Rosseti North Caucasus.
 PJSC IDGC of Siberia provides services under the brand name Rosseti Siberia.
 JSC IDGC of Urals provides services under the brand name Rosseti Ural.
 PJSC IDGC of Centre provides services under the brand name Rosseti Centre.
 PJSC IDGC of Centre and Privolzhye provides services under the brand name Rosseti of Centre and Privolzhye.
 PJSC IDGC of South provides services under the brand name Rosseti South.
 PJSC TDC provides services under the brand name Rosseti Tomsk.
 JSC Yantarenergo provides services under the brand name Rosseti Yantar.
 PJSC FGC UES provides services under the brand name Rosseti FGC UES.

General information on the Company's corporate governance

GRI 102-16

Corporate governance in the Company is based on the corporate governance principles set forth in the Corporate Governance Code recommended by the Bank of Russia, as well as on the provisions of Corporate Governance Code of PJSC FGC UES.⁵⁹

Transparency	The Company provides timely disclosure of complete and reliable information about all significant facts relating to its activities, including its financial situation, performance results (social and environmental), the ownership and management structure of the Company, as well as free access to such information by shareholders and stakeholders.
Accountability	According to the legislation of the Russian Federation, the Corporate Governance Code and International Corporate Governance Standards, the Board of Directors of the Company reports to the shareholders of the Company.
Fairness	The Company is obliged to ensure equal and fair treatment of all shareholders and to protect their rights; it provides all shareholders with the opportunity to receive effective protection if their rights are violated.
Responsibility	The Company recognizes and ensures the rights of shareholders and stakeholders stipulated by the legislation of the Russian Federation.

The Company conducts a systematic assessment of corporate governance with presentation of its results for the Board of Directors (or relevant committee). The Company meets the requirements of laws and a number of advanced corporate governance standards.



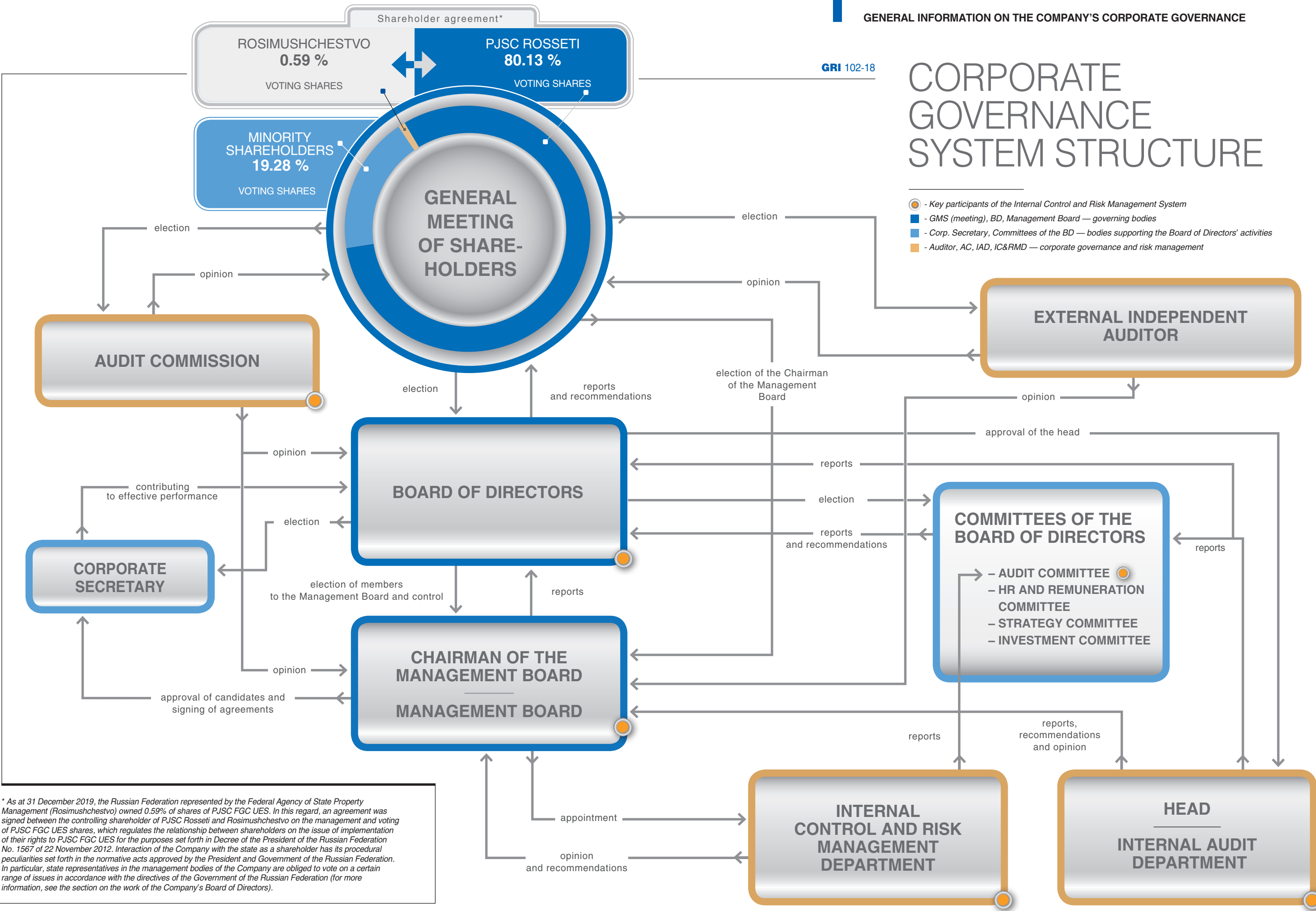
For more information on key elements of the corporate governance system of Rosseti FGC UES, please see the Articles of Association and internal documents of PJSC FGC UES at www.fsk-ees.ru/eng, section Investors/ Corporate Governance/ Corporate Documents.

⁵⁹ The new version was approved by the resolution of the Board of Directors of PJSC FGC UES, Minutes No. 444 of 23 April 2019.

GRI 102-18

CORPORATE GOVERNANCE SYSTEM STRUCTURE

- - Key participants of the Internal Control and Risk Management System
- - GMS (meeting), BD, Management Board — governing bodies
- - Corp. Secretary, Committees of the BD — bodies supporting the Board of Directors' activities
- - Auditor, AC, IAD, IC&RMD — corporate governance and risk management



* As at 31 December 2019, the Russian Federation represented by the Federal Agency of State Property Management (Rosimushchestvo) owned 0.59% of shares of PJSC FGC UES. In this regard, an agreement was signed between the controlling shareholder of PJSC Rosseti and Rosimushchestvo on the management and voting of PJSC FGC UES shares, which regulates the relationship between shareholders on the issue of implementation of their rights to PJSC FGC UES for the purposes set forth in Decree of the President of the Russian Federation No. 1567 of 22 November 2012. Interaction of the Company with the state as a shareholder has its procedural peculiarities set forth in the normative acts approved by the President and Government of the Russian Federation. In particular, state representatives in the management bodies of the Company are obliged to vote on a certain range of issues in accordance with the directives of the Government of the Russian Federation (for more information, see the section on the work of the Company's Board of Directors).

ABOUT THE COMPANY

STRATEGIC REPORT

CORPORATE GOVERNANCE REPORT

FINANCIAL REPORT

ADDITIONAL INFORMATION

Development of the corporate governance system

In order to improve the corporate governance system, the Company continues to implement and adapt the best corporate governance principles, taking into account the specifics and structure of PJSC FGC UES Group.

Area of improvement	Measures and actions in 2019
Protection of shareholder rights	<ul style="list-style-type: none"> As last year, the shareholders were given the opportunity to vote on agenda issues at the Annual and Extraordinary General Meetings of Shareholders via electronic bulletin forms at the website of JSC STATUS Registrar Company, which holds the register of the Company security owners. Additionally, the shareholders of PJSC FGC UES were given the opportunity to send questions related to General Meetings of Shareholders to a dedicated email address; PJSC FGC UES Shareholders Forum was also organised.
Management efficiency improvement	<p>The new version of the Corporate Governance Code of PJSC FGC UES was approved.⁶⁰ The amendments and supplements were added to the document including, but not limited to:</p> <ul style="list-style-type: none"> a systematic assessment of corporate governance by the Company with presentation of its results to the Board of Directors of the Company (relevant Committee of the Board of Directors of the Company); annual assessment of activities, conducting by the Board of Directors of the Company through self-assessment or an assessment involving an independent consultant (an assessment involving an independent consultant is carried out at least once every three years); bringing the criteria for independence of the members of the Board of Directors in balance with the criteria provided in the Listing Rules of PJSC Moscow Exchange; consideration of the most important issues, stipulated by clause 168 of the Russian Corporate Governance Code, is a priority at in-person meetings of the Board of Directors of the Company, unless otherwise decided by the Chairman of the Company's Board of Directors; the possibility of electing a Senior Independent Director from among other independent members of the Board of Directors of the Company, indicating his role and main functions. <p>These amendments are aimed at ensuring continuity and development of positive management practice in the Company.</p>
Information disclosure	<p>The new version of the Regulation on the Information Policy of PJSC FGC UES was approved.⁶¹ In the new version there is an extended list of information that the Company is obliged to disclose additionally on the official website of the Company in accordance with the principles of the Russian Corporate Governance Code. The right of the Sole Executive Body and the Board of Directors of the Company to establish an additional list of information to be disclosed at the initiative of the Company has been secured. In accordance with the recommendations of the Russian Corporate Governance Code, section Measures to Ensure Monitoring of Information Policy Observance is also included.</p> <p>The new version of the Provision on the Protection of Insider Information of PJSC FGC UES was approved⁶² with account for the changes made to the Federal Law "On Combating Unfair Use of the Insider Information and Market Scheming...".⁶³ Amendments were made to the reporting on compliance with the requirements of the Insider Law; responsibilities for the approval of additional documents of the Company regarding the rules for protecting the confidentiality of insider information and monitoring procedure of adherence to the requirements of the Insider Law were recorded; and the terms of transactions using financial instruments were specified.</p>
Sustainable development	<p>The Company has developed a Sustainable Development Policy that defines the goals, objectives and principles of the Company's activities in the field of sustainable development, as well as approaches to interaction with stakeholders and reporting principles.</p> <p>For the first time, equity shares of PJSC FGC UES are included in the Moscow Exchange Index Calculation Base — RSPP: Responsibility and Openness, and Vector of Sustainable Development.</p>

⁶⁰ Meeting Minutes of the Board of Directors of PJSC FGC UES No. 444 of 25 April 2019.

⁶¹ Meeting Minutes of the Board of Directors of PJSC FGC UES No. 445 of 26 April 2019.

⁶² Meeting Minutes of the Board of Directors of PJSC FGC UES No. 463 of 12 August 2019.

⁶³ Federal Law No. 224-FZ of 27 July 2010.



“ The Company is not confined by the results achieved in improving the corporate governance system. In 2020, the Company is going to approve the self-assessment methodology of the Board of Directors and make amendments to the Corporate Governance Code in order to further introduce certain recommendations of the Russian Corporate Governance Code into the Company's work. It is also planned to implement the Sustainable Development Policy and Corporate Social Responsibility Policy, as well as measures to improve the quality of disclosure of non-financial information, including ESG principles in the Annual Report and on the Company's official website. ”

Maria Tikhonova

Deputy Chairman of the Management Board of PJSC FGC UES, Member of the Management Board of PJSC FGC UES

Assessment of corporate governance quality

We pay great attention to the quality of corporate governance and its efficiency analysis, both attracting external consultants in order to obtain an objective external assessment and the dynamics of its development, and using tools and methods of internal self-assessment.

Independent corporate governance assessment

The Company constantly engages an external consultant on corporate governance issues as an independent expert; this allows to monitor ongoing changes and consistently introduce tools of management system improvement, as well as elements of best practices. For several years, we have been attracting the Russian Institute of Directors as an external appraiser that monitors the development of the corporate governance system.

<p>National Corporate Governance Rating</p> <p>7++</p> <p>Well-Developed Corporate Governance Practice</p>	<p>Only 4 out of 19 companies have a higher rating of the corporate governance quality among the rating participants who disclose information on the National Corporate Governance Rating.</p>
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In October 2019, following assessment of the corporate governance quality of PJSC FGC UES, the Russian Institute of Directors confirmed the rating assigned in 2017 at the level of 7++, which implies the following characteristic of the corporate governance system:

“The Company observes the requirements of Russian legislation in the sphere of corporate governance and follows a considerable number of the recommendations of the Russian Corporate Governance Code. The Company is characterised by rather low risks of ownership loss, associated with the quality of corporate governance.”

The Russian Institute of Directors Assessment Methodology has 160 criteria for 4 components:

- shareholders' rights;
- activities of supervision and control authorities;
- information disclosure;
- corporate social responsibility and sustainable development.

For more information on Assessment Methodology, please see [Russian Institute of Directors](#) website.

During the assessment by the Russian Institute of Directors, positive practices were maintained:

- the Company possesses good dividend history;
- authorities of the Company's Board of Directors regarding decision-making on material transactions were extended;
- the list of materials to prepare for the General Meeting of Shareholders was extended in compliance with the recommendations of the Russian Corporate Governance Code;
- the Company conducts AGM online broadcasting.

In addition, positive changes in the corporate governance were noted:

- approval of the new version of the Corporate Governance Code of PJSC FGC UES, which takes into account a number of additional recommendations in the field of corporate governance;
- approval of the new version of the Regulation on the Information Policy of PJSC FGC UES.



For more information on the Research, see [link](#).

The Russian Institute of Directors identified corporate governance areas of improvement:

- increase in the number of in-person meetings of the Company's Board of Directors and its committees. At the same time, there is a positive dynamic in the growth in number of meetings of the Board of Directors compared to 2018;
- implementation of mechanisms to monitor voting with quasi-treasury shares by the Board of Directors;
- amendments to the Articles of Association in terms of referring the issue of sole executive body election to the competence of the Board of Directors.

In addition to the assessment conducted by the Russian Institute of Directors, the high quality of corporate governance in the Company was also noted by a number of other consultants. Thus, according to 2019 National Corporate Governance Index Research, PJSC FGC UES is among the Top 20 leaders by the quality of information disclosed on the principles of corporate governance.

Self-assessment of corporate governance quality

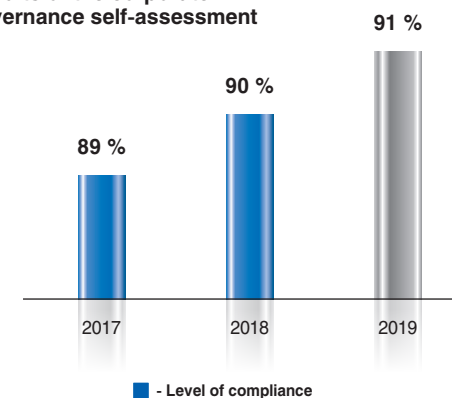
In addition to the external assessment, the Company also carries out a self-assessment of the corporate governance. It is conducted in accordance with the Corporate Governance Self-Assessment Methodology of PJSC FGC UES, based on the recommendations of the Bank of Russia on assessing compliance with the Russian Corporate Governance Code.



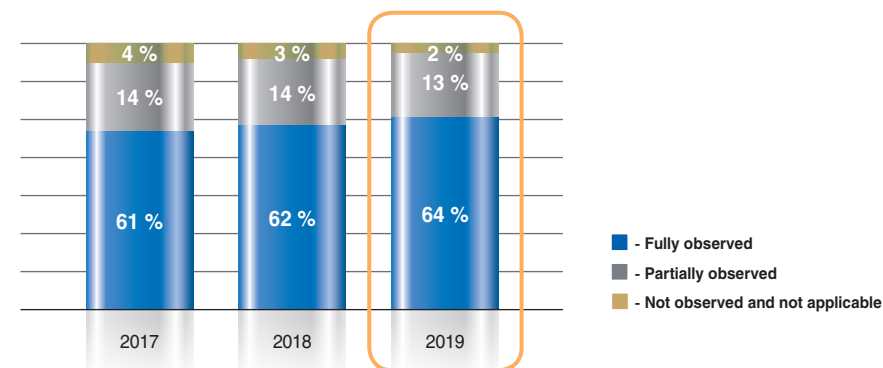
The Report on Compliance with the Principles and Recommendations of the Russian Corporate Governance Code is presented in Appendix 2.

The results of the assessments indicate the effectiveness of measures taken by the Company to develop the corporate governance system.

Results of the corporate governance self-assessment



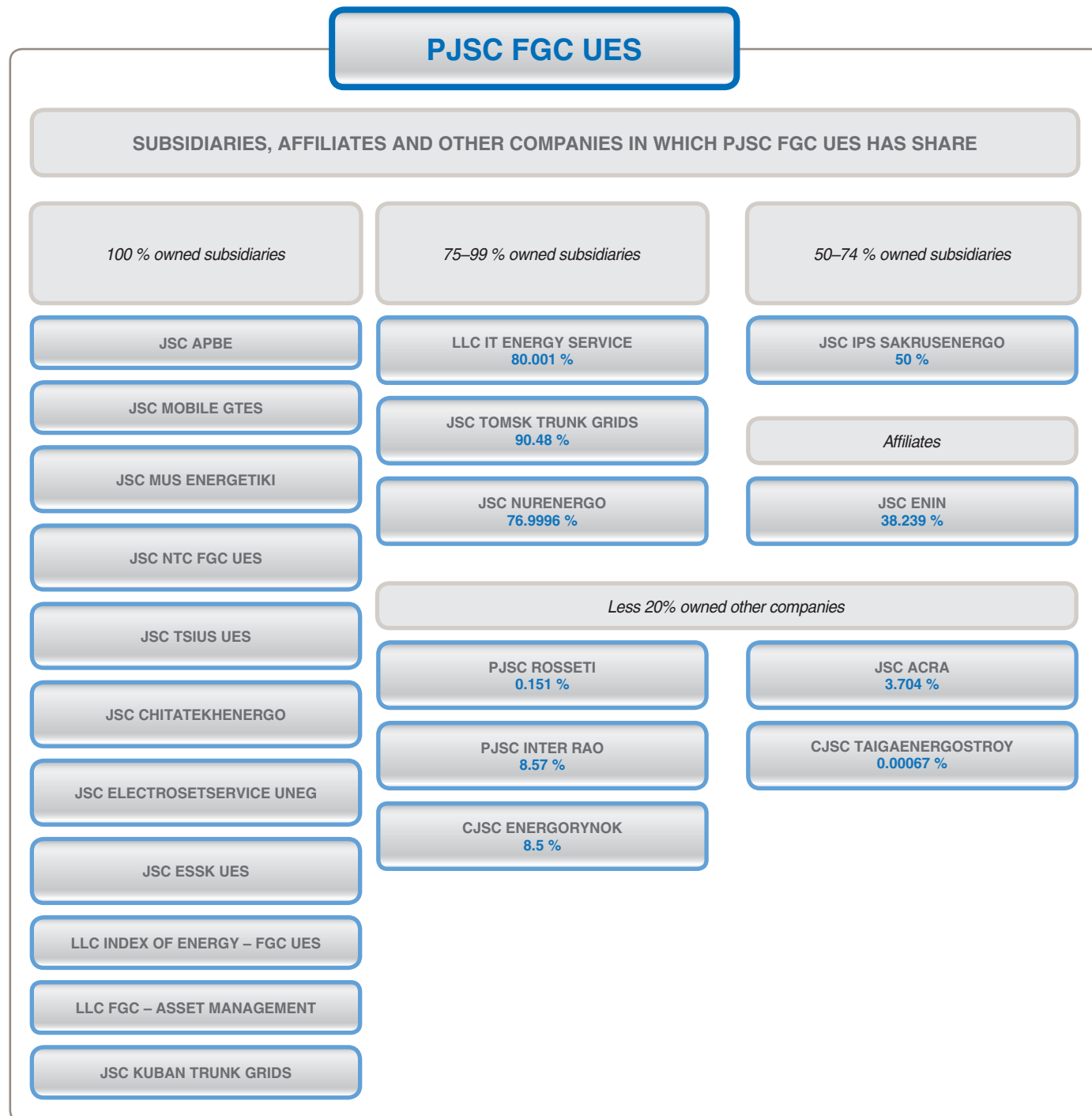
Observance of principles and recommendations of the Corporate Governance Code



RESULT
OF THE 2019
CORPORATE GOVERNANCE
SELF-ASSESSMENT
91 %

Management of affiliates

Structure of Rosseti FGC UES Group



PJSC FGC UES includes 45 regional branches, with 8 branches of the main power systems (MPS) and 36 branches of the enterprises of the main power systems (EMPS), as well as Bely Rast Special Production Plant.

PJSC FGC UES participates in 21 business entities that operate in different industries, including those that support electrical grid facilities.

Key management mechanisms with affiliates

The main forms of interaction between PJSC FGC UES and its subsidiaries and affiliates are as follows:

- PJSC FGC UES Board of Directors reviews issues pertaining to the Company representatives' position on draft decisions on issues included in the agendas of General Meeting of Shareholders and meetings of the boards of directors (Supervisory Boards) of subsidiaries and affiliates;
- PJSC FGC UES contributes to the drafting of proposals and decision-making by the management bodies of its subsidiaries and affiliates through the Company's representatives at General Meetings of Shareholders/Participants and at the meetings of the boards of directors (Supervisory Boards) of subsidiaries and affiliates;
- the Management Board of PJSC FGC UES considers the issues of interaction between PJSC FGC UES and its subsidiaries and affiliates in accordance with its competence determined by the Articles of Association of PJSC FGC UES.

In 2019, the Board of Directors of PJSC FGC UES considered 12 issues on determining the position of the agenda items at General Meetings of Shareholders and those of Boards of Directors of its subsidiaries.

Policies of PJSC FGC UES on management of subsidiaries and affiliates

Managing subsidiaries and business entities in which PJSC FGC UES participates is regulated by the Company's internal documents:

- Regulation on Managing PJSC FGC UES Subsidiaries, Affiliates and Other Business Entities in which PJSC FGC UES Participates;
- Standard for Drawing Up Summary Instructions for representatives of PJSC FGC UES on Issues Included in Agendas of General Meetings of Shareholders/Participants and Meetings of the Boards of Directors (Supervisory Boards) of Entities in which PJSC FGC UES Participates;
- Procedure for Calculating and Assessment of KPI Achievement by Subsidiaries and Other Entities in which PJSC FGC UES Participates;
- Business Planning Procedure for PJSC FGC UES Subsidiaries and Affiliates;
- Regulation on Ensuring Financial Sustainability of PJSC FGC UES Subsidiaries, Affiliates and Other Entities in which PJSC FGC UES Participates;
- Procedure for Interaction of Departments of PJSC FGC UES Executive Office with PJSC FGC UES Subsidiaries and Affiliates when Collecting Information and Verifying the Data Received for Calculation and Evaluation of KPI Achievement;
- Order of PJSC FGC UES on Approval of Standards and Template Regulations on Managing Subsidiaries and Affiliates;
- Order of PJSC FGC UES on Organisation of Work of PJSC FGC UES Representatives on the Boards of Directors and Committees of Organisations that are not PJSC FGC UES Subsidiaries;
- other organisational and administrative documents of PJSC FGC UES.

General Meeting of Shareholders

The General Meeting of Shareholders (hereinafter referred to as the Meeting) is the supreme management body of PJSC FGC UES, ensuring that shareholders exercise their rights to manage the Company.

PJSC FGC UES defined a list of additional materials to be provided to shareholders when preparing for the General Meeting to enable them to take well-founded decisions. These materials include the position of the Board of Directors regarding the Meeting's agenda, expanded information about candidates for governing and control bodies, tables of comparisons with the current revisions of amendments to the internal documents of the Company. All materials are disclosed on the Company's website, in English and Russian, not later than 30 days prior to the date of the General Meeting of Shareholders.

The PJSC FGC UES Regulations on the General Meeting of Shareholders⁶⁴ provide clear procedures for its holding, including an opportunity for shareholders to ask questions on the agenda items. Shareholders are able to put questions directly to the members of governing and control bodies, the Chief Accountant and the Company's auditors, who shall be mandatory invited to attend the Meeting.

Additionally, the shareholders of PJSC FGC UES were given the opportunity to send questions related to AGM to a dedicated email address; PJSC FGC UES Shareholders Forum was also organised. On the Internet site of PJSC FGC UES, AGM video broadcasting was organised.

Organisation of General Meetings of Shareholders

General Meetings of Shareholders are one of the key events in the activities of the Company. The Company responsibly conducts the organisation of Meetings, striving to ensure maximum comfort and awareness of shareholders. In addition to the features noted above during the organisation of these Meetings, we ensure the implementation of additional measures in the interests of shareholders and investors, such as

- ensuring participation in the Meeting of representatives of key stakeholder groups, including mass media representatives in order to give them the opportunity to provide information on all interesting issues;
- completeness and information value of materials, including recommendations of committees of the Board of Directors and the Board of Directors of the Company, full information about candidates for governing bodies, detailed reports and demonstration materials;
- placement and storage of information in the public domain on the official website of the Company for several years;
- holding Meetings in convenient locations in Moscow with the opportunity of unhindered access for all shareholders;
- implementation and active development of remote services.

⁶⁴ Approved by the resolution of the General Meeting of Shareholders of PJSC FGC UES, minutes No. 16 of 30 June 2015

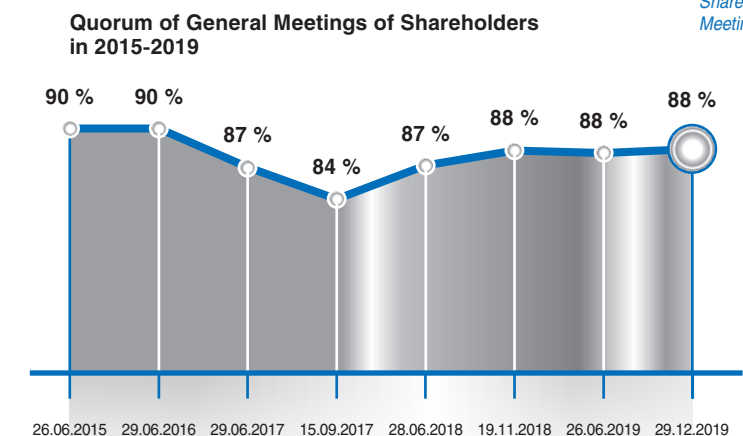
General Meetings of Shareholders in 2019

<p>Annual General Meeting of Shareholders Date: 26 June 2019 Meeting (joint presence) in Moscow Quorum: 87.9320%</p>	<p>Resolutions taken:</p> <ul style="list-style-type: none"> the Annual Report of PJSC FGC UES for 2018 was approved; the annual accounting (financial) reporting of PJSC FGC UES for 2018 was approved; the distribution of the Company's profit and loss according to the results of the 2018 reporting year was approved; the amount of dividends, the term and form of their payment based on the results of work for 2018 are determined and the date is set on which persons who are entitled to receive dividends are determined; the payment of remuneration for work on the Board of Directors to members of the Board of Directors who are not civil servants was approved in the amount established by the internal documents of PJSC FGC UES; the payment of remuneration for work in the Audit Commission to members of the Audit Commission who are not civil servants in the amount established by the internal documents of PJSC FGC UES was approved; the Board of Directors of PJSC FGC UES was elected; the Audit Commission of PJSC FGC UES was elected; the auditor of PJSC FGC UES was approved.
<p>Extraordinary General Meeting of Shareholders Date: 30 December 2019 Absentee voting Quorum: 88.2681%</p>	<p>The decision was made to determine the amount of dividends, the timing and form of payment according to the results of work for 9M 2019.</p>

Quorum of General Meetings of Shareholders

The quorum of General Meetings of Shareholders for several years has traditionally been ~ 88% (PJSC Rosseti and the Russian Federation own ~ 80.7% of the voting shares), thus, it means that about 40% of the total number of minority shareholders is fairly high indicator, taking into account the federal scale and geography of the Company's minority shareholders.

The Company conducts a deliberate and consistent policy of abstaining from voting on quasi-treasury shares (1.07% of voting shares) owned by a 100% subsidiary — FGC-Asset Management LLC. This is thoroughly aligns with the interests of minority shareholders and best management practices.



Minutes of the General Meetings of Shareholders are available on the website www.fsk-ees.ru/eng in section Investors/Corporate Governance/Shareholders Meetings.

The Company's Board of Directors

GRI 102-26

The PJSC FGC UES Board of Directors plays a key role in the Company's management system ensuring its consistent and effective development in the interests of the Company. The powers of the Board of Directors are determined by the requirements of federal legislation and additionally substantially expanded by the Company's Articles of Association. In particular, the Board of Directors is responsible for the Company's strategic development, approves the budget and the investment programme, reviews reports on their implementation, monitors the execution of tasks set by the Company's management, and analyses and ensures the necessary resources are available.

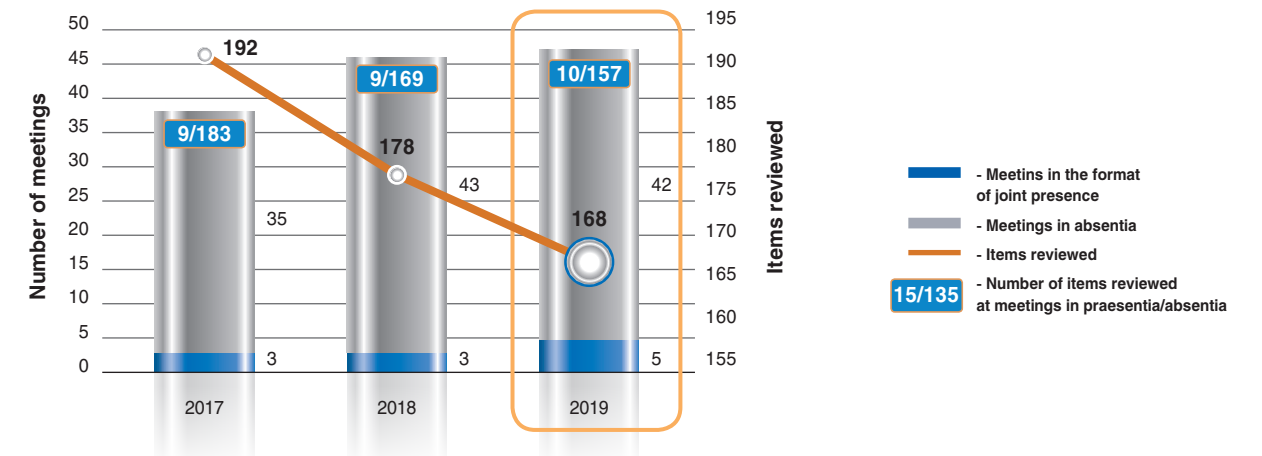
Board of Directors / Collegiate governing body	
Functions	General strategic management in the Company, ensuring equal guarantees of the interests of shareholders and investors.
Accountability	Accountable to the Company's General Meeting of Shareholders.
Appointment/election procedure	The membership of the Board of Directors is elected by the General Meeting of Shareholders of the Company from candidates proposed by shareholders holding at least 2% of voting shares in the Company. The Chairman of the Board of Directors is elected by majority vote from the formed Board of Directors.
Term of office	One year (until the next Annual General Meeting of Shareholders). All the members of the Board of Directors may be re-elected at the Extraordinary General Meeting of Shareholders.
Membership	The elected members of the Board of Directors have the following status: <ul style="list-style-type: none"> ● executive director (who is also a member of the Company's executive bodies); ● independent director (meets the independence criteria); ● non-executive director (other directors).

In accordance with the Company's Articles of Association, three categories of issues are referred to the competence of the Board of Directors.

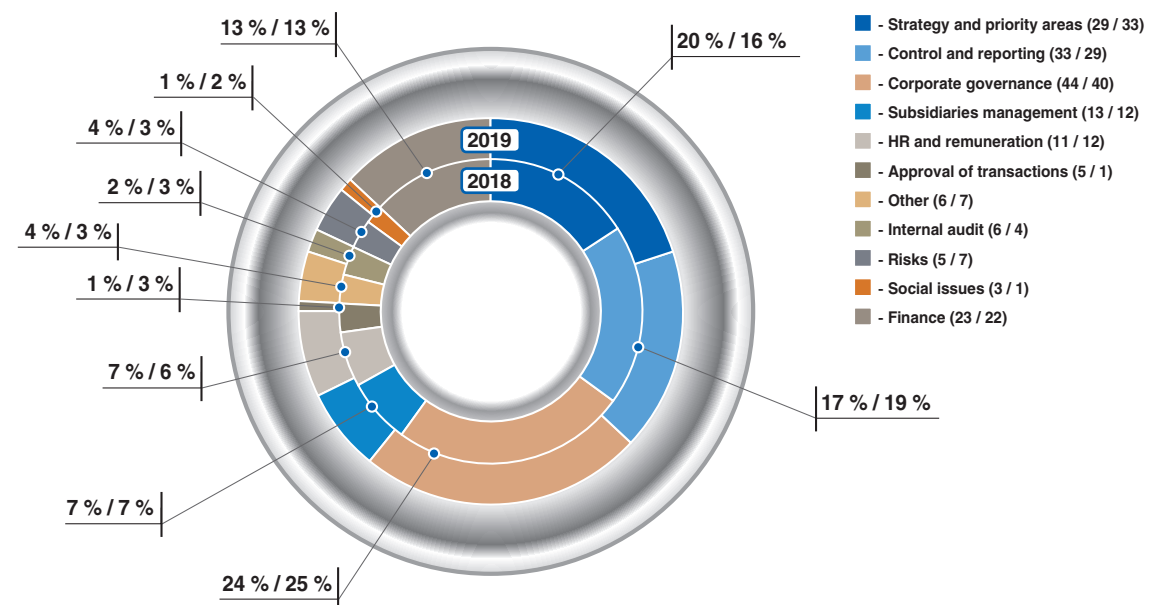
Mandatory issues	Issues referred to the exclusive competence of the Company's Board of Directors, Article 65 of the Federal Law "On joint-stock companies".
Additional issues	Issues referred to the competence of the General Meeting of Shareholders and transferred, in accordance with the Company's Articles of Association and Article 48 of the Federal Law "On joint-stock companies", to the Board of Directors: <ul style="list-style-type: none"> ● increase in the Company's authorised capital due to an issue of additional shares; ● establishment of the Company's collegiate executive body, early termination of powers of the collegiate executive body members.
Extended competence	Issues referred to the competence of the executive management bodies and transferred to the competence of the Company's Board of Directors by the Articles of Association, internal documents and decisions of the PJSC FGC UES Board of Directors: <ul style="list-style-type: none"> ● finance and investments; ● management of key business processes; ● subsidiaries management on key business issues; ● internal control, audit and risk management; ● internal documents and policies; ● other issues.

In total, 47 meetings were held in 2019, 5 of them in a joint presence format. 168 issues were considered, of which a quarter were issues of corporate governance.

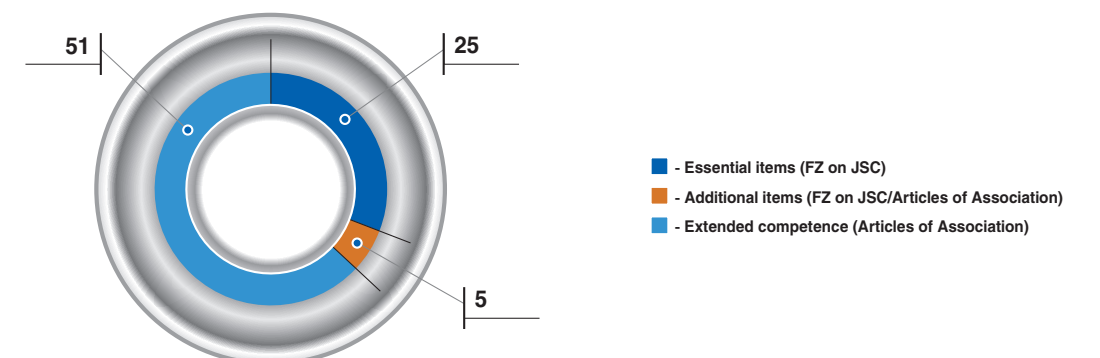
Performance statistics of the Board of Directors



Item categories (2019/2018)



Distribution of competences of the Board members when reviewing the items







Participation of members in meetings of the Board of Directors and its Committees

Board member	Board of Directors		Audit Committee	HR and Remuneration Committee	Strategy Committee	Investment Committee
Pavel Livinsky	47/47	100 %				
Pavel Grachev	47/47	100 %	100 %	100 %		
Pavel Grebtsov (since 26 June 2019)	27/27	100 %			100 %	
Igor Kamenskoy	47/47	100 %	100 %	100 %		100 %
Andrey Murov	47/47	100 %				
Nikolay Roshchenko	46/47	98 %				
Olga Sergeeva (since 26 June 2019)	27/27	100 %				
Sergey Sergeev	47/47	100 %				
Pavel Snikkars	43/47	91 %			100 %	100 %
Ernesto Ferlenghi	45/47	96 %	100 %	100 %	100 %	
Vladimir Furgalsky (since 26 June 2019)	27/27	100 %			100 %	
Andrey Demin (until 26 June 2019)	20/20	100 %				
Oksana Shatkhina (until 26 June 2019)	20/20	100 %				
Egor Prokhorov (until 26 June 2019)	18/20	90 %				

Report of the Board of Directors on results of the Company's development in priority business areas

GRI 102-34

In 2019, the Company's Board of Directors continued to develop the Company in the priority areas defined in the Company's Long-term Development Programme.

Strategic objective	Resolutions taken
 <p>Reliability and quality of energy supply</p>	<p>The upgraded Resource Plan on ensuring the implementation of the Development Plan of the Industrial Assets Management System of PJSC FGC UES for 2017–2020 was approved. ⁶⁵ Cost estimation of implementation of the Resource Plan objectives was increased by RUB 210.4 million due to the functional scope of projects being specified.</p> <p>To reduce risks of cyber threats, a decision on the transition to the use of mainly domestic software was taken.</p>
 <p>Customer satisfaction</p>	<p>As part of control over the Company's operations, the Board of Directors took into consideration:</p> <ul style="list-style-type: none"> the reports on the consideration of applications for technological connection and the execution of agreements on technological connection to electric grid facilities of Rosseti FGC UES for 2018. ⁶⁶ Actual value of KPI defining the quality of the technological connection services provided is higher than the target value; information on indicators of the level of reliability and quality of the services provided by the Company which are subject to tariff regulation. ⁶⁷ Actual value of these indicators is better than the value specified by the regulators for 2018. <p>The PJSC FGC UES Quality Policy was approved which sets principles and objectives of the Company's activities in terms of service quality achieved.</p>
 <p>Financial sustainability</p>	<p>The Board of Directors considered planned items related to business planning and financing:</p> <ul style="list-style-type: none"> the PJSC FGC UES business plans for 2019–2020 and forecast indicators for 2021–2024 were approved; the Action Plan of PJSC FGC UES for reduction of overdue accounts receivable for the electricity transmission services and dispute settlement was approved; the consolidated business plan (RAS) and the consolidated business plan (IFRS) for FGC UES Group for 2019 and the forecasts for 2020–2023 were taken into account; the reports on the implementation of the consolidated business plan (RAS) and the consolidated business plan (IFRS) for FGC UES Group were taken into account; the reports on the execution of the business plan of PJSC FGC UES were taken into account; a general limit of the Company's debt to third parties on borrowed funds was established; the report of PJSC FGC UES on results of work in capital markets and interaction with rating agencies for 2018 was taken into account.
 <p>Effective governance</p>	<p>As part of control and assessment of progress in achieving strategic priorities and the Company's management activities in this area, the Board of Directors considered the reports on the implementation of activities and achievement of KPI set by the Long-Term Development Programme of PJSC FGC UES. In order to monitor the effectiveness of innovation activities, the Board of Directors considered and approved ⁶⁸ the Annual Report for 2018 on the Innovative Development Programme of PJSC FGC UES implementation in 2016–2020 with an outlook until 2025.</p> <p>As part of operations with non-core assets, the Board of Directors made resolutions on a number of items:</p> <ul style="list-style-type: none"> a new version of the Register of Non-Core Assets of PJSC FGC UES and the Action Plan on the disposal of non-core assets of PJSC FGC UES were approved; the reports on the implementation and results of activities under the Programme for Disposal of Non-Core Assets of PJSC FGC UES and Its Subsidiaries for Q4 2018 and 2018, as well as for Q1, Q2 and Q3 of 2019, were approved. <p>A new version of the Corporate Governance Code of PJSC FGC UES was approved, ⁶⁹ implying major synchronisation with the provisions of the Moscow Exchange Listing Rules and the Corporate Governance Code by the Bank of Russia.</p>

⁶⁵ Minutes No. 476 of 13 December 2019.


⁶⁶ Minutes No. 445 of 26 April 2019.

⁶⁷ Minutes No. 445 of 26 April 2019.

⁶⁸ Minutes No. 464 of 27 August 2019.

⁶⁹ Minutes No. 444 of 25 April 2019.

(continued)

<p>Development of the UNEG infrastructure and consolidation of UNEG facilities</p> 	<p>Adjustments of the PJSC FGC UES investment programme for 2016–2020 and the PJSC FGC UES investment programme for 2020–2024 were approved. The adjustments optimise the investment programme parameters compared to the previously approved⁷⁰ programme, namely: in 2020, financing will increase by RUB 35.1 billion, and the commissioning plan financing will increase by RUB 44.5 billion.</p> <p>In order to ensure control over the implementation of the investment programme, the Board of Directors took a number of resolutions:</p> <ul style="list-style-type: none"> ● the list of investment projects of PJSC FGC UES being subject to public technological and price audits in 2019 was approved; ● the annual report on the technological and price audits of investment projects of PJSC FGC UES in 2018 was approved; ● the reports on the implementation of the PJSC FGC UES investment programme, including projects of federal significance, were taken into consideration. The special control of the Board of Directors is subject to compliance with the schedules agreed with PJSC Transneft for the construction of separate electric grid facilities.
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The Board of Directors Plan of Activities for 2020

In 2020, the Company's Board of Directors plans to consider the following issues:

- the implementation of the PJSC FGC UES investment projects including the projects of the Comprehensive Plan for Modernisation and Expansion of the Main Infrastructure for the Period until 2024;
- the implementation of the Development Plan of PJSC FGC UES productive asset management;
- the Action Plan for the reduction of overdue accounts receivable for the electricity transmission services and dispute settlement was approved;
- the reports on the progress and results of implementation of measures under the Programme for Disposal of Non-Core Assets of PJSC FGC UES and its Subsidiaries were considered;
- maintaining an efficient internal control system of PJSC FGC UES and its development;
- approval of the Sustainable Development Policy of the Federal Grid Company.

Role of independent directors

All members of the Company's Board of Directors shall, while performing their duties, consider the importance of taking professional, reasonable and informed decisions which contribute to development and effectiveness of the Company's activities. Furthermore, in order to provide an objective analysis of the issues reviewed and consider different factors in the Company's interests, at least three independent directors are involved in the Board of Director's activities, who meet the substantive independence criteria specified by the recommendations of the Corporate Governance Code of Russia and the Listing Rules of PJSC Moscow Exchange.

In the reporting year, members of the Board of Directors P. Grachev, I. Kamenskoy and E. Ferlenghi were the Company's independent directors.

During 2018, the Board of Directors of PJSC FGC UES took decisions on recognising as independent the members of the Board of Directors of PJSC FGC UES E. Ferlenghi by the criterion of relatedness with the issuer⁷¹ and P. Grachev by the criterion of a connection with a significant counterparty.⁷²



The minutes of meetings of the Board of Directors are available on the website www.fsk-ees.ru in the section Shareholders and Investors/ Corporate Governance/ Decisions of the Board of Directors.

⁷⁰ Approved by order of the Ministry of Energy of Russia No. 1432 of 28 December 2016 and adjusted by order of the Ministry of Energy of Russia No. 31@ of 27 December 2017.

⁷¹ Clause 3.3 of Meeting Minutes of PJSC FGC UES Board of Directors No. 455 of 27 June 2019.

⁷² Clause 3.1 of Meeting Minutes of the Board of Directors of PJSC FGC UES No. 455 of 27 June 2019, clause 1 of Meeting Minutes of PJSC FGC UES Board of Directors No. 469 of 30 September 2019.

In accordance with the decisions taken, the Board of Directors of PJSC FGC UES determined that this connection is of a formal nature and does not affect the independence in the formation of E. Ferlenghi's and P. Grachev's position on the agenda of the Board of Directors, on the ability to make objective, fair and independent judgements.

The role of independent directors is of special importance in a number of critical processes and procedures which directly affect the efficiency of the Company's management system, in particular such as:

- equal expression and the protection of the rights and lawful interests of all the groups of the Company's shareholders;
- the organisation of the operations of the committees responsible for reliable control of financial reporting, the risk, internal control and audit management system, selection of auditors, anti-corruption, as well as motivation and control of the Company's management (Audit Committee and HR and Remuneration Committee);
- the organisation of the development and implementation of the motivation and remuneration policies of the Company's management;
- ensuring the transparency of the Company's information;
- the objective consideration of all aspects when performing material corporate actions (reorganisation, M&A projects).

Currently, there is no Senior Independent Director position in the Company. Independent directors express their opinions on their own and equally and are able to cooperate directly both with the Chairman of the Board of Directors and the Company's management, when necessary.

Chairman of the Board of Directors

The Chairman of the Board of Directors plays a key role in the organisation of the Board of Directors activities, therefore, additional rights and responsibilities formalised in the Provision on the Board of Directors have been given to them. In particular, a Chairman of the Board of Directors has the following functions:

- creation and approval of the agenda and the form of the meetings (joint presence or absentee vote);
- determination of a list of persons invited to participate in the discussion of specific agenda items of the Company's meetings of the Board of Directors;
- organisation of the most effective decisions on the items on the agenda and also, when conducting the meetings of the Company's Board of Directors in the joint presence format, provision of the free discussion of agenda items and a constructive atmosphere at the meetings;
- representation of the Company's Board of Directors in relation to the Company's executive bodies.

Assessment of performance of the Board of Directors

GRI 102-28

In accordance with the recommendations of the Corporate Governance Code of Russia, monitoring of the corporate governance quality is carried out in the Company annually, including assessment of the activities of the Company's Board of Directors and its committees. The assessment results are submitted to the Board of Directors, as a rule, before the Annual General Meeting of Shareholders, in order to consider the aspects detected in planning of further activities of the Board of Directors and its committees.

Since 2016, the Company has annually involved an external consultant for the Board of Directors assessment, which helped to ensure the independence of the analysis of the activities of the Board of Directors and its committees. Due to the adoption of a new version of the Corporate Governance Code of PJSC FGC UES in 2019, the practice of annual assessment of the Board of Directors remains, and, at the same time, such assessment is being conducted in the form of self-assessment or the assessment with an external consultant (at least every three years).

The information on the assessments conducted by the Board of Directors and its committees

Assessment period	2016	2017	2018	2019
Assessment format	With involvement of an external consultant: JSC VTB Registrar	With involvement of an external consultant: TopCompetence LLC	With involvement of an external consultant: JSC VTB Registrar	Self-assessment

Results of self-assessment of the Board of Directors

In 2019, an assessment of the efficiency of the activities of the Board of Directors and its committees was conducted in the form of self-assessment. The methodology and main provisions of the assessment order are determined by the Provision on Conducting Assessment of the Activities of the Board of Directors of PJSC FGC UES approved by the decision of the Company's Board of Directors.⁷³

The self-assessment procedure includes the analysis of the following components:

- assessment of performance of the Board of Directors;
- assessment of the activities of the Chairman of the Company's Board of Directors;
- assessment of the membership and structure of the Board of Directors;
- organisation of the performance of the Board of Directors;
- assessment of the performance of the Board of Directors.

In 2019, the main part of the self-assessment was conducted by means of questioning members of the Board of Directors and committees based on 66 criteria using a five-point grading scale (where five is the maximum). In total, 62% of respondents took part in the self-assessment.

Results of self-assessment of activities of the Company's Board of Directors and its committees

Entry	Results of assessment		Score
1.1 Assessment of the Board of Directors' performance as a governing body	● 48	● 2	4.8
Formation and control of the Company's development strategy implementation	● 48	● 2	4.8
Development of effective internal audit, internal control and management systems	● 48	● 2	4.8
Assessment of the Company's management performance, development of an efficient system of its motivation	● 46	● 4	4.6
Safeguarding of assets	● 50		5.0
1.2 Composition and structure of the Board	● 50		5.0
1.3. Management of the Board's performance	● 48	● 2	4.8
Ensuring performance of the Board	● 50		5.0
Infrastructure availability	● 43	● 7	4.3
Interaction of the Board with the Company's management	● 48	● 2	4.8
Interaction of the Board with its Committees	● 50		5.0
1.4 Chairman of the Board of Directors	● 50		5.0
2.1. Audit Committee	● 48	● 2	4.8
2.2. HR and Remuneration Committee	● 49	● 1	4.9
2.3. Strategy Committee	● 48	● 2	4.8
2.4. Investment Committee	● 47	● 3	4.7

⁷³ Minutes of the Board of Directors of PJSC FGC UES No. 355 of 20 February 2017 and No. 459 of 18 July 2019.

Information on the consideration implementation of the previous recommendations based on the results of independent assessment of the activities of the Board of Directors

Recommendations	Consideration of the recommendations in 2019
Increasing the number of in-person meetings of the Board of Directors, the Audit Committee and the HR and Remuneration Committee	In 2019, the number of in-person meetings of the Board of Directors was increased to 5, as well as the share of the issues considered during these meetings. The number of in-person meetings of the HR and Remuneration Committee increased to five (compared to one meeting in 2018). The share of in-person meetings of other committees amounted to 50% of the total number of meetings.
Consideration of the possibility of bringing the issues of risk management and internal audit for internal consideration by the Board of Directors	In 2019, the issues of risk management and internal audit were considered at meetings held in absentia. Furthermore, in 2019, amendments ⁷⁴ were made to the Corporate Governance Code of PJSC FGC UES which provide that the most significant issues (including considering the risk management policy) shall be resolved at meetings held in praesentia, unless another decision is made by the Chairman of the Company's Board of Directors.
Developing a programme for the induction of newly elected members of the Board of Directors	The main procedures were implemented by the Company, aimed at the "induction" of newly elected members of the Board of Directors (including informing, meetings with the management, and attending production units and facilities). A specific document will be developed or the corresponding amendments will be made to the Company's internal documents regulating the operation of its bodies, aimed at formalising the procedures specified.
Considering the possibility of introducing the practice of working with members of the Board of Directors informing the Board of Directors on issues of interaction with shareholders and investors, environmental and social responsibility, as well as concerning changes in legislation, the local regulatory framework and best corporate governance practices	The issues on interaction with stakeholders, social responsibility and changes in regulatory environment are always controlled by the Audit Committee of the Board of Directors (when considering the internal audit reports and the risk reports). In the reporting year, the Company paid special attention to risks — more than 25% of the issues considered by the Committee were related to aspects of risk and regulatory specifics. The members of the Board of Directors are informed on the decisions and recommendations of the Committees which enables the Company to receive the necessary information in a timely manner. As per the results of the self-assessment of the activities of the Company's Board of Directors and its committees, the level of interaction of the Board of Directors with the Company's management, availability of information between the meetings of the Board of Directors, as well as the degree of interaction of the Board of Directors with its Committees, scored highest.

⁷⁴ Meeting Minutes of the Board of Directors of PJSC FGC UES No. 444 of 25 April 2019

Members of the Board of Directors⁷⁵

As of 31 December 2019, the composition of the Board of Directors of PJSC FGC UES was elected by the Annual General Meeting of Shareholders on 26 June 2019.⁷⁶

In the reporting year, the members of the Board of Directors were re-elected by the resolution of the Annual General Meeting of Shareholders on 26 June 2019. Based on its results, the composition was renewed by 27%: Andrey Demin, Egor Prokhorov and Olga Shatokhina left the Board of Directors, and Pavel Grebtsov, Olga Sergeeva and Vladimir Furgalsky were elected as new members of Board of Directors.

In the reporting year, the Board members of the Company hold no shares and bonds of the Company and its controlled companies and made no transactions with the mentioned securities.

In the reporting year, the Board members received no loans or credits from the Company, nor had any other contractual relations with the Company and/or its controlled organisations, except for employment agreements/contracts (Andrey Murov) and agreements related to the status of members of the Company's Board of Directors.

Competence and ensurance of the principle of diversification of the Board of Directors' members

GRI 102-22

In accordance with the Company's Articles of Association, the Board of Directors is elected to no fewer than 11 members. Such a number of members makes it possible to form a balanced composition in terms of professional qualifications, experience and business skills of the members of the Board of Directors, to ensure high level performance, and fully meets the needs of the Company and the interests of shareholders.

In accordance with the structure of share capital (80.13% of the total number of ordinary shares owned by PJSC Rosseti), the overwhelming majority of members of the Board of Directors of PJSC FGC UES are elected on the proposal of the controlling shareholder, PJSC Rosseti.

The composition of the Board of Directors is balanced in terms of its members having the core competencies necessary for the effectiveness and duration of their work on the Board. Members of the Board of Directors have skills in the field of strategic management, corporate governance, corporate finance, risk management, accounting, as well as knowledge and working experience in the field of the electric power industry.

The Board of Directors of PJSC FGC UES includes three independent directors, and the Audit Committee and the HR and Remuneration Committee are formed exclusively of independent directors, which is consistent with the recommendations of the Bank of Russia Corporate Governance Code and the requirements of the Listing Rules of PJSC Moscow Exchange.

GRI 102-24

Candidates to the Board of Directors are elected based on their personal and professional skills and in accordance with the independence criteria specified by the rules of listing of PJSC Moscow Exchange.

When forming the Company's Board of Directors, the following criteria are taken into account:

- members of the Company's Board of Directors shall meet the requirements with respect to their skills, experience, knowledge and reputation in business;
- election to the Company's Board of Directors of at least three independent directors and one representative from the Association NP Market Council;
- executive directors may not comprise more than 25% of the composition of the Company's Board of Directors.

⁷⁵ Here and elsewhere, personal information about members of PJSC FGC UES governing and control bodies is disclosed with their consent.

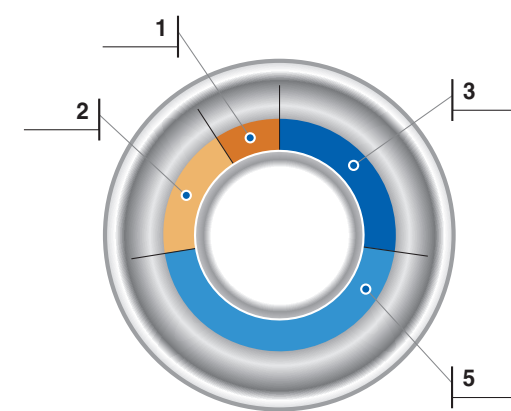
⁷⁶ The information regarding the participation in management bodies of other organisations is listed as of 31 December 2019, and the experience of the members of the Board of Directors is indicated for the last five years and at present.

GRI 102-27

Competences and industry-specific experience of members of PJSC FGC UES Board of Directors

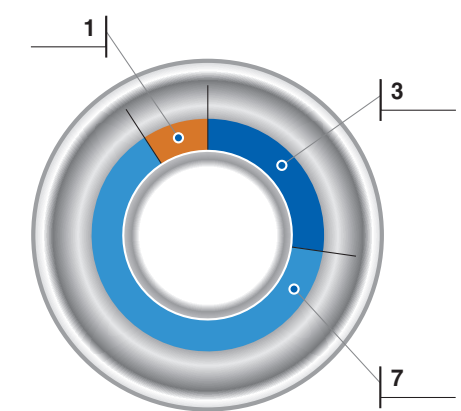
Board member	Status	Length of service, years	Length of service on the Board, years	Education and skills						
				Strategy	Finances, risks and audit	Industry	IT/innovations	HR/ SR/ HSE	GR	Corporate management and law
Pavel Livinsky	Non-Executive Director	16	1.5	++	++	++	+	++	++	++
Pavel Grachev	Independent Director	6	5.5	++	+	+	++	++	++	++
Pavel Grebtsov	Non-Executive Director	19	0.6	++	++	++			++	
Igor Kamenskoy	Independent Director	4	3.5	++	++		+	++	++	+
Andrey Murov	Executive Director	8	6.5	++	++	++	+	++	++	++
Nikolay Roshchenko	Non-Executive Director	11	3.5	+		++				++
Olga Sergeeva	Non-Executive Director	9	0.5	+	++	+			++	
Sergey Sergeev	Non-Executive Director	11	3.5	++	++	++		+		+
Pavel Snikkars	Non-Executive Director	15	3.5	++		++	+		++	+
Ernesto Ferlenghi	Independent Director	11	9	++	++	++		++		+
Vladimir Furgalsky	Non-Executive Director	9	0.5	+	++	++			++	++

Structure of the Board of Directors by term of membership



■ - Up to 1 year
■ - From 1 to 4 years
■ - From 4 to 7 years
■ - More than 7 years

Structure of the Board of Directors



■ - Independent directors
■ - Non-executive directors
■ - Executive directors

Biographies of members of the Board of Directors



Pavel Livinsky

Chairman of PJSC FGC UES Board of Directors

Board member since 28 June 2018.

GRI 102-23

Born in 1980.

Graduated from Lomonosov Moscow State University, majoring in Economics. In 2003, he was awarded a master's degree in Management.

EXPERIENCE:

Mr Livinsky has vast experience in the industry: from 2003 to 2013 he held managerial positions in private and state energy companies. Since 2013, he has held senior positions in the executive authorities of Moscow. In 2017, he was appointed General Director, Chairman of the Management Board of PJSC Rosseti, a parent company of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Chairman of the Board of Directors of PJSC MOESK, Chairman of the Board of Directors of PJSC Lenenergo, member of the Board of Directors of PJSC RusHydro, JSC SO UES, PJSC Rosseti, member of the Supreme Supervisory Board of Public Organisation Russian Swimming Federation, member of RSPP, member of the Board of Trustees of FSBEI HE NIU MEI, the Foundation of the Cathedral of Christ the Saviour, the all-Russian public organisation Russian Athletics, All-Russian Public Sports Organisation Modern Pentathlon Federation of Russia, member of the Presidium of the Association RNC WEC, Association RNC CIGRE; Member of the Supervisory Board of NP NTS UES; Association of organisation of digital development Digital Energy, President and member of the Presidium of the RPO Sports Federation of Fire-fighters and Rescuers.

MAIN JOB AS OF 31 DECEMBER 2019:

General Director, Chairman of the Management Board of PJSC Rosseti.

Holds no shares of PJSC FGC UES.



Pavel Grachev

Independent Director
Member of the Audit Committee⁷⁷
Member of the HR and Remuneration Committee⁷⁸

Board member from 27 June 2013
to 27 June 2014, re-elected in 2015.

Born in 1973.

Graduated from the Saint Petersburg State University and the University of Trieste (Italy), majoring in Law. J.D.

EXPERIENCE:

Since 1997, Mr Grachev has held senior positions in a number of international investment and law firms. Since 2013, he has headed PJSC Polyus. Over the years, he has gained extensive practical experience in finance and corporate management.

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of PJSC Polyus, PJSC RusHydro; Chairman of the Board of Directors of SL Zoloto LLC; General Director of PJSC Polyus and MC Polyus LLC.

MAIN JOB AS OF 31 DECEMBER 2019:

General Director of PJSC Polyus
and MC Polyus LLC.

Holds no shares of PJSC FGC UES.

⁷⁷ Resolution of the Board of Directors, Minutes No. 414 of 29 June 2018.

⁷⁸ Resolution of the Board of Directors, Minutes No. 414 of 29 June 2018.



Pavel Grebtsov

Non-Executive Director

Board member since 2019.

Born in 1976.

In 1994, he graduated from the Chelyabinsk Law School of the Russian Ministry of Health, majoring in Law and Accounting in the Social Security System. In 1998, he graduated from Moscow State University named after M. Lomonosov, majoring in Management. In 2000, he graduated from Plekhanov Russian University of Economics, majoring in Management.

EXPERIENCE:

In the first half of 2010s, Mr Grebtsov held management positions in the Moscow Regional Energy Commission with the Moscow Government. In February 2018, he was appointed Director of the Tariff Policy Department, since October 2018 — Deputy General Director for Economics of PJSC Rosseti, since August 2019 — Acting Deputy of the General Director for Economics and Finance of PJSC Rosseti.

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of PJSC IDGC of Volga, JSC IGDS of North Caucasus, PJSC MOESK, PJSC Rosseti South.

MAIN JOB AS OF 31 DECEMBER 2019: Acting Deputy of the General Director for Economics and Finance of PJSC Rosseti.

Holds no shares of PJSC FGC UES.



Igor Kamensky

Independent Director
Chairman of the Audit Committee
Chairman of the Investment Committee
Member of the HR and Remuneration Committee

Board member since 2016.

Born in 1968.

Graduated from Lenin Moscow State Pedagogical Institute, majoring in Russian Language and Literature.

EXPERIENCE:

Mr Kamensky has significant experience in corporate governance and strategic management. He acted as a representative of regional executive bodies in the Council of Federation of the Russian Federation. Between 2002 to 2009, he held senior positions in the supreme government bodies. Then Mr Kamensky expanded his expertise in finance and audit during his tenure as Chairman of the Board of Directors and Managing Director of Renaissance Capital Group companies.

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of SC Soglasie LLC, PJSC Aeroflot, PJSC Corporation VSMPO-AVISMA.

MAIN JOB AS OF 31 DECEMBER 2019:

Managing Director of Renaissance Broker LLC.

Holds no shares of PJSC FGC UES.



Andrey Murov

Executive Director
Chairman of the Management Board

Board member since 2013.

Born in 1970.

Graduated from the Saint Petersburg State University, majoring in Jurisprudence; underwent the Financial Management retraining programme at the Interdisciplinary Institute of Executive Staff Refresher Training and Retraining. Doctor of Economic Science.

EXPERIENCE:

Mr Murov has wide experience in managing infrastructural organisations: from 2005 to 2012, he headed Pulkovo airport, from 2012 to 2013 he was General Director, member of the Management Board of JSC IDGC Holding (since 4 April 2013 — PJSC Rosseti). Since 2013, he has held the position of Chairman of the Management Board of PJSC FGC UES. In 2015, he was elected as Chairman of the Russian National Committee of the International Council on Large Electric Systems (CIGRE).

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of PJSC Rosseti, PJSC Inter RAO, JSC SO UES; member of the Board of Trustees of FSBEI HE NIU MEI, FSBEI HE SPbSU, FSBEI HE SPbGEU; Member of the Supervisory Board of the Association for the Development of International Energy Research and Projects "Global Energy"; Non-Profit Partnership "Scientific and Technical Council of the Unified Energy System"; Member of the Central Council and Bureau of the Central Council of the Russian Engineering Union LLC.

MAIN JOB AS OF 31 DECEMBER 2019:

Chairman of the Management Board of PJSC FGC UES.

Holds no shares of PJSC FGC UES.



Nikolay Roshchenko

Non-Executive Director

Board member since 2016.

Born in 1981.

Graduated from Tax Academy of the Russian Federation, majoring in Jurisprudence.

EXPERIENCE:

Mr Roshchenko has considerable competence in jurisprudence and law: in 2003, he was appointed head of the Jurisprudence Department in the Russian department of tax, in 2008, he was appointed as Head of the Legal Department of the Association NP Market Council. Since 2014, he has been the member of the Management Board of Association NP Market Council; since 2017 — Deputy Chairman of the Management Board, member of the Management Board of JSC TSA.

EXTERNAL APPOINTMENT:

Member of the Board of Directors of JSC TSA, Chairman of the Board of Directors of JSC FSC.

MAIN JOB AS OF 31 DECEMBER 2019:

Head of the Legal Department of the Association NP Market Council, member of the Management Board of the Association NP Market Council; Deputy Chairman of the Management Board, Member of the Management Board of JSC TSA.

Holds no shares of PJSC FGC UES.



Olga Sergeeva

Non-Executive Director

Board member since 2019.

Born in 1984.

In 2006, she graduated from the Plekhanov Russian University of Economics, majoring in Economics and Business Management. Construction services. Qualification: Engineer Economist.

EXPERIENCE:

Ms Sergeeva has broad experience in finance and legal regulation: from 2010 to 2017, she worked in the divisions of the Department of Business Administration, she held the position of Head of the Organisational and Legal Department, was Deputy Head of the Department of Fuel and Energy of Moscow and Deputy Head of the Department of Housing and Communal Services of Moscow. From 2018 to 2019, she held the position of Deputy General Director — Chief of Staff of PJSC Rosseti. In 2018, she became the member of the Management Board of PJSC Rosseti. Since 2019 to the present day — Chief Advisor of PJSC Rosseti.

EXTERNAL APPOINTMENTS:

Member of Supervisory Board, Chairman of All-Russian industrial association of employers in energy sector "Employers Russian Association of Energy"; member of the Board of Directors of PJSC Lenenergo, JSC IGDS of North Caucasus, JSC Non-State Pension Fund Otkritie, PJSC MOESK; Chairman of the Board of Directors of PJSC Posseti South, PJSC IDGC of North-West; Deputy Chairman of the Board of Directors of PJSC Kubanenergo.

MAIN JOB AS OF 31 DECEMBER 2019:

Member of the Management Board, Chief Advisor of PJSC Rosseti.

Holds no shares of PJSC FGC UES.



Sergey Sergeev

Non-Executive Director
Member of the Investment Committee
Board member since 2016.

Born in 1976.

Graduated from Novocherkassk State Technical University, majoring Industrial and Civil Construction (1998); the Russian Presidential Academy of National Economy, majoring Economics, Management, Finance and Law of Joint Stock Companies (2003).

EXPERIENCE:

Mr Sergeev has a wide range of competencies in project management, capital construction and strategic development, which he gained at companies such as: JSC Joint-Stock Company Transneft, Eastern Siberia-Pacific Ocean Project Management Centre LLC, PJSC FGC UES, PJSC Rosseti, PJSC Kubanenergo.

EXTERNAL APPOINTMENTS:

Board member of PJSC Lenenergo, PJSC MOESK.

MAIN JOB AS OF 31 DECEMBER 2019:

General Director of PJSC Kubanenergo.

Holds no shares of PJSC FGC UES.



Pavel Snikkars

Non-Executive Director
Chairman of the Strategy Committee
Member of the Investment Committee
Board member since 2016.

Born in 1978.

Graduated from the Siberian Academy of Public Service, majoring in Public and Municipal Administration (2000); the Siberian University of Consumer Cooperation, majoring in Jurisprudence (2005). Ph.D. in Economics.

EXPERIENCE:

Mr Snikkars has worked in electric power industry since 2005. He has a vast working experience and skills in the wholesale and retail electricity and capacity market. From 2010 to 2012, he was Deputy Director General for Development and Deputy Director General for Market Operations in JSC United Energy Retailing Company. In 2012–2013, he was a member of the Management Board of NP Market Council for Organisation of Efficient Wholesale and Retail Power and Capacity System. Since 2013, he has worked as a civil servant — Director of the Department of Electric Power Development of the Ministry of Energy of Russia.

MAIN JOB AS OF 31 DECEMBER 2019:

Director of the Electric Power Industry Development Department of the Ministry of Energy of Russia.

Holds no shares of PJSC FGC UES.



Ernesto Ferlenghi

Independent Director
Chairman of the HR and Remuneration Committee
Member of the Audit Committee
Member of the Strategy Committee
Board member from 2008 to 2014.
Elected to the Board again in 2016.

Born in 1968.

Graduated from the University of Tor Vergata (Rome), Faculty of Mathematics, Physics and Natural Sciences.

EXPERIENCE:

Mr Ferlenghi has extensive experience in big business: since 1998 he has worked in different positions and in different regional offices of Eni. He is well acquainted with the country specifics of work in Russia: he was a member of the Boards of Directors of the Russian companies Arktikgas, SeverEnergiya, Eni Energy, Cyrus. President of the Association of Italian Industrialists in Russia. In addition, Mr. Ferlenghi is actively involved in the development of Russian-Italian dialogue not only in business, but also in social and cultural areas: in 2019 he was appointed Co-chairman of the Russia-Italy Dialogue Forum.

MAIN JOB AS OF 31 DECEMBER 2019:

Executive Vice President of Eni for Market Development in Russia and Central Asia, General Director of Eni Energhia LLC, Chairman of the Energy Committee of the Association of European Businesses (AEB), President of the Association of Italian Industrialists «Confederation of Italian Industry».

Holds no shares of PJSC FGC UES.



Vladimir Furgalsky

Non-Executive Director
Board member since 2019.

Born in 1977.

In 2000, he graduated from the St. Petersburg State University of Economics and Finance, majoring in Economics, majoring in Finance and Credit, qualification is Economist.

EXPERIENCE:

Mr. Furgalsky has extensive experience in corporate governance issues: in 2010–2014 he held the positions of Director for Corporate Governance and Strategic Communications, Deputy Chairman of the Management Board of PJSC FGC UES. Since 2018, he has worked at PJSC Rosseti, held the position of Chief Advisor and is currently Deputy General Director for Corporate Governance. He has vast working experience in state institutions — in the Ministry of the Russian Federation for North Caucasus Affairs and in the Russian Energy Agency of the Ministry of Energy of Russia.

EXTERNAL APPOINTMENTS:

Board member of PJSC IDGC of Siberia.

MAIN JOB AS OF 31 DECEMBER 2019:

Deputy General Director for Corporate Governance of PJSC Rosseti.

Holds no shares of PJSC FGC UES.

Composition of the Board of Directors valid from 28 June 2018 to 26 June 2019*

Pavel LIVINSKY Chairman of PJSC FGC UES Board of Directors	<i>General Director, Chairman of the Management of PJSC Rosseti</i> ● Born in 1980 ● Education: University degree
Pavel GRACHEV independent director	<i>President of PJSC Polyus</i> ● Born in 1973 ● Education: University degree, J.D
Andrey DEMIN non-executive director	<i>Member of the Management Board of PJSC Rosseti</i> ● Born in 1974 ● Education: University degree
Igor KAMENSKOY independent director	<i>Managing Director of Renaissance Broker LLC</i> ● Born in 1968 ● Education: University degree
Egor PROKHOROV non-executive director	<i>Deputy General Director for Finance of PJSC Rosseti</i> ● Born in 1982 ● Education: University degree, PhD in Economics
Nikolay ROSHCENKO non-executive director	<i>Member of the Management Board, Head of the Legal Department of the Association NP Market Council</i> ● Born in 1981 ● Education: University degree
Andrey MUROV executive director	<i>Chairman of the Management Board of PJSC FGC UES</i> ● Born in 1970 ● Education: University degree, Doctor of Economics
Sergey SERGEEV non-executive director	<i>General Director of PJSC Kubanenergo</i> ● Born in 1976 ● Education: University degree
Pavel SNIKKARS non-executive director	<i>Director of the Department of Electric Power Industry Development of the Ministry of Energy of Russia</i> ● Born in 1978 ● Education: University degree, PhD in Economic
Oksana SHATOKHINA non-executive director	<i>Deputy General Director of PJSC Rosseti</i> ● Born in 1975 ● Education: University degree
Ernesto FERLENGHI independent director	<i>Executive Vice President of Eni on Market Development in Russia and Central Asia of Eni S.p.A</i> ● Born in 1968 ● Education: University degree

*The positions are as at the date of election

Introduction to the post of new members of the Board of Directors

Following the results of the Annual General Meeting of Shareholders in 2019, three new members of the Board of Directors were elected to the Company's Board of Directors (Pavel Grebtsov, Olga Sergeeva, Vladimir Furgalsky). The current policies of the Company provide for a number of activities for new members of the Board of Directors in order to involve them in the work of the Board of Directors and its committees as soon as possible, to become acquainted with production and financial-economic activities, which ultimately ensures more efficient performance of the Board's functions.

As part of these procedures, the following events were organised for new Board members:

- providing information on key management and activity issues of the Company — development strategy, long-term development programme, Company's business model, budget and investment programme, risk management and internal control system, controlled organisations, management and motivation system, organisational structure, main operational and financial results of the last three years;
- referral of internal documents and key policies of the Company regulating relations, control and supervision over their implementation, which is the responsibility of the Board of Directors;
- introductory meetings with the Company's management and its material affiliated companies;
- ability to visit the Company's headquarters, as well as its production divisions and facilities;
- information on obligations and authorities of the Board of Directors members, their status, anticipated time expenditure, and necessary resources to performing their duties on the Board;
- information on key events involving the Company's Board members planned for 2019–2020.

Liability insurance of directors and officials

With the scale of the Company's activities, changes in the regulatory environment, number of contractors and a comprehensive nature of contractual relations taken into account, a practice for liability insurance of directors and officials both of the Company and its subsidiaries (D&O insurance policy) was introduced.

The liability insurance is aimed at:

- protecting directors and officials in case of claims submitted by third parties;
- guaranteed protection of Company shareholders' proprietary interests and ensuring a source of reimbursement for possible Company losses and/or insured parties in insurance cases.

Main insurance parameters and the extent of insurance correspond to the size of business and possible risks, as well as the liability insurance practice of other companies working in the industry.

Main parameters of insurance conditions under the D&O policy

Period	June 2017– June 2018	June 2018–December 2019	2020
Insurer	JSC SOGAZ	JSC SOGAZ	JSC SOGAZ
Contract price, RUB	4,700,000	5,760,000	4,950,000
Insured parties	Members of the Board of Directors and executive bodies, management of the Company and its subsidiaries.		
Liability limit, incl.			
General limit	RUB 3 bln		
Additional limit	For independent directors — RUB 50 million, but no more than RUB 250 million for all independent directors		
Insurance geography	Global		

Corporate Secretary

The position of Corporate Secretary was introduced in the Company in 2015.

Appointment and termination of the Company's Corporate Secretary falls within the exclusive competence of the Board of Directors with preliminary consideration by its HR and Remuneration Committee.

At the same time, the Corporate Secretary is appointed separately during the election of new members to the Board. This is another means of control of the Corporate Secretary's activities and assessment of performance to the Company's benefit, with the importance of duties taken into account.

The Corporate Secretary functionally reports to the Board of Directors, and administratively — due to specifics of the Russian Labour Code — to the Chairman of the Management Board. In addition, the Board of Directors is responsible for motivation, remuneration and encouragement of the Corporate Secretary, as well as approval of the Regulation on the Corporate Secretary, which ensures independence of the Company's management and efficiency of the Corporate Secretary's work.

The [Regulation on the Corporate Secretary](#) of PJSC FGC UES was approved by the resolution of the Board of Directors of 21 July 2015 (with further revisions).

Aleksey Ozherelyev performs functions of the Company's Corporate Secretary.

Aleksey Ozherelyev

Born in 1986 in Moscow.

Graduated from the Moscow State University of Economics, Statistics, and Informatics in 2006, majoring in Finance and Credit.

Work experience

- **2016–today**

Corporate Secretary of PJSC FGC UES.

- **2017–today**

Head of the Directorate for Operation of the Management Board, the Board of Directors, and Shareholder and Investor Relations under the Department of Corporate Governance and Shareholder and Investor Relations with PJSC Rosseti.

- **2013–2016**

Head of the Directorate for Operation of Management Bodies of PJSC Rosseti.

- **2011–2013**

Deputy Head of the Corporate Governance Department with PJSC FGC UES.

- **2009–2011**

Advisor, Deputy Head of the Department, Head of the Department of Economic Regulation and Property Relations with FEC under the Ministry of Energy of Russia.

Holds no shares of PJSC FGC UES, or any other shares or participation interest with any of its affiliates. No transactions with the Company's securities throughout the year or loans granted by the Company were registered.

Committees of the Board of Directors

Committees are established under the Board of Directors of PJSC FGC UES. They perform as specialised units whose goal is to provide for a more detailed approach to certain activities of the Board and prepare recommendations for its directors. The committees report to the Company's Board of Directors.

Over the recent years and in the reporting period, four committees carried out activities under the Board of Directors (hereinafter, the "Committees"):

- Audit Committee;
- HR and Remuneration Committee;
- Strategy Committee;
- Investment Committee.

When selecting members of the Committees, the Company ensures compliance with the requirements applied to issuers, whose shares are included in the quotation list of the first level of the Moscow Exchange, recommendations of the Russian Corporate Governance Code, as well as addresses the need to involve representatives of the key participants' interests of the Company's management system (shareholders, external experts, managers) in activities of certain committees.

Approach to committee membership

With a view to ensuring the efficient work of and preparation of well-considered and objective resolutions / recommendations by the Committees, the Company consistently uses the following main approaches:

- the Audit Committee and the HR and Remuneration Committee are composed solely of independent directors, who have the necessary competencies and experience, no conflicts of interest regarding items under consideration, and do not hold the position of Chairman of the Board of Directors;
- workload of the Board members as the Company's directors, as well as their external appointments and objective ability to make educated decisions on agenda items are taken into account;
- existence of specialised committees dealing with material issues, essential to the Company's sustainability and development (investment, key projects);
- the Committees are remunerated and provided with necessary resources at the Company's expense;
- external experts are involved in the Committees' activities (both on a paid and free-of-charge basis);
- possibility to review items not only in the framework of the Board's recommendations, but in certain areas the Committees are responsible for;
- the Committees are managed exclusively by the Board members and report to them on a regular basis.

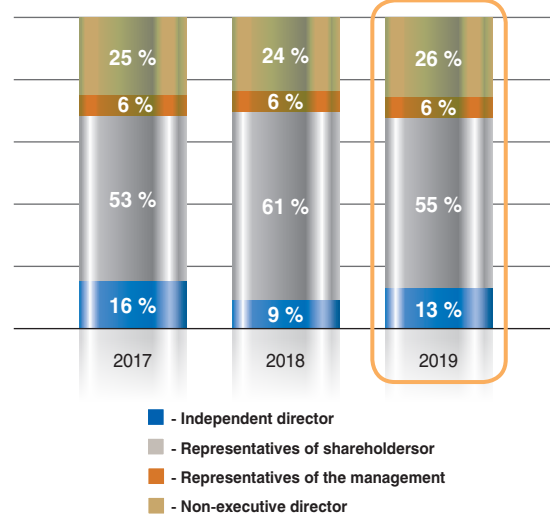
Management of the Committees' activities

When assessing the Committees' efficiency, the following elements are used as our core metrics:

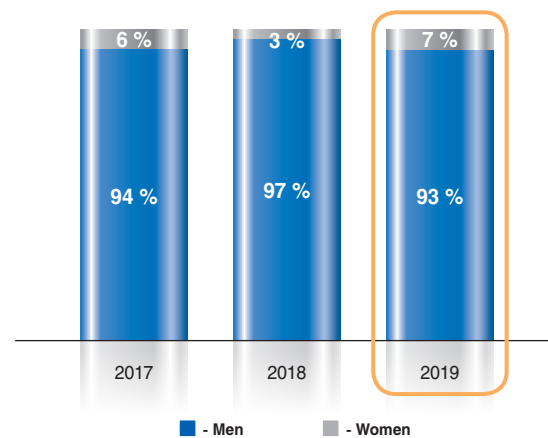
- balance in the composition;
- number and categories of meetings and items under consideration;
- quality of planning and arrangement of the Committees' activities;
- compliance with recommendations and generally approved management practices.

The Committees' structure

Categories of Committee members



Gender composition



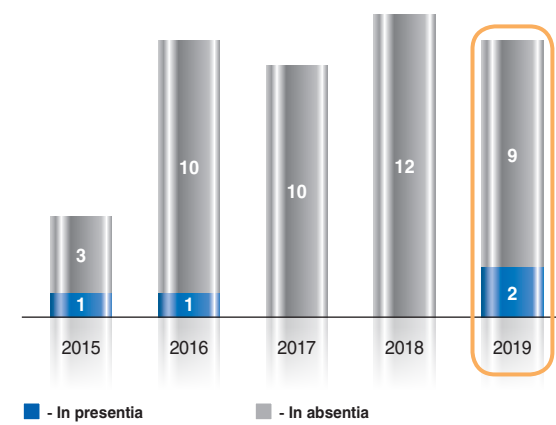
Information on voting at the Committees' meetings

In the reporting year, the Committees considered 128 items at 65 meetings. With this, the share of meetings in praesentia made up 32%, and the share of items considered at such meetings reached 48%.

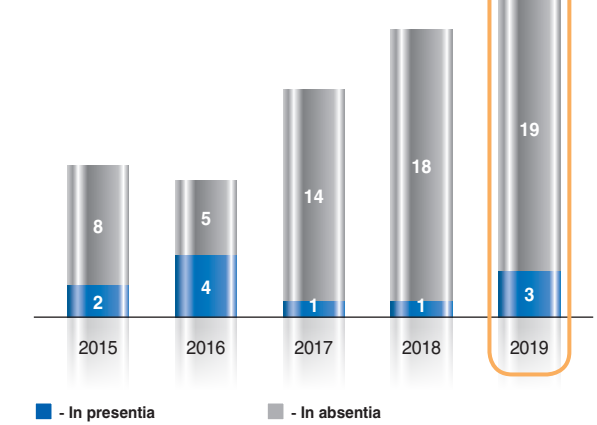
Committee	Audit Committee	HR and Remuneration Committee	Strategy Committee	Investment Committee
Affirmative votes	100 %	100 %	97.5 %	96.55 %
Dissenting votes	–	–	0.5 %	1.42 %
Abstained	–	–	2 %	2.03 %

* Information is provided according to the voting results recorded in the Committees' meeting minutes

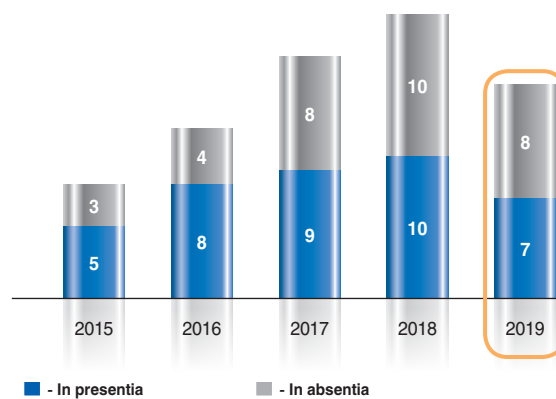
Meetings of HR and Remuneration committee



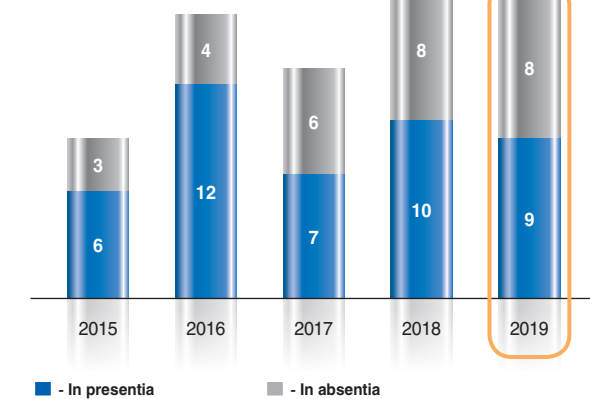
Meetings of Audit committee



Meetings of Strategy committee



Meetings of Investment committee



Report on the Audit Committee's performance

The role of the Audit Committee is to assist the Board of Directors in providing efficient control of the Company's financial and business operations.

The committee performs important functions in the Company's corporate governance system in terms of monitoring the completeness, accuracy and reliability of financial statements, the efficiency and reliability of the risk management, internal control and corporate governance system, as well as ensuring the objectivity and independence of the internal and external audit functions.



With each year, the role of the Audit Committee in the management system of any company becomes more prominent, while it holds a very special place in a public company. Legal changes, due to which Russian public companies will be obliged to establish audit committees from July 2020, further underline the importance of this key element of the check-and-balance system, along with control of core business processes and risk management, the responsibility of the Board of Directors.

Facing new challenges of the time, in 2019, we paid extra attention to issues related to internal control and risk management, as well as internal audit. On top of this, we carefully monitor changes in the industry that affect internal control, compliance development, and social responsibility in order to choose the right path for the Company and adjust our processes in due time.

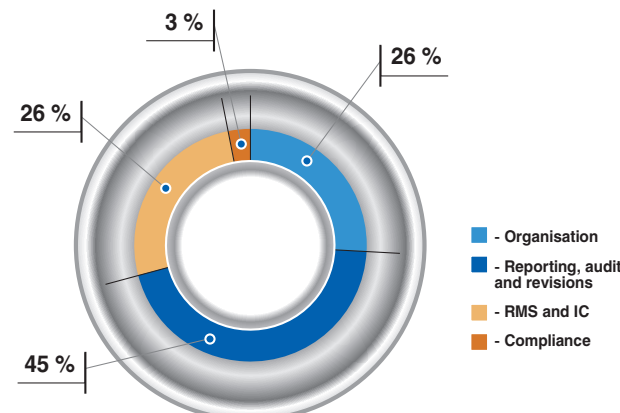
In the reporting year, the Committee's meetings in praesentia were conducted with Committee experts, representatives of the Internal Audit Department, the management, and external auditors invited by the Company.

We believe that we take the necessary measures to allow for efficient coordination of risk management, internal control, compliance and ensure development and operation of the Company with the continuously changing environment taken into account.



I. Kamensky
Chairman of the Audit Committee, independent director

Structure of items, reviewed by the Audit Committee in 2019



Audit Committee	Independent Director	Chairman of the Board of Directors	Experience/background in the field of finance
I. Kamensky (Chairman)	+	-	+
P. Grachev	+	-	+
E. Ferlenghi	+	-	+

In 2019, the Audit Committee held 22 meetings (3 of which were held in the form of joint attendance), and 32 items were considered.

In the reporting year, PJSC FGC UES Management Board considered the following most important items

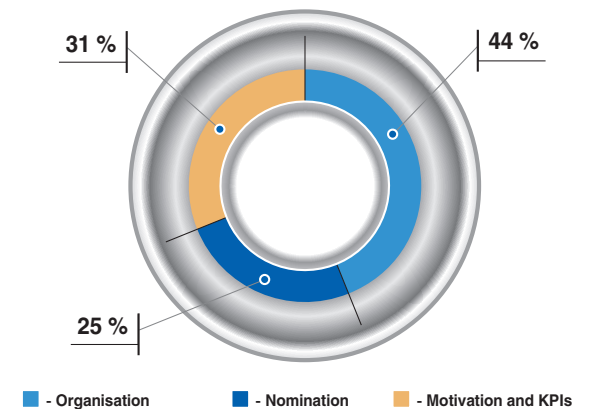
Key areas of the Audit Committee's activities	Items considered in 2019
<ul style="list-style-type: none"> Control of the accounting (financial) statements drafting; risk management, internal control and corporate governance; internal and external audit; anti-fraud, compliance; 	<ul style="list-style-type: none"> Consideration of financial statements as per IFRS and RAS; consideration of audit reports on annual and interim financial statements provided by the Company's external auditors; consideration of external auditors of financial statements as per RAS and IFRS; consideration of regular reports on activities of the Internal Audit Department; consideration of regular reports on risk management; consideration of propositions related to optimisation of the procedure for drafting and disclosing the Company's financial statements; preliminary consideration of all the Company's internal documents; development of reports on compliance with internal documentation requirements.

Report on the HR and Remuneration Committee's performance

The HR and Remuneration Committee is responsible for ensuring the necessary expertise in such areas as motivation and nomination, as well as development and implementation of the personnel continuity policy.

HR and Remuneration Committee	Independent Director	Chairman of the Board of Directors
E. Ferlenghi (Chairman)	+	-
P. Grachev	+	-
I. Kamensky	+	-

Structure of items, reviewed by the HR and Remuneration Committee in 2019



In 2019, the HR and Remuneration Committee conducted 11 meetings (2 of which were held in the form of joint attendance), and considered 13 items.

Key areas of the HR and Remuneration Committee's activities	Items considered in 2019
<ul style="list-style-type: none"> Development of policies on remuneration of the Board members and senior officials, and supervision of their implementation and compliance; preliminary assessment of the Company's key employees at the end of the year; preparation of provisions of labour contracts concluded with members of the Management Board and the Company's key employees; development of recommendations for the Board of Directors in terms of determination of the remuneration amount and bonus system for the Company's Corporate Secretary; assessment of performance of the Board of Directors and its members, selection of priority areas to strengthen the Board's work; preparation of recommendations for shareholders regarding election to the Board of Directors; development of the continuity policy for top management; planning on staff appointment (employee pool) of senior officials, drafting recommendations for the Board of Directors regarding candidates for the positions of senior officials and Corporate Secretary. 	<ul style="list-style-type: none"> Preliminary consideration of internal documents, providing for conditions of labour and bonus payments for senior managers; consideration of reports on achievement of quarterly and annual KPIs by the Company's top management; approval of candidates to the Company's Management Board; consideration of approaches to the personnel continuity planning; recommendations to the introduction of professional standards into the Company's operations.

Report of the Strategy Committee

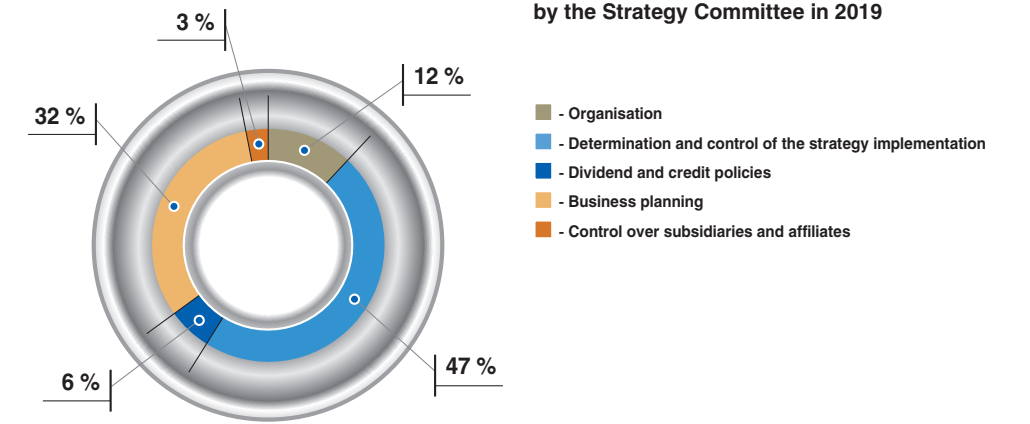
GRI 102-26

The role of the Strategy Committee is to assist the PJSC FGC UES Board of Directors in improving the Company's performance efficiency in the long term.

GRI 102-22 Composition of the Strategy Committee

	Elected by the resolution of the Board of Directors dated 26 September 2018	Elected by the resolution of the Board of Directors dated 30 July 2019	Elected by the resolution of the Board of Directors dated 12 November 2019
P. Snikkars, Chairman of the Strategy Committee, Member of the Board of Directors of PJSC FGC UES, Director of the Department for Development of Electric Power Industry of the Ministry of Energy of Russia	+	+	+
A. Kaplun, Director of the Department of Natural Monopolies Relations of MC Polyus LLC	+	+	+
A. Germanovich, General Director of AG Ventures LLC	+	+	+
B. Livshits, Deputy Head of the Competitive Pricing Development Department of the Association NP Market Council	+	+	+
E. Prokhorov, Acting Deputy of the General Director of Strategy of PJSC Rosseti			+
L. Romanovskaya, Deputy General Director for Engagement with Public Authorities of PJSC Rosseti	+	+	+
V. Furgalsky, Deputy General Director for Corporate Governance of PJSC Rosseti	+	+	+
M. Tikhonova, Deputy Chairman of the Management Board of PJSC FGC UES	+	+	+
P. Grebtsov, Acting Deputy of the General Director of Economics and Finance of PJSC Rosseti	+	+	+
A. Erdyniev, Deputy Director of the Electric Power Industry Development Department of the Ministry of Energy of Russia	+	+	+
E. Ferlenghi, Member of the Board of Directors of PJSC FGC UES, President of the Association of the Italian Industrialists "Confederation of Italian Industry"	+	+	+
V. Yavorsky, General Director of Tori-Audit LLC	+	+	+
E. Olkhovich, Deputy General Director for Strategic Development of PJSC Rosseti	+	+	
A. Gabov, Acting Deputy Director of the Department for State Regulation of Tariffs, Infrastructure Reforms and Energy Efficiency of the Ministry of Economic Development of the Russian Federation	+		
S. Lebedev, Director of the Strategic Development Department of PJSC Rosseti	+		
K. Mikhailenko, Chief Advisor of PJSC Rosseti	+		

In 2019, the Strategy Committee conducted 15 meetings (7 of which were held in the form of joint attendance), and 29 items were considered.



Key areas of the Strategy Committee's activities	Items considered in 2019
<ul style="list-style-type: none"> ● Consideration of strategic areas and the Long-Term Development Programme of the Company, long-term financial model and reports on achieved results; ● consideration of items on business planning and reports on implementation of the Business Plan; ● assessment of M&A projects; ● consideration of issues related to the dividend policy; ● consideration of key issues related to activities of the Company's affiliates; ● consideration of issues related to the Company's performance improvement; ● consideration of issues regarding the PJSC FGC UES Group corporate structure, including participation (cessation of participation in other organisations); ● consideration of material transactions. 	<ul style="list-style-type: none"> ● Consideration of propositions on updating the Long-Term Development Programme; ● consideration of issues on improving the Procurement Policy; ● consideration of transactions to be approved by the Board of Directors; ● non-core assets management; ● participation in other organisations.

Report of the Investment Committee

The role of the Investment Committee is to assist the Board of Directors in improving and developing the Company's investment policy.

GRI 102-22 Composition of the Investment Committee

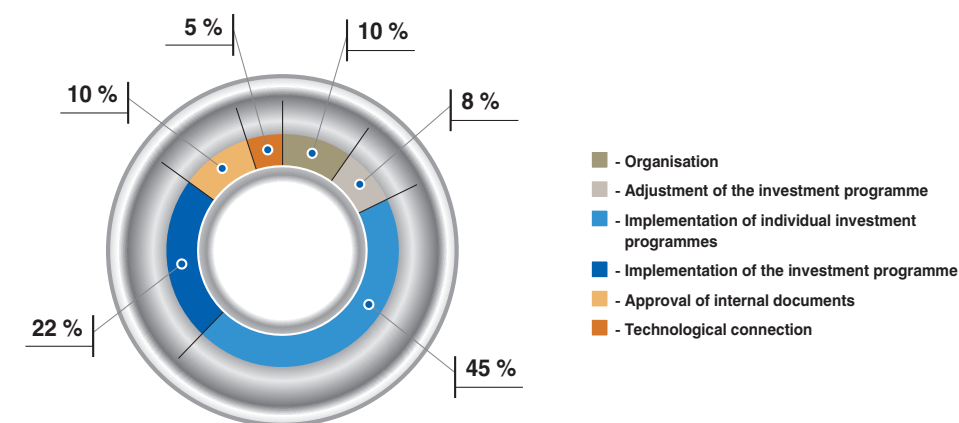
	Elected by the resolution of the Board of Directors dated 26 September 2018	Elected by the resolution of the Board of Directors dated 11 March 2019	Elected by the resolution of the Board of Directors dated 30 July 2019	Elected by the resolution of the Board of Directors dated 11 September 2019
I. Kamensky, Chairman of the Investment Committee, Member of the Board of Directors of PJSC FGC UES, Managing Director of Renaissance Broker LLC	+	+	+	+
M. Bychko, Director of the Capital Construction Department of PJSC Rosseti	+	+	+	+
V. Gritsenko, Member of the Presidium of NP OPORA ROSSII	+	+	+	+
A. Iliencko, Member of the Management Board, Director for UES Development of JSC SO UES	+	+	+	+

GRI 102-22

	Elected by the resolution of the Board of Directors dated 26 September 2018	Elected by the resolution of the Board of Directors dated 11 March 2019	Elected by the resolution of the Board of Directors dated 30 July 2019	Elected by the resolution of the Board of Directors dated 11 September 2019
A. Kaplun, Director of the Department of Natural Monopolies Relations of MC Polyus LLC	+	+	+	+
V. Kiselev, Chairman of the Consumer Council of the Government Commission for the Electric Power Industry	+	+	+	+
A. Mayorov, Deputy General Director — Chief Engineer of PJSC Rosseti		+	+	+
A. Molsky, First Deputy Chairman of the Management Board of PJSC FGC UES		+	+	+
L. Neganov, Acting Deputy of the General Director of Investment Activities and Capital Construction of PJSC Rosseti				+
A. Pyatigor, Deputy General Director of Service Sales of PJSC Rosseti			+	+
I. Selivakhin, Financial Director of JSC TSA, Advisor of the Chairman of the Management Board of the Association NP Market Council	+		+	+
S. Sergeev, Member of the Board of Directors of PJSC FGC UES, Deputy General Director of Capital Construction of PJSC Rosseti	+		+	+
P. Snikars, Member of the Board of Directors of PJSC FGC UES, Director of the Department for Development of the Electric Power Industry of the Ministry of Energy of Russia	+		+	+
D. Akopyan, Deputy General Director of the PJSC IDGC of South branch — Rostovenergo	+			
D. Gvozdev, Chief Engineer of PJSC MOESK	+			
O. Tokarev, Deputy Director of the Machine Tool Building and Investment Machine-Building Department of the Ministry of Industry and Trade of Russia	+			
R. Filimonov, Member of the Management Board, First Deputy Chairman of the Management Board of PJSC FGC UES (since 11 March 2019, he is not a member of PJSC FGC UES's Management Board and Investment Committee)	+			
S. Podlutsky, Director of the Investment Department of PJSC Rosseti		+	+	

In 2019, the Investment Committee conducted 17 meetings (9 of which were held in the form of joint attendance), and 36 items were considered.

Structure of items, reviewed by the Investment Committee in 2019



Key areas of the Investment Committee's activities	Items considered in 2019
<ul style="list-style-type: none"> ● Consideration of the investment programme and reports on its implementation; ● consideration of the innovative development, R&D, and technological development programmes; ● development of the UES of Russia and programmes of the distribution grids development; ● consideration of the maintenance programme and reports on its implementation; ● consideration of certain key operational projects. 	<ul style="list-style-type: none"> ● Adjustment of the Company's investment programme; ● consideration of the infrastructure upgrade plan, as well as reports on the programme implementation for development of grid facilities; ● consideration of items related to ensuring technological connection; ● consideration of reports on implementation of key projects

Executive Governing Bodies

The governance of the Company's current activities is carried out by collegial and sole executive bodies, namely the Management Board and the Chairman of the Management Board of PJSC FGC UES.

	MANAGEMENT BOARD Collegial executive body	CHAIRMAN OF THE MANAGEMENT BOARD Sole executive body
Functions	Ensuring the effective achievement of the Company's goals and implementation of development strategies.	
Accountability	Reporting to the General Meeting of Shareholders and the Board of Directors.	
Appointment / election procedure	Candidates to the Management Board are suggested by the Chairman of the Company's Management Board and elected (appointed) by the Board of Directors.	Elected by the General Meeting of Shareholders.
Term of office	3 years	5 years

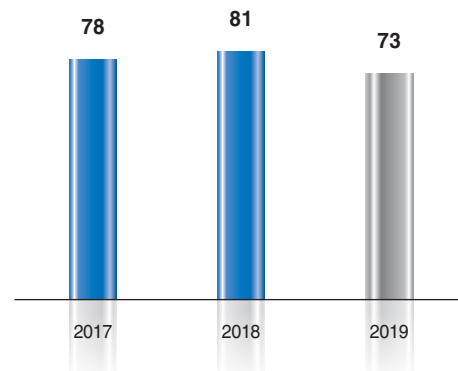
For subordination and efficient monitoring of the executive bodies' activities, in accordance with the Company's Articles of Association, the following matters concerning members and the Chairman of the Management Board are reserved for the Board of Directors:

- election of members to the Company's Management Board (except the Chairman) and early termination of their powers;
- application of disciplinary measures against the Chairman of the Company's Management Board and incentives in accordance with the applicable law;
- determination of remuneration amounts and compensations payable to the Chairman and members of the Company's Management Board;
- coordination of positions in management bodies of other companies, as well as other paid positions in other companies.

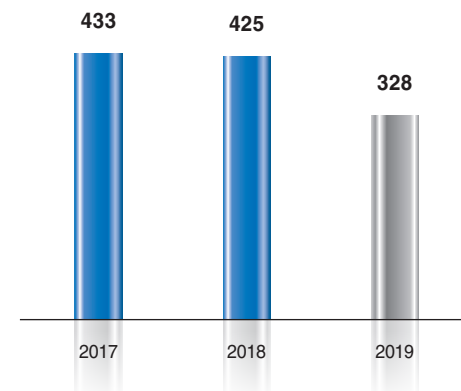
Report on the Management Board's performance

In 2019, the Management Board of PJSC FGC UES held 73 meetings (1 in person and 72 in absentia), and 328 items were considered.

Number of meetings held by PJSC FGC UES' Management Board



Number of items reviewed by PJSC FGC UES' Management Board



In the reporting year, PJSC FGC UES Management Board considered the following most important items

Subject	Item
Production activity	<ul style="list-style-type: none"> ● The annual report on technological and price audits of investment projects of PJSC FGC UES in 2018 was considered. ● Reports on the status and progress of a number of investment projects were considered. ● The consolidated five-year work plan and the budget for the maintenance and repair of PJSC FGC UES for the period 2020–2024 were considered. ● The Rules for Drafting and Implementing Pilot Projects of the Digital Transformation 2030 Concept in PJSC FGC UES were considered. ● The programme of energy saving and energy efficiency improvement of PJSC FGC UES for the period 2020–2024 was considered.
Social and HR Policy	<ul style="list-style-type: none"> ● The Programme of Establishing a Pool of Corporate Housing of PJSC FGC UES was considered. ● Amendments were made to the Regulation on Charity Support of Individuals from PJSC FGC UES and the Regulation on Charity Support of Legal Entities from PJSC FGC UES. ● Amendments were made to the Regulation on PJSC FGC UES's Sponsorship. ● The Programme of Insurance Protection of PJSC FGC UES for 2020 was considered. ● The item related to choosing the Best Branch of the Federal Grid Company — MPS and the Best Facility of the Federal Grid Company — EMPS was considered.
Financial and economic activities	<ul style="list-style-type: none"> ● PJSC FGC UES's report on performance on capital markets and interaction with rating agencies in 2018 was considered. ● Results of the fixed annual account of actual debt limits, as well as debt limits expected in 2019 were reviewed. ● Reports on the implementation of PJSC FGC UES's Business Plan were considered.
Internal control and risk management	<ul style="list-style-type: none"> ● The Action Plan for Managing Key Operational Risks in 2019 was approved. ● The report of PJSC FGC UES's internal auditor on the assessment of efficiency of the Company's internal control and risk management system based on 2018 results was considered. ● The Action Plan for Developing and Improving the Risk Management System of PJSC FGC UES was considered. ● The report of the Chairman and members of PJSC FGC UES's Management Board on the organisation, functioning and efficiency of the risk management system in 2018 was considered. ● The report of the Chairman and members of PJSC FGC UES's Management Board on the organisation and functioning of the internal control system in 2018 was reviewed. ● The report on PJSC FGC UES's key operational risks in 2018 was considered. ● Quarterly reports on operational risks with a "Critical" rating were considered.

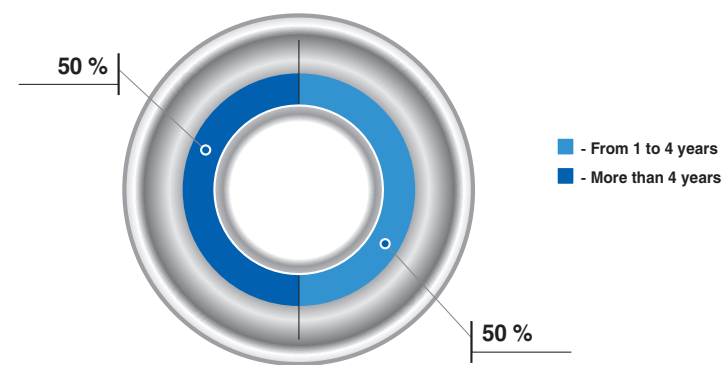


Composition of the Management Board

In accordance with the Regulation on the Management Board of PJSC FGC UES, the quantitative composition is determined by resolution of the Board of Directors of PJSC FGC UES. As of 31 December 2019, the Management Board of PJSC FGC UES included 6 members.

All persons forming PJSC FGC UES's Management Board have the required experience and competences to perform their functions.

Term of service on the Management Board of PJSC FGC UES



Biographies of members of PJSC FGC UES's Management Board



Andrey Murov

Chairman of the Management Board, Member of the Board of Directors.

Areas of responsibility:

- management of the Company's day-to-day operations;
- organisation of work of the Management Board.

Management Board member since 2012.

Born in 1970.

Graduated from the Saint Petersburg State University, majoring in Jurisprudence; underwent the Financial Management retraining programme at the Interdisciplinary Institute of Executive Staff Refresher Training and Retraining. Doctor of Economic Science.

EXPERIENCE:

Mr Murov has a vast experience in managing infrastructure organisations: in 2005–2012, he headed the Pulkovo Airport; in 2012–2013, performed functions of the General Director, member of the Management Board of JSC IDGC Holding (since 4 April 2013 — JSC Rosseti); since 2013 — Chairman of the Management Board of PJSC FGC UES. In 2015, he was elected as Chairman of the Russian National Committee of the International Council on Large Electric Systems (CIGRE).

EXTERNAL APPOINTMENTS:

Member of the Board of Directors of PJSC Rosseti, PJSC Inter RAO, JSC SO UES; member of the Board of Trustees of FSBEI HE NIU MEI, FSBEI HE SPbSU, FSBEI HE SPbGEU; Member of the Supervisory Board of the Association for the Development of International Energy Research and Projects "Global Energy"; Non-Profit Partnership "Scientific and Technical Council of the Unified Energy System"; Member of the Central Council and Bureau of the Central Council of the Russian Engineering Union LLC.

Holds no shares of PJSC FGC UES.



Dmitry Vodennikov

Deputy Chairman of the Management Board — Chief Engineer.

Areas of responsibility:

- arrangement of operations and maintenance production supervision.

Management Board member since 2017.

Born in 1974.

Graduated from Kurgan State University, majoring in Automation of Technological Processes and Production.

EXPERIENCE:

Mr Vodennikov started working at electric grid companies in 1996, where he was an engineer of the relay protection and automation service at the Western Electric Grids «Kurganenergo». Six year later, he was transferred as the head of the substation service. In 2006, he moved to the MPS West Siberia as the Deputy General Director for Development and Customer Engagement. In January 2011, he was appointed as the First Deputy General Director — Chief Engineer of MPS West Siberia. In 2015, he was appointed General Director of JSC FGC UES of MPS West Siberia, and in 2017, — the Chairman of the Management Board, and Chief Engineer, of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Chairman of the Board of Directors of JSC Tomsk Trunk Grids.

Holds no shares of PJSC FGC UES.



Aleksandr Zagaratsky
First Deputy Chairman of the Management Board

Areas of responsibility:

- staff management and development;
- corporate and strategic management;
- legal support;
- document management;
- administrative and economic support;
- property management;
- management of communications, public relations and public authorities' interactions.

Management Board member since 2014.

Born in 1976.

Graduated from St. Petersburg Law Institute of the General Prosecutor Office, majoring in Law. Graduated from St. Petersburg Institute for Management and Economics, majoring in State and Municipal Management. Ph.D. in Economics.

EXPERIENCE:

Mr Zagaratsky has significant experience in legal regulation: in 1999–2013, he worked in St. Petersburg Legislative Assembly, where he started as deputy assistant and then was promoted to Chief of Staff of the Chairman. In 2013, he was appointed the Deputy Chairman of the Management Board of PJSC FGC UES, and in 2016 — First Deputy Chairman of the Management Board of PJSC FGC UES.

Holds no shares of PJSC FGC UES.



Aleksey Molsky
First Deputy Chairman of the Management Board

Areas of responsibility:

- development and customer relations;
- innovative development, digitalisation and IT;
- investments, design and land relations;
- procurement management.

Management Board member since 2016.

Born in 1980.

EDUCATION:

Graduated from Moscow Power Engineering Institute, majoring in Electric Energy Systems and Grids, and Economics and Electric Energy Company Management.

EXPERIENCE:

Mr Molsky started his career in 2003. In 2006, he joined JSC FGC UES as Deputy Chief Engineer, and then became the First Deputy Chairman of the Management Board. In 2016, he was elected a member of the Management Board of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Chairman of the Supervisory Board of JSC IPS SakRusenergo, member of the Supervisory Board of the Association NP Market Council, member of the Board of Directors of CJSC TaigaEnergostroy, member of the Board of Directors of JSC Institute ENERGOSETPROEKT, Chairman of the Board of Directors of JSC Centre for Engineering and Construction Management of UES.

Holds no shares of PJSC FGC UES.



Sergey Terebulin
Deputy Chairman of the Management Board

Areas of responsibility:

- economics, finance and subsidiary management

Management Board member since 2016.

Born in 1978.

EDUCATION:

Graduated from the Financial Academy under the Government of the Russian Federation, majoring in Finance and Credit. Ph.D. in Economics.

EXPERIENCE:

Mr Terebulin has a prominent working experience in the field of finance and audit. In 2001–2006, he held top positions at financial and economic departments of JSC RAO UES of Russia. In 2006–2016, he was the Director of the Corporate Finance Department at PJSC RusHydro. In 2016, Mr Terebulin became a member of the Management Board of PJSC FGC UES and was appointed Deputy Chairman of the Management Board of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Member of the Supervisory Board of JSC IPS SakRusenergo.

Holds no shares of PJSC FGC UES.



Maria Tikhonova
Deputy Chairman of the Management Board

Areas of responsibility:

- corporate and strategic management

Management Board member since 2013.

Born in 1980.

EDUCATION:

Volga-Vyatka Academy of Public Service, majoring in Public and Municipal Administration, the Higher School of Economics with MBA Finance. Ph.D. in Economics.

EXPERIENCE:

Ms Tikhonova has significant experience in the energy field. In 2005–2008, she worked in the Federal Energy Agency where she moved up from senior specialist to deputy head of the property relations department at FEC. In 2008–2012, she held top positions in the Ministry of Energy of Russia, including the Director of the Department for Corporate Governance, Pricing Conditions and Auditing in Fuel and Energy Industries. In 2013, she was appointed the Chairman of the Management Board of PJSC FGC UES and elected as a member of the Management Board of PJSC FGC UES.

EXTERNAL APPOINTMENTS:

Since 2019, Board Member of JSC Elektromagistral.

Holds no shares of PJSC FGC UES.

Since the beginning of the reporting year and until 11 March 2019, Roman Filimonov also was a member of the Management Board. His authorities were terminated by the resolution of the Board of Directors of 11 March 2019.

In the reporting year, members of the Company's Management Board held no shares and bonds of the Company or its affiliates, and made no transactions with the mentioned securities. In the reporting year, members of the Company's Management Board were in no way indebted to the Company.

Remuneration system for governing bodies

GRI 102-35

The remuneration policy was developed on the basis of the principles and recommendations of the Bank of Russia Corporate Governance Code, taking into account the Company's remuneration and compensation practice.

The procedure for determining remuneration and compensation to members of the Board of Directors, as well as the payment procedure, is set forth in the Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of PJSC FGC UES.⁷⁹

The practices applied in the Company for determining remuneration and compensation payable to members of the Board of Directors comply with the transparency and reporting principles and consider the role of the above-stated persons in performance of the Company.

The procedure for remuneration of persons included in committees of the Board of Directors, but not members of the Board of Directors, is determined by the Regulations on Payment of Remuneration and Compensation to Members of the Committees of the Board of Directors of PJSC FGC UES.⁸⁰

The Regulations on the Conditions of Labour Contracts and Determination of the Amount of Remuneration and Compensation Payable to Senior Management of JSC FGC UES⁸¹ regulate the system of remuneration of the Chairman of the Management Board and members of the Company's Management Board.

Operation of the HR and Remuneration Committee in monitoring and improving the remuneration system provides for increased efficiency and transparency of the existing policy.

The Company does not engage consultants to determine the amount of remuneration and compensation payable to members of the Board of Directors and members of the Management Board.

In 2019, no amendments were made to the Company's remuneration policies.

Remuneration of Members of the Board of Directors

Key aspects of the remuneration system for members of the Board of Directors:

- remuneration is paid as a lump-sum payment following the results of work of the Company's Board members for the corporate year since their election until termination of their powers;
- the decision to pay remuneration is made at the Company's Annual General Meeting of Shareholders.

The Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of PJSC FGC UES also provide for a number of conditions under which remuneration is not paid in the following cases:

- a member of the Company's Board of Directors skips more than half of meetings of the Board of Directors held during their membership on the Board of Directors;
- lack of net profit for the financial year preceding the year of payment of remuneration;
- a member of the Board of Directors of the Company is simultaneously a member of the Management Board of the Company and/or the Chairman of the Management Board of the Company;
- a member of the Company's Board of Directors is a person in respect of whom the laws of the Russian Federation provide for restrictions and prohibitions on receiving any payments from commercial organisations.

⁷⁹ Approved by the resolution of the Annual General Meeting of Shareholders of PJSC FGC UES of 26 June 2015, Minutes No. 16 of 30 June 2015.

⁸⁰ Approved by the Board of Directors, Minutes No. 280 of 24 August 2015.

⁸¹ Approved by the Board of Directors, Minutes No. 105 of 17 June 2010.

Internal documents and the policy of PJSC FGC UES on remuneration of members of the Board of Directors do not provide for the provision of shares of the Company to members of the Board of Directors.

In the event of early termination of powers of a member of the Board of Directors, as well as in the event of election of a member of the Board of Directors at the Company's Extraordinary General Meeting of Shareholders, the remuneration of such person is calculated taking into account the actual time they fulfil their duties as a member of the Board of Directors.

The Company does not have any additional remuneration or compensation in case of early termination of powers of Board members in connection with a takeover of the Company or in other circumstances.

Calculation of remuneration

GRI 102-36

To increase involvement of the Board members into the Company's operation and motivation to achieve high financial indicators by the Company, the amount of remuneration payable to members of the Board of Directors depends on the Company's financial results. Remuneration is calculated taking into account the fixed part of remuneration determined depending on the Company's revenue⁸² for the financial year previous to the year of remuneration payment.

Revenue for the financial year	Amount of the fixed part of remuneration
Over RUB 200 bln	RUB 1,000,000
Over RUB 30 bln	RUB 900,000
Over RUB 10 bln	RUB 800,000
Over RUB 1 bln	RUB 700,000
Over RUB 600 mln	RUB 600,000
Below RUB 600 mln	Remuneration is not paid

The fixed amount of remuneration of members of the Board of Directors in the 2017–2019 corporate year was RUB 900,000.

Board member's remuneration is formed on the following principles:

- the total amount of remuneration of a member of the Company's Board of Directors **cannot exceed the fixed amount of remuneration** (RUB 900,000 for 2019) in the corporate year;
- **remuneration for participation in the meetings of the Board of Directors** is formed based on the amount of **the fixed amount** of remuneration and the actual attendance of the meetings of the Board of Directors;
- **the increases are determined in the amount:**
 - +30% of **remuneration for participating in the meetings of the Board of Directors** for the Chairman of the Board of Directors;
 - +20% of **remuneration for participation in the meetings of the Board of Directors** for the Chairman of the Committee under the Board of Directors;
 - +10% of **remuneration for participating in the meetings of the Board of Directors** for a member of the Committee under the Board of Directors.



More information on the formula for calculating remuneration for participation in meetings of the Board of Directors can be found in the Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of PJSC FGC UES.

⁸² Calculated as per RAS.

Compensations

The Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of PJSC FGC UES provide for reimbursement of actual expenses to Board members, including the cost of the transportation to the location of the meeting of the Board of Directors and Committees and back, accommodation costs, as well as other expenses related to the Company's operations.

Remuneration paid in the reporting year

In connection with the receipt of net profit as of the results of 2018 in the amount of RUB 56,186,935 thousand following the results of the Company's activities, at the General Meeting of Shareholders of PJSC FGC UES, held following the 2018–2019 corporate year, it was decided to pay remuneration to members of the Board of Directors.

Fixed annual remuneration was the only monetary form of remuneration of Board members for serving on the Board of Directors during the reporting period.

Remuneration for Board membership		Additional remuneration	
$R_{\text{actual}} = R_{\text{bas}} \times 100 / 130 \times (a/b)$		Remuneration to the Chairman of the Board of Directors*	$R_{\text{actual}} \times 30\% / 100\%$
$R_{\text{bas}} = 900,000 \text{ RUB}$		Remuneration to the Chairman of the Committee*	$R_{\text{actual}} \times 20\% / 100\%$
a — number of meetings of the Board of Directors in which the member participated		Remuneration for Committee membership*	$R_{\text{actual}} \times 10\% / 100\%$
b — total number of meetings of the Board of Directors conducted in the reporting period		<i>*Bonus payments for chairmanship and membership in the Committee under the Board of Directors are not paid if there were less than 3 meetings arranged by the Committee</i>	

Information on the number of the meetings of the Committees under the Board of Directors	
Audit Committee	20
HR and Remuneration Committee	10
Investment Committee	17
Strategy Committee	18

No.	Name of the Board member	a	b	Remuneration (R _{actual}), RUB	Information on the membership in the Committees under the Board of Directors	Additional remuneration, RUB.			Total, RUB	Max payment, RUB	Limitations on the payments	Total payable, RUB
						Chairman of the Board of Directors	Chairman of the Committee under the Board of Directors	Member of the Committee under the Board of Directors				
1	P. Grachev	41	41	692,307.69	Audit Committee	0	0	69,230.77	830,769.23	900,000.00	No	830,769.23
					HR and Remuneration Committee	0	0	69,230.77				
2	A. Demin	41	41	692,307.69	Strategy Committee	0	0	0	692,307.69	900,000.00	No	692,307.69
3	I. Kamenskoy	41	41	692,307.69	Audit Committee	0	138,461.54	0	1,038,461.54	900,000.00	No	900,000.00
					HR and Remuneration Committee	0	0	69,230.77				
					Investment Committee	0	138,461.54	0				
4	A. Murov*	41	41	—	—	—	—	—	—	—	Yes	—
5	P. Livinsky	41	41	692,307.69	—	207,692.31	0	0	900,000.00	900,000.00	No	900,000.00
6	E. Prokhorov	37	41	624,765.48	—	0	0	0	624,765.48	900,000.00	No	624,765.48
7	N. Roshchenko	39	41	658,536.59	—	0	0	0	658,536.59	900,000.00	No	658,536.59

No.	Name of the Board member	a	b	Remuneration (R _{actual}), RUB	Information on the membership in the Committees under the Board of Directors	Additional remuneration, RUB.			Total, RUB	Max payment, RUB	Limitations on the payments	Total payable, RUB
						Chairman of the Board of Directors	Chairman of the Committee under the Board of Directors	Member of the Committee under the Board of Directors				
8	S. Sergeev	41	41	692,307.69	Investment Committee	0	0	69,230.77	761,538.46	900,000.00	No	761,538.46
9	P. Snikkars**	36	41	—	Investment Committee	—	—	—	—	—	Yes	—
					Investment Committee	—	—	—				
10	Ernesto Ferlenghi	41	41	692,307.69	Audit Committee	0	0	69,230.77	969,230.77	900,000.00	No	900,000.00
					HR and Remuneration Committee	0	138,461.54	0				
					Investment Committee	0	0	69,230.77				
11	O. Shatokhina	41	41	692,307.69	Strategy Committee	0	0	0	692,307.69	900,000.00	No	692,307.69
Total:												6,960,225.1

* Remuneration is not paid due to the fact that the Board member is the Chairman of the Company's Management Board at the same time.
 ** Remuneration is not paid due to the fact that the Board member is a public servant.

Members of the Board of Directors P. Grebtsov, O. Sergeeva, V. Furgalsky elected by the Annual General Meeting of Shareholders on 26 June 2019 did not receive any remuneration in the reporting year. The issue of paying the remuneration on the results of 2019 is to be considered at the Annual General Meeting of Shareholders of the Company planned for 2020.

Members of the Board of Directors were not provided with any loans (credits) in 2019.

Total (aggregated) remuneration paid to members of the Board of Directors, RUB thousand

Type (element) of remuneration	2017	2018	2019
Fixed			
Remuneration for participation in work of the governing body	5,764.2	5,942.3	5,921.8
Additional remuneration to the Chairman of the Board of Directors	189.6	207.7	207.7
Additional remuneration for participation in the Committees of the Board of Directors	832.3	801.9	830.7
Other fixed remuneration	0	0	0
Total amount of fixed part of remuneration	6,786.1	6,951.9	6,960.2
Variable			
Bonuses accrued	Such remuneration types are not provided for in the Company's Remuneration Policy for the Members of the Board of Directors		
Accrual of remuneration paid on the basis of shares	Such remuneration types are not provided for in the Company's Remuneration Policy for the Members of the Board of Directors		
Other variable remuneration (non-monetary remuneration and compensation), including:	Not paid		
Cost of travel to location of meetings of the Board of Directors and the Committees and back	Not paid		
Living cost	Not paid		
Other expenses related to the Company's activities	Not paid		
Total accrued size of the variable part of remuneration	Not paid		
Severance allowances, compensations and other payments in connection with early termination of powers	Not paid		

System of remuneration of the Chairman and members of the Management Board

Calculation of remuneration



GRI 102-36

Detailed information on the KPI system, KPI achievement in the reporting year and goals for 2020 can be found in section Strategic Report/Industry Review, Strategy, Risks and KPI/Key Performance Indicators.

In accordance with the best practice, the system of remuneration of the members of the Company's executive bodies is comprised of fixed and variable parts related to achievement of top managers' key performance indicators (KPIs). Such an approach allows motivating members of the Management Board to achieve strategic goals and thus contribute to growth of the Company's value.

The remuneration is comprised of fixed (salary) and variable (bonuses) parts. The variable part is comprised of quarterly and yearly bonuses (according to the results of achieved quarterly and yearly KPI, correspondingly). Amount of bonus predominantly depends on achieving top managers' KPIs. If any KPI is not achieved, bonuses of all members of the Management Board, including the Chairman of the Management Board, get reduced by a certain percent depending on the KPI's weight.

The Board of Directors approves the Company's KPI targets (adjusted values) and reports on their fulfilment, on the basis of which bonuses are paid to the Chairman and members of the Management Board.

Main components of the system of remuneration of members of PJSC FGC Management Board

	Fixed part	Variable part and other remuneration
Form of implementation	Salary	The system of short-term motivation includes quarterly and annual bonuses based on achieving KPIs, as well as other forms of additional incentives.
The average weight of the component in the annual remuneration structure*	32 %	68 %
Component purpose	Establishment of a fair competitive level of remuneration corresponding to market conditions. Attraction and retention of highly professional managers due to this.	Stimulation of the implementation of planned operating and financial performance to achieve the planned results on strategic priorities.
General provisions	Due to the competitive level of the fixed part of remuneration, the Company achieves the stability of composition of its management.	The size of quarterly and annual bonuses payable to members of the Management Board is calculated primarily on the basis of actually achieved KPI values. The Company's KPI system is interconnected with the business plan, including the Company's investment programme, with the Company's strategy and executive discipline. Collective responsibility is established for the variable part of remuneration: In the event of non-fulfilment of any KPI, the size of the bonus of all members of the Management Board, including the Chairman, decreases.

* Calculation based on remuneration paid in 2014–2019.

Conditions of the employment contract with the Chairman of the Management Board are established by the person authorised by the Board of Directors. Conditions of employment contracts with members of the Management Board are determined by the Chairman of the Management Board instructed by the Board of Directors.

Information on remuneration of members and the Chairman of the Management Board are disclosed on the PJSC FGC UES website in the annual report and quarterly report of the issuer.

Remuneration paid in the reporting year

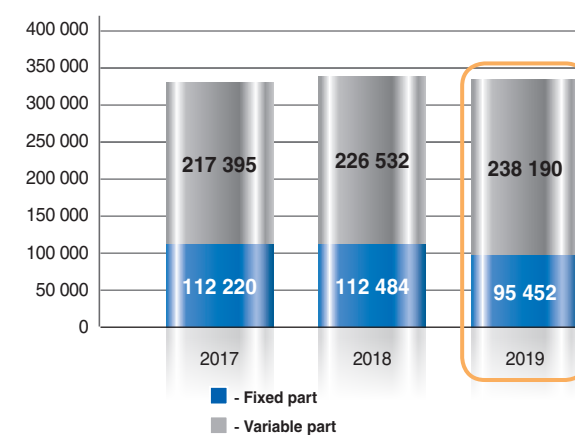
Total (aggregated) remuneration paid to the Chairman and members of the Management Board, RUB thousand

Type (element) of remuneration	2017	2018	2019
Fixed part			
Salary (wage)	112,220	112,484	95,452
Total fixed part of remuneration	112,220	112,484	95,452
Variable part			
Bonuses accrued in accordance with employment contract	195,979	184,683	186,443
Other types of remuneration	21,352	41,590	43,125
Severance allowances, compensations and other payments accrued in connection with early termination of powers	64	259	8,622
Total variable part of remuneration	217,395	226,532	238,190
Total remuneration	329,615	339,016	333,642

Amount of remuneration of the Chairman of the Management Board, RUB thousand

Type (element) of remuneration	2017	2018	2019
Fixed part			
Salary (wage)	25,324	25,277	28,330
Total fixed part of remuneration	25,324	25,277	28,330
Variable part			
Bonuses accrued in accordance with employment contract	39,272	53,010	42,085
Other types of remuneration	12,023	43	12,052
Total variable part of remuneration	51,295	53,053	54,137
Total remuneration	76,619	78,330	82,467

Remuneration of PJSC FGC UES' Management Board, RUB ths.



Members and the Chairman of the Management Board were not paid other fixed remuneration, share remuneration (or accrual of remuneration paid on the basis of shares) or stock purchase options, other variable remuneration in 2017–2019.

Settlement of conflicts of interest



Information on the positions of members of the Board of Directors held in the governing bodies of other organisations and on the ownership of the Company's securities is disclosed on the website www.fsk-ees.ru/eng/ in section Investors/Corporate Governance/Board of Directors, and in the issuer's quarterly reports and annual reports posted at www.fsk-ees.ru/eng/ in section Investors/Annual Reports.

GRI 102-25

The Company strives to prevent and minimise any consequences of possible conflicts of interest among members of the Company's governing bodies. The Company has a comprehensive system of dealing with any conflict of interest between members of the governing bodies of the Company providing for reasonable assurance that any conflict will be settled at an early stage and the Company's interests will not be infringed. The settlement is carried out on the basis of the Company's Corporate Ethics Code, Corporate Governance Code, the Regulations on the Board of Directors, and the Regulations on the Management Board.

Members of the Company's governing bodies shall take reasonable and effective actions, and in particular make decisions considering all available information in the absence of any conflict of interest, treating shareholders of the Company equally, and assuming standard risk levels.

The Company verifies information on the participation of members of the Management Board and the Board of Directors of the Company in other companies on a quarterly basis. The Company performs regular analysis of information received from members of the Company's governing bodies for the presence of a potential conflict of interest.

All members of the Board of Directors and members of the Management Board met the requirements of Art. 82 of the Federal Law on Joint Stock Companies about sending notifications to the Company about the presence of a possible interest in the Company's transactions. In order to identify conflicts of interest in a timely manner, the Company has developed a questionnaire for members of the Board of Directors and the Management Board, which they fill in quarterly and indicate all necessary information.



“ Internal control and risk management are integral elements of Rosseti FGC UES management system. They are inextricably linked with all business processes, which makes it possible to identify cases that may lead to risks and deviations from target values of key performance indicators. Thus, the financial losses of the Company and possible negative reputation consequences are minimised. ”

I. Feoktistov

Security Director of PJSC FGC UES

Risk management system, internal control and internal audit

Internal control system

The Company's internal control system (hereinafter, the ICS) is an element of the Company's overall management system aimed at providing reasonable guarantees of achieving the goals in the following areas:

- efficiency and effectiveness of the Company, including the achievement of financial and operational indicators, as well as the safety of the Company's assets;
- compliance with applicable legal requirements and local regulations of the Company, including for business facts and accounting purposes;
- reliability and timely submission of accounting (financial) and other statements.

The ICS is risk-oriented. Control procedures are risk-based and set up in such a way as to provide a reasonable assurance that the response to an emerging risk occurs effectively and in a timely manner. The ICS covers all areas of the Company's activities; control procedures are performed continuously in all processes of the Company at all management levels.

In order to ensure the implementation and maintenance of an effective internal control system that complies with generally accepted practices and standards of internal control, as well as regulatory requirements, and contribute to the achievement of the Company's objectives, the Company applies the Regulations on Internal Control System of PJSC FGC UES.⁸³ It defines the objectives, principles of operation and elements of the Company's internal control system, the main functions and responsibility of participants in the internal control system, and the procedure for evaluating its effectiveness.

The Company has an Order for the fulfilment of requirements of the Regulations on the Internal Control System⁸⁴, which reveals the applied aspects of the application of the standards set out in the Regulations on the Internal Control System.

The control procedures for the processes and subprocesses of the core and supporting activities, as well as the Company's management processes are documented in the risk matrices and control procedures.

The Internal Control System is operated in accordance within the model of three defence lines: This model means the implementation of internal control in the Company at three levels:

- 1st defence line — The level of governing bodies and the Company's units and divisions implementing control procedures by virtue of their responsibilities and job duties;
- 2nd defence line — The level of control units of the Company;
- 3rd defence line — The level of the Internal Audit Department.

The functions of the ICS participants are enshrined in the Regulations on the Company's Internal Control System, the provisions on structural divisions and job descriptions.



For detailed information about the main functions of the ICS participants, see Appendix 1.

⁸³ Approved by resolution of the Board of Directors, Minutes No. 369 of 2 June 2017.

⁸⁴ Order of PJSC FGC UES No. 310 of 1 August 2017.

In the reporting year, an external independent assessment of the ICS was carried out. According to its results, the ICS was recognised effective, and the ICS Control Environment component was recognised as the best practice for the PJSC Rosseti Group of Companies. The results of the external independent assessment of the ICS were reviewed by the Board of Directors⁸⁵ with a preliminary discussion of this issue by the Audit Committee of the Board of Directors⁸⁶.

Directions for the ICS further improvement

The Company approved an Action Plan to maintain the efficiency and development of risk management and internal control systems of PJSC FGC UES⁸⁷. The specified Plan involves the implementation of measures for the components:

- control environment,
- information and communications,
- control measures,
- monitoring.

Risk management system

GRI 102-15

PJSC FGC UES has a risk management system (hereinafter — RMS). The Board of Directors approved the Regulations on the Risk Management System⁸⁸. The Regulations on Risk Management System determines goals, operational principles and elements of the Company's risk management system, main functions and responsibility of RMS participants and RMS efficiency assessment procedure.

The purpose of the RMS applied in the Company is to ensure stable continuous functioning and development of the Company by means of timely identification, assessment and efficient management of risks threatening efficient business operation and reputation of the Company, employee health, environment, as well as property interests of shareholders and investors.

The Company uses three methods to respond to risks:

- risk avoidance;
- risk acceptance or increase in order to implement favourable opportunities;
- risk mitigation or assignment.

The choice of response depends on the risk significance, the influence on the likelihood and impact of risks, costs of implementation, and benefits obtained.

The Company's internal auditor conducted a comprehensive assessment of the effectiveness of the internal control and risk management system. The report of the internal auditor on the results of 2019 was preliminary reviewed by the Audit Committee of the Board of Directors⁸⁹. According to the results of the internal independent assessment, the level of maturity of the internal control and risk management system is optimal.



The Company's Regulations on the Risk Management System in force is available on the corporate site www.fsk-ees.ru/eng in section Investors/Corporate Governance/Corporate Documents.



For information about the principles and subjects of the RMS, RMS regulatory framework, as well as RMS participants and their functions, see [Appendix 1](#).

In the reporting year, an external independent assessment of the RMS was conducted. As a result, the RMS was recognised effective. The results of the external independent assessment of the RMS were reviewed by the Board of Directors⁹⁰ with a preliminary discussion of this issue by the Audit Committee of the Board of Directors⁹¹.

Directions for further improvement of the risk management system

In 2019, the Company approved⁹² an Action Plan to maintain the efficiency and development of risk management and internal control systems of PJSC FGC UES. The specified Plan involves the implementation of measures for the directions:

- Corporate governance and culture;
- Strategy and goal setting;
- Performance efficiency;
- Analysis and revision;
- Information, communication and reporting.

Internal audit

Internal audit is an activity for provision of independent and objective guarantees and consultations to the Board of Directors and the executive bodies of PJSC FGC UES aimed at improving the Company's management efficiency. Internal Audit was created with the aim of systematically independent assessment of the reliability and efficiency of the risk management and internal control system, and corporate governance practices.

The Internal Audit Department is a unit responsible for internal audit functions in the Company. The Internal Audit Department is administratively subordinate to the Chairman of the Management Board, and functionally to the Board of Directors of the Company⁹³.

According to the Articles of Association of PJSC FGC UES, the Company's Board of Directors has⁹⁴ the following competencies in terms of internal audit:

- approval of the internal audit policy (Internal Audit Regulations);
- approval of the activity plan and budget of the internal audit unit;
- approval of a candidate for the position of the head of the Company's Internal Audit Department and termination of their powers;
- determination of the remuneration conditions for the head of the Internal Audit Department, as well as consideration of significant limitations of powers of the Internal Audit Department or other restrictions that could adversely affect the implementation of internal audit;
- review results of quality assessment of the internal audit function.



Information on the Company's main internal documents governing the internal audit activity is given in [Appendix 1](#).

In compliance with the results of the assessment carried out by LLC Ernst & Young — Assessment and Consulting Services, the activities of the Internal Audit Department received **the highest level of generally consistent assessment** with IIA standards and Ethics Code (the internal audit has certain provisions, policies and procedures, their implementation and results are assessed as appropriate IIA standards).

⁸⁵ The Meeting of the Board of Directors on 30 July 2019, Minutes No. 461 of 31 July 2019.

⁸⁶ The Meeting of the Audit Committee of the Board of Directors on 25 June 2019, Minutes No. 99 of 25 June 2019.

⁸⁷ By the resolution of the Board of Directors of 27 January 2020, Minutes No. 482 of 28 January 2020, with a preliminary discussion of this issue by the Audit Committee of the Board of Directors on 27 December 2019, Minutes No. 109 of 27 December 2019.

⁸⁸ Approved by the resolution of the Board of Directors, Minutes No. 291 of 19 November 2015, changes introduced by the resolution of the Board of Directors, Minutes No. 347 of 13 December 2016.

⁸⁹ Minutes No. 115 of 9 April 2020.

⁹⁰ The Meeting of the Board of Directors on 30 July 2019, Minutes No. 461 of 31 July 2019.

⁹¹ The meeting of the Audit Committee on 16 July 2019, Minutes No. 100 of 16 July 2019.

⁹² Resolution of the Board of Directors of 27 January 2020, Minutes No. 482 of 28 January 2020 with a preliminary discussion of this issue by the Audit Committee of the Board of Directors of 27 December 2019, Minutes No. 109 of 27 December 2019.

⁹³ Regulations on the Internal Audit of the Company, approved by the resolution of the Board of Directors of the Company, Minutes No. 291 of 19 November 2015; order No. 505 of 29 December 2016 on the Distribution of Responsibilities Between Heads of the Executive Office of PJSC FGC UES.

⁹⁴ Resolution of the Annual General Meeting of Shareholders of 29 June 2017, Minutes No. 18 of 3 July 2017.

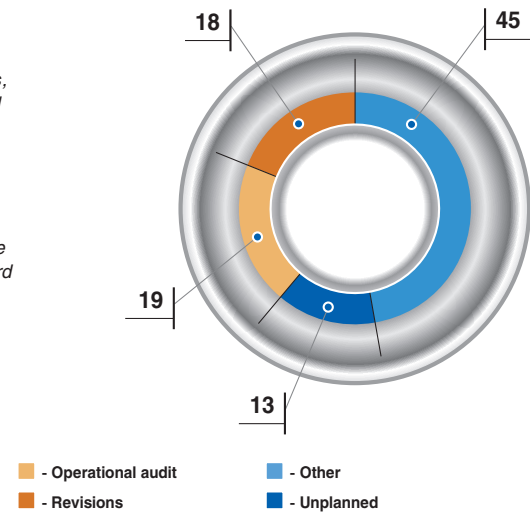
Satisfaction quotient of the Audit Committee of the Company's Board of Directors with the Internal Audit Department performance results (weighted average total of points in the questionnaires of the voting members of the Audit Committee versus the number of voting members of the Audit Committee) at the end of 2019 corresponds to a «conforming» rate⁹⁵.

95 monitoring activities were executed by the internal auditor in 2019. 1,393 correctives were prescribed for execution. 714 out of 729 correctives with deadlines in the reported year were executed.

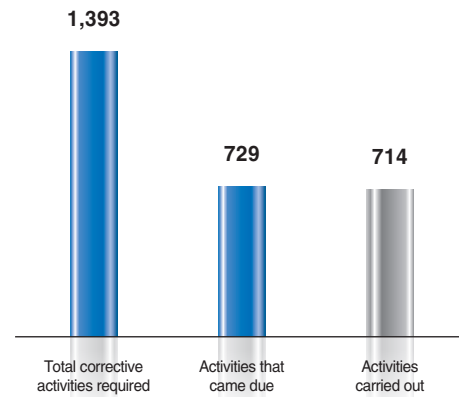
Monitoring activities carried out by the internal audit in 2019



For information on key decisions, measures aimed at improving the internal audit system, implemented in accordance with resolutions of the Company's Board of Directors, see Appendix 1.



Corrective activities



⁹⁵ In compliance with the Company's Internal Audits Quality Assurance and Improvement Programme, approved by the decision of the Board of Directors of the Company on 11 December 2017 (Minutes No. 383 of 14 December 2017).

Audit Commission

The Audit Commission is a permanent body which is responsible for exercising control over PJSC FGC UES' financial and business operations, its governing bodies and structural units. The composition of the Audit Commission is elected annually at the General Meeting of Shareholders.

The activities of the Audit Commission are governed by the Articles of Association and the Regulations on the Audit Commission of PJSC FGC UES⁹⁶.

The main functions of the Audit Commission are as follows:

- confirming reliability of the data contained in the Annual Report, the annual accounting (financial) statements of the Company, the report on concluded related-party transactions;
- analysing the Company's financial position, discovering ways for improving thereof, and develop recommendations to the governing bodies;
- organising and performing audits (revisions) of the Company's financial and business operations.

Composition of PJSC FGC UES⁹⁷ Audit Commission in 2019

Full name	Year of birth	Education	Position	Composition formed by the AGM on 28 June 2018 ⁹⁸	Composition formed by the AGM on 26 June 2019 ⁹⁹
Tatiana Zobkova Chairman of the Audit Commission	1976	Higher	Deputy Director of the Department for Corporate Governance, Pricing Environment and Auditing in Fuel and Energy Industries of the Russian Ministry of Energy	+	+
Andrey Gabov	1981	Higher	Head of Division of Department of the Ministry of Economic Development of the Russian Federation		+
Svetlana Kim Secretary of the Audit Commission	1981	Higher	Head of the Governance Department of PJSC Rosseti		+
Dmitry Ponomarev	1978	Higher	Head of the Governance Department of PJSC Rosseti		+
Ekaterina Snigireva	1991	Higher	Head Deputy of the Department of Property Relations and Privatisation of the Federal Agency for State Property Management (Rosimushchestvo)	+	+
Aleksandr Batalov	1973	Higher	Director of the Department for Economic Security and Anti-Corruption of PJSC Rosseti	+	
Marina Lelekova	1961	Higher	Head of the Department for Control and Audit Activities of PJSC Rosseti	+	
Vladimir Khvorov	1947	Higher	Leading Expert of the Department of State Regulation of Tariffs, Infrastructure Reforms and Energy Efficiency of the Ministry of Economic Development of the Russian Federation	+	

⁹⁶ Approved by the resolution of the Annual General Meeting of Shareholders of PJSC FGC UES on 26 June 2015, Minutes No. 16 of 30 June 2015.
⁹⁷ Positions of the Audit Commission members are stated at the time of election. None of the Audit Commission members holds shares of PJSC FGC UES or positions in its governing bodies.
⁹⁸ Minutes No. 20 of 2 July 2018
⁹⁹ Minutes No. 22 of 28 June 2019



“ Throughout 2019, we headed for the constant development of the internal audit function, as well as the application of new concepts and practices. The main goal of our activity is to provide independent and objective guarantees and advice to the Board of Directors and executive bodies aimed at improving and increasing the efficiency of the Company's management system. In 2019, the Internal Audit Department conducted 47 verifications, which revealed more than 1,200 violations and deficiencies. Timely management response to the recommendations of the internal audit enables us to mitigate the risks of financial losses and reputation risks. ”

Svetlana Kovaleva
Internal Audit Director,
Head of the Internal Audit Department of PJSC FGC UES

Amount of remuneration paid to the Audit Commission members in 2019, RUB thousand

Full name	Amount
Marina Lelekova	206.1
Vladimir Khvorov	165.0
Aleksandr Batalov	178.65
Total	549.75

External Auditor

The Company annually engages an external auditor to perform an independent and unbiased assessment of quality of its RAS and IFRS accounting (financial) statements. The candidacy of the external auditor of the financial statements is approved by the Annual General Meeting of Shareholders of the Company. Candidacy is determined on the basis of competitive procedures that provide an objective choice. Selection of an audit organisation for the implementation of the mandatory audit of PJSC FGC UES' financial statements for 2018–2020 in the form of an open one-stage competition without preliminary qualification selection was conducted by PJSC Rosseti.

The Annual General Meeting of Shareholders dated 28 June 2018¹⁰⁰ approved ERNST AND YOUNG Limited Liability Company as the auditor of PJSC FGC UES. The Company's Board of Directors resolved to determine the amount of payment for the services of PJSC FGC UES' auditor for the audit of reporting for 2019 in the amount of RUB 22,175,308.08, including VAT. As a matter of fact, a total of RUB 16,742,357.59 was paid in 2019, and the rest amount of the audit reporting service payments is to be paid in the first half of 2020.

On 7 April 2020¹⁰¹, the Audit Committee of the Board of Directors approved the resolution on evaluating the quality of the audit, audit statements and the effectiveness of the conducting process for the external audit process of the accounting (financial) statements of PJSC FGC UES for 2019, and noted the compliance of the audit statement of the external auditor to the international audit standards and Russian legislation.

Reporting auditor of PJSC FGC UES

Full corporate name: ERNST AND YOUNG Limited Liability Company

Short corporate name: ERNST AND YOUNG LLC
Address: 77 Sadovnicheskaya Emb., Build. 1, Moscow, Russia, 115035
INN: 7709383532
OGRN: 1027739707203

Phone: +7 (495) 648 96 42; +7 (495) 641 29 07
E-mail: Tatyana.Okolotina@ru.ey.com; Elena.Kovalchuk@ru.ey.com

Data on the membership of the auditor in self-regulatory organisations of auditors: Self-regulatory organization of auditors Association «Sodruzhestvo»
Registered and business address: Building 4, 21 Michurinsky prospect, Moscow, Russian Federation 119192

In 2019, ERNST & YOUNG LLC within the framework of the Service Contract No. ECU-2018-00228 dated 10 December 2018 provided access to the EY Atlas online information resource, that combines EY standards, guidelines and interpretations in the field of accounting and audit. On 26 December 2019, the Service Contract No. ECU-2019-00323 was signed. Under the contract No. ECU-2018-00228 dated 10 December 2018, the actual amount of non-audit services amounted to RUB 63,353.82. Under the contract No. ECU-2019-00323 dated 26 December 2019, the amount of non-audit services amounted to RUB 59,550.24 and was paid in Q1 2020.

¹⁰⁰ Minutes No. 20 of 2 July 2018

¹⁰¹ Meeting Minutes of the Audit Committee of the Board of Directors No.114 of 7 April 2020.

Anti-Corruption Policy and Economic Security

GRI 103-2

Rosseti FGC UES declares zero tolerance towards corruption in any of its forms and aspects, meaning a total ban for all managers, employees and other persons acting on behalf of and / or for the benefit of the Company, directly or indirectly, personally or through any intermediary, to take part in any corrupt practices.

Anti-corruption activities in the Company are aimed at reducing the risks of material and reputation damage to the Company as a result of corruption.

Anti-corruption activities in the Company are an element of the internal control and risk management system.

Since 2012, the Company has been operating and constantly improving its Anti-Corruption Policy. In 2015, the Policy was updated¹⁰² due to changes in anti-corruption legislation¹⁰³. In 2017, a new edition of the Anti-Corruption Policy of PJSC FGC UES was approved, which corresponds to the Methodological Recommendations of the Federal Agency for State Property Management on risk management and internal control in the field of preventing and combating corruption¹⁰⁴.

GRI 103-3, 205-3

There were no confirmed cases of corruption in 2019. Criminal cases concerning corruption in relation to the organisation or employees were not initiated during the reporting period, and were not tried in courts.

The Company applies a risk-based approach to the management of its corruption prevention system.

GRI 102-12

The Company joined the Anti-Corruption Charter of Russian Business in 2015 (certificate of accession No. 2041) and confirmed its compliance with its requirements in 2017 and 2019. A self-assessment of the anti-corruption measures implemented in the Company was carried out, which resulted in the preparation of a Declaration of compliance with the Charter provisions.

Anti-corruption control of the procurement stages in the reporting year

- 2,482 issues submitted to the Central Tender Commission were considered. Various types of risks were identified in 417 issues submitted to the Central Tender Commission members. Financial damage in the amount of more than RUB 217.7 million has been prevented.
- Control was exercised over the formation of the initial (maximum) purchase price, the cost of purchases was reduced by a total RUB 30.6 million.
- Anti-corruption expertise was conducted on 413 materials prepared for contracting. According to the results of the expertise, 69 materials were sent for revision.

¹⁰² Meeting Minutes of the Board of Directors of PJSC FGC UES No. 357 of 13 March 2017.

¹⁰³ Meeting Minutes of the Board of Directors of PJSC FGC UES No. 280 of 24 August 2015.

¹⁰⁴ Order of the Federal Property Management Agency No. 80 dated 2 March 2016.

Anti-corruption control in relations with the partners and contracting parties

Procurement participants were checked for possible affiliation with the Company's employees.

Information on changes in the shareholders of the contracting parties, as well as the inclusion of an anti-corruption clause and other mandatory clauses into contracts was timely provided.

Work was carried out to check the financial stability of counterparties to Rosseti FGC UES, which included daily monitoring of all counterparties for signs of deterioration in financial stability.

Support was provided to the liquidation and bankruptcy proceedings of counterparties, with the total of cash received into the Company's budget from counterparties in bankruptcy proceedings amounting to RUB 454.5 million.

Identification and settlement of conflicts of interest

In 2019, declaration of the conflict of interest of the Company's employees for 2018 was arranged. According to the certification of the conflict, all manageable situations were settled.

Preventive surveys with a lie detector were held regarding job applicants, transfer of the employees starting with the head of the department and above, as well as during agency checks. 118 surveys of candidates were conducted during recruitment, as a result, 15 candidates were not recommended, and 10 surveys of employees during work audits were conducted, 3 cases of employees' involvement in the events under audit were identified.

Consideration and resolution of appeals about possible corruption in Rosseti FGC UES

The Company has anti-corruption hotlines.

In 2019, the Company's anti-corruption hotlines received a total of 16 appeals with information about possible facts of corruption. The information on two appeals was confirmed and appropriate actions were taken on them. One more appeal is still under revision.

The functioning of anti-corruption hotlines was monitored on a quarterly basis.

Informing and training employees on anti-corruption issues, shaping anti-corruption behaviour of employees

In order to inform the Company's employees, the unit responsible for corruption prevention has conducted four training events in the Knowledge Day format.

Employees whose job duties include preventing and combating corruption received advanced training at the Institute of Legislation and Comparative Law under the Government of the Russian Federation and the HSE University.

Corruption Risks and Compliance with Corporate Ethics

GRI 205-1

The Anti-Corruption Policy of PJSC FGC UES reflects the commitment to high ethical standards of conducting an open and honest business, the principle of zero tolerance towards corrupt practices, and therefore all corruption risks of the Company are assessed as critical. In 2019, corruption risks were assessed regarding 21 subdivisions of the Executive Office (58% of the total number of subdivisions).

The Department of Internal Control and Risk Management implements timely prevention of compliance risks, their minimisation, identification and elimination of causes and conditions; organises and carries out effective control over compliance of the Company's employees with the legislation of the Russian Federation in counteraction of corruption, applicable norms of international law, local normative legal acts and organisational and administrative documents of the Company, decisions of the collegial bodies of the Company's management; ensures implementation and control over compliance of Anti-Corruption policies in S&A of the Company. The Company has implemented procedures to identify non-compliances.

The Company monitors employees' compliance with the Corporate Ethics and Business Conduct Code and identifies any non-compliance.

The Company made a Central Commission for Compliance with Corporate Ethic Standards and Conflict of Interest Resolution.

Economic Security

As part of the implementation of measures to protect the economic interests of the Company by the Security Block:

- **The economic damage to the Company's interests amounting to RUB 3.5 billion was prevented.** The damage in the amount of RUB 601.64 million was compensated;
- 180 persons have been identified as having committed violations, 111 of whom have been brought to disciplinary and material responsibility, and 10 have been dismissed;
- 153 applicant materials were prepared and sent to law enforcement agencies, of which 97 were prosecuted. At the same time, more than 85% of the criminal cases are related to the theft by third parties of ferrous and non-ferrous metal products from power generation facilities;
- 2,518 issues of procurement procedures were considered, 137 negative resolutions were given;
- 216 procurement procedures were considered, the cost of procurement was reduced by the total amount of RUB 234.5 million;
- Based on the executive documents, measures were taken to collect accounts receivable, and the Company was reimbursed RUB 522 million.

Protecting against Terrorism and Crime

The anti-terrorist policy is carried out in accordance with Federal Law No. 256-FZ of 21 July 2011. On the safety of the fuel and energy complex and the requirements of regulations of the Government of the Russian Federation No. 993 of 19 September 2015 "On the approval of security requirements for FEC ground facilities" is to organise and carry out activities aimed at strengthening the engineering and technical reinforcement and anti-terrorist protection of the Company's facilities.

The organisational and planning activities carried out during the reporting period allowed the Company's facilities of various hazard categories to be protected at an adequate level.

The activities carried out by the security units contributed to minimising the risks of terrorist acts as a result of unauthorised intrusions into the Company's guarded facilities.

In the reporting period, there were no criminal incidents or blackouts as a result of unlawful actions.

Share capital, securities trading



Information on the Company's share capital history can be found on our corporate website www.fsk-ees.ru/eng, in section Investors/Share Information/Share Capital History. Information on allocated issues of shares is available on the website www.fsk-ees.ru/eng in section Investors/Share Information/Share Capital History/Documents for current share issue.

As of 31 December 2019, the share capital of PJSC FGC UES was RUB 637,332,661,531.50 consisting of 1,274,665,323,063 ordinary registered uncertified shares with a nominal value of RUB 0.50 each. No preferred shares were placed as of the above date.

In accordance with the Company's Articles of Association, the number of authorised shares is 72,140,500,768 ordinary registered shares with a nominal value of RUB 50 each and a total nominal value of RUB 36,070,250,384. Authorised ordinary shares have the same rights as outstanding ordinary shares.

In 2019, there were no issues or placements of additional shares by PJSC FGC UES.

Equity holding structure

The total number of the Company's shareholders exceeds 460,000 persons. As of 31 December 2019, the list of shareholders included:

- 458,392 individuals,
- 2,376 legal entities, 331 of which are trustees.

There were no significant changes in the Company's equity holding structure in 2019.

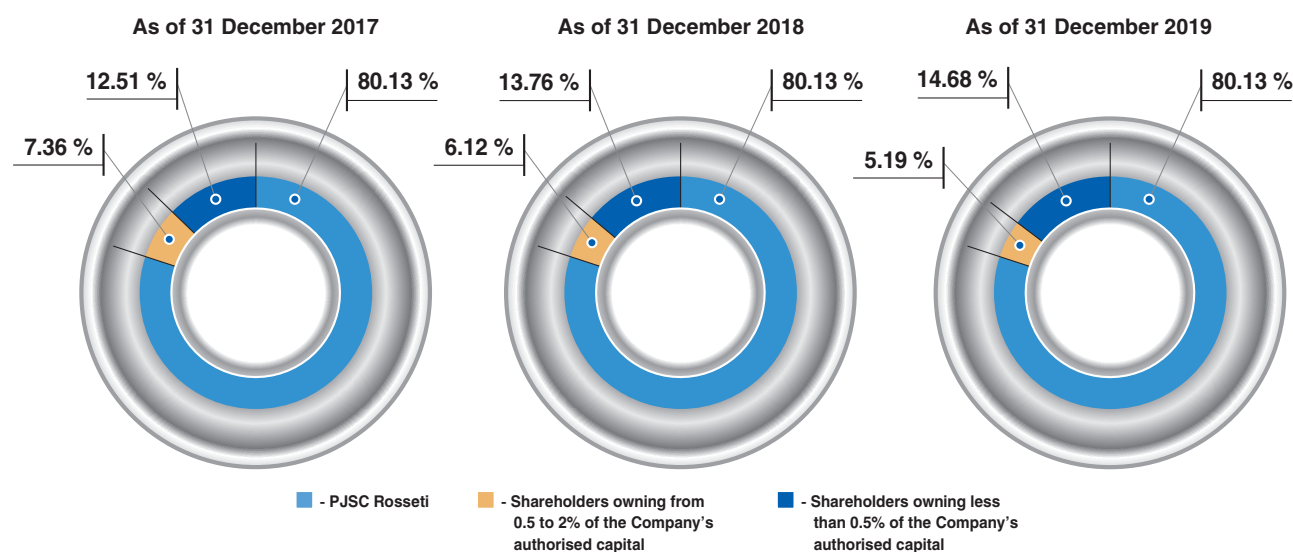
The total number of the Company's shareholders — over 460,000 persons.

Shareholders owning more than 2% of the shares

	Share as of 31 December 2017, %	Share as of 31 December 2018, %	Share as of 31 December 2019, %
PJSC Rosseti	80.13 %	80.13 %	80.13 %
Prosperity Capital Management	2.7 %	3.4 %	2.2 %

The PJSC FGC UES management team is not aware of any shareholders (nominee holders) holding more than 5% of the Company's outstanding shares, other than those indicated above.

Dynamics of PJSC FGC UES share capital structure



PJSC FGC UES equity holding structure as of 31 December 2019

Ownership range	Accounts of holders and TMs		Amount of uncertified registered ordinary shares (UROS) on accounts	
	Quantity	Proportion	Total of UROS	Proportion
Less than 0.01%	460,592	99.9616 %	47,392,561,489	3.72 %
0.01 %–0.05 %	120	0.0260 %	34,082,304,967	2.67 %
0.05 %–0.1 %	20	0.0043 %	21,241,512,422	1.67 %
0.1 %–0.5 %	29	0.0063 %	84,436,870,135	6.62 %
0.5 %–1 %	6	0.0013 %	52,425,863,380	4.11 %
1.0 %–2.0 %	1	0.0002 %	13,727,165,278	1.08 %
More than 2.0%	1	0.0002 %	1,021,359,045,392	80.13 %
Total	460,769	100.00 %	1,274,665,323,063	100.00 %

PJSC Rosseti is the largest shareholder of PJSC FGC UES (80.13% of the authorised capital). The State (Russian Federation) represented by the Federal Agency for State Property Management (Rosimushchestvo) holds 0.59% of the Company's authorised capital. The government has no special right («golden share») to participate in the Company's management.

Shareholders' Agreement

In June 2013, PJSC Rosseti and Rosimushchestvo signed the Stockholders Agreement on the procedure for anaging and voting shares of PJSC FGC UES. The agreement covers all voting shares of PJSC FGC UES, held by the parties or to be acquired in the future.

As of 31 December 2019, 1.077% of PJSC FGC UES shares was in cross-ownership of FGC – Asset Management LLC.

Free-float

The free float of PJSC FGC UES shares as of 31 December 2019 is 18.2%¹⁰⁵.

The Company conducts an annual analysis of the shareholder register to identify the key groups of holders of ordinary shares and depository receipts.

Minority shareholders

The key minority shareholders of the Company are institutional investors, with the share of retail investors being approximately 3.5%.

The largest foreign shareholders of the Company as of the end of 2019 are the funds and investment mandates managed by Prosperity Capital Management (2.2%)¹⁰⁶.

The share of foreign institutional investors is over 50% of free-float. These include funds from major global management companies such as BlackRock, Vanguard, State Street Global Advisors, BNY Mellon Investment Management and JP Morgan Asset Management, and public investment funds, in particular of Norway, UAE.

In general, foreign investors own 61.9 % of free float shares of PJSC FGC UES. This percentage decreased by 2.3 p.p. over the past year, mainly due to the transfer of shares owned by Gazprom offshore to the Russian jurisdiction.

¹⁰⁵ Free-float is calculated as a percentage of the shares of FGC which are in free circulation as of 31 December 2018, excluding shares owned by PJSC Rosseti, the State, municipalities and quasi-treasury shares.

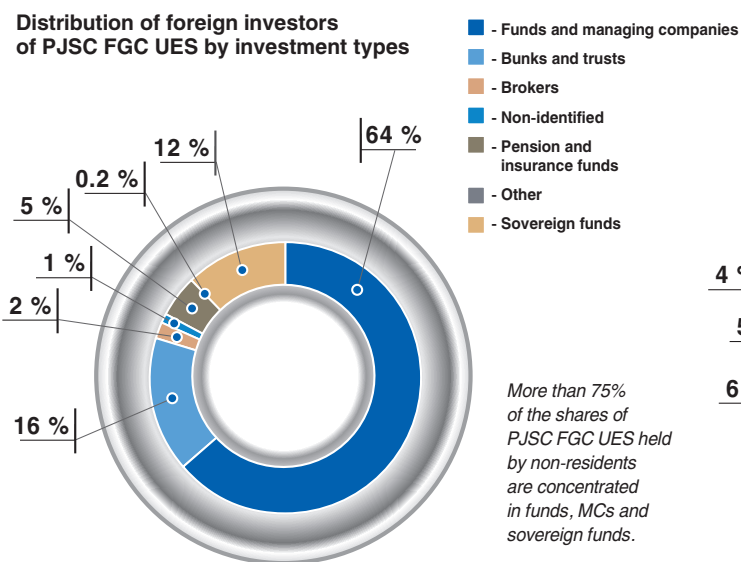
¹⁰⁶ Consent to disclosure has been obtained, data provided by Prosperity Capital Management Ltd.

Group of foreign shareholders (in alphabetical order) holding in total approximately 5% of outstanding shares of PJSC FGC UES*

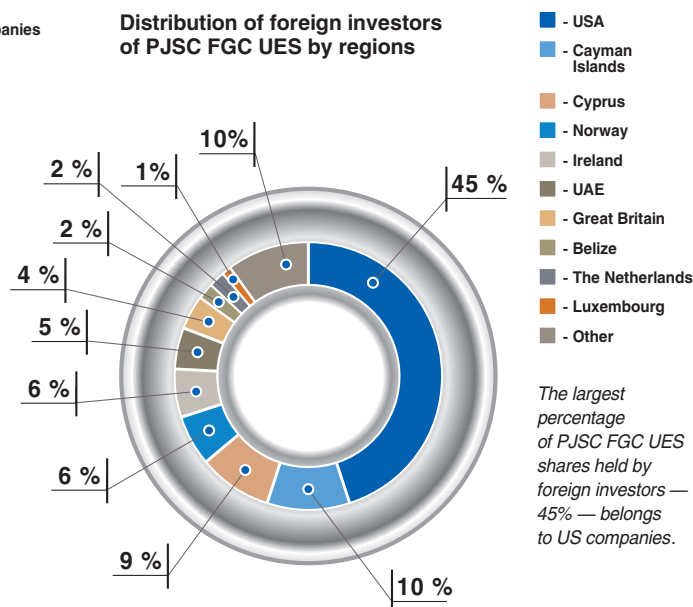
Name	Country
ABU DHABI INVESTMENT AUTHORITY	UAE
BlackRock	USA
Kopernik Global Investors LLC	USA
Norges Bank Investment Management	Norway
Polunin Capital Partners Limited	USA
Prosperity Capital Management	Cayman Islands
State Street Corporation	USA
Vanguard	USA

* Source: Company data

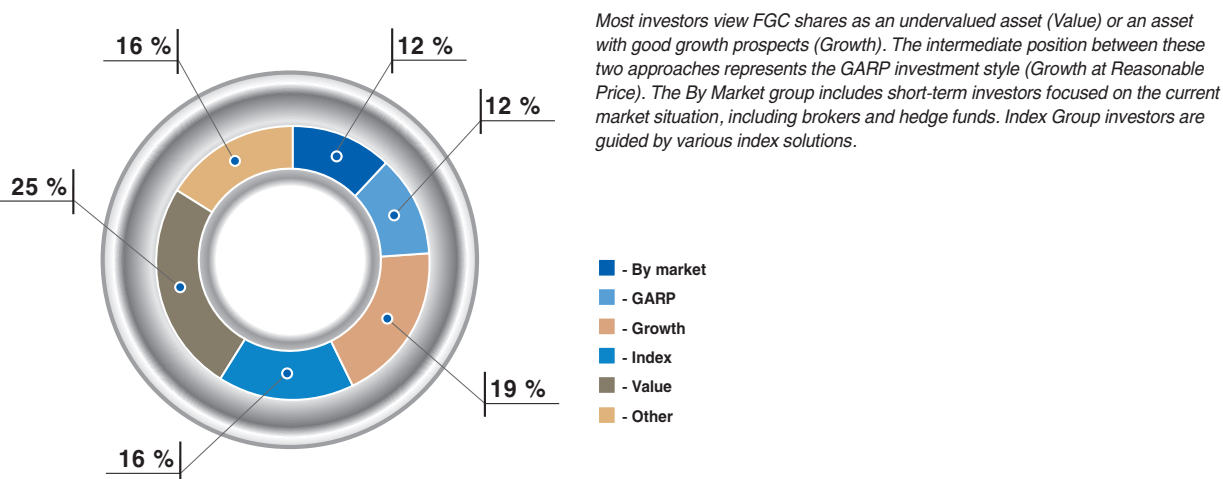
Distribution of foreign investors of PJSC FGC UES by investment types



Distribution of foreign investors of PJSC FGC UES by regions



Distribution of foreign investors of PJSC FGC UES by investment styles



Market intelligence on the Company's securities

PJSC FGC UES shares are included in the MOEX First Tier quotation list.

PJSC FGC UES shares are included in the MOEX First Tier quotation list, as well as in the run listed at PJSC St. Petersburg Stock Exchange.

Outside of the Russian Federation, the Company's shares are traded as global depository receipts (GDR) at the London Stock Exchange. THE BANK OF NEW YORK MELLON (BNY Mellon) is the depository bank of the GDR programme. As of 31 December 2019, the GDR programme size was 0.043% of the authorised capital of FGC.

The Company's shares are included in the basis for calculation of key domestic and a number of foreign indices.

General information on shares of PJSC FGC UES

Category of shares	Registered ordinary uncertified share
Nominal value	RUB 0.50
MOEX Ticker	FEES
St. Petersburg Stock Exchange Ticker	FEES
LSE Ticker	FEES
ISIN	RU000A0JPNN9
Bloomberg Code	FEES RX

Weight of shares of PJSC FGC UES in stock indices as of 31 December 2019, %

Name of index	Code	Weight, %
MOEX Index	IMOEX	0.39
RTS Index	RTSI	
Power Index	MOEXEU	14.69
Power Index, USD	RTSeu	
Medium and Small Capitalisation Index	MCXSM	3.3
Medium and Small Capitalisation Index, USD	RTSSM	
Mass Market Index	MOEXBMI	0.31
Mass Market Index, USD	RUBMI	
State-Owned Company Share Index	MOEX SCI	1.09
Share Index of Regulated Companies	MOEX RCI	21.92
Pension savings asset indices - Subindex of Shares	MOEX EPSI	0.67



For more information on PJSC FGC UES shares trading, please visit our website www.fsk-ees.ru/eng, section Investors/Share Information/Interactive Stock Chart. For more information on depositary receipts trading, please visit our website www.fsk-ees.ru/eng, section Investors/Share Information/GDR Program. For updated information on the GDR programme, please visit the official London Stock Exchange website www.londonstockexchange.com, indicating the Company's ticker — FEES.

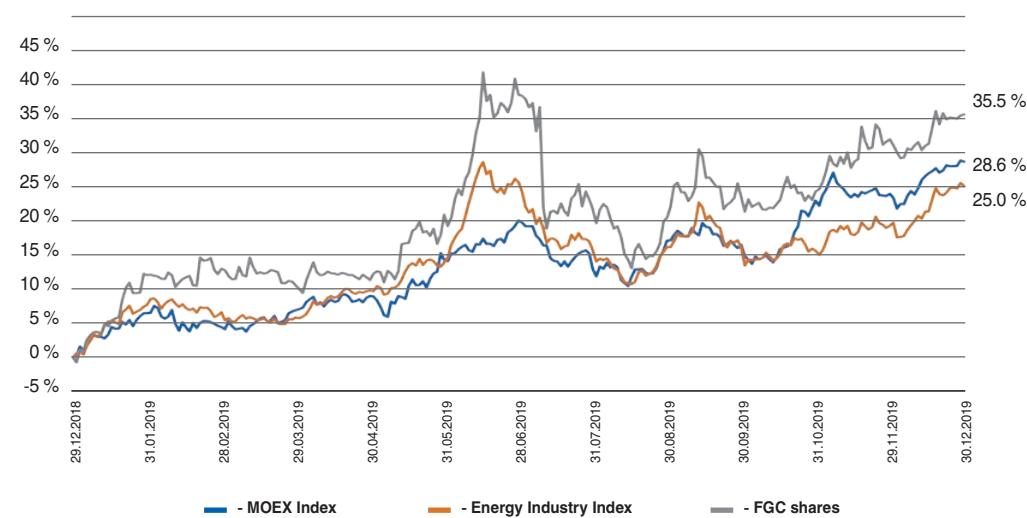
Results of exchange trading in shares and depositary receipts

	2017	2018	2019
Shares of PJSC FGC UES at MOEX			
Trading volume, RUB bln	145.8	61.2	52.2
Lowest price, RUB	0.15	0.14588	0.14664
Highest price, RUB	0.261	0.1915	0.2122
Year-end price, RUB	0.16205	0.14812	0.20064
Depositary receipts of PJSC FGC UES at the London Stock Exchange			
Trading volume, USD mln	6.1	0.7	0.3
Lowest price, USD	1.275	1.02	1.03
Highest price, USD	2.3	1.7	1.66
Year-end price, USD	1.35	1.03	1.6

The shares of PJSC FGC UES in 2019 showed the leading dynamics compared to the indices of the Moscow Exchange and the electric power industry. Over the year, the value of the Company's shares increased by 35.5% (from 14.8 kopecks at the end of 2018 to 20.1 kopecks at the end of 2019), while the Moscow Exchange index grew by 28.6% and the MOEXEU industry index by 25.0%. The Company's market capitalisation as of 31 December 2019 amounted to RUB 256.6 billion.

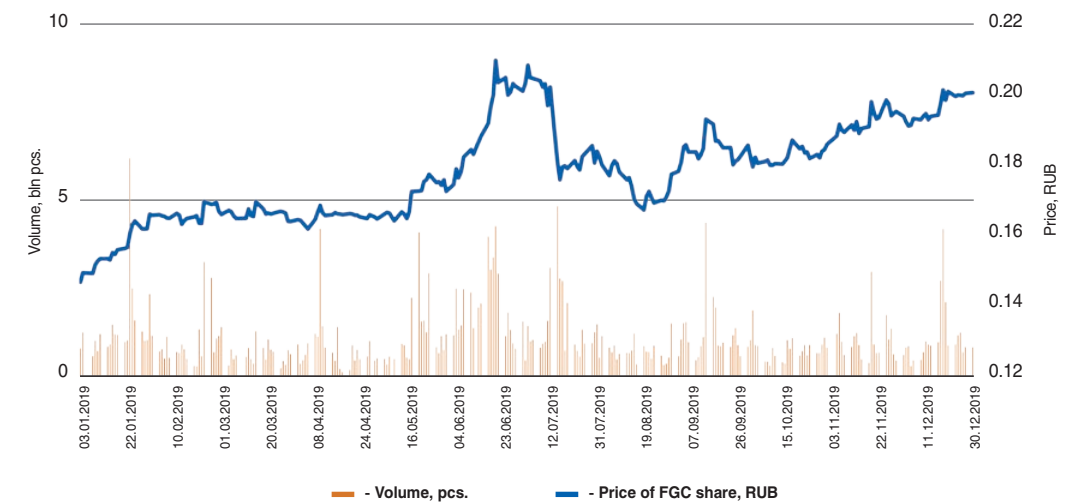
Against the background of the recovery of investors' interest in the assets of emerging markets as a whole, and the Russian market in particular, there was increased investor demand for certain dividend stories, to which analysts refer the shares of PJSC FGC UES.

Change in the value of ordinary shares of PJSC FGC UES in comparison with the MOEX index and MOEXEU sector index



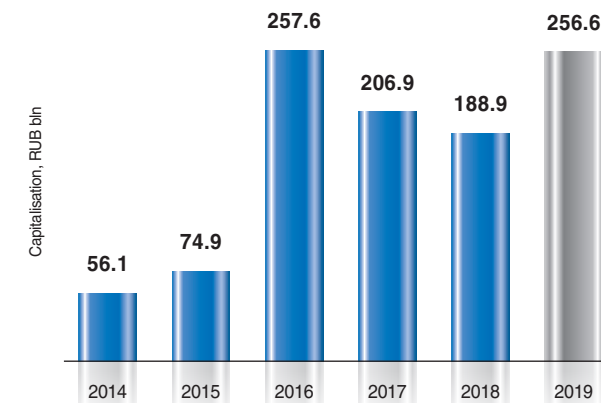
For detailed information on the dividend policy, please see section Profit Distribution and Dividend Policy.

Dynamics of trading volumes and value of shares of PJSC FGC UES at the MOEX



Information on the dynamics of GDR value and trading volume on the London Stock Exchange is provided in Appendix 1.

Dynamics of capitalisation of PJSC FGC UES at the end of the year



Information on the trading volume, minimum and maximum values of the share price of PJSC FGC UES on a monthly basis, the main events of share price dynamics in 2019 is given in Appendix 1.

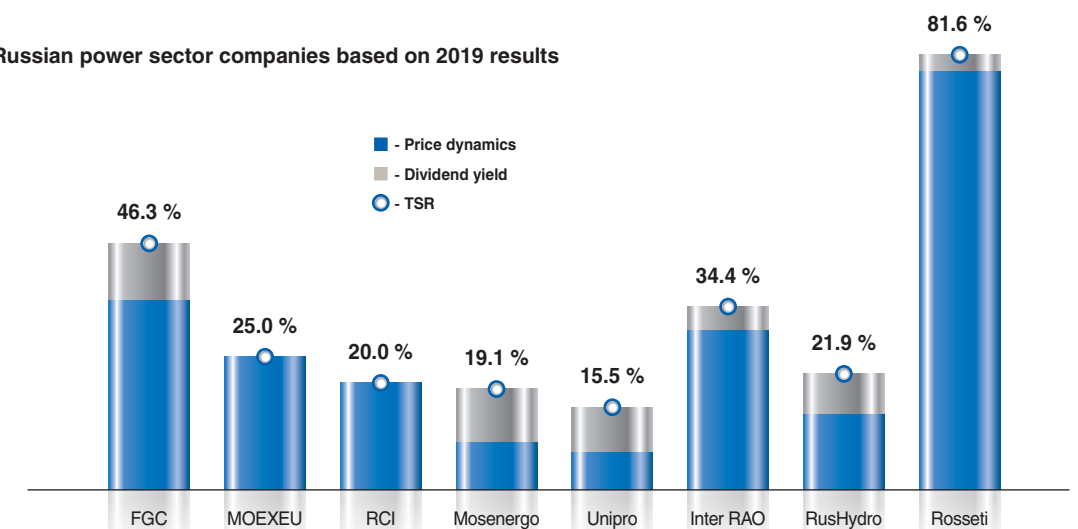
As for the profitability index (TSR), upon the results of 2019, PJSC FGC UES shares were included in the list of the most liquid and capitalised shares in the electric energy sector index.

GRI 103-3

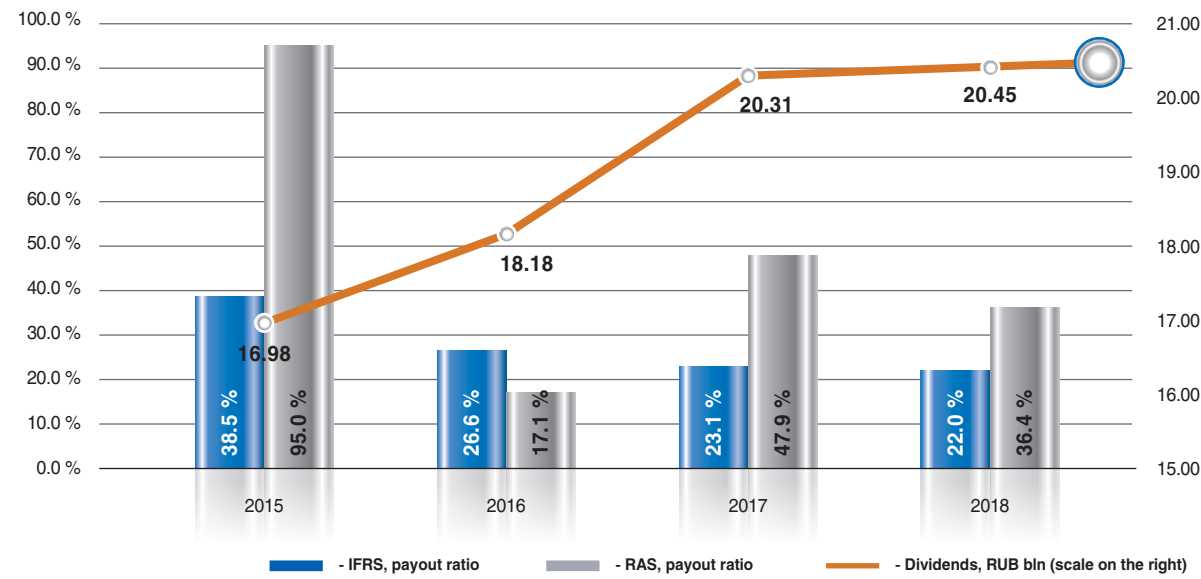
TSR of the Russian power sector companies based on 2019 results



For detailed information on the dynamics of dividends and dividend yield of shares of PJSC FGC UES, see section Profit Distribution and Dividend Policy.



Volume and dividend payout ratio

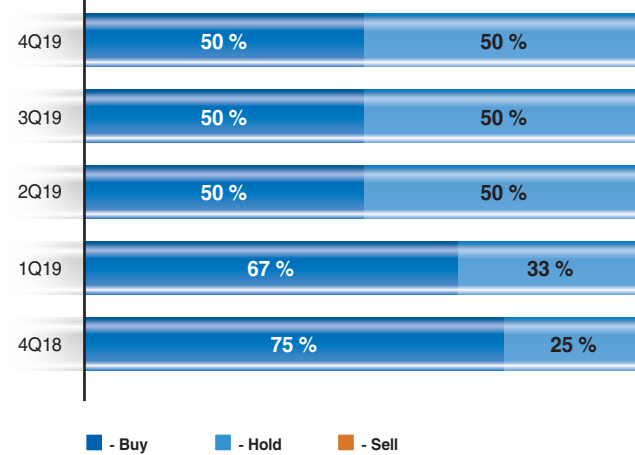


GRI 103-3

Analysts make an optimistic assessment of the investment attractiveness FGC UES shares. The increase in the number of recommendations to hold these securities in 2019 was due to both the increase in the value of shares and the expectation of experts that the new strategy and dividend policy will be adopted by power grid companies.

Results for the year show that the six investment companies provided analytical coverage on PJSC FGC UES.

Analyst recommendations on shares of PJSC FGC UES*



* Source: Company data

Interactions with investors and shareholders



The Company's priorities in interaction with shareholders and investors are the creation of an investment community and provision for efficient interaction with it in order to improve investor trust and raise demand for the Company's shares. We consider an active dialogue with the investment community to be important for getting feedback from this audience in order to understand how certain decisions may impact the investors' assessment of the Company.

Key events held in 2019:

- an annual meeting of the management with investment community representatives (Investor's Day);
- a conference call for investment community representatives to present 2018 IFRS financial results of the Company and a session of questions and answers;
- Company executives group meetings with representatives of Russian and foreign investment companies within the framework of VTB Capital International Investment Forum "Russia Calling!";
- individual management meetings with representatives of Russian and foreign investment companies;
- regular communication of the Corporate and Strategic Management Department with analysts of investment banks to give them information for updating investment models on Rosseti FGC UES;
- provision of information when requested by shareholders, investors and analysts;
- regular monitoring of the Company's share capital, which makes it possible to structure the main groups and types of investors for developing an optimal mechanism of interaction with them.



For more details on the Company's IR events, please see the website www.fsk-ees.ru/eng/Investors/IRReleases.

The list of investment analysts monitoring the Company's performance is available on the website www.fsk-ees.ru/eng/Investors/AnalystCoverage.

The Investor Calendar is constantly updated and available at the website www.fsk-ees.ru/eng/Investors/InvestorCalendar.

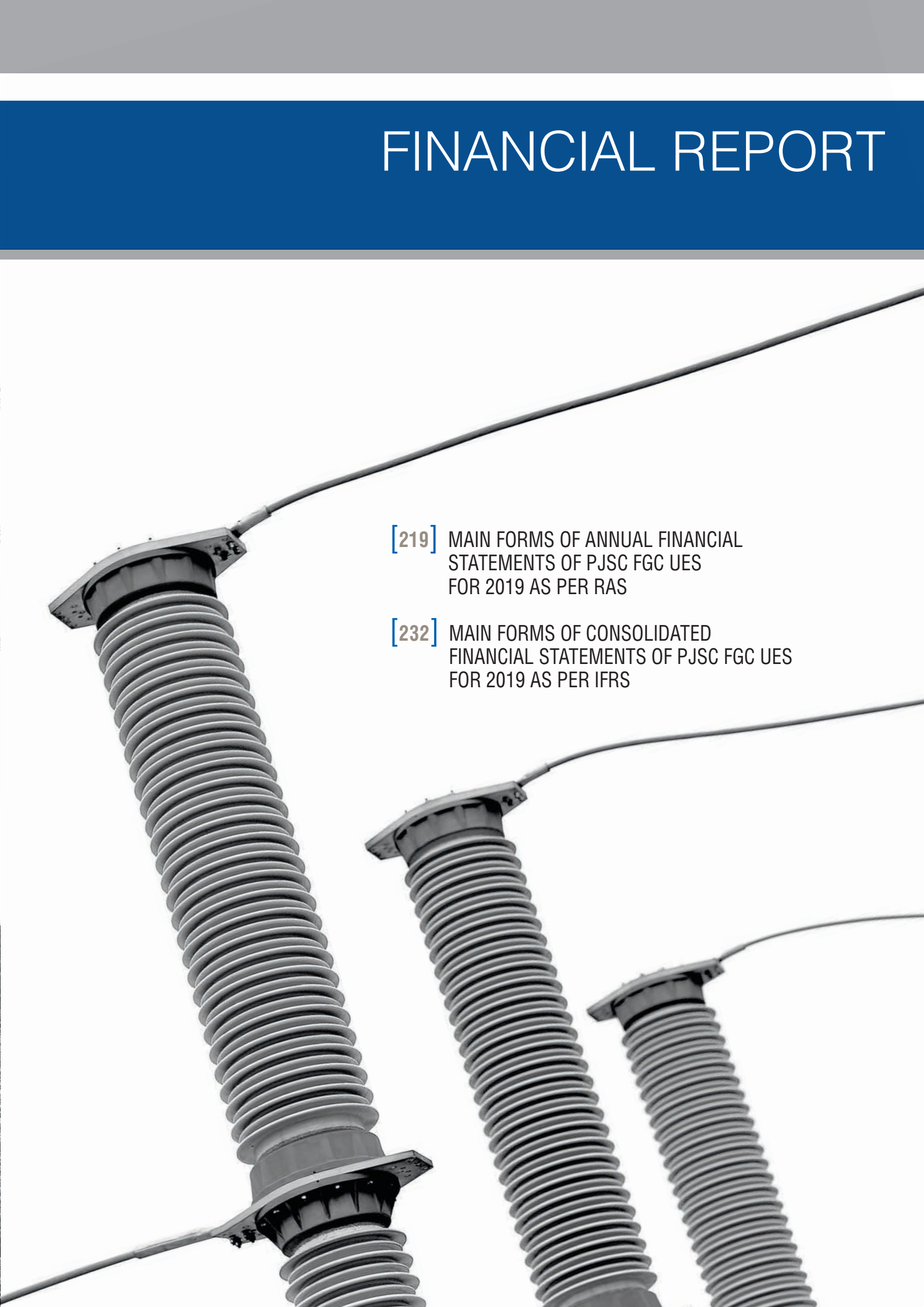
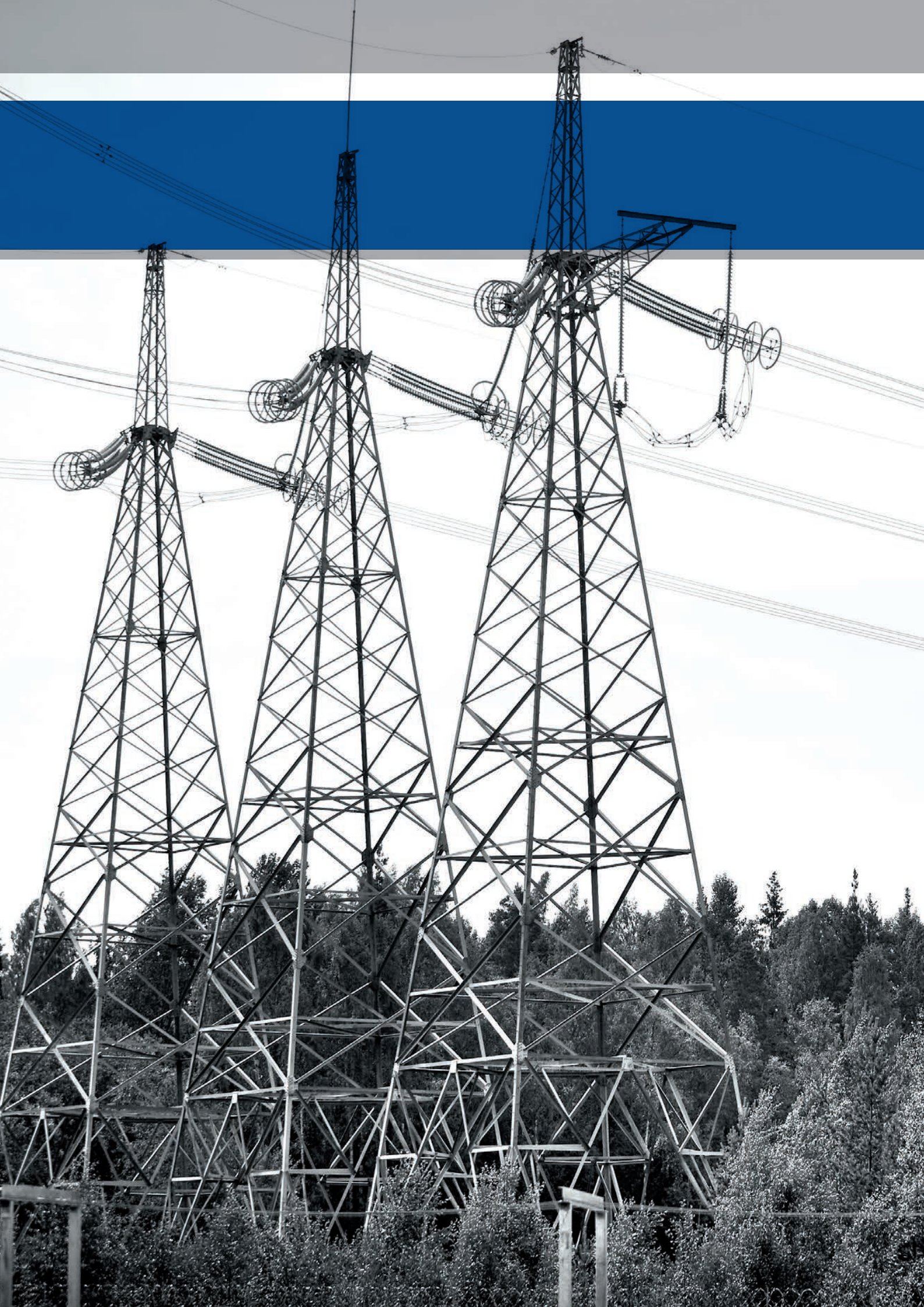
In 2019, analysts and investors were mostly interested in the following areas:

- financial and economic indicators and business forecast;
- Rosseti FGC UES development strategy;
- investment programme;
- dividend policy;
- tariff setting and RAB regulation periods.

A traditional meeting of Rosseti FGC UES management with investment community representatives was held on 25 December in the Moscow Exchange. A. Murov, Chairman of the Management Board, told about the main results of 2019 and key areas of work in the new five-year investment period, as well as noted stable financial and economic indicators, which allow to pay interim dividends for 9M 2019. Management's assessment of the size of dividends for the whole year was also presented. Among the priority areas of work for the next five years, A. Murov named the implementation of the tasks defined by decisions of the President and the Government of the Russian Federation.

This form of meetings allows investors to receive first-hand knowledge, and the management gets feedback directly from market experts.

FINANCIAL REPORT



[219] MAIN FORMS OF ANNUAL FINANCIAL STATEMENTS OF PJSC FGC UES FOR 2019 AS PER RAS

[232] MAIN FORMS OF CONSOLIDATED FINANCIAL STATEMENTS OF PJSC FGC UES FOR 2019 AS PER IFRS

The Financial Report is an integral part of the annual reporting covering the results of operations and the change in the financial situation in the Company. Consistently high level of financial sustainability, the status of one of the leaders on the Russian market in terms of borrowing efficiency — all these indicators characterise the Company's financial policy as balanced in terms of performance, reliability and sustainability.

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OKPO: 59002327
OGRN: 1027739707203
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Independent auditor's report

To the Shareholders and Board of Directors of
Public Joint-Stock Company "Federal Grid Company of Unified Energy System"

Opinion

We have audited the financial statements of Public Joint-Stock Company "Federal Grid Company of Unified Energy System", which comprise the balance sheet as at 31 December 2019, statement of income for 2019 and appendices thereto.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and its cash flows for 2019 in accordance with the rules on preparation of financial statements established in the Russian Federation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the relevant key matter was considered during our audit
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Recognition and measurement of investments in non-current assets

The Company's balance sheet reflects capital investments in non-current assets, including design and survey work, acquisition and construction of fixed assets, as well as advances paid to construction companies and suppliers of fixed assets. The Company assesses the ability of uncompleted investments in fixed assets and advances made for the acquisition of fixed assets to provide economic benefits in the future, which affects their book value. This matter was one of the most significant for our audit due to the fact that the measurement methods, as well as the management's assumptions and judgments are of subjective nature and affect the total expected economic benefits, as well as due to the significant balance of uncompleted investments and advances made as at the reporting date.

We analyzed the assumptions used by the management in assessing the ability of assets to bring future economic benefits, as well as the sources of the formation of economic benefits. We also reviewed the management's plans for future use of assets and expected cash flows from the use of individual fixed assets. We analyzed the relevant disclosures in the financial statements.

Information on the investments in non-current assets is disclosed in paragraph 3.4 of the Appendices to balance sheet and statement of income.

Impairment of accounts receivable

The matter Impairment of accounts receivables was one of the most significant for our audit due to the significant balance of accounts receivables on the balance sheet of the Company as at 31 December 2019, as well as due to the fact that the management's assessment of recoverability of accounts receivable is based on assumptions, in particular, on the forecasted ability of the Company's customers to pay.

We analyzed the Company's accounting policy on accounts receivables in the context of establishing an impairment allowance, as well as reviewed the assessment procedures performed by the Company's management, including analysis of history of settlements, ageing and overdue receivables and customers' ability to pay.

Information on impairment of accounts receivables is disclosed in paragraph 3.9 of the Appendices to balance sheet and the statement of income.

We performed audit procedures with respect to the information used by the Company to determine the impairment of accounts receivables, as well as with respect to ageing structure of accounts receivables, we also tested the calculation of the amounts of accrued allowance based on the management's estimates.

Other matters

The financial statements of Public Joint-Stock Company "Federal Grid Company of Unified Energy System" for 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 20 February 2018.

Other information included in Annual Report

Other information consists of Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and Audit Committee of Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the rules on preparation of financial statements established in the Russian Federation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit Committee of Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit Committee of Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee of Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee of Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is –
T.L. Okolotina.

T.L. Okolotina
Partner Ernst & Young LLC
20 February 2020

Details of the audited entity

Name: Public Joint-Stock Company "Federal Grid Company of Unified Energy System"
Record made in the State Register of Legal Entities on 20 August 2002,
State Registration Number 1024701893336.
Address: 117630, Russia, Moscow, Akademika Chelomeya street, 5A.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002,
State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors
Association "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register
of auditors and audit organizations, main registration number 12006020327.



1to Decree of the Russian Ministry of Finance No. 66n dated July 2, 2010(as revised by Decrees of the Russian Ministry of Finance No. 124n dated October 5, 2011, No. 57n dated April 6, 2015, No. 41n dated March 6, 2018, No. 61n dated April 19, 2019)

as of 31 December 2019

Organization **Public Joint-Stock Company "Federal Grid Company of Unified Energy System"**
 Taxpayer Identification Number (INN)
 Type of activity **power transmission**
 Form of incorporation / form of ownership **public joint-stock company / mixed Russian assets with a federal share**
 Unit of measurement: **RUB thousand.**
 Location (address) **5A Akademika Chelomeya Street, Moscow, Russia, 117630**

	CODES
OKUD Form No. 1	0710001
Date (year, month, day)	31.12.2019
as per OKPO	56947007
INN	4716016979
as per OKVED 2	35.12
as per OKOPF/OKFS	47/41
as per OKEI	384
Approval date	
Mailing (acceptance) date	
INN	7708096662
OGRN/OGRNI	1027 739127734

Accounting statements are subject to mandatory audit YES NO
 Name of the audit organization / last name, first name, patronymic (if any) of the individual auditor **LLC "Ernst & Young"**
 Taxpayer Identification Number of the audit organization / individual auditor
 Primary State Registration Number of the audit organization / individual auditor

Notes	ASSET	Indicator code	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017
1	2	3	4	5	5
I. NON-CURRENT ASSETS					
S.1 Expt Notes* S.3.2 Notes**	Intangible assets	1110	4 658 225	3 741 290	2 673 277
S.1 Expt Notes* S.3.6 Notes**	Research and development results	1120	950	6 778	82 442
S.2 Expt Notes* S.3.3 Notes**	Fixed assets, including:	1130	991 719 785	954 319 673	878 328 073
	land plots and natural resources	1131	1 744 070	1 744 010	1 753 458
	buildings, machinery and equipment, structures	1132	985 725 021	949 044 246	873 401 377
	other fixed assets	1133	4 250 694	3 531 417	3 173 238
	Income-bearing investments in tangible assets	1140	-	-	-
S.3 Expt Notes* S.3.7 Notes**	Financial investments	1150	66 038 914	57 702 933	84 064 907
	Deferred tax assets	1160	-	-	-
S.2 Expt Notes*	Other non-current assets, including:	1170	269 095 933	251 183 633	285 625 335
	equipment for installation	1171	32 897 293	37 726 421	33 460 088
S.2 Expt Notes*	investments in non-current assets	1172	211 655 187	191 292 474	230 629 349
S.5.1 Expt Notes* S.3.4 Notes**	advances against non-current assets	1173	24 298 857	21 832 613	21 265 668
S.3.11 Notes**	other non-current assets	1174	244 596	332 125	270 230
	Total for Section I	1100	1 331 513 807	1 266 954 307	1 250 774 034
II. CURRENT ASSETS					
S.4 Expt Notes* S.3.10 Notes**	Inventory, including:	1210	11 676 657	10 937 851	9 749 040
	raw materials, materials and other similar assets	1211	11 675 592	10 937 851	9 749 040
	finished goods and goods for sale	1212	-	-	-
	WIP on core services to third parties	1213	1 065	-	-
	Value added tax on purchased assets	1220	973 489	915 376	650 020
S.5 Expt Notes* S.3.9 Notes**	Accounts receivable, including:	1230	131 956 157	169 855 975	128 379 075
	Accounts receivable (payments are expected over more than 12 months upon the balance sheet date), including:	1231	85 477 009	92 515 178	77 882 865
	customers and consumers	1232	83 338 840	90 683 714	76 393 401
	advance payments made	1233	-	-	-
	other debtors	1234	2 138 169	1 831 464	1 489 464
	Accounts receivable (payments are expected within 12 months upon the balance sheet date), including:	1235	46 479 148	77 340 797	50 496 210
	customers and consumers	1236	34 285 535	31 232 620	36 388 248
	amounts owed by members (founders) as share capital payments	1237	-	-	-
	advance payments made	1238	614 922	1 644 465	270 554
	other debtors	1239	11 578 691	44 463 712	13 837 408
S.3 Expt Notes* S.3.8 Notes**	Financial investments (except cash equivalents)	1240	25 735 205	6 578 091	2 051 190
S.3.19 Notes**	Cash and cash equivalents	1250	30 434 073	31 772 829	33 409 107
S.3.11 Notes**	Other current assets	1260	34 699	48 165	27 568
	Total for Section II	1200	200 810 280	220 108 287	174 266 000
	BALANCE	1600	1 532 324 087	1 487 062 594	1 425 040 034

The Annual Accounting and Financial Statements of PJSC FGC UES for 2019 is given in Appendix 11.

Notes	LIABILITY	Indicator code	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017
1	2	3	4	5	5
III. CAPITAL AND RESERVES					
S.3.1 Notes**	Share capital (contributed capital, authorized fund, contributions of partners)	1310	637 332 662	637 332 662	637 332 662
	Shares repurchased	1320	-	-	-
	Revaluation of non-current assets	1340	319 635 669	301 169 595	285 993 481
S.3.1 Notes**	Additional capital (without revaluation)	1350	31 867 163	31 867 163	31 867 163
	Reserve capital	1360	24 419 781	21 610 434	19 492 352
	Undistributed profit (uncovered loss), including:	1370	125 807 737	98 413 848	62 885 484
	Uncovered loss of past years	1371	-	-	-
	Undistributed profit of past years	1372	78 898 207	98 413 848	62 885 484
	Undistributed profit of the reporting year including interim dividends	1373	46 909 530	-	-
		1374	(11 229 301)	-	-
	Total for Section III	1300	1 139 063 012	1 090 393 702	1 037 571 142
IV. LONG-TERM LIABILITIES					
S.3.12 Notes**	Borrowings and loans	1410	196 622 387	224 463 734	233 862 457
	Deferred tax liabilities	1420	70 481 551	60 827 426	55 006 638
	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	27 518 412	17 708 107	17 242 803
	Total for Section IV	1400	294 622 350	302 999 267	306 111 898
V. SHORT-TERM LIABILITIES					
	Borrowings and loans	1510	30 436 665	22 245 391	23 687 193
S.5.3 Expt Notes* S.3.13 Notes**	Accounts payable, including:	1520	64 304 991	68 223 409	54 484 828
	suppliers and contractors	1521	32 293 176	39 300 899	30 383 436
	payables to employees	1522	19 038	18 516	19 407
	payables to state non-budgetary funds	1523	594 702	660 238	533 822
	taxes and fees payable	1524	6 950 080	11 041 882	7 278 959
	advances received	1525	8 933 134	13 208 422	12 501 008
	other creditors	1526	4 020 628	3 778 992	3 621 211
	amounts owed to the members (founders)	1527	11 494 233	214 460	146 985
	Deferred income	1530	625 671	643 517	668 204
S.3.12 Notes**	Estimated liabilities	1540	3 271 398	2 557 308	2 516 769
	Other liabilities	1550	-	-	-
	Total for Section V Total	1500	98 638 725	93 669 625	81 356 994
	BALANCE	1700	1 532 324 087	1 487 062 594	1 425 040 034

* Explanatory Notes to the Balance Sheet and Statement of Financial Position for 2019

** Notes to the Balance Sheet and the Statement of Financial Result for 2019

Chief Executive  (signature) **A.E. Murov** (print full name)
 Chief Accountant  (signature) **A.P. Noskov** (print full name)

20 February 2020

The Annual Accounting and Financial Statements of PJSC FGC UES for 2019 is given in Appendix 11.



STATEMENT OF FINANCIAL RESULTS

(as revised by Decrees of the Russian Ministry of Finance No. 57n dated April 6, 2015, No. 41n dated March 6, 2018, No. 61n dated April 19, 2019)

as of 31 December 2019

Organization **Public Joint-Stock Company "Federal Grid Company of Unified Energy System"**
 Taxpayer Identification Number (INN) _____
 Type of activity **power transmission**
 Form of incorporation / form of ownership **public joint-stock company / mixed Russian assets with a federal share**
 Unit of measurement: **RUB thousand.**

	CODES
OKUD Form No.2	0710002
Date (year, month, day)	31.12.2019
as per OKPO	56947007
INN	4716016979
as per OKVED	35.12
as per OKOPF/OKFS	47/41
as per OKEI	384
Date of approval	
Date of sending (acceptance)	

Notes	INDICATOR description	Code	For the reporting period	For the same period of the previous year
1	2	3	3	4
	Income and expenses from ordinary activities	2110	242 700 173	240 294 489
	Revenue from sale of goods, products and services (net of VAT, excise duties and other similar mandatory payments), including:			
	services for electric power transmission	2111	223 143 743	213 619 982
	services for technological connection	2112	17 235 031	24 300 051
	other activity	2119	2 321 399	2 374 456
S.6 of Expl Notes*	Production cost of goods, products and services sold, including:	2120	(174 447 268)	(170 825 202)
	services for electric power transmission	2121	(173 060 822)	(169 263 087)
	services for technological connection	2122	(112 698)	(104 667)
	other activity	2129	(1 273 748)	(1 457 448)
	Gross profit (2110 + 2120)	2100	68 252 905	69 469 287
	Commercial expenses	2210	-	-
S.6 of Expl Notes*	Administrative expenses	2220	(8 953 311)	(8 490 827)
	Profit (loss) from sales (2100 + 2210 + 2220)	2200	59 299 594	60 978 460
	Income from participation in other companies	2310	1 746 883	2 452 691
	Interest receivable	2320	8 534 122	8 108 953
	Interests payable	2330	(4 913 722)	(3 978 163)
S.3.15 of Notes**	Other income	2340	24 719 384	25 661 516
	quoted financial asset revaluation surplus	2341	10 350 931	11 839 069
S.3.15 of Notes**	Other expenses	2350	(14 809 682)	(19 815 686)
	quoted financial asset revaluation losses	2351	-	(221 333)
	Profit (loss) before tax (2200 + 2310 + 2320 + 2330 + 2340 + 2350)	2300	74 576 579	73 407 771
S.3.5 of Notes**	Current profit tax, including:	2410	(6 586 065)	(11 394 520)
	constant tax liabilities	2421	1 324 875	2 533 754
S.3.5 of Notes**	Change in deferred tax liabilities	2430	(9 994 072)	(5 932 669)
S.3.5 of Notes**	Deferred tax assets changes	2450	339 947	111 881
	Other, including:	2460	(197 558)	(5 528)
	Other similar mandatory payments	2461	(102 605)	(5 528)
	Profit tax adjustment for the previous periods	2462	(94 953)	-
	Net profit (loss) for the reporting period	2400	58 138 831	56 186 935

The Annual Accounting and Financial Statements of PJSC FGC UES for 2019 is given in Appendix 11.

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Notes	Indicator Description	As of December 2019.	As of December 2018.
FOR REFERENCE			
S.3.3 of Notes**	Result of the fixed assets revaluation, not included in the net profit (loss) for the period	22 209 142	15 518 685
	Result of the other operations, not included in the net profit (loss) for the period		
	Total profit or loss for the period	80 347 973	71 705 620
S.3.16 of Notes**	Basic profit (loss) per share	0,0456	0,0441
	Diluted profit (loss) per share		

* Explanatory Notes to the Balance Sheet and Statement of Financial Position for 2019

** Notes to the Balance Sheet and the Statement of Financial Result for 2019

Chief Executive  (signature) **A.E. Murov** (print full name)
 Chief Accountant  (signature) **A.P. Noskov** (print full name)

20 February 2020

The Annual Accounting and Financial Statements of PJSC FGC UES for 2019 is given in Appendix 11.



STATEMENT OF CHANGES IN EQUITY

Annex No. 2 to Decree of the Russian Ministry of Finance No. 66n dated July 2, 2010 (as revised by Decrees of the Russian Ministry of Finance No. 124n dated October 5, 2011, No. 57n dated April 6, 2015,

for 2019

Organization **Public Joint-Stock Company "Federal Grid Company of Unified Energy System"**
 Taxpayer Identification Number (INN) **4716016979**
 Economic activity **power transmission**
 Form of legal entity's incorporation / form of ownership **public joint-stock company / mixed Russian assets with a federal share**
 Unit of measurement: **thousand RUB**

	Codes
OKUD Form	0710004
Date (day, month, year)	31.12.2019
as per OKPO	56947007
INN	4716016979
as per OKVED	35.12
as per OKOPF/OKFS	47/41
as per OKEI	384
Date of approval	
Date of sending (acceptance)	

1. CHANGES IN EQUITY

INDICATOR DESCRIPTION	Code	Authorized capital	Treasury shares repurchased from shareholders	Additional capital	Reserve capital	Undistributed profits (uncovered loss)	Total
CAPITAL VALUE AS OF DECEMBER 31, 2017.¹	3100	637 332 662	-	317 860 644	19 492 352	62 885 484	1 037 571 142
For 2018.²							
Increase in capital value – total,	3210	-	-	15 518 685	-	56 186 935	71 705 620
including:							
net profit	3211	x	x	x	x	56 186 935	56 186 935
property revaluation	3212	x	x	15 518 685	x	-	15 518 685
income relating directly to the increase in capital value	3213	-	x	-	x	-	-
additional issue of shares	3214	-	-	-	x	x	-
increase of share denomination	3215	-	-	-	x	-	x
reorganization of legal entity	3216	-	-	-	-	-	-
other	3217	-	-	-	-	-	-

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INDICATOR DESCRIPTION	Code	Authorized capital	Treasury shares repurchased from shareholders	Additional capital	Reserve capital	Undistributed profits (uncovered loss)	Total
Reduction of capital value – total:,	3220	-	-	-	-	(18 883 060)	(18 883 060)
including:							
loss	3221	x	x	x	x	-	-
property revaluation	3222	x	x	-	x	-	-
expenses relating directly to the reduction of capital value	3223	x	x	-	x	-	-
decrease of share denomination	3224	-	-	-	x	-	-
reduction of shares quantity	3225	-	-	-	x	-	-
reorganization of legal entity	3226	-	-	-	-	-	-
dividends	3227	x	x	x	x	(18 883 060)	(18 883 060)
Changes in the additional capital	3230	x	x	(342 571)	-	342 571	x
Changes in the reserve capital	3240	x	x	x	2 118 082	(2 118 082)	x
CAPITAL VALUE AS OF DECEMBER 31, 2018.²	3200	637 332 662	-	333 036 758	21 610 434	98 413 848	1 090 393 702
For 2019.³							
Increase in capital value - total,	3310	-	-	22 209 142	-	58 138 831	80 347 973
including:							
net profit	3311	x	x	x	x	58 138 831	58 138 831
property revaluation	3312	x	x	22 209 142	x	-	22 209 142
income relating directly to the increase in capital value	3313	x	x	-	x	-	-
additional issue of shares	3314	-	-	-	x	x	-

The Annual Accounting and Financial Statements of PJSC FGC UES for 2019 is given in Appendix 11.

INDICATOR DESCRIPTION	Code	Authorized capital	Treasury shares repurchased from shareholders	Additional capital	Reserve capital	Undistributed profits (uncovered loss)	Total
increase of share denomination	3315	-	-	-	x	-	x
reorganization of legal entity	3316	-	-	-	-	-	-
Reduction of capital value – total:	3320	-	-	-	-	(31 678 663)	(31 678 663)
including:							
loss	3321	x	x	x	x	-	-
property revaluation	3322	x	x	-	x	-	-
expenses relating directly to the reduction of capital value	3323	x	x	-	x	-	-
decrease of share denomination	3324	-	-	-	x	-	-
reduction of shares quantity	3325	-	-	-	x	-	-
reorganization of legal entity	3326	-	-	-	-	-	-
dividends	3327	x	x	x	x	(31 678 663)	(31 678 663)
other	3328	-	-	-	-	-	-
Changes in the additional capital	3330	x	x	(3 743 068)	-	3 743 068	x
Changes in the reserve capital	3340	x	x	x	2 809 347	(2 809 347)	x
CAPITAL VALUE AS OF DECEMBER 31, 2019.³	3300	637 332 662	-	351 502 832	24 419 781	125 807 737	1 139 063 012

2. CORRECTIONS DUE TO CHANGES IN THE ACCOUNTING POLICY AND ERRORS ELIMINATION

INDICATOR DESCRIPTION	Code	As of December 31 2017. ¹	Changes in equity for 2018. ²		As of December 31 2018. ³
			due to net profit(loss)	due to other factors	
Equity – total					
before corrections	3400	-	-	-	-
correction due to:					
changes in the accounting policy	3410	-	-	-	-
errors elimination	3420	-	-	-	-
after corrections	3500	-	-	-	-
including:					
undistributed profits (uncovered loss)					
before corrections	3401	-	-	-	-
correction due to:					
changes in the accounting policy	3411	-	-	-	-
errors elimination	3421	-	-	-	-
after corrections	3501	-	-	-	-
other capital items subject to corrections:					
(per items)					
before corrections	3402	-	-	-	-
correction due to:					
changes in the accounting policy	3412	-	-	-	-
errors elimination	3422	-	-	-	-
after corrections	3502	-	-	-	-

3. NET ASSETS

INDICATOR DESCRIPTION	Code	As of December 31, 2019. ³	As of December 31 2018. ²	As of December 31 2017. ¹
Net assets	3600	1 139 688 683	1 091 037 219	1 038 239 346

¹ The year preceding the previous year is indicated.

² The previous year is indicated.

³ The reporting year is indicated.

Chief Executive  (signature) **A.E. Murov** (print full name)
 Chief Accountant  (signature) **A.P. Noskov** (print full name)

20 February 2020

The Annual Accounting and Financial Statements of PJSC FGC UES for 2019 is given in Appendix 11.

CASH FLOW STATEMENT

Annex to Decree of the Russian Ministry of Finance No. 66n dated July 2, 2010 (as revised by Decree of the Russian Ministry of Finance No. 124n dated October 5, 2011, No. 57n dated April 6, 2015, No. 61n dated April 19, 2019)

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for 2019

Organization **Public Joint-Stock Company "Federal Grid Company of Unified Energy System"**
 Taxpayer Identification Number (INN)
 Economic activity **power transmission**
 Form of legal entity's incorporation / form of ownership **public joint-stock company / mixed Russian assets with a federal share**
 Unit of measurement: **thousand RUB**

	Codes
OKUD Form	0710004
Date (day, month, year)	31.12.2019
as per OKPO	56947007
INN	4716016979
as per OKVED	35.12
as per OKOPF/OKFS	47/41
as per OKEI	384
Date of approval	
Date of sending (acceptance)	

INDICATOR DESCRIPTION	Code	FOR 2019.	FOR 2018.
1	2	3	4
CASH FLOWS FROM CURRENT TRANSACTIONS			
Receipts – total,	4110	257 011 312	246 796 788
including:			
from sale of products, goods, work and services	4111	242 382 294	229 506 983
lease payments, license fees, royalties, commission charges and other similar payments	4112	977 496	1 314 924
from resale of financial investments	4113	–	–
other receipts	4119	13 651 522	15 974 881
Payments - total, including:	4120	(126 925 852)	(119 406 103)
to suppliers (contractors) for raw materials, materials, work and services	4121	(62 530 500)	(57 645 661)
remuneration of labor	4122	(18 502 284)	(17 662 948)
debenture interest	4123	(5 124 376)	(4 441 515)
corporate tax	4124	(8 410 778)	(10 938 031)
other payments	4129	(32 357 914)	(28 717 948)
Balance of cash flows from current transactions	4100	130 085 460	127 390 685
CASH FLOWS FROM INVESTMENT TRANSACTIONS			
Receipts – total, including:	4210	43 812 598	19 459 972
from sale of fixed assets (except financial investments)	4211	161 136	190 442
from sale of other companies' shares (participatory interest)	4212	32 140 976	3 708 155
from repayment of granted loans, from sale of debt securities (claims for cash against third parties)	4213	7 964 060	12 479 129
dividends, interest on debt financial investments and other similar income from participatory interest in other companies	4214	3 546 426	3 082 246
other receipts	4219	–	–
Payments – total, including::	4220	(135 367 204)	(119 219 445)
payments associated with the acquisition, establishment, upgrading, reconstruction and preparation for the use of fixed assets	4221	(96 590 932)	(91 302 730)
from purchase of other companies' shares (participatory interest)	4222	(74 062)	(504 276)
from purchase of debt securities (claims for cash against third parties), granting loans to third parties	4223	(27 820 933)	(17 141 868)

INDICATOR DESCRIPTION	Code	FOR 2019.	FOR 2018.
1	2	3	4
debenture interest included in the investment asset value	4224	(10 881 272)	(10 270 464)
other payments	4229	(5)	(107)
Balance of cash flows from investment transactions	4200	(91 554 606)	(99 759 473)
CASH FLOWS FROM FINANCIAL TRANSACTIONS			
Receipts – total, including:	4310	–	10 039 700
obtaining of credits and loans	4311	–	40 950
monetary contributions of owners (members)	4312	–	–
from issue of shares, participatory interest increase	4313	–	–
from issue of bonds, promissory notes and other debt securities	4314	–	9 998 750
other receipts	4319	–	–
Payments – total, including:	4320	(39 869 610)	(39 307 190)
to owners (members) due to repurchase of shares (participatory interest) of their organization or their cessation of membership	4321	–	–
for payment of dividends and other distribution payments profit to owners (members)	4322	(20 449 361)	(18 884 671)
due to the payment of promissory notes and other debt securities, repayment of credits and loans	4323	(19 420 249)	(20 422 519)
other payments	4329	–	–
Balance of cash flows from financial transactions	4300	(39 869 610)	(29 267 490)
Cash flow balance for the reporting period	4400	(1 338 756)	(1 636 278)
Cash and cash equivalents balance as of the beginning of the reporting year	4450	31 772 829	33 409 107
Cash and cash equivalents balance as of the end of the reporting year	4500	30 434 073	31 772 829
Influence of foreign currency change versus RUB	4490	–	–

Chief Executive  (signature) A.E. Murov (print full name)
 Chief Accountant  (signature) A.P. Noskov (print full name)

20 February 2020

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Independent auditor's report

To the Shareholders and Board of Directors of
Public Joint-Stock Company
"Federal Grid Company of Unified Energy System"

Opinion

We have audited the consolidated financial statements of Public Joint-Stock Company "Federal Grid Company of Unified Energy System" and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for 2019 in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of non-current assets	
<p>Due to the existence of impairment indicators in respect of non-current assets as of 31 December 2019, the Group performed impairment testing. The value-in-use of property, plant and equipment forming a significant share of the Group's non-current assets, as of 31 December 2019, was determined by the projected cash flow method.</p> <p>The impairment testing of property, plant and equipment was one of the most significant matters for our audit because the property, plant and equipment balance forms a significant part of the Group's assets at the reporting date, and because management's assessment of the value-in-use is complex and largely subjective and is based on assumptions, in particular, on projected electricity transmission volumes, transmission fees, as well as operating and capital expenditures that depend on the expected future market or economic conditions in the Russian Federation.</p> <p>Information on the results of the impairment analysis of non-current assets is disclosed by the Group in Note 6 to the consolidated financial statements.</p>	<p>As part of our audit procedures, we also assessed the assumptions and methodologies applied by the Group, in particular, those relating to projected total revenue from electricity transmission, fee solutions, operating and capital expenditures, long-term rates of fee growth and discount rates. We tested the incoming data imported in the model and the arithmetic accuracy of the model used to determine the recoverable amount in the impairment test of property, plant and equipment. We engaged valuation specialists to analyze the model used to determine the recoverable amount in the impairment test of property, plant and equipment. We also analyzed the sensitivity of the model to changes in the main indicators of assessment and the Group's disclosures of assumptions on which the results of impairment testing largely depend</p>
Allowance for expected credit losses on trade and other receivables	
<p>The allowance for expected credit losses on trade and other receivables was one of the most significant matters for our audit due to the material balances of receivables as of 31 December 2019, as well as due to the fact that management's assessment of the possible recoverability of these receivables is based on assumptions, in particular, on the predicted solvency of the Group's customers.</p> <p>Information on the allowance for expected credit losses on receivables is disclosed in Notes 11 and 29 to the consolidated financial statements.</p>	<p>We analyzed the Group's accounting policy on receivables with respect to the allowance for expected credit losses.</p> <p>We considered the calculation of expected credit losses performed by the Group's management, which is based on credit losses experience adjusted for projected factors specified for the Group's customers.</p> <p>As part of our audit procedures, we also assessed the assumptions used by Group's management, as well as analysis of credit risk and financial performance of counterparties, analysis of receivables payments, ageing structure and overdue receivables and assessed the applicable levels of allowance for expected credit losses.</p> <p>We also assessed the information on allowance for expected credit losses disclosed in the consolidated financial statements</p>

Other information included in Annual report

Other information consists of Annual Report of Public Joint-Stock Company "Federal Grid Company of Unified Energy System" for 2019 other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and Audit Committee of Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee of Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee of Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee of Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee of Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge
of the audit resulting in this independent
auditor's report is
T.L. Okolotina.



T.L. Okolotina
Partner
Ernst & Young LLC

4 March 2020

Details of the audited entity

Name: Public Joint-Stock Company "Federal Grid Company of Unified Energy System"
Record made in the State Register of Legal Entities on 20 August 2002,
State Registration Number 1024701893336.
Address: 117630, Russia, Moscow, Akademika Chelomeya street, 5A.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002,
State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo".
Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Russian Rouble unless otherwise stated)

Indicator description	Notes	31 December 2019	31 December 2018
1	2	3	4
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,024,901	937,277
Right-of-use assets	7	12,719	-
Intangible assets	8	6,609	6,638
Investments in associates and joint ventures	9	1,296	1,442
Financial investments	10	45,711	37,956
Deferred income tax assets	17	275	207
Trade and other accounts receivable	11	72,084	72,987
Advances given and other non-current assets	12	2,107	1,018
Total non-current assets		1,165,702	1,057,525
Current assets			
Cash and cash equivalents	13	37,077	37,618
Bank deposits	14	25,789	3,811
Trade and other accounts receivable	11	41,823	68,025
Income tax prepayments		93	56
Inventories	15	16,968	17,037
Advances given and other current assets	12	2,576	3,503
		124,326	130,050
Assets held for sale	32	313	21,467
Total current assets		124,639	151,517
TOTAL ASSETS		1,290,341	1,209,042
EQUITY AND LIABILITIES			
Equity			
Share capital: Ordinary shares	16	637,333	637,333
Treasury shares	16	(4,719)	(4,719)
Share premium		10,501	10,501
Reserves	16	30,937	25,167
Retained earnings		227,558	170,699
Equity attributable to shareholders of FGC UES		901,610	838,981
Non-controlling interests		174	181
Total equity		901,784	839,162
Non-current liabilities			
Deferred income tax liabilities	17	46,871	29,586
Non-current debt	18	208,343	224,585
Trade and other accounts payable	21	14,121	12,055
Advances from customers		8,525	2,441

The full text of the Consolidated Financial Statements of PJSC FGC UES for 2019 is given in Appendix 12.

(continued)

Indicator description	Notes	31 December 2019	31 December 2018
1	2	3	4
Taxes other than on income payable		1,705	505
Government grants		811	867
Retirement benefit obligations	19	6,955	5,950
Total non-current liabilities		287,331	275,989
Current liabilities			
Accounts payable to shareholders of FGC UES	16	11,388	213
Current debt and current portion of non-current debt	18, 20	31,444	22,224
Trade and other accounts payable	21	41,580	46,835
Advances from customers		8,872	13,227
Taxes, other than on income payable		4,265	6,863
Provisions for liabilities and charges	22	1,202	683
Income tax payable		2,475	3,846
Total current liabilities		101,226	93,891
Total liabilities		388,557	369,880
TOTAL EQUITY AND LIABILITIES		1,290,341	1,209,042

Authorised for issue and signed on behalf of the Management Board:
04 March 2020

Chairman
of the Management
Board

A.E. Murov

Head of Accounting
and Financial
Reporting
Chief Accountant

A.P. Noskov

The accompanying notes are an integral part of these Consolidated Financial Statements

The full text of the Consolidated Financial Statements of PJSC FGC UES for 2019 is given in Appendix 12.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in millions of Russian Rouble unless otherwise stated)

Indicator description	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1	2	3	4
Revenues	23	249 611	253,979
Other operating income	23	6 291	6,474
Operating expenses	24	(155 282)	(151,210)
Gain on disposal of assets	32	10 444	-
Accrual of allowance for expected credit losses	11	(1 624)	(4,634)
(Impairment)/Reversal of impairment of property, plant and equipment, net	6	(6 726)	2,248
Operating profit		102,714	106,857
Finance income	25	13,796	12,981
Finance costs	26	(6,896)	(4,862)
Disposal of associate	9	(62)	-
Share of profit of associates and joint ventures	9	144	125
Profit before income tax		109,696	115,101
Income tax expense	17	(23,058)	(22,256)
Profit for the year		86,638	92,845
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in fair value of financial investments	10	9,921	1,613
Remeasurements of retirement benefit obligations	19	(876)	(134)
Income tax relating to items that will not be reclassified	17	(1,378)	6,717
Total items that will not be reclassified to profit or loss		7,667	8,196
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference	9	(228)	181
Total items that are or may be reclassified to profit or loss		(228)	181
Other comprehensive income for the period, net of income tax		7,439	8,377
Total comprehensive income for the year		94,077	101,222

The full text of the Consolidated Financial Statements of PJSC FGC UES for 2019 is given in Appendix 12.

(continued)

Indicator description	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1	2	3	4
Profit attributable to:			
Shareholders of FGC UES	27	86,598	92,809
Non-controlling interests		40	36
Total comprehensive income attributable to:			
Shareholders of FGC UES		94,037	101,186
Non-controlling interests		40	36
Earnings per ordinary share for profit attributable to shareholders of FGC UES – basic and diluted (in Russian Rouble)	27	0.069	0.074

The accompanying notes are an integral part of these Consolidated Financial Statements

The full text of the Consolidated Financial Statements of PJSC FGC UES for 2019 is given in Appendix 12.



CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Russian Rouble unless otherwise stated)

Indicator description	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		109,696	115 101
<i>Adjustments to reconcile profit before income tax to net cash provided by operations</i>			
Depreciation of property, plant and equipment	24	35,564	32,346
Depreciation of right-of-use assets	7	899	-
Loss/(gain) on disposal of property, plant and equipment	24	1,094	(310)
Amortisation of intangible assets	24	1,405	1,154
Impairment/(reversal of impairment) of property, plant and equipment, net	6	6,726	(2,248)
Gain on disposal of assets	32	(10,444)	-
Share of profit of associates and joint ventures	9	(144)	(125)
Accrual of allowance for expected credit losses	11	1,624	4,634
Accrual/(reversal) of provision for liabilities and charges	22, 24	863	(778)
Disposal of an associate	9	62	-
Finance income	25	(13,796)	(12,981)
Finance costs	26	6,896	4,862
Other non-cash items		(132)	(2)
Operating cash flows before working capital changes, income tax paid and other changes in long-term assets and liabilities		140,313	141,653
Decrease in long-term trade and other accounts receivable		845	-
(Increase)/decrease in long-term advances given and other non-current assets		(936)	265
(Decrease)/increase in long-term accounts payable		(5,027)	1,194
Increase in long-term advances from customers		7,824	2,422
<i>Working capital changes:</i>			
Decrease/(increase) in trade and other accounts receivable		7,865	(9,747)
Decrease in advances given and other current assets		1,727	2,785
Decrease/(increase) in inventories		362	(967)
(Decrease)/increase in trade and other payables		(811)	778
Increase/(decrease) in provisions for liabilities and charges		519	(3,700)
(Decrease)/increase in advances from customers		(7,841)	673
Income tax paid		(8,606)	(11,286)
Net cash flows generated by operating activities		136,234	124,070

The full text of the Consolidated Financial Statements of PJSC FGC UES for 2019 is given in Appendix 12.

(continued)

Indicator description	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1	2	3	4
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(92,315)	(88,941)
Proceeds from disposal of property, plant and equipment		484	1,029
Purchase of intangible assets		(2,194)	(2,049)
Redemption of promissory notes		10	10
Placement of bank deposits		(30,554)	(24,134)
Redemption of bank deposits		8,830	20,323
Dividends received		1,463	2,251
Loans given		(5)	(53)
Repayment of loans given		23	23
Proceeds from sale of financial investments		32,141	3,708
Interest received		3,048	3,194
Net cash flows used in investing activities		(79,069)	(84,639)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current and non-current borrowings	18	22	10,054
Repayment of current and non-current borrowings	18	(19,443)	(20,436)
Repayment of principal portion of lease liabilities	18	(783)	(115)
Dividends paid	16	(20,205)	(18,635)
Acquisition of non-controlling interests		(74)	(504)
Interest paid		(17,223)	(14,712)
Net cash flows used in financing activities		(57,706)	(44,348)
Net decrease in cash and cash equivalents		(541)	(4,917)
Cash and cash equivalents at the beginning of the period	13	37,618	42,535
Cash and cash equivalents at the end of the period	13	37,077	37,618

The accompanying notes are an integral part of these Consolidated Financial Statements

The full text of the Consolidated Financial Statements of PJSC FGC UES for 2019 is given in Appendix 12.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Russian Rouble unless otherwise stated)

Indicator description	Notes	Attributable to shareholders of FGC UES						Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total		
As at 1 January 2019		637,333	10,501	(4,719)	25,167	170,699	838,981	181	839,162
Total comprehensive income for the year									
Profit for the year		–	–	–	–	86,598	86,598	40	86,638
Other comprehensive income/ (loss), net of related income tax									
Change in fair value of financial investments, net of tax	10, 16	–	–	–	8,555	–	8,555	–	8,555
Remeasurements of retirement benefit obligations, net of tax	16, 19	–	–	–	(888)	–	(888)	–	(888)
Foreign currency translation difference	9, 16	–	–	–	(228)	–	(228)	–	(228)
Total other comprehensive income		–	–	–	7,439	–	7,439	–	7,439
Total comprehensive income for the year		–	–	–	7,439	86,598	94,037	40	94,077
Transfer of accumulated revaluation reserve at disposal of financial investments	10	–	–	–	(1,669)	1,669	–	–	–
Dividends declared	16	–	–	–	–	(31,380)	(31,380)	(1)	(31,381)
Acquisition of non-controlling interests	4	–	–	–	–	(28)	(28)	(46)	(74)
As at 31 December 2019		637,333	10,501	(4,719)	30,937	227,558	901,610	174	901,784

(continued)

Indicator description	Notes	Attributable to shareholders of FGC UES						Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total		
As at 1 January 2018		637,333	10,501	(4,719)	40,482	74,152	757,749	(603)	757,146
Total comprehensive income for the year									
Profit for the year		–	–	–	–	92,809	92,809	36	92,845
Other comprehensive income/ (loss), net of related income tax									
Change in fair value of financial investments, net of tax	10, 16	–	–	–	8,458	–	8,458	–	8,458
Remeasurements of retirement benefit obligations, net of tax	16, 19	–	–	–	(262)	–	(262)	–	(262)
Foreign currency translation difference	9, 16	–	–	–	181	–	181	–	181
Total other comprehensive income		–	–	–	8,377	–	8,377	–	8,377
Total comprehensive income for the year		–	–	–	8,377	92,809	101,186	36	101,222
Transfer of accumulated revaluation reserve at disposal of financial investments	10	–	–	–	(23,692)	23,692	–	–	–
Dividends declared	16	–	–	–	–	(18,702)	(18,702)	–	(18,702)
Acquisition of non-controlling interests	4	–	–	–	–	(1,252)	(1,252)	748	(504)
As at 31 December 2018		637,333	10,501	(4,719)	25,167	170,699	838,981	181	839,162

The accompanying notes are an integral part of these Consolidated Financial Statements

The full text of the Consolidated Financial Statements of PJSC FGC UES for 2019 is given in Appendix 12.

The full text of the Consolidated Financial Statements of PJSC FGC UES for 2019 is given in Appendix 12.

ADDITIONAL INFORMATION

INFORMATION ON THE REPORT

GRI 101

Reporting cycle	Annual, for the period from 1 January 2019 through 31 December 2019. (GRI 102-50 , GRI 102-52)
Report format	Integrated Annual Report of PJSC FGC UES.
International Reporting Standards	GRI Sustainability Reporting Standards GRI 102-54 (Core option, Compliance Table, see section Compliance with GRI and <IR> Standards). Industry Application GRI G4 for the electric power industry, The Electric Utilities Sector Disclosures. International Integrated Reporting Standard, The International <IR> Framework (see the Compliance Table in section Compliance with GRI and <IR> Standards). AA1000 Stakeholder Engagement Standard (2015).
Russian Reporting Standards	Regulation No. 454-P on disclosure of information by issuers of securities approved by the Central Bank of the Russian Federation, dated 30 December 2014. Corporate Governance Code recommended by the Bank of Russia (Letter No. 06-52/2463 dated 10 April 2014). Resolution No. 1214 of the Government of the Russian Federation, dated 31 December 2012 on improvement of the Procedure of Management of Open Joint Stock Companies whose Shares are in Federal Ownership, and Federal State Unitary Enterprises.
Date of previous report publication	July 2019. GRI 102-51
Scope of the Report	PJSC FGC UES, including all branches (MPS and EMPS). Production indicators and indicators in the field of financial and economic activity of PJSC FGC UES, stated in the Report, are presented on the basis of indicators of accounting statements of PJSC FGC UES, prepared in accordance with Russian Accounting Standards. Individual financial and economic indicators are presented in accordance with the consolidated financial statements as per IFRS and are followed by relevant notes. As compared to the previous year, no indicators were restated. GRI 102-48
Verification of reporting information	The reporting information is confirmed by the conclusions of: <ul style="list-style-type: none"> independent audit organisation ERNST & YOUNG LLC, confirming the reliability of the accounting (financial) statements as per RAS (Auditors' report on the financial statements for 2019 is stated in section Financial Statements) and the reliability of the consolidated financial statements as per IFRS (Independent auditor's report is given in section Financial Statements); independent audit organisation LLC FBK, confirming the reliability of the non-financial statements, as well as compliance of the Report with the main application variant of GRI SRS Standards and the International Integrated Reporting Standard. An auditor is chosen on a competitive basis (Auditor's Report of an independent auditor is given in section Additional Information) GRI 102-56; representatives of the main stakeholders in the course of the public Report endorsement procedure (the Conclusion on the public Report endorsement is given in section Additional information).

Report preparation process

The purpose of the Report preparation is to inform interested parties about the Company's activities: strategy and mission, social responsibility policy and sustainability of business development, key events and results of activities, impact on the economy, society, environment, and on interaction with stakeholders.

The Report is prepared in accordance with the principles of determining the content of the Report and with the reporting information quality principles GRI SRS.

Materiality determination process

GRI 102-46 While preparing this Report, the Company, together with representatives of the groups of main stakeholders, identified material topics for disclosure in the Report. Representatives of the groups of main stakeholders (21 respondents representing external stakeholders and 60 respondents representing internal stakeholders) were questioned. Based on the results of the survey, a materiality matrix was formed.

Respondents assessed the material topics by two parameters:

- impact of the topic on assessments and decision making by the stakeholders;
- impact of the Company on the economy, environment and social sphere (within the scope of the topic).

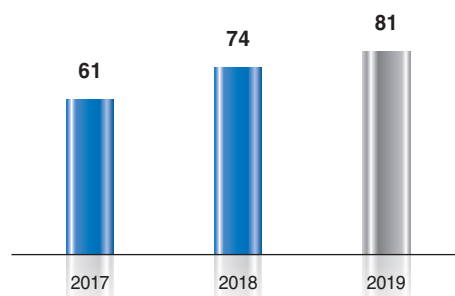
Based on the results of the survey, a materiality matrix was formed. On the aggregate scores, the topics are divided into three groups according to the degree of materiality:

- Group I — material topics with more than 2 points for both parameters;
- Group II — less material topics with 1.5 to 2 points for both parameters;
- Group III — immaterial topics with less than 1.5 points for at least one parameter.

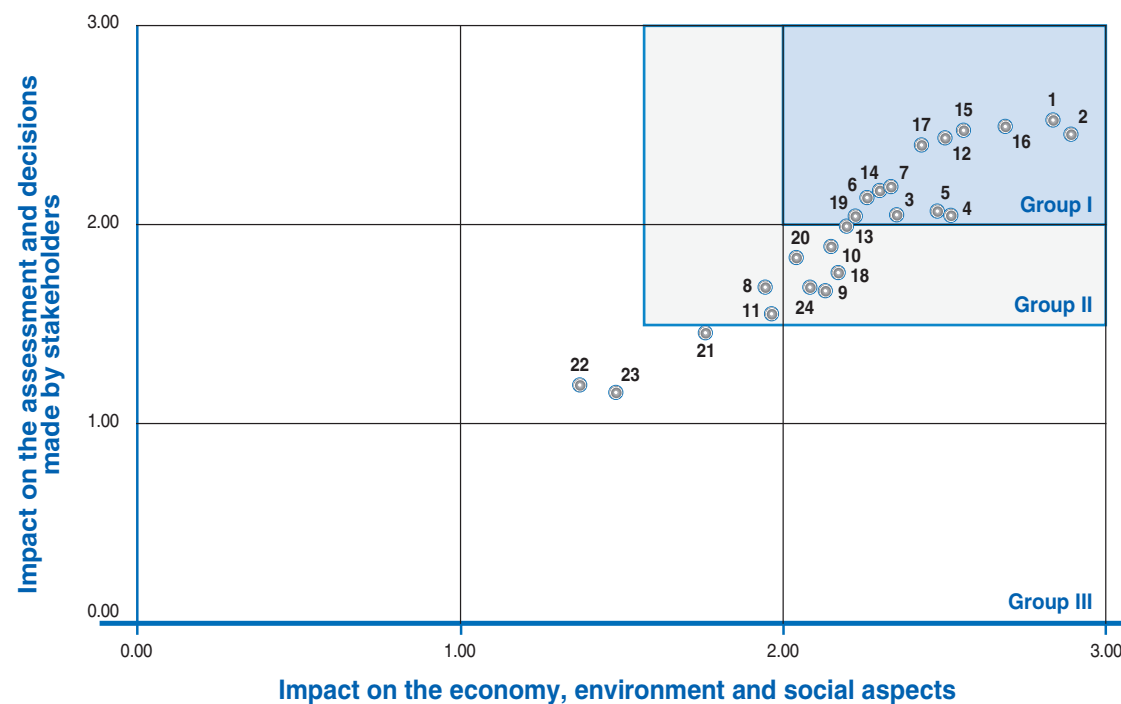
Scope of topics: PJSC FGC UES, including all branches (MPS and EMPS). **GRI 103-1**

No significant changes in the scope and coverage of disclosed topics compared to previous reports. **GRI 102-49**

Respondent reach when preparing the Report



GRI 102-47 Materiality matrix



Refer to section Compliance with GRI and <IR> Standards for information on correlation between material topics and GRI SRS topics.



Refer to section Compliance with GRI and <IR> Standards for information on correlation between material topics and GRI SRS topics.

Material topics of the Report

Group I	
1	Implementation of infrastructure projects, development of the Unified National Electric Grid
2	Reliability and quality of electric power supplied to consumers
3	Tariff setting
4	Efficiency of infrastructure operation
5	Efficiency of investment activities (capital construction)
6	Innovative activities, scientific and technical development
7	Implementation of digital technologies and solutions
12	Improving economic efficiency and financial sustainability
14	Corruption management
15	Ensuring decent working conditions and respect for employees' rights
16	Occupational health and safety at work
17	Personnel development
19	Compliance with the requirements of legislation and regulatory bodies in the social and economic sphere
Group II	
8	Import substitution
9	Investment attractiveness
10	Information transparency
11	International cooperation
13	Managing procurement activities and combating unfair competition
18	Impact on socio-economic development of the regions in which the Company is present
20	Energy efficiency and internal power consumption
24	Compliance with the requirements of legislation and regulatory bodies in the area of environmental protection
Group III	
21	Biological diversity preservation, including preservation of natural habitat along power transmission lines
22	Emissions of air pollutants
23	Discharges and waste generated as a result of the Company's activities

As part of preparation of the Report, in March 2020, public hearings were held in absentia on the draft Report, which were attended by representatives of the groups of main stakeholders. Requests and recommendations made at the hearings have been regarded, to the extent possible, in the process of preparation of this Report (see section Interaction with Stakeholders during the Preparation of the Report).

Requests of stakeholders received during the previous reporting campaign, and reviews of the previous report received within the framework of Russian and international competitions of annual reports, have been also regarded in the process of preparing this Report.

Responsibility for Report preparation

GRI 102-32 The Report is approved by resolutions of the Board of Directors (tentatively) and the Annual General Meeting of Shareholders of PJSC FGC UES.

DISCLAIMER

This Integrated Annual Report (hereinafter, the Report) is drawn up with the use of information available to PJSC FGC UES at the time of its preparation. The Company trusts that the information provided in the Report is complete and accurate at the time of publication of the Report, however does not claim that it cannot be further specified or revised.

This Report contains forecasting statements reflecting expectations of the Company's management team. Due to various objective factors, actual performance results may differ from the above forecasts and assessments.

The Annual Report contains certain forecasting statements regarding the business operations, economic indicators and financial standing of the Company, its business plans, projects, and expected results. Also, the Report may contain estimates of trends in terms of changes in prices of services/products, volumes of production and consumption, costs, estimated expenses, development prospects and other similar factors, as well as forecasts regarding development of the industry and markets, and timelines of commencement and termination of individual projects within the Company's operations.

Such terms as "assume", "expect", "forecast", "intend", "seek", "estimate", "plan", "deem", "consider", "could be",

"will", along with other resembling or similar expressions, as well as those used with negation, usually reflect the forecasting nature of any statement. Forecasting statements, in virtue of their specific character, involve inherent risk and uncertainty of both general and individual nature, and there is a risk that such assumptions, forecasts, projects and other forecasting statements will not be implemented. In view of the above risks, uncertainties and assumptions, the Company forewarns that the actual results may substantially differ from the indicators expressed or implied in such forecasting statements, being valid only at the date of the Report preparation.

The Company neither represents nor warrants that the performance results, as reflected in the forecasting statements, will be achieved. The Company shall not be liable for any losses or damage which may be incurred by any individuals or legal entities acting on the basis of such forecasting statements. Such forecasting statements represent, in each specific case, only one of multiple possible case scenarios and shall not be deemed to be the most likely scenario.

Except as expressly provided by law, the Company assumes no obligation to publish updates and changes to its forecasting statements based on any new information and subsequent events.

Auditor's Report on Non-Financial Statements

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT [TRANSLATION FROM RUSSIAN ORIGINAL]

To the management of Public Joint-Stock Company
"Federal Grid Company of Unified Energy System"

We have undertaken a limited assurance engagement of nature and level of Public Joint-Stock Company "Federal Grid Company of Unified Energy System" (hereinafter referred to as PJSC FGC UES) compliance with the principles of the AA1000 Accountability Principle Standard 2008¹⁰⁷ (hereinafter referred to as AA1000 APS 2008) in the process of stakeholder engagement in sustainability activities as well as

compliance of the accompanying Integrated annual report of PJSC FGC UES 2019 (hereinafter referred to as the Report) with the requirements of GRI Sustainability Reporting Standards¹⁰⁸ to the report prepared in accordance with the Core option and with the requirements of the International Integrated Reporting Framework.

¹⁰⁷ AA1000 AccountAbility Principles.

¹⁰⁸ GRI Sustainability Reporting Standards.

Responsibility of PJSC FGC UES

PJSC FGC UES is responsible for its compliance with the principles of the AA1000 APS 2008 in the process of stakeholder engagement in sustainability activities as well as preparation of the Report in compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with

the Core option and with the requirements of the International Integrated Reporting Framework. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Control 1, Quality Control for Firm that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on nature and level of PJSC FGC UES compliance with the principles of the AA1000 APS 2008 in the process of stakeholder engagement in sustainability activities as well as compliance of the Report with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option and with the requirements of the International Integrated Reporting Framework based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, as well as in accordance with AA1000 Assurance Standard 2008¹⁰⁹ (type 2, as defined by AA1000AS 2008). These standards require that we plan and perform this engagement to obtain limited (moderate as defined by AA1000AS 2008) assurance about whether PJSC FGC UES complies with the principles of the AA1000 APS 2008 in the process of stakeholder engagement in sustainability activities and whether the Report is free from material misstatement.

A limited assurance engagement undertaken in accordance with these standards involves assessing the following criteria (hereinafter referred to as Criteria):

- Nature and level of PJSC FGC UES compliance with the principles of the AA1000 APS 2008 – inclusivity, materiality and responsiveness – in the process of stakeholder engagement in sustainability activities;
- Compliance of the Report with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option;
- Compliance of the Report with the requirements of the International Integrated Reporting Framework.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we have performed the following procedures:

- Study and selective testing of systems and processes implemented by PJSC FGC UES to ensure and analyze the compliance of the activities with AA1000 APS 2008 principles; collection of evidence confirming practical implementation of these principles;

¹⁰⁹ AA1000 AccountAbility Assurance Standard.

- Interviewing the management and employees of PJSC FGC UES and obtaining documentary evidence;
- Study of information available on the PJSC FGC UES website related to its activities in the context of sustainable development;
- Study of public statements of third parties concerning economic, environmental and social aspects of PJSC FGC UES activities, in order to check validity of the declarations made in the Report;
- Analysis of non-financial reports of companies working in the similar market segment for benchmarking purposes;
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in PJSC FGC UES;
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report;
- Analysis of information in the Report for compliance with the requirements of Criteria.

The procedures were performed only in relation to data for the year ended 31 December 2019.

The evaluation of reliability of the information on performance in the Report was conducted in relation to compliance with the requirements of Standards to the report prepared in accordance with the Core option and information referred to in the annex to the Report "GRI Content Index". In respect to this information assessment of its conformity to external and internal reporting documents provided to us was performed.

Limited Assurance Conclusion on Nature and extent of compliance of PJSC FGC UES with AA1000 APS 2008 principles

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes as to believe that PJSC FGC UES stakeholder engagement in sustainability activities has not complied,

The procedures were not performed in relation to forward-looking statements; statements expressing the opinions, beliefs and intentions of PJSC FGC UES to take any action relating to the future; as well as statements based on expert opinion.

The procedures were performed in relation to the Russian version of the Report, which includes information to be published in a hard-copy form as well as in digital form on the PJSC FGC UES website.

We had no chance to verify that the report was preliminary approved by the Board of Directors of PJSC FGC UES, approved by the annual general meeting of shareholders of PJSC FGC UES, published on the PJSC FGC UES website, as well as that that Global Reporting Initiative was notified of the use of the Standards in the Report preparation due to the fact that the date of signing this Assurance Report preceded the planned dates of these procedures completion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about PJSC FGC UES adherence to the principles of the AA1000 APS 2008 as well as about compliance of the Report, in all material respects, with the Criteria.

in all material aspects, with the criteria of AA1000 APS 2008 in respect to adherence of PJSC FGC UES to the principles (Inclusivity, Materiality and Responsiveness).

Limited Assurance Conclusion on Compliance of the Report with the requirements of the International Integrated Reporting Framework

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes as to believe that the Report has not complied, in all material aspects, with the guiding principles of

the International Integrated Reporting Framework and with requirements to the structure of content elements of integrated reports.

Limited Assurance Conclusion on Compliance of the Report with the GRI Sustainability Reporting Standards (Core option)

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Report has not complied, in all

material aspects, with requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Core option.

Recommendations

Based on the results of the limited assurance engagement we recommend:

- It is reasonable to disclose GRI indicators in relation to target values and plans for the future;
- Improve the quality of disclosure of information on evaluation of management approaches;

- Consider increasing the extent of disclosure of information on material topics concerning subsidiaries and contractors.

The recommendations is not intended to detract from the practitioner's conclusion. Our conclusion is not modified in respect of the matters referred to in the recommendations.



FBK, LLC
Practitioner
Partner

V.Y. Skobarev

acting under Power of Attorney No. 76/18 of December 17, 2018

The Russian Federation, Moscow, March 27, 2020

Conclusion on public endorsement of the Integrated Report

Introduction

PJSC FGC UES offered us to assess the 2019 Integrated Annual Report (hereinafter, the Report) in terms of its completeness and materiality of information disclosed therein, as well as the Company's response to the recommendations and proposals of stakeholders. We were given the opportunity to express our opinions regarding the Draft Report at the public hearings held in absentia. We hereby confirm our independence and objectivity of our judgements. Our participation in the public verification procedure was not compensated by the Company.

Report assessment procedure

Our conclusion is grounded on the assessment of the Draft Report provided to us.

In the process of public certification of the Report, we did not set the task of verifying the reliability of information. Confirmation of the degree of its compliance with any reporting standards, both Russian and international, was not a goal of this certification as well.

The results of our work are included into this Public Certification Statement, containing our generally agreed opinions.

Assessment, comments and recommendations

We all agreed on the positive assessment of the Report, i.e. its format and the amount of information contained herein.

The document is prepared in the format of an integrated annual report, which corresponds to the best practices of corporate reporting and allows for comprehensive disclosure of information about the Company. Our recommendations to improve the quality of public reporting of PJSC FGC UES are reflected in the table of suggestions and recommendations of stakeholders (Annual Report, section Interaction with Stakeholders during the Preparation of the Report).

Materiality

The Report includes the Map of Material Topics, determined together with the Company's representatives and stakeholders. In our opinion, the Report discloses all material topics presented on the Map.

Completeness and balance

In our opinion, all material information is presented in full in the Report. Information presented in this Report is disclosed in a balanced manner: positive performance results are described, as well as challenges that the Company faces are addressed. We are not aware of any facts of concealing the material information.

Interaction with stakeholders in the Report preparation

When preparing this Report, the Company demonstrated a high level of readiness to carry on an open dialogue with stakeholders, covering different areas of its activities.

The Company recorded the stakeholders' recommendations, carried out a thorough analysis, and where possible took them into account when preparing the Report's final version, as well as took over commitments for future reporting periods.

We believe that the Company will continue to consistently implement the principles of responsible corporate behaviour in its activities by improving the quality of annual reports and interaction with stakeholders.

Signatures of certifying parties

Full name	Position	Signature
Ilya ANDREEV	Head of the Department for Social Partnership Development and Legal Support of All-Russian Public Organisation "The Union of machine engineers of Russia"	
Mikhail ANDRONOV	President of Rusenergobytt LLC	
Vyacheslav VARVARIN	Head of the Student Construction Teams Unit of the National Research University MPEI	
Karen VARTANYAN	Deputy Head of Nadezhnaya Smena Foundation	
Lyudmila GRIBINYUCHENKO	Head of the Development and Support of Information Coverage Area, Issuers Control Division of the Listing Department of the Moscow Exchange	
Aleksandr GUSEV	General Director of Ruskabel mediaholding	
Irina ESIPOVA	General Director of the Fuel and Energy Complex Communications Development Centre	
Elena ZUBAKINA	Director of the Development of the Russian Bird Conservation Union	
Aleksey MOSKALEV	Area Manager of NLMK Group	
Ekaterina NIKITCHANOVA	Deputy Director — Head of the Expert Centre of the Non-Profit Partnership Russian Institute of Directors	
Olga SINENKO	General Director of JSC RTSoft	
Konstantin SUSLOV	Professor of Power Supply and Electrical Engineering of IRNTU, PhD in Technical Sciences	
Vladimir SHCHELKONOGOV	First Vice President of the Association «ERA of Energy»	

COMPLIANCE WITH STANDARDS (GRI AND <IR>)

GRI Content Index (GRI Compliance Table)

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
GRI 101: Principles of report preparation	101	Principles of report preparation	Information on the Report		245
GRI 102: General Indicators 2016	102-1	Name of the organisation	Information on the Report		Cover flyer
	102-2	Activities, brands, products, and services	About the Company		9
	102-3	Location of headquarters	Contact information		270
	102-4	Location of operations	Location of operations Appendix 1: International Activities		10
	102-5	Ownership and legal form	Information on the Report		245
	102-6	Markets served	Location of operations Market of Electricity Transmission Services		10 61
	102-7	Scale of the organisation	Location of operations Financial performance results analysis Number and qualification of employees Main forms of consolidated financial statements of PJSC FGC UES for 2019 as per IFRS Main forms of financial (accounting) statements for 2019 as per RAS		10 85 102 219 232
	102-8	Information on employees and other workers	Number and qualifications of employees Appendix 1: HR Management		102
	102-9	Supply chain	Procurement activities		80
	102-10	Significant changes to the organisation and its supply chain		No significant changes in the size, structure or ownership of the organisation or its supply chain in the reporting year.	

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
GRI 102: General Indicators 2016	102-11	Precautionary Principle or approach		In accordance with the precautionary principle, PJSC FGC UES seeks to avoid any assumed damage to the environment, even if there is no proven scientific evidence that any particular type of activities may cause such damage. At the stage of development of project documentation for the power grid facilities construction/renovation, the impact of their operations on the environment is assessed, and design choices are made to prevent or minimise any possible negative impact.	
	102-12	External initiatives supported by the organisation	Commitment of Rosseti FGC UES to the UN Sustainable Development Goals Environmental protection outcomes Anti-Corruption Policy and Economic Security		97 118 205
	102-13	Membership of associations	Appendix 1: International Activities Appendix 6: Information on Participation of PJSC FGC UES in Profit and Non-Profit Organisations in 2019		
	102-14	Statement from key decision-makers in the company	Statement from the Chairman of the Board of Directors Statement from the Chairman of the Management Board		4 6
	102-15	Key impacts, risks and opportunities	Business model Key risks Risk management system Appendix 1: Risks		16 55 200
	102-16	Principles, values, standards and norms of behaviour	General information on the Company's corporate governance		101 147
	102-18	Governance structure	General information on the Company's corporate governance		149
	102-21	Consulting stakeholders on economic, environmental and social topics	Stakeholders' contribution to shaping the Company's strategy		42

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
GRI 102: General Indicators 2016	102-22	Composition of the highest governance body and its committees	Members of the Board of Directors Committees of the Board of Directors		166 180 181 182 184
	102-23	Chair of the highest governance body	Members of the Board of Directors		168
	102-24	Nominating and selecting the highest governance body and its committees	Members of the Board of Directors		166
	102-25	Conflicts of interest	Settlement of conflicts of interest	Disclosed in the Annual Report	198
	102-26	Role of the highest governance body in setting purpose, principles and strategy	Sustainable development management		97
			Company's Board of Directors Report of the Strategy Committee		158 182
	102-28	Evaluating the highest corporate governance body's performance	Assessment of performance of the Board of Directors		163
	102-30	Effectiveness of risk management processes	Risk management system		200
	102-32	Position of the person officially verifying and approving the organisation's reports and covering all material aspects	Responsibility for the Report preparation		247
	102-34	Content and number of questions of a stakeholder concern	The report of the Board of Directors on results of the Company's development in priority business areas		161
	102-35	Remuneration policies of the highest governance body members and senior executives	Remuneration system for governing bodies		192
	102-36	Process for determining remuneration	Calculation of remuneration		193 196
102-40	List of stakeholders	Stakeholder engagement		132	

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
GRI 102: General Indicators 2016	102-41	Percentage of employees covered by collective bargaining agreements		PJSC FGC UES has no collective labour agreements. PJSC FGC UES is a signatory to the Sectoral Tariff Agreement in the electric power industry of the Russian Federation.	
	102-42	Identifying and selecting stakeholders	Stakeholder engagement		131
	102-43	Approach to stakeholder engagement	Stakeholder engagement		42
			Stakeholders' contribution to shaping the Company's strategy		121
			Interaction with stakeholders during the Report preparation		138
	102-44	Key topics and concerns raised	Interaction with stakeholders during the Report preparation		137
	102-45	Entities included in the consolidated financial statements	The list of organisations included in the outline of the consolidation of financial statements	The annual integrated report has been prepared for PJSC FGC UES, individual indicators are provided in accordance with IFRS Consolidated Financial Statements and are accompanied by a corresponding note	95
	102-46	Defining report content and topic boundaries	Report preparation process		246
	102-47	List of material topics	Report preparation process		246
	102-48	Restatements of information in previous reports and reasons thereof	Improvement of power supply reliability		67
			Information on the Report		245
	102-49	Significant changes in the Scope and Aspect Boundaries of material topics compared to previous reporting periods	Report preparation process		246
	102-50	Reporting period	Information on the Report		245
	102-51	Date of most recent report	Information on the Report		245

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
GRI 102: General Indicators 2016	102-52	Reporting cycle	Information on the Report		245
	102-53	Contact point for questions regarding the report	Contact persons		270
	102-54	Indication to the GRI application level: basic or advanced	Information on the Report		245
	102-55	GRI content index	Compliance with standards (GRI and <IR>)		254
	102-56	Organisation's policy and practices regarding the external assurance of the report	Information on the Report	The external auditor shall be selected through tender procedures	245
Standard 103. Management Approach 2016	103-1	Discussed topics and scope thereof	Report preparation process		246
	103-2	The management approach and its components	Specified individually for each material topic		
	103-3	Evaluation of the management approach	Specified individually for each material topic		
Group I on the materiality matrix (material topics)					
Improving economic efficiency and financial sustainability	103-2	The management approach and its components	Development Strategy		39
	103-3	Evaluation of the management approach	Strategic Priorities of Rosseti FGC UES in 2019 Analysis of Financial Performance		40 85
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Appendix 1: Analysis of Financial Performance Results		

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
Managing procurement activities and combating unfair competition	103-2	The management approach and its components	Procurement activities Appendix 1: Procurement system model		80
	103-3	Evaluation of the management approach	Procurement activities		81
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Procurement activities	Proportion of local suppliers in the volume of procurement is 48.6% By local suppliers and contractors we mean the winners of procurement procedures with TIN belonging to any region of the regional branches of PJSC FGC UES and the executive office of PJSC FGC UES.	82
GRI 206: Anticompetitive Behaviour 2016	206-1	Total number of instances of legal actions brought against the organisation in relation to anti-competitive behaviour and anti-trust infringements, and results thereof	Procurement activities		84
Anti-corruption	103-2	The management approach and its components	Anti-Corruption Policy and Economic Security Appendix 1: Anti-Corruption Activities		205
	GRI 205: Anti-corruption 2016	103-3	Evaluation of the management approach	Anti-Corruption Policy and Economic Security	205
	205-1	Total number and percentage of subdivisions subject to corruption risk assessments and material risks identified	Corruption Risks and Compliance with Corporate Ethics		207
	205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption Policy and Economic Security		205

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
Ensuring decent working conditions and respect for employees' rights GRI 401: Employment 2016	103-2	Management approach and its components	HR Management Number and qualifications of employees Appendix 1: HR Management		100 102
	103-3	Evaluation of the management approach	Results of implementing the HR policy		102
	401-1	New employee hires and employee turnover	Number and qualifications of employees Appendix 1. Personnel Management		102
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employee	The Company's Social Policy	These benefits apply to all individuals who are in labour relations with the Company	108
Occupational health and safety at work GRI 403: Occupational health and safety 2018	103-2	The management approach and its components	Occupational Health and Safety Management Appendix 1: Occupational Health and Safety		111
	103-3	Evaluation of the management approach	Workplace injuries and occupational diseases		114
	403-1	Occupational health and safety management system	Occupational Health and Safety Management		111
	403-2	Hazard identification, risk assessment, and incident investigation	Process of Hazard Identification, Assessment of Relevant Risks, Competence of Persons-In-Charge Appendix 1. Workplace Hazard Response		112
	403-4	Worker participation, consultation, and communication on occupational health and safety	Arrangement of Favourable Working Conditions for Employees Appendix 1. Functioning of Subdivisions in Charge of the Workplace Accidents Avoidance and Prevention		113
403-5	Worker training on occupational health and safety	Trainings and Other Educational Events		113	

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
Occupational health and safety GRI 403: Occupational health and safety 2018	403-6	Promotion of worker health	Voluntary health insurance (VHI) and personnel health support		108
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Appendix 1. Occupational Health and Safety		
	403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety Management	Internal and external audit of OHS management system was not conducted.	111
	403-9	Work-related injuries	Workplace injuries and occupational diseases		114
	403-10	Work-related ill health	Workplace injuries and occupational diseases	The Company does not have information about occupational diseases of contractor workers.	115
Personnel development GRI 404: Training and Education 2016	103-2	The management approach and its components	Training, re-training and advanced training for staff		104
	103-3	Evaluation of the management approach	Personnel qualification assessment		105
	404-1	Average hours of training per year per employee	Training, re-training and advanced training for staff		104
	404-2	Programmes for upgrading employee skills	Appendix 1. Personnel Training		
Impact on socio-economic development of the regions in which the Company is present GRI 413: Local Communities 2016	103-2	The management approach and its components	Contribution to the regions of presence		127
	103-3	Evaluation of the management approach	Contribution to the regions of presence		127
	413-1	Operations with local community engagement, impact assessments, and development programs		FGC UES actively interacts with local communities on an ongoing basis through work with local authorities and public organisations. The key objective of interaction is reliable and uninterrupted power supply to citizens. Interaction is carried out in the process of construction of new UNEG facilities in the format of public hearings, consultations, as well as in the format of response to appeals of representatives of local communities.	

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
Impact on socio-economic development of the regions in which the Company is present GRI 413: Local Communities 2016				Provision of jobs with a decent remuneration level and social benefits is also a means of mutual cooperation. Such approach to interaction with local stakeholders historically proved its effectiveness, targeting and sufficiency. In this regard, the Company runs no formalised special programmes on cooperation with local communities.	
	413-2	Operations with significant actual and potential negative impacts on local communities		The company does not have a significant material or potential negative impact on local communities.	
Compliance with the requirements of legislation and regulatory bodies in the social and economic sphere GRI 419: Socioeconomic Compliance 2016	103-2	The management approach and its components		The Company structures its activities in strict compliance with the applicable legal and regulatory framework. FGC UES strictly complies with the legislation and regulatory requirements in the social and economic areas.	
	103-3	Evaluation of the management approach		The criterion of the Company's efficient activity in this area is a timely response to changes in requirements of legislation and regulators, minimisation of penalties and non-financial sanctions imposed on FGC UES.	
	419-1	Non-compliance with laws and regulations in the social and economic area	Payments to budget and extrabudgetary funds	No non-financial sanctions are imposed against the Company as a result of non-compliance with legislation or regulatory requirements in the area of social and economic activities. No lawsuits are filed against the Company with the help of dispute regulation mechanisms.	129
Implementation of infrastructure projects, development of the Unified National Electric Grid.	103-2	The management approach and its components	Development Strategy Grid development and investment activities		39 71
	103-3	Evaluation of the management approach	KPI in the context of strategic objectives		53

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
Reliability and quality of electric power supplied to consumers	103-2	The management approach and its components	Development Strategy Improving the power supply reliability		39 67
	103-3	Evaluation of the management approach	KPI in the context of strategic objectives		53
	EU12	Transmission electric power losses and respective share in the total volume of electricity	Reduction of Relative Electricity Losses		62
Tariff setting	103-2	The management approach and its components	Tariff Regulation Appendix 1: Tariff Regulation		92
	103-3	Evaluation of the management approach	Appendix 1: Tariff Regulation		
Efficiency of infrastructure operation	103-2	The management approach and its components	Reduction of Relative Electricity Losses Improving the power supply reliability		62 67
	103-3	Evaluation of the management approach	KPI in the context of strategic objectives		53
Efficiency of investment activities (capital construction)	103-2	The management approach and its components	Grid development and investment activities		71
	103-3	Evaluation of the management approach	KPI in the context of strategic objectives		53
Implementation of digital technologies and solutions	103-2	The management approach and its component	Development of communication networks and IT systems		77
	103-3	Evaluation of the management approach	KPI in the context of strategic objectives		53
Investment attractiveness	103-2	The management approach and its components	Opportunities and risks for Rosseti FGC UES		37
	103-3	Evaluation of the management approach	Comparison of Rosseti FGC UES with certain foreign public power grid companies engaged in monopoly activity for electricity transmission through the transmission networks Market intelligence on the Company's securities		38

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
Group II on the materiality matrix (less material topics, partial disclosure)					
Compliance with the requirements of legislation and regulatory bodies in the area of environmental protection	103-2	The management approach and its components	Environmental Protection		116
	103-3	Evaluation of the management approach	Environmental management system and environmental audit		117
	307-1	The monetary value of substantial penalties and the total number of non-financial sanctions imposed for non-compliance with the environmental legislation, the number of environmental impact complaints filed, processed and settled through the formal filing mechanisms	Appendix 1: Environmental Protection and Energy Saving		
GRI 307: Environmental Compliance 2016					
Energy efficiency and internal power consumption	302-1	Energy consumption within the organisation	Appendix 1: Environmental Protection and Energy Saving		
	302-4	Reduction of energy consumption	Energy saving and energy efficiency improvement		124
GRI 302: Energy 2016					
Biological diversity preservation, including preservation of natural habitat along power transmission lines	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Appendix 9. Register of specially protected natural areas		
GRI 304: Biodiversity 2016					

Standard	Indicator	GRI indicator	Section of report/report annex number/notes	Notes	Page number
Biological diversity preservation, including preservation of natural habitat along power transmission lines	304-2	Significant impacts of activities, products, and services on biodiversity	Conservation of biodiversity Appendix 1: Environmental Protection and Energy Saving		123
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Conservation of biodiversity Appendix 8. Species Listed in the IUCN Red List and the Red Book of the Russian Federation, which Inhabit the Territories of PJSC FGC UES' Operation.		124
GRI 304: Biodiversity 2016					
Innovative activities, scientific and technical development	-	-	Innovative Development Programme		75
Import substitution	-	-	Import substitution		84
Information transparency	-	-	Stakeholder engagement		140
International cooperation	-	-	Appendix 1: International Activities		
Group III on the materiality matrix (immaterial topics)					
Emissions of air pollutants	305-1	Direct GHG emissions		No direct greenhouse emissions take place as a result of the Company's core business activities (electricity transmission and distribution).	
	305-7	Pollutant emissions into the atmosphere Appendix 1: Natural Capital	Air pollutant emissions Appendix 1: Environmental Protection and Energy Saving		120
GRI 305: Emissions 2016					
Discharges and waste generated as a result of the Company's activities	303-1	Water consumption	Usage of water resources Appendix 1: Environmental Protection and Energy Saving		121
	306-1	Water discharge by quality and destination	Usage of water resources Appendix 1: Environmental Protection and Energy Saving		122
	306-2	Waste by type and disposal method	Waste generation and disposal Appendix 1: Environmental Protection and Energy Saving	Breakdown of waste treatment methods by type is not carried out	122
GRI 303: Water 2016					
GRI 306: Effluents and Waste 2016					

Compliance with the International Integrated Reporting Standard

Reflection of the Standard Fundamental Concepts in the Report

Fundamental concepts	Used/not used
Creation of value for the organisation and stakeholders	Used
Capitals	Used
Value creation process	Used

Report compliance with the <IR> Standard guiding principles

Guiding principles	Compliant/not compliant
Strategic focus and future orientation	Compliant
Information cohesiveness	Compliant
Engagement with stakeholders	Compliant
Materiality	Compliant
Conciseness	Compliant
Reliability and completeness	Compliant
Consistency and comparability	Compliant

Availability of the <IR> Standard content elements in the Report

Content elements	Report section	Page number
Organisation overview and external environment	About the Company	8
	Industry Overview	35
Management	Corporate Governance Report	145
Business Model	Business Model	16
Risks and opportunities	Business Model	16
	Opportunities and Risks for Rosseti FGC UES	37
	Key Risks	55
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Strategy and allocation of resources	Strategic Priorities and Tasks	12
	Development Strategy	39
Results of activities	Business Model	16
	Performance Highlights 2019	60
Future prospects	Industry Overview	35
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	Performance Highlights 2019	60

Glossary and Abbreviations

DECT	Wireless communications systems compliant with DECT (Digital European Cordless Telecommunications) standard
EBIT	Earnings Before Interest and Taxation
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
ESG	Environmental, Social, Governance
EV	Enterprise value
GRI	Global Reporting Initiative
GRI SRS	Global Reporting Initiative Standards
ISIN	International Securities Identification Number
ISO	International Organisation for Standardisation
LSE	London Stock Exchange
M&A	Mergers and Acquisitions
PLM	Product Lifecycle Management
RAB	Regulatory Asset Base
ROE	Return On Equity
ROIC	Return On Invested Capital
RFID	Radio Frequency Identification
SCADA	Supervisory Control And Data Acquisition
TSR	Total shareholder return
VoIP	Voice over Internet Protocol
AECS	Automated engineering control system
ATX	Automatic telephone exchange
NPP	Nuclear power plant
BAM	Baikal-Amur Mainline
BRELL	Electric ring: Belarus — Russia — Estonia — Latvia — Lithuania
GDP	Gross domestic product
RES	Renewable energy sources
IC	Internal control
OHPL	Overhead power line
FOCL	Fibre optic communication line
HTS	High-temperature superconducting cable
HF communication	High Frequency Communication
IEA	Internal environmental audit
WPPs	Wind power plants
GDR	Global depositary receipt
OPP	Ore processing plant
AGMS	Annual General Meeting of Shareholders
GosSOPKA	State system for the detection, prevention and elimination of the consequences of computer attacks
POL	Petroleum, oil and lubricants
GCC	Grid Control Centre
HPP	Hydroelectric power plant
S&A	Subsidiaries and affiliates
LTDP	Long-Term Development Programme

UNEG	Unified National (All-Russian) Electric Grid
UTCNEPI	Unified technological communications network of electric power industry
UES of Russia	Unified Energy System of Russia
Audit Committee	Audit Committee of the Board of Directors
Investment Committee	Investments Committee of the Board of Directors
CMIS	Corporate Management Information System
HR and Remuneration Committee	HR and Remuneration Committee of the Board of Directors
CGC	Corporate Governance Code
KOR	Key operational risk
Strategy Committee	Strategy Committee of the Board of Directors
CSR	Corporate Social Responsibility
KPI	Key Performance Indicators
PTL	Power transmission line
MEDT of Russia	Ministry of Economic Development of the Russian Federation
Minenergo of Russia	Ministry of Energy of the Russian Federation
ILO	International Labour Organisation
IUCN	International Union for Conservation of Nature
SME	Small and medium entrepreneurship
IFRS	International Financial Reporting Standards
IEC	International Electrotechnical Commission
MPTL	Main power transmission lines
RGP	Required gross proceeds
VAT	Value added tax
R&D	Research and development
NRU "MPEI"	National Research University "Moscow Power Engineering Institute"
NCGR	National Corporate Governance Rating
IA	Intangible assets
UN	United Nations
UES	Unified energy system
Pens	Volume of undersupplied electricity
EMPTL	Enterprises of main power transmission lines
IDP	Innovative Development Programme
SS	Electric power substation
RP	Relay protection
RMES	Regional main power transmission lines
RAS	Russian Accounting Standards
RSPP	Russian Union of Industrialists and Entrepreneurs
SG	Switchgear
CAD	Computer-Aided Design
ICS	Internal control system
SCS	Satellite communication system

CIGRE	Conseil International des Grands Reseaux Electriques Haute Tension (International Council on Large Electric Systems) (RNC SIGRE — Russian National Committee CIGRE)
QMS	Quality Management System
BSOSR	Business subdivisions for occupational safety and reliability
STC	Static thyristor compensators
STATCOM	Volt-amperes reactive compensator
HSE MS	Health, Safety and Environment Management System
RMS	Risk management system
EMS	Environmental management system
SPP	Solar power plant
M&R	Maintenance and repair
TC	Technological connection
TUaR	Technical upgrading and reconstruction
TSR	Trans-Siberian Railway
TGC	Territorial grid company
FEC	Fuel and energy complex
CHPP	Combined heat and power plant
OWATX	Office and Worksite ATX
DCD	Direct compensation device
SD	Sustainable Development
CSR	Controlled shunt reactors
FAS	Federal Antimonopoly Service
FZ	Federal Law
PSD	Phase shifting device
FTS of Russia	Federal Tariff Service of the Russian Federation
GCC	Grid Control Centre
ECM	Electronic computing machine

Units of measure

GW	gigawatt	MWh	megawatt-hour	TFOE	tonnes of fuel oil equivalent
kV	kilovolt	mln	million	ths.	thousand
kW	kilowatt	bln	billion	h	hour
kWh	kilowatt-hour	p. p.	percentage point	pc.	piece
km	kilometre	RUB	Russian rouble		
MVA	megavolt-ampere	t	tonne		

CONTACT INFORMATION

Full corporate name	Public Joint Stock Company Federal Grid Company of the Unified Energy System
Abbreviated name	PJSC FGC UES
GRI 102-3 Form of ownership and business legal structure	Mixed Russian property with a share of federal ownership Public Joint Stock Company
GRI 102-3 Location	Moscow, Russia
GRI 102-3 Postal address	5a Akademika Chelomeya Str., Moscow, 117630
Phone/fax	Unified data centre: 8 (800) 200-18-81 Foreign calls: +7 (495) 710-93-33 Fax: +7 (495) 710-96-55
E-mail	info@fsk-ees.ru
OGRN	1024701893336
INN	4716016979
Core business	Electricity transmission over the transmission networks and power supply of consumers throughout the Unified National Electric Grid (UNEG).
Corporate website	https://www.fsk-ees.ru/eng/
Registrar Information	Joint-Stock Company Registrar Society STATUS 23 Novokhokhlovskaya Str., Build. 1, Moscow, 109052 http://www.rostatus.ru

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GRI 102-53

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External Communications and Government Relations Department	Yuliya Ratnikova Phone: 8 (800) 200-18-81 (доб. 20-97) E-mail: ratnikova-yd@fsk-ees.ru
Corporate and Strategic Management Department	Oksana Verstakova Phone: +7 (495) 710-90-28 E-mail: verstakova-op@fsk-ees.ru

Information on state registration

Data on initial state registration	State registration number: 00/03124 Date of state registration: 25 June 2002
Name of the public registrar	Registration Chamber of the Leningrad Region
Information on legal entity registration	Primary state registration number of legal entity 1024701893336
Date of legal entity entry on the Unified State Register of Legal Entities (registered prior to 1 July 2002)	20 August 2002
Name of registration authority	Inspectorate of the Ministry of Taxes in Tosnensky district of the Leningrad Region

Registrar

Entity maintaining the register of holders of registered securities, the registrar	Joint-Stock Company Registrar Society STATUS (JSC STATUS)
Address	23 Novokhokhlovskaya Str., Build. 1, Moscow, 109052
Phone/Fax	+7 (495) 280-04-87, +7 (495) 678-71-10
Hotline for shareholders of PJSC FGC UES	8 (800) 500-05-52
E-mail	office@rostatus.ru
License number	10-000-1-00304
Licence issue date	12 March 2004
Licence term	indefinite
Issuing authority	Federal Financial Markets Service of Russia

Depository

Information on the depository carrying out centralised storage of securities	Non-bank Credit Organisation National Settlement Depository Closed Joint-Stock Company (CJSC NSD)
Address	12 Spartakovskaya Str., Moscow, 105066
Phone	+7 (495) 234-48-27
E-mail	info@nsd.ru
License number	045-12042-000100
Licence issue date	19 February 2009
Licence term	indefinite
Issuing authority	Federal Financial Markets Service of Russia

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APPENDIX 1.

Additional Information on the Annual Report's Sections

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Strategic Report

Development strategy

Regulatory sources and internal documents for the Company's LDP development and approval

The new LDP was formed in accordance with strategic guidelines for the state and backbone infrastructure development until 2024, following Decree of the President of the Russian Federation No. 204 dated 7 May 2018 and Order of the Russian Government No. 2101-r dated 30 September 2018 (as amended on 17 August 2019). The programme's activities were organised taking into account instructions of the Russian Government (No. AD-P36-4992 of 20 July 2016), resolutions of the Strategy Committee under PJSC FGC UES's Board of Directors with regard to the information submitted as part of LDP implementation quarterly reports (Minutes No. 49 of 22 June 2017), and the Board's resolution regarding the plan of consideration of the Company's LDP implementation and KPI achievement quarterly reports (Minutes No. 381 of 27 October 2017).

Production indicators

Our assets

PJSC FGC UES branch — MPS	PTL, number ¹	PTL, length	SS, number ²	Capacity, MVA
MPS Centre	391	23,328.242	156	87,923.900
MPS North-West	280	15,448.670	101	41,068.626
MPS Volga	179	12,781.431	88	32,144.580
MPS South	428	20,085.368	194	45,155.035
MPS Urals	251	16,750.855	99	43,043.490
MPS Siberia	340	26,200.371	121	47,855.254
MPS West Siberia	218	14,290.966	91	39,561.400
MPS East	236	19,379.754	101	16,160.831
Total	2,323	148,265.66	950	352,913.116

Performance indicators		2015	2016	2017	2018	2019	Change 2019/2018, %
Number of SS ³	pcs.	931	939	944	958	951	-0.731
Length of PTLs, including leased ones	ths. km	139.1	140.3	142.4	145.9	148.3	1,624
Transformer capacity of SS, including of leased ones	MVA	334,501	336,356	345,084	351,942	352,913	0.276

¹ Including the leased ones.

² Including leased facilities, as well as switchgear and substation units owned by other entities.

³ Including leased facilities, as well as switchgear and substation units owned by other entities.

Length of electric grids⁴

MPS	Designed voltage class	0,4	6	10	35	110	150
MPS Centre	Number			4		4	
	Length of lines of route			14,845 KM		28,718 KM	
MPS North-West	Number	6	20	2	7	33	1
	Length of lines of route	4,681 KM	62,317 KM	0,524 KM	138,184 KM	247,484 KM	0,906 KM
MPS Volga	Number			3			
	Length of lines of route			13,100 KM			
MPS South	Number		3	139	1	32	
	Length of lines of route		18,531 KM	197,878 KM	3,600 KM	300,634 KM	
MPS Urals	Number			2	1	8	
	Length of lines of route			35,444 KM	3,000 KM	130,731 KM	
MPS Siberia	Number		3	13	3	16	
	Length of lines of route		18,082 KM	103,170 KM	15,611 KM	367,434 KM	
MPS West Siberia	Number			7		1	
	Length of lines of route			51,320 KM		0,890 KM	
MPS East	Number		2	9	3	1	
	Length of lines of route		10,812 KM	19,562 KM	2,445 KM	50,940 KM	
Total	Number	6	28	179	15	95	1
	Length of lines of route	4,681 KM	109,742 KM	435,843 KM	162,840 KM	1 126,831 KM	0,906 KM

Number of substations⁴

MPS	Designed voltage class	6	10	35	110	220	330	400	500	750	1150	Total
MPS Centre	Number				1	111	14		23	7		156
MPS North-West	Number	1		3	7	51	35	1	1	2		101
MPS Volga	Number					74			14			88
MPS South	Number		58	1	19	83	19		14			194
MPS Urals	Number				1	75	2		20		1	99
MPS Siberia	Number				1	96			22		2	121
MPS West Siberia	Number					69			22			91
MPS East	Number					92			9			101
Total	Number	1	58	4	29	651	70	1	125	9	3	951

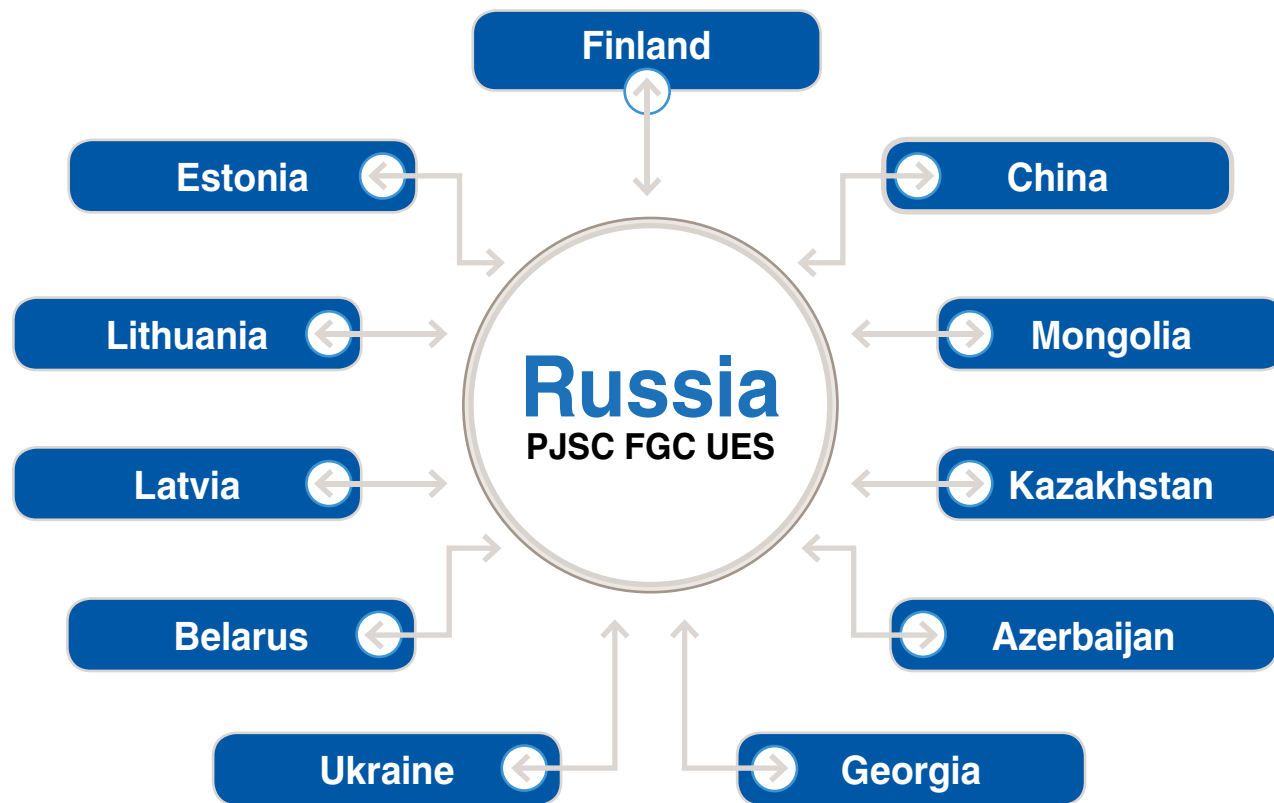
⁴ Including leased facilities, as well as switchgear and substation units owned by other entities

	220	330	400	500	750	800	1150	Total
	291	32		50	10			391
	12 943,291 KM	1 750,707 KM		6 211,270 KM	2 379,411 KM			23 328,242 KM
	103	97	3	2	6			280
	6 518,111 KM	6 921,737 KM	126,581 KM	4,090 KM	1 424,055 KM			15 448,670 KM
	147			29				179
	7 838,414 KM			4 929,917 KM				12 781,431 KM
	180	42		30		1		428
	9 517,858 KM	3 245,802 KM		6 423,180 KM		377,885 KM		20 085,368 KM
	200			39			1	251
	10 600,076 KM			5 850,404 KM			131,200 KM	16 750,855 KM
	244			59			2	340
	15 553,749 KM			9 324,725 KM			818 KM	26 200,371 KM
	157			53				218
	8 112,857 KM			6 125,899 KM				14 290,966 KM
	206			15				236
	15 524,148 KM			3 771,847 KM				19 379,754 KM
	1 528	171	3	277	16	1	3	2 323
	86 608,504 KM	11 918,246 KM	126,581 KM	42 641,332 KM	3 803,466 KM	377,885 KM	948,800 KM	148 265,657 KM

International activity

Since 1 January 2004, PJSC FGC UES has acted as a carrier of electricity across the Russian border, and is a technical operator under commercial contracts concluded for export/import activities performed by participants of the wholesale electricity and capacity market.

PJSC FGC UES renders electricity transmission services in the territory of the Russian Federation, including the state border, under the contract with PJSC Inter RAO through the UNEG grid facilities and other facilities owned or otherwise legally controlled by PJSC FGC UES.



Electricity export and import under PJSC Inter RAO's contracts in 2015–2019

		Actual electricity export, mln kWh				
No.	Country	2015	2016	2017	2018	2019
1	Azerbaijan	54,848	59,560	63,373	76,150	90,849
2	Belarus	2,815,240	3,180,811	2 732,968	49,500	31,179
3	Georgia, South Ossetia	656,564	557,448	653,297	351,585	670,203
4	Kazakhstan	1,541,999	1,164,275	1 293,934	1 346,670	1 437,460
5	China	3,299,350	3,319,908	3 319,190	3 108,921	3 099,125
6	Latvia	0,000	0,000	0,000	0,000	0,000
7	Lithuania	2,994,516	3,018,544	3 130,899	4 414,918	6 285,853
8	Estonia	0,000	0,000	0,000	0,000	0,000
9	Mongolia	284,450	299,869	371,187	415,993	372,372
10	Ukraine	2,461,972	119,644	93,923	44,939	327,857
11	Finland	3,383,435	5,281,610	5 040,337	6 903,038	7 023,414
Total		17,492.374	17,001.669	16 699,108	16 711,714	19 338,312

		Actual electricity import, mln kWh				
No.	Country	2015	2016	2017	2018	2019
1	Azerbaijan	108,365	120,143	117,251	121,367	218,569
2	Belarus	0,058	0,058	0,000	0,000	0,000
3	Georgia, South Ossetia	169,575	147,590	261,923	96,889	59,215
4	Kazakhstan	989,666	2,725,996	5,736,324	4,824,636	1,243,257
5	China	0,000	0,000	0,000	0,000	0,000
6	Estonia	0,000	0,000	6,269	0,000	0,000
7	Lithuania	114,561	115,575	85,267	52,102	55,055
8	Latvia	0,000	0,000	0,000	0,000	0,000
9	Mongolia	54,178	33,867	23,019	26,988	26,513
10	Ukraine	3,756	0,000	0,000	0,000	0,000
11	Finland	23,400	0,000	0,000	0,000	0,000
Total		1,463.559	3,143.229	6,230.053	5,121.982	1,602.609

Information on Interstate Power Transmission Lines (IPTLs) and Electricity Transit

Pursuant to Decree of the Russian Government No. 41 of 26 January 2016, power transmission lines that cross the state border shall comply with the criteria for electric grid facilities attribution to the UNEG.

PJSC FGC UES collects and processes information about electricity transmission through 127 IPTLs based on data of commercial electricity metering devices.

In order to ensure reliable supply of electricity to Russian customers in the Bryansk, Pskov, Leningrad and Kaliningrad Regions, to strengthen ties with and develop the international electricity market, as well as to manage parallel operation of power systems, PJSC FGC UES entered into an agreement with JSC SO UES, SIA Belenergo, Elering AS, Augstsprieguma tikls AS, and Litgrid AB on parallel operation of power systems in Russia, Belarus, Estonia, Latvia and Lithuania (hereinafter,

the «Agreement on Parallel Operation of BRELL ER») on 7 February 2001.

In accordance with the Agreement of 2010 November 2009, signed by the governments of the Russian Federation and the Republic of Kazakhstan, on measures for ensuring parallel operation of their unified power systems, an electricity transit contract was signed. Under this contract, PJSC FGC UES has been paying for electricity transit throughout Kazakhstan since May 2010, aiming to supply electricity to customers in Russia.

In accordance with the Protocol on the Provision of Access to Services of Natural Monopolies in the Field of Electric Power, including the pricing and tariff policy (Appendix No. 21 to the Treaty on the Eurasian Economic Union), it is possible to transmit electricity between the participating countries, including through the UES of Russia grids.

Parallel Operation of the UES of Russia and Electric Power Systems of Other Countries

Russia's power system works in tandem with power systems of other countries (Georgia, Azerbaijan, Kazakhstan, Belarus, Ukraine, Estonia, Lithuania, Latvia and Mongolia), in particular it is connected with the power systems of Finland and China through HVDC lines of the UES of Russia. There are currently several contracts in force, stipulating parallel operation of the Russian UES with electric power systems of foreign states. The parties to these contracts are PJSC FGC UES and economic entities of Georgia, Azerbaijan, Kazakhstan, the Baltic States and the Republic of Belarus. Moreover, agreements on technical support of parallel operation are signed with Ukraine, the Republic of Belarus, and Mongolia. The Company also concluded an Intersystem Contract with Finland and an Intersystem Agreement with the People's Republic of China.

Being a company that controls the UNEG and IPTLs, PJSC FGC UES:

- coordinates commercial contracts for import/export of electricity and provides engineering support thereof;
- arranges and implements commercial metering of electricity transmitted via IPTLs;
- measures and ensures customs processing of actual volumes of electricity transmitted across the state border.

To determine the amount of electricity transmitted via each IPTL, PJSC FGC UES has agreements with foreign electric power companies to meter transmitted volumes of electricity, according to which PJSC FGC UES exchanges commercial metering data with electricity systems of 11 other countries.

As part of international exchange, PJSC FGC UES takes actions to enhance relationship with the energy systems of neighbour

states in the field of electric power, including the CIS Electric Power Council and its commissions, the Committee for Energy Systems of BRELL, working groups in the Executive Committee of the Electric Power Council of the CIS and the Committee for Energy Systems of BRELL.

Following the Agreement on Parallel Operation of the Power Systems of BRELL ER, a permanent working body of the parties to the Agreement was established on 7 February 2002, i.e. the Committee of Power Systems of Belarus, Russia, Estonia, Latvia, and Lithuania (BRELL ER Committee). The committee focuses on the following objectives:

- coordination of principles of joint operation management, as well as development and approval of legal, technical and process control documents to regulate parallel operation of BRELL power systems;
- coordination of power companies who operate national power grids and/or carry out operational dispatch management of the power systems, which are interconnected with BRELL power systems;
- preparation of recommendations for the purpose of a better information exchange and control over the compliance with the requirements for joint parallel operation; announcement of the forward-looking development of power systems that influence parallel operation.

In 2019, PJSC FGC UES's representatives participated in meetings of the BRELL Committee, its working groups on planning and operational management, and of heads of the parties to the agreement:

- the 36th (extraordinary) meeting of the BRELL Committee, held on 25 January in Vilnius;
- the meeting of the working group on planning and operational management, held on 5–6 March in Vilnius;
- the 37th meeting of the BRELL Committee, held on 9–10 April in Vilnius;
- the meeting of the working group on planning and operational management, held on 5–6 September in Tallinn;
- the 38th meeting of the BRELL Committee, held on 22 October in Jurmala;
- the 17th meeting of heads of the parties to the agreement, held on 23 October in Jurmala.

A number of items related to ensuring the reliability of BRELL power systems were discussed at these meetings, including those concerning the coordination of settings for relay protection and automatic reclosing of IPTLs.

The parties discussed their positions regarding the results of the study of the Baltic States electric power systems' connection with the power unit of the Continent; operation of the power system in the Kaliningrad Region after the connection; preparation for testing in the BRELL ER; access of the market participants to electricity trade in the interstate cross-sections Russia–Estonia, Russia–Latvia; performance of the working group in terms of regulation of the active capacity transmitted in the cross-section Ukraine–Belarus; results of tests of the Kaliningrad Region's power system in the isolated mode from 22 to 25 May 2019; results of tests of the isolated part of the power system of Lithuania, held on 18–19 May 2019. The following documents were coordinated and approved: the list of transmitted telemetering measurements and telemetering signals between the North-Western Operational and Dispatch Management Department and Elering, the Baltic Regional Dispatch Management Department and Litgrid; amendments and supplements to the distribution list of dispatching facilities of CES of Belarus, UES of Russia, ES of Estonia, ES of Latvia and ES of Lithuania in accordance with the dispatch management method; amendments to the Guidelines for Prevention of Development and Elimination of Disturbances in the Regular Mode of the Belarus, Russia, Estonia, Latvia and Lithuania energy ring; the Methodological Guidelines for Stability of the BRELL ER Systems; the Regulation on Operational and Dispatch Management of Parallel Operation of the CES of Belarus, UES of Russia, ES of Estonia, ES of Latvia and ES of Lithuania. The following documents were approved at the meeting of the heads: the Regulation on Operational and Dispatch Management of Parallel Operation of the CES of Belarus, UES of Russia, ES of Estonia, ES of Latvia and ES of Lithuania; Methodological Guidelines for Stability of the BRELL ER Systems. Representatives of the transmission network organisations initiated an extraordinary meeting of the BRELL Committee in respect of desynchronisation of the Baltic power systems from the UES of Russia and the CES of Belarus, which was held on 25 January 2019. Desynchronisation of the Baltic power systems from the Russian power system and the power system of the Republic of Belarus is scheduled for completion before 2025.

The Electric Power Council of the CIS was established on 14 February 1992 according to the Agreement on Coordination of Interstate Relations in the Field of Power Industry of the CIS. The Council is an interstate sectoral authority of the Commonwealth of Independent States.

Heads of respective state authorities and national power companies of the participating states are part of the CIS Electric Power Council, who have respective authorities ensured by their states.

Working groups, coordinating councils and target working groups represent the CIS Electric Power Council.

In 2019, representatives of PJSC FGC UES took active part in meetings of the working groups of the CIS Electric Power Council and the Coordinating Council for Implementation of the Interaction and Cooperation Strategy between the CIS Countries in the Power Industry, as well as in the development of views on agenda items and materials for participation and elaboration of legal documents regulating development of the common electric power market of the CIS. PJSC FGC UES' representative leads the working group on metrological support of the electric power industry of the CIS.

The working groups and coordinating councils developed and approved the following documents: 2019–2021 Action Plan of the Commission for Operation and Process Coordination of Joint Operation of the CIS and Baltic Power Systems; 2019–2020 Action Plan on Implementation of the Agreement on Cooperation Between the CIS Electric Power Council and the Interstate Council on Standardisation, Metrology and Certification; Regulation on Inspection of Operation of the CIS' Electric Power Enterprise; Regulation on Production Control of the Compliance with Industrial Safety Requirements at Hazardous Industrial Facilities of the Electric Power Enterprise of the CIS; Methodological Guidelines for Assessment and Man-made Risk Forecast at Electric Power Facilities of the CIS; Guidelines for Arrangement of Monitoring the Quality Parameters of the Electric Power Transmitted via the Interstate Electricity Transmission Lines of the CIS; Methodological Guidelines for Identification of Consumer Categories by Reliability of the Electricity Supply; Methodological Guidelines for the Order of Development of Actions on Compliance with the Requirements of Regulatory Acts and Organisational and Administrative Documents; Methodological Guidelines for Arrangement of Emergency Response Drills.

On 25 November 2019, PJSC FGC UES participated in the 55d in-person meeting of the Electric Power Council of the CIS chaired by A. Novak, President of the Council and the Russian Minister of Energy.

The meeting was attended by delegations of electric power management authorities and electric power companies of the Republic of Azerbaijan, the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Republic of Moldova, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan, Turkmenistan and the Republic of Uzbekistan.

In the course of the meeting, documents developed in the working groups and coordinating councils were endorsed, and the 2020 Action Plan of the Electric Power Council of the CIS was approved.

Establishment of the Common Electricity Market of the Eurasian Economic Union

The common electricity market of the Eurasian Economic Union (hereinafter, the «CEM EEU») is established in accordance with Article 81 of the Treaty on the Eurasian Economic Union of 29 May 2014, based on the Union member states' electric power systems that operate in parallel, and taking into account the specifics of existing models of their electric power markets.

In 2019, PJSC FGC UES representatives took part in 2019 meetings of the Union's Subcommittee for CEM EEU Establishment, where draft international laws and regulations, aimed at the CEM EEU establishment and functioning, were discussed.

On 5 –7 August 2019, they also participated in the meeting of the Union's Subcommittee for CEM EEU and the Advisory Committee on Electric Power under the Board of the Eurasian

Economic Commission, which was held in Cholpon-Ata (the Kyrgyz Republic).

On 29 May 2019, in Nur-Sultan (Kazakhstan), the Supreme Eurasian Economic Council signed the International Treaty in the form of the Protocol on Amendment of the Treaty on the Eurasian Economic Union of 29 May 2014 (in terms of creation of a common electric power market of the Eurasian Economic Union).

In 2020 and further, together with representatives of PJSC FGC UES, development and discussion of the draft international laws and regulations related to the CEM EEU establishment and functioning will continue on the Eurasian Economic Commission platform.

Cooperation with EVN NPT, the National Power Transmission Corporation of Vietnam

In 2019, the Company continued to cooperate with EVN NPT under the Memorandum of Understanding dated 2 August 2017. A solid foundation for this cooperation was provided at the expert level. Over the year, Rosseti FGC UES received a number of requests from the Vietnamese partners concerning, in particular, productivity improvement programmes, features of lightning protection systems, preliminary assessment of the current state of development of electric grids in Vietnam.

October

At the XXII meeting of the Intergovernmental Russian-Vietnamese Commission for Trade, Economic, Scientific and Technical Cooperation, the parties noted the Memorandum of Understanding implementation in employee training programmes, and called for greater cooperation in the area of scientific and technical advice.

December

In the period from 2 December 2019 to 6 November 2019, training of EVN NPT employees on the programmes developed by Rosseti FGC UES was organised and conducted in Da-Nang (Vietnam).

Quality Management System (QMS)

In 2015, pursuant to Instruction of the President of the Russian Federation No. PR-3013 dated 2015 December 2014, the Regulation on the Quality Management System of PJSC FGC UES was developed and approved by the resolution of PJSC FGC UES's Board of Directors.

In 2018, PJSC FGC UES carried out the following activities to bring the existing QMS in compliance with the requirements of ISO 9001:2015.

In 2019, the Certification Association Russian Register certified the QMS for compliance with ISO 9001:2015. According to the results, full adherence of PJSC FGC UES's QMS to ISO 9001:2015 was confirmed, and the corresponding certificate with a validity period until 2022 was issued..

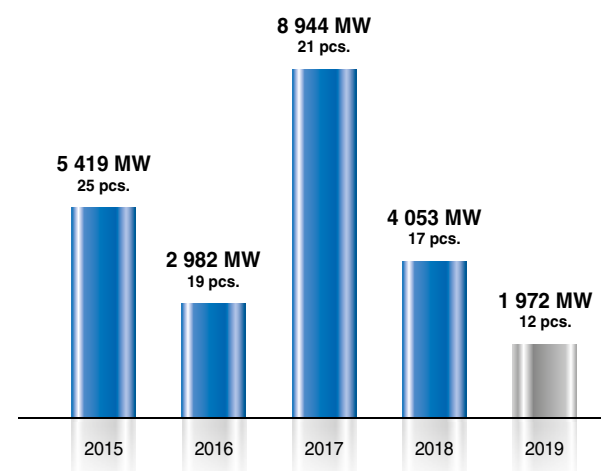
Electricity transmission

Key Performance Indicators of PJSC FGC UES

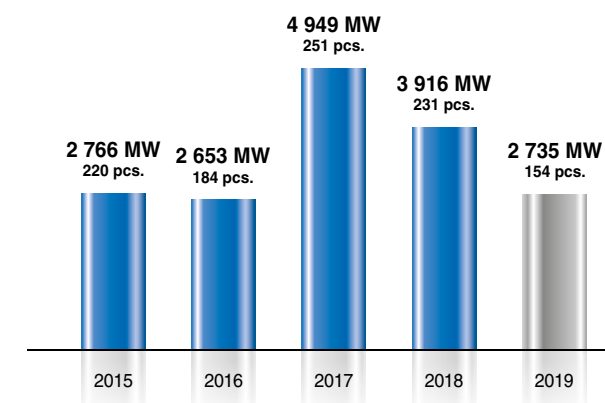
		2015	2016	2017	2018	2019	Change 2019/2018, %	Target 2020
Performance indicators								
Declared capacity*	MW	87.8	88.3	87.6	86.8	86.4	↓ 1	83,6
Electric power supply to consumers	mIn kWh	525,769	540,540	547,351	557,730	558,722	↑ 0.18	556,895
Electricity losses in the UNEG	mIn kWh,	23,478	25,033	24,307	24,539	23,197	↓ 5.47	24,455
	%	4.47	4.63	4.44	4.4	4.15	↓ 0.25	4.39
Number of consumers of the electricity transmission service	ea.	473	481	587	602	641	↑ 6	670

Technological connection

TC facilities producing electricity implemented



TC load implemented: customers and grid companies



Information on Activities of the Consumer Council of PJSC FGC UES

The Consumer Council is an expert collective body and represents the interests of all consumer groups and public associations of the business community regarding the delivery of the RF electric grid complex development strategy, as well as the improvement of energy infrastructure accessibility and customer-oriented approach of PJSC FGC UES.

In 2019, the Consumer Council of PJSC FGC UES held one meeting and reviewed the following items:

- replacement in the Consumer Council of PJSC FGC UES;
- performance of PJSC FGC UES in 2018;
- review of the annual report on public technological and price audit of investment projects of PJSC FGC UES in 2018.

Improving the reliability of power supply

Retrofitting and upgrading of fixed assets

2019 Results

	2019										
	Year			Q1		Q2		Q3		Q4	
	Target	Actual	%	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	pcs. (km)	pcs. (km)		pcs. (km)	pcs. (km)	pcs. (km)	pcs. (km)	pcs. (km)	pcs. (km)	pcs. (km)	pcs. (km)
35–750 kV SS											
power transformer of 35 kV and higher	5	4	80 %	0	0	1	1	2	2	2	1
switch of 35 kV and higher	192	169	88 %	0	0	29	29	64	64	99	76
disconnector of 35 kV and higher	325	253	78 %	0	0	0	0	174	174	151	79
OHL of 35 kV and higher											
integrated reconstruction of OHL of 35 kV and higher	148	14	9 %	0	0	0	0	0	0	148	14
wire	17	17.37	102 %	0	0	0.77	0.77	0	0	16.23	16.60
support	334	422	126 %	0	0	140	140	145	145	49	137
insulator	32 996	33,827	103 %	0	0	2,719	2,719	0	0	30,277	31,108
ground wire	387	419.71	108 %	0	0	87.90	87.90	13.63	13.63	285.47	318.18

Note. Deviation of the actual values from target ones is related to the adjustment of the Company's investment programme. With a view to ensuring the reliable operation of equipment, whose replacement has been deferred, reimbursement activities were scheduled and implemented as part of the M&R programme on equipment maintenance to comply with the regulatory requirements.

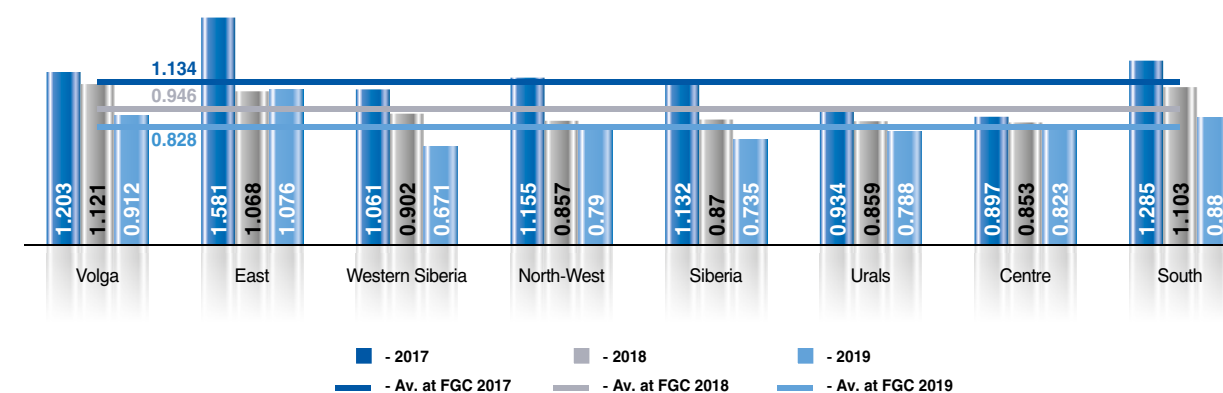
In addition to activities aimed at improving the reliability of power supply in emergency response, preparing for the autumn-winter period, rapid replacement of equipment, rejected as per the results of preventive tests or diagnostics, at electric grid facilities, in 2019:

- OHL areas of 8,039 ha were extended;
- automotive and special equipment in the amount of 275 units was purchased;
- emergency reserves were provided in full for all PJSC FGC UES branches in accordance with the regulations, which enables the Company to reduce the duration and amount of resources spent on emergency and recovery work.

Specific accident rate in PJSC FGC UES branches

Distribution of the specific equipment of SS and PTL by 1,000 c.u. of the number of accidents at SS and PTL in 2019 against 2018 and 2017 is given below.

The average specific accident rate for PJSC FGC UES



Actions taken in 2019 in order to ensure a smooth operation of the UNEG during special periods

44 headquarters functioned on a permanent basis in the Company's branches in order to ensure reliable operation of the electric grid complex in the event of a power failure of consumers and other abnormal situations. Representatives of the branches participated in work of the headquarters for the security of electricity supply established in the constituent entities of the Russian Federation. The Company concluded 154 agreements on cooperation with contractors involved in extraordinary and emergency situations and recovery works at facilities of the electric grid complex, as well as 64 agreements with Roshydromet, and 84 agreements with the Russian Ministry of Emergency Situations.

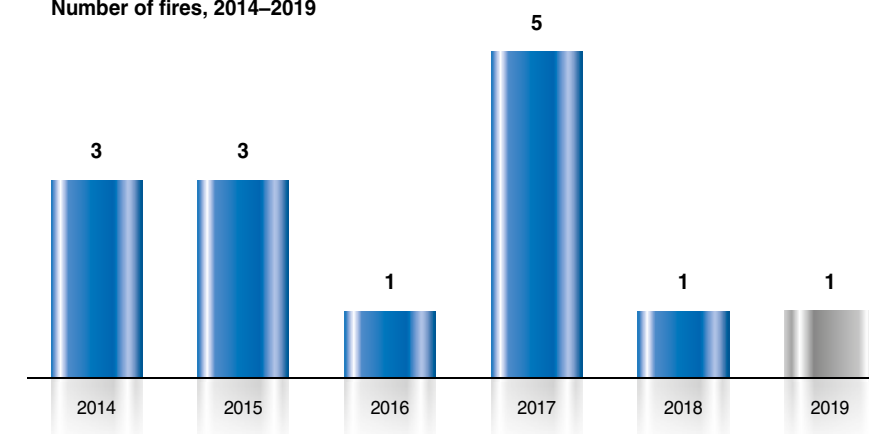
The Company has formed an emergency reserve in sufficient volume to eliminate the consequences of technological disturbances. In order to improve the efficiency of the electric grid facilities management during emergency recovery work, the Company has 609 backup power sources with a total capacity of 182.45 MW.

Compared to previous similar periods, the 2019–2020 heating season saw a noticeable decrease in the total number (specific accident rate reduced by 12% in 2019) of technological disturbances in the Company; the number of accidents caused by personnel erroneous or incorrect actions also dropped.

Fire Safety

In 2019, one fire was registered at PJSC FGC UES' facilities. There were no signs of violation of the fire safety rules according to the investigation.

Number of fires, 2014–2019



In order to increase the fire safety level and prevent fires in all units of PJSC FGC branches — MPS, fire safety days are held once every three months, as a result of which a set of actions is developed to eliminate identified observations and violations.

The review for the best fire safety status of facilities of MPS enterprises and the whole MPS branch has been held annually since 2008.

In the reporting year, MPS Urals became the winner.

16,403 regular fire drills combined with emergency response trainings and 1,013 trainings together with the firefighting units of the Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters (EMERCOM of Russia) were held as part of the fire safety training programme for Company employees.

Grid development and investment activities

Key parameters of major investment projects

Project	Implementation period		Commissioned in 2019	Design capacity	Funding in 2020–2024, RUB bln
	Start	End			
Actions taken as part of the implementation of Decree of the Government of the Russian Federation No. 2101-r of 30 September 2018 on approval of the Comprehensive Plan for Backbone Infrastructure Modernisation and Extension until 2024	2003	2024	RUB 3.64 bln 627 MVA 9.73 km	3,185 MVA 3,287.7 km 1,118 Mvar	21,94
Power infrastructure development in the area of BAM and TransSib	2010	2025	RUB 26.24 bln 668 MVA 491.57 km 584 Mvar	3,232 MVA 2,899.0 km 4,166 Mvar	84,27
Power delivery of the generation facilities	2009	2025	RUB 8.21 bln 125 MVA 159.25 km	1,631 MVA 1,367.8 km 1,600 Mvar	5,26
Electric grid development aimed to increase the reliability of electricity supply to consumers	2005	2024	RUB 0.31 bln	5,136 MVA 4,016.2 km 2,079 Mvar	41,41
External power supplied to PJSC Transneft facilities (ESPO)	2011	2023	RUB 1.30 bln 160 MVA 18.20 km	420 MVA 831.4 km 96 Mvar	9,48
Creation of electric power infrastructure for the Power of Siberia gas transportation system	2016	2021	RUB 2.90 bln 47.04 km	50 MVA 166.99 km	4,56

Development of Communication Networks and IT Systems

The General Scheme for Creation and Development of the Unified Technology Communication Network of the Electric Power Industry, applied during the Company's telecommunication network development, covers all the Company's enterprises. The general scheme was approved by the Management Board of JSC FGC UES in 2005 with further amendments.

The key person/body responsible for the development of communication networks and IT-systems in the Company are Architectural and Strategic Committees for the Development of Information Technologies in PJSC FGC UES.

Procurement activities

Updating of the Company's procurement methodology

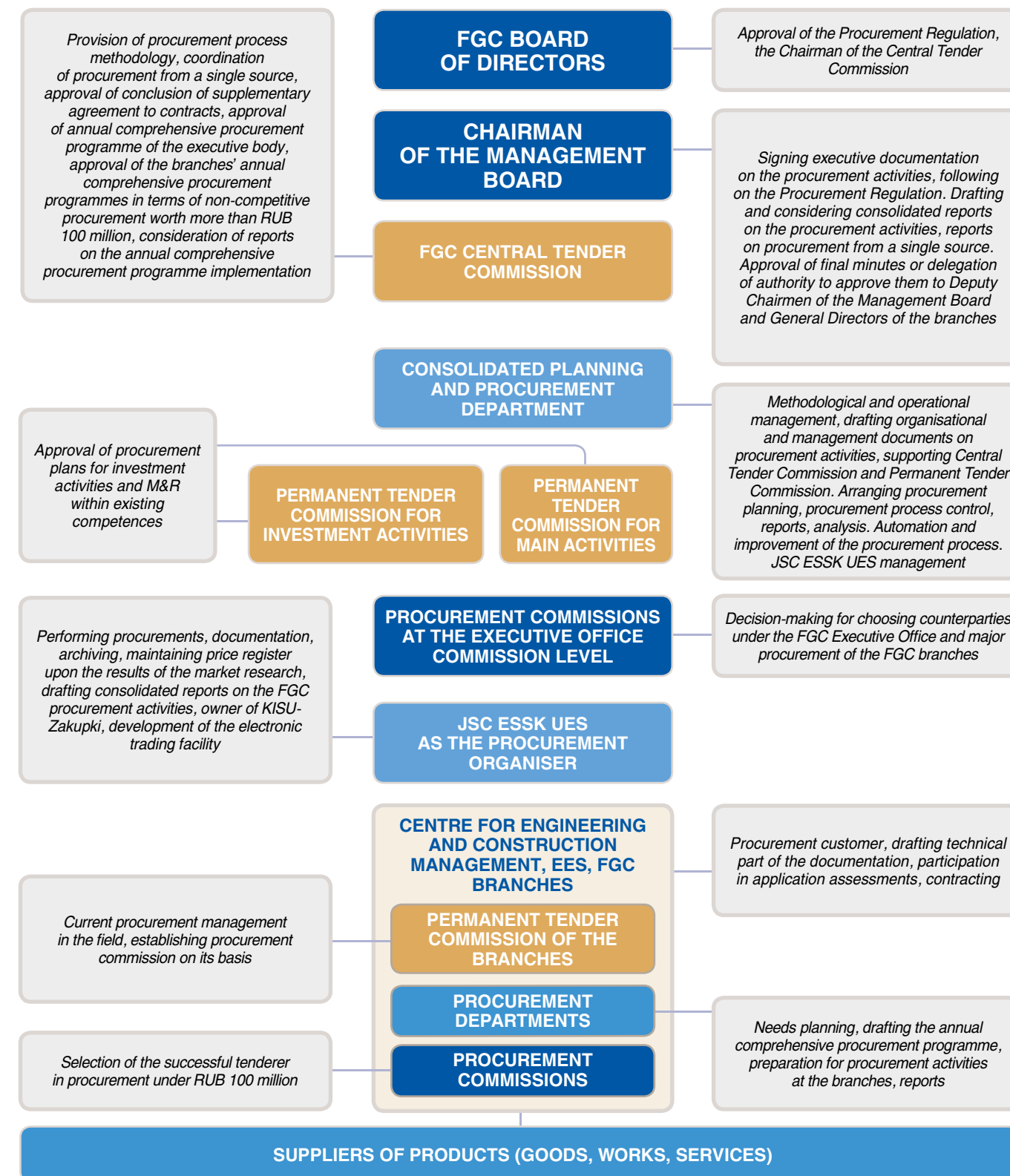
In 2018, in compliance with Federal Law No. 505-FZ dated 31 December 2017, the revised Unified Procurement Standard of PJSC FGC UES (Regulation on Procurement) was prepared to enable the implementation of procurement activities according to the rules stipulated by the law on procurement activities from 29 January 2019.

In accordance with Directives of the Russian Government, amendments were made to the standard in terms of setting the priority for purchasing domestic products indicated in the appendix to Order of the Ministry of Finance of Russia No. 126n of 4 June 2018 «On conditions of the admission of the goods coming from foreign state or group of foreign states for the

purposes of implementation of purchases of goods for ensuring the state and municipal needs» following with Instruction of the Russian Government No. 925 of 16 September 2016 «On priority of goods of the Russian origin, and works and services which are rendered by Russian persons in relation to goods coming from foreign state, and works and services which are rendered by foreign persons.»

Organisational and administrative documents of the Central Tender Commission were updated, the scheme and regulations of business processes of procurement activities of PJSC FGC UES were developed.

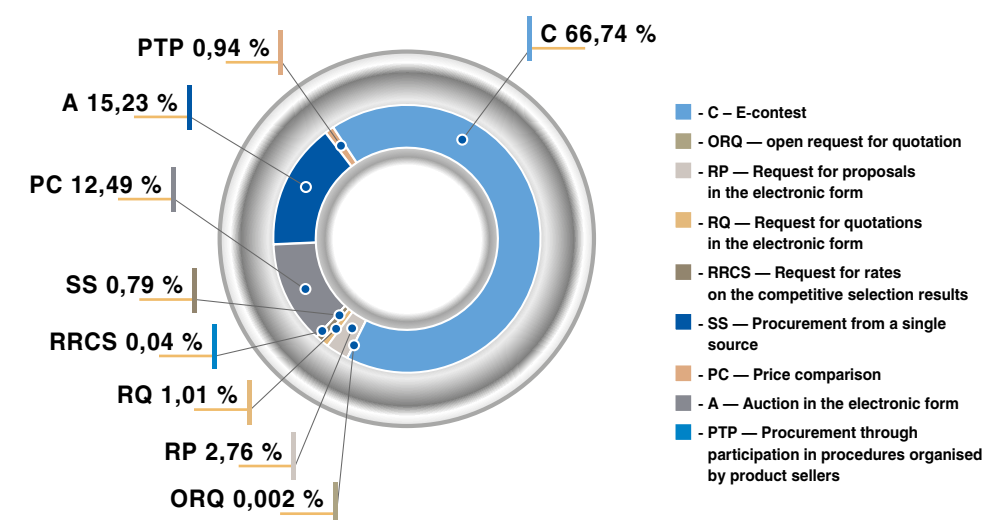
Procurement model



Procurement methods

Competition	The competition is the main procurement method, with or without pre-qualification, without special procedures, in the absence of expressly provided grounds of carrying out other procedures (the assumed procurement volume exceeds RUB 10 million (incl. VAT)).
Auction	It can be only one-stage, with or without pre-qualification. The auction does not provide for post-qualification or the right to submit alternative proposals. It is held when purchasing products, for which there is a competitive market of producers and for which the procurement initiator has formulated detailed requirements in form of the technical task. CPB of PJSC FGC UES has the right to determine the list of products purchased only following the results of the auction.
Request for proposals	Request for proposals can be with or without pre-qualification. It is held when one of the following conditions is fulfilled: a) the initial (maximum) contract price doesn't exceed RUB 10 million (incl. VAT); b) short deadlines — from the date of announcement of the procurement procedure and up to the start of deliveries, works and services less than 20 calendar days (there is no possibility to hold an open competition), but there are no circumstances requiring the immediate procurement from a single source, and the complexity of products or conditions of their delivery don't allow for the auction or request for rates.
Request for quotations	It is held when purchasing products, for which there is a competitive market of producers and for which the Procurement Initiator has formulated requirements in form of the technical task, while meeting the following requirements: a) the initial (maximum) contract price doesn't exceed RUB 7 million (incl. VAT); b) the winner is selected on the basis of only one criterion — the contract price.
Request for rates	When purchasing simple products for which there is a functioning market, the only criterion is the rate and provided that the contract price doesn't exceed RUB 5 million for the open rate request (incl. VAT) based on the results of open competitive procedures, among the participants, with whom framework agreements have been concluded. It is prohibited to conduct procurement of complex, unique equipment by means of the request for rates.
Request for rates on the competitive selection results	Request for rates on the competitive selection results is held only among the winners of competitive selection without restrictions in terms of the amount of the initial (maximum) contract price (lot).
Procurement through participation in procedures organised by product sellers	By the decision of the Customer's CPB, procurement is carried out through participation of the Customer in auctions, competitions or other procedures organised by product sellers (including the EP), in case of the need for products which may be available only through participation in such procedures.
Price comparison	Price comparison is carried out when purchasing products and in cases when the initial (maximum) contract price does not exceed RUB 500 thousand (incl. VAT), when the Customer's revenue for the financial year exceeds RUB 5 billion or does not exceed RUB 100 thousand (incl. VAT), and when the Customer's revenue for the financial year is less than RUB 5 billion.
Procurements from a single source (provider, contractor)	The decision on the choice of a supplier is accepted by the customer's CPB or by other authorising body within its competence in accordance with the Unified Procurement Standard based on the customer's information on the conducted market analysis. They are divided into: a) procurement of unique goods (works, services) from a single supplier (provider, contractor); b) procurement from a single source (contractor, provider) in order to prevent emergency situations or liquidate their consequences.

Structure of regulated procurements by implementation method, 2019



TOTAL	By all means	C	ORQ	RP	RQ	RRCS	PTP	A	SS	PC
Cost of completed procedures, RUB mln	154,032	102,800	4	4,255	1,550	1,222	65	19,241	23,454	1,442
Number of completed procedures, pcs.	13,826	451	5	1,275	1,037	57	1	20	2,197	8,783
In % of the cost of conducted procedures	100	66.74	0.002	2.76	1.01	0.79	0.04	12.49	15.23	0.94

Information on the cooperation with small and medium-sized business entities in 2019

In accordance with Federal Law No. 223-FZ of 18 July 2011, the procurements are carried out with the inclusion of goods, works, services and innovating and high-technology products in the procurement plan, the compulsory procurement portion from small and medium-sized business entities (SME). Since 1 July 2015, when the Decree of the Government of the Russian Federation No. 1352 of 11 December 2014, which approved the minimum share of procurement by specific customers from SME in the amount of 10%, with a further increase in the share of such procurements (specialised tenders) to 15%, came into force, annual figures of Company's procurement from SME have exceeded those established by law. As of the end of 2019, the share of specialised tenders exceeded 24%, and the total share of purchases from SME on a common basis, including specialised tenders and procurements from SME subcontractors, amounted to over 63%.

Within the frame of execution of the RF Government Order No. 867-r of 29 May 2013 «On approval of the action plan («road map») «Access extension of small and medium-sized business entities to the procurements of infrastructure

monopolies and government-sponsored companies»⁵, in 2014 the Programme of Partnership between PJSC FGC UES and small and medium-sized business entities was approved by PJSC FGC UES, and the register of small and medium-sized business entities that has joined the Partnership Programme is maintained. The «Road map for the cooperation with SME» section was also developed on the Company's official website



www.fsk-ees.ru/suppliers/dorozhnaya_karta_po_sotrudnichestvu_s_msp

According to the Decree of the Government of the Russian Federation No. 1352 of 11 December 2014, the list of goods, works, services that are to be purchased only from SME was approved on 27 April 2015. In order to increase the share of procurement from SME, this list is expanding annually and, as of the end of 2019, amounted to 117 items. Taking into account the draft amendments, the procurement plan was approved by the Federal Corporation for the Development of Small and Medium-Sized Enterprises in 2019.

⁵ At present, the Directive No. 867-r has been fulfilled (Directive No. 174-r of the Russian Government dated 6 February 2016).

In order to ensure the efficiency of procurement conducted by PJSC FGC UES for small and medium-sized enterprises, on 25 February 2014, the composition of the advisory body — the Council of SME — was approved, which included the following representatives:

- JSC Rosseti;
- Chamber of Commerce and Industry of the Russian Federation;
- Skolkovo Foundation;
- Association of Enterprises of the Power Constructing Complex;
- Compliance Evaluation and Monitoring Directorate of JSC Corporation SME;
- Committee on Innovation of NAPI;
- Procurement and Sales Management Institute named after A.B. Solovyov of NRU HSE;
- Energy Committee of the All-Russian Public Organisation of SME OPORA ROSSII;
- RUSENERGOSBYT LLC.

There are regular interactions with development institutions, as well as organisations and industry associations to support SME and increase procurements of such SME in the total annual procurement volume of the Company. An efficient instrument

in such work was the Council of SME. The next expanded meeting of the Council of SME together with PJSC Rosseti as part of Supplier Day of Federal Grid Company was held on 17 June 2019. Representatives of SME were informed about the amendments to Procurement Law No. 223-FZ, and the approval of the new Unified Procurement Standard of PJSC FGC UES, as well as the peculiarities of participation in procurement in the electric power industry with an invitation to procurement for the needs of PJSC FGC UES in 2019 year.

The work is carried out with the suppliers (contractors, providers) who have joined the Partnership Programme between PJSC FGC UES and SME2. The register of such SME is maintained, information on which is posted on the official website of PJSC FGC UES.

According to the Company's innovation development plan and the needs for innovation and high-technology products, the list of goods, works and services that meet criteria for being qualified as innovative products, advanced technology products has been developed and approved⁶. The innovative products procurement plan for 2016–2020 was placed in the UIS on 27 December 2016. In the reporting period, the amendments were made to the innovation plan for 2019, and a draft Regulation of SME Appeals for the implementation of innovative proposals was prepared.

PJSC FGC UES procurements in regions in 2019

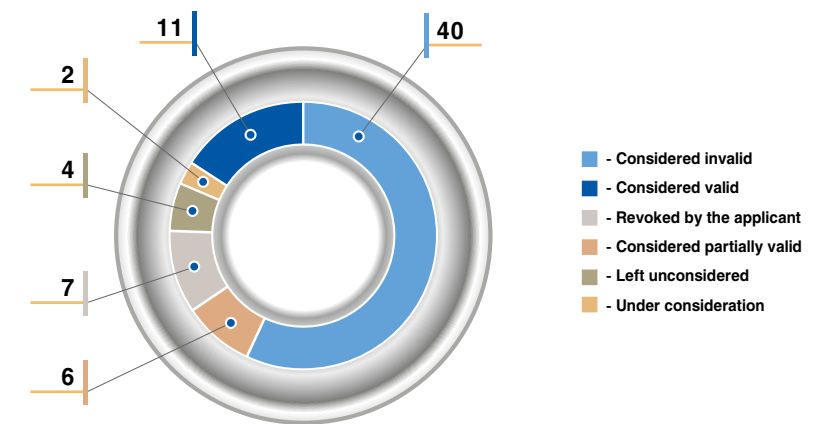
Region	Amount, RUB ths. incl. VAT	Share in the total procurement volume, %
Executive Office (Moscow)	29,567,523.7	19.2%
MPS Volga (Samara)	2,692,157.8	1.7%
MPS East (Khabarovsk)	15,315,976.1	9.9%
MPS West Siberia (Surgut)	5,963,923.7	3.9%
MPS North-West (Saint Petersburg)	24,794,296.3	16.1%
MPS Siberia (Krasnoyarsk)	18,837,506.2	12.2%
MPS Urals (Yekaterinburg)	5,144,231.3	3.3%
MPS Centre (Moscow)	40,008,660.5	26.0%
MPS South (Zheleznovodsk)	11,707,564.2	7.6%
Total	154,031,839.9	100.0%

⁶ Unnumbered Minutes dated 17 June 2019.

⁷ In compliance with the Order of the Company No. 92. of 25 February 2014.

⁸ Order No. 500r of 30 November 2016.

Information on complaints sent to the Federal Antimonopoly Authority on actions of PJSC FGC UES when carrying out the procurement activity



The main objects of complaints were:

- wrongful rejection/admission of a participant in the procurement procedure;
- violation of the re-sale procedure;
- incorrect evaluation of the participants' applications;
- incorrect operation of the operator RTS-Tender Electronic Trading Platform;
- non-compliance with the requirements for the content of procurement notices and procurement documentation.

Analysis of Financial Performance

Company's profit distribution

Retained profit and dividend payments, RUB ths.*

	2016 (for 2015)	2017 (for 2016)	2017 (for Q1 2017)	2018 (for 2017)	2019 (for 2018)
Retained profit (or loss) for the reporting period, incl.:	17,870,137	106,070,911	8,837,987	42,361,640	56,186,93
Reserve fund	893,507	5,303,546	–	2,118,082	2,809,347
Development	–	21,599,974	–	19,935,757	32,928,227
Payment of dividends	16,976,630	18,184,825	1,423,129	20,307,801	20,449,361
Cover for losses of previous periods	–	60,982,566	–	–	–

Information on profit distribution and dividends paid is presented in accordance with the resolutions of the Annual General Meetings of Shareholders (AGM):

- AGM 2016 (for 2015) – Minutes No. 17 of 4 July 2016;
- AGM 2017 (for 2016) – Minutes No. 18 of 3 July 2017;
- AGM 2018 (for 2017) – Minutes No. 20 of 2 July 2018;
- AGM 2019 (for 2018) – Minutes No. 22 of 28 June 2019.

Key financial and economic indicators, 2017–2019, RUB mln

No.	Indicator	2017	2018	2019
1	Revenue from sales of products (services), incl.:	216.0	240.3	242.7
1.1.	Electricity transmission	192.6	213.6	223.1
1.2.	Technological connection	21.4	24.3	17.2
1.3.	Electricity sales			
1.4.	Other activities	2.0	2.4	2.3
2	Cost of products (services)	–152.4	–170.8	–174.4
3	Gross profit	63.6	69.5	68.3
4	Administrative expenses	–8.3	–8.5	–9.0
5	Selling expenses			
6	Profit (loss) on sales	55.4	61.0	59.3
7	Interest receivable	8.6	8.1	8.5
8	Interest payable	–3.9	–4.0	–4.9
9	Income from participation in other organisations	1.9	2.5	1.7
10	Other income	23.5	25.7	24.7
11	Other expenses	–24.9	–19.8	–14.8
12	Profit (loss) before taxation	60.6	73.4	74.5
13	Tax on profit and other payments	–18.2	–17.2	–16.4
14	Net profit (loss)	42.4	56.2	58.1
15	EBITDA*	129.3	129.0	129.4

* Excluding operations for the accrual and restoration of provisions for doubtful debts, financial performance related to the sale of and change in the cost of quoted financial assets, and revenues from technological connection.

Analysis of changes in the account receivables*, RUB mln

Indicator	As of 31 Dec 2016	As of 31 Dec 2017	As of 31 Dec 2018	As of 31 Dec 2019
Account receivables, incl.:	135.2	128.4	169.9	132.0
Buyers and customers, incl.:	100.5	112.8	121.9	117.6
electricity transmission	39.5	36.3	29.6	24.6
technological connection services	57.4	74.8	91.1	92.1
Notes receivable	20.6	0.6	0.6	0.6
Advances made	0.5	0.3	1.6	0.6
Other account receivables	13.6	14.7	45.7	13.1

The decrease in other account receivables in 2019 is mainly due to the repayment of debt arising from the sale in 2018 of part of PJSC Inter RAO stake within the framework of the Government Directive of the Russian Federation No. 4298p-P13 dated 13 June 2018.

In 2019, for the purpose of collecting the debt from counterparties by PJSC FGC UES' Executive Office, 199 claims were sent

to arbitration courts, including those related to the inclusion of debtors' requests to collect payment for electricity transmission services in the register. Total claims amounted to RUB 12,745.93 million.

Following the results of consideration of these cases, rulings were issued to collect account receivables for electric power transmission services in favor of the Company in respect of 129 cases, totaling RUB 2,637.41 million.

Analysis of changes in account payables, RUB mln

Indicator	на 31.12.2016	на 31.12.2017	на 31.12.2018	на 31.12.2019
Accounts payable, incl.:	60.0	54.5	68.2	64.3
Suppliers and contractors	31.0	30.4	39.3	32.3
Notes payable				
Advances received	8.2	12.5	13.2	8.9
incl. TC agreements	6.4	11.8	11.2	7.2
Taxes and duties	16.7	7.3	11.0	7.0
Other payables	4.1	4.3	4.7	16.1

The increase in other account payables as of 31 December 2019 is due to a higher amount of debt to shareholders in terms of the payment of interim dividends for 9M 2019. In compliance with Directive of the Government of the Russian Federation

No.10641p-P13 of 22 November 2019, the Extraordinary General Meeting of Shareholders of the Company (Minutes No. 23 dated 31 December 2019) decided to pay interim dividends in the amount of RUB 11.2 billion.

Company's investments lead to estimated income level of more than 10% per year

There are no such investments in the Company.

Issues of the Company's outstanding bonds

As of 31 December 2019, the following Company bond are outstanding:

Type of bonded loan	Outstanding volume with a nominal value, RUB	Registration number	Date of placement	Maturity date/offer	Current coupon rate
Bonds	7,534,586,000	4-06-65018-D	28 Sep 2010	15 Sep 2020/–	8.25%
Bonds	1,760,821,000	4-07-65018-D	29 Oct 2010	16 Oct 2020/–	7.50%
Bonds	7,314,887,000	4-08-65018-D	28 Sep 2010	15 Sep 2020/–	8.25%
Bonds	667,049,000	4-09-65018-D	29 Oct 2010	16 Oct 2020/–	0.1%
Bonds	29,151,000	4-10-65018-D	28 Sep 2010	15 Sep 2020/–	7.75%
Bonds	520,989,000	4-11-65018-D	29 Oct 2010	16 Oct 2020/–	0.1%
Bonds	10,000,000,000	4-13-65018-D	5 Jul 2011	22 Jun 2021/–	8.50%
Bonds	619,000	4-18-65018-D	12 Dec 2011	27 Nov 2023/ 5 Jun 2020	6.80%
Bonds	419,838,000	4-21-65018-D	24 Oct 2012	6 Oct 2027/ 16 Apr 2024	7.40%
Bonds	10,000,000,000	4-22-65018-D	8 Aug 2012	21 Jul 2027/ 3 Aug 2022	7.60% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 2.5%)
Bonds	10,000,000,000	4-23-65018-D	10 Jun 2013	27 Apr 2048/–	4.80% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 1%)
Bonds	10,000,000,000	4-24-65018-D	25 Jan 2013	7 Jan 2028/ 24 Jan 2020	8.00%
Bonds	31,082,000	4-25-65018-D	2 Oct 2012	14 Sep 2027/ 29 Sep 2020	5.00%
Bonds	15,000,000,000	4-26-65018-D	13 Aug 2013	30 Jun 2048/ 9 Jul 2047	5.00% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 1%)
Bonds	11,000,000,000	4-27-65018-D	13 Aug 2013	30 Jun 2048/ 9 Jul 2047	5.00% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 1%)
Bonds	20,000,000,000	4-28-65018-D	10 Jun 2013	27 Apr 2048/–	4.80% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 1%)
Bonds	20,000,000,000	4-29-65018-D	21 Oct 2013	7 Sep 2048/ 17 Sep 2046	5.30% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 1%)
Bonds	10,000,000,000	4-30-65018-D	13 Dec 2013	30 Oct 2048/ 8 Nov 2046	4.80% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 1%)
Bonds	14,000,000,000	4-34-65018-D	13 Dec 2013	30 Oct 2048/ 7 Nov 2047	4.80% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 1%)
Bonds	20,000,000,000	4-37-65018-D	6 May 2015	23 Mar 2050/ 5 Apr 2045	5.00% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 1%)
Bonds	20,000,000,000	4-38-65018-D	6 May 2015	23 Mar 2050/ 5 Apr 2045	5.00% (coupons are calculated according to the formula*: Ki = (CPI – 100%) + 1%)
Exchange bonds	10,000,000,000	4B02-02-65018-D	29 Nov 2016	17 Oct 2051/ 30 Nov 2021	9.35%
Exchange bonds	9,000,000,000	4B02-03-65018-D	20 Oct 2017	6 Sep 2052/ 21 Oct 2022	7.75%

continuation

Type of bonded loan	Outstanding volume with a nominal value, RUB	Registration number	Date of placement	Maturity date/offer	Current coupon rate
Exchange bonds	7,000,000,000	4B02-04-65018-D	6 Dec 2017	23 Oct 2052 6 Dec 2023	7.6%
001P-01R Series Exchange Bonds placed under the Exchange Bond Programme	10,000,000,000	4B02-01-65018-D-001P	25 Oct 2018	19 Oct 2023/–	8.7%
001P Series Exchange Bonds Programme	Up to 200,000,000,000	4-65018-D-001P-02E	29 Mar 2018	Bond issue maturity under the Programme is up to 35 years	

Financial performance	2015	2016	2017	2018	2019	Change 2019/2018, %	Target 2020
Debt portfolio, RUB mln	274,660.368	261,653.463	254,283.389	243,901.82	224,481.57	–7.96%	256,590.72
Financial leverage	0.43	0.38	0.37	0.37	0.35	–5.4%	0.39

Tariff Regulation

Planned values of reliability and quality indicators for the FGC services established by the FTS of Russia for 2015–2019

	2015	2016	2017	2018	2019
Service reliability indicator	0.03602	0.03548	0.03495	0.03443	0.03391
Services quality level indicator	1.23908	1.22049	1.20219	1.18415	1.16639

The list of main regulatory acts regulating the issues of tariff setting and electricity transmission activities through UNEG

- Federal Law No. 35-FZ of 26 March 2003 on Electric Power Industry;
- Resolution of the Russian Government No. 1178 of 29 December 2011 on Pricing in Regulated Areas (Tariffs) in the Electric Power Industry;
- Resolution of the Russian Government No. 1220 of 31 December 2009 on Defining the Applicable Indicators of Reliability and Quality of Goods and Services Provided in Establishing Long-Term Tariffs;
- Resolution of the Russian Government No. 1172 of 27 December 2010 on Approval of the Rules for the Wholesale Electricity and Capacity Market and Amendment of Certain Acts of the RF Government Related to Organising the Functioning of the Wholesale Electricity and Capacity Market;
- Resolution of the Russian Government No. 861 of 27 December 2004 on Approval of the Rules for Non-Discriminatory Access to Electricity Transmission Services and Provision Thereof, the Rules for Non-Discriminatory Access to Services on Operational Dispatch Management in the Electric Power Industry and Provision Thereof, the Rules for Non-Discriminatory Access to Services of the Wholesale Market Administrator and Provision Thereof, the Rules for Technological Connection of Power Receivers of Electricity Consumers, Power Generating Facilities, and Electric Grid Facilities Owned by Grid Organisations and Other Entities, to Electric Grids;
- Resolution of the Russian Government No. 977 of 1 December 2009 on Investment Programmes of Electric Power Industry Entities;
- Russian FTS Order No. 56-e/1 of 21 March 2006 on Approval of the Guidelines for Calculation of Tariffs for Electricity Transmission via Unified National (All-Russia) Electric Grid;
- Russian FTS Order No. 228-e of 30 March 2012 on Approval of the Guidelines for Regulation of Tariffs Using the Return on Equity;
- Russian FTS Order No. 53-e/1 of 12 April 2012 on Approval of the Procedure for Preparing of a Consolidated Balance Forecast for Electricity Generation (Capacity) and Supply Within the Unified Energy System of Russia by Constituent Entities of the Russian Federation and the Procedure of Determining the Ratio of the Total Forecasted Annual Electricity Consumed by the Population and Similar Consumer Categories to the Volume of Electricity, Corresponding to the Annual Average Forecasted Capacity Determined for These Consumer Categories.

Tariffs for technological connection services

The FAS of Russia defines two payment methods for technological connection to the UNEG facilities: the approval of an individual payment for a specific applicant (in case if construction of electrical grid facilities is required) and the approval of a payment per formula using the standard tariff C1 rate.

During the period from 2013 to 2017, the Federal Tariff Service of Russia and the Federal Antimonopoly Service of Russia approved the standardised tariff rate C1 for PJSC FGC UES in the amount of RUB 23.64 to 28.61 for 1 kW (excl. VAT).

Order of FAS of Russia No. 1135/17 of 29 August 2017 on Approval of Guidelines for Determining the Amount of Payment for Technological Connection to Electric Networks established a new procedure for calculating the charge of the C1 standardised tariff rate for technological connection to UNEG on the basis of 1 connection (1 contract for technological connection), differentiated by three categories of applicants.

Order of the FAS of Russia No. 1689/19 of 18 December 2019 on Approval of the Payment for Technological Connection of Power Receivers of Electric Power Consumers, Electric Power Generation Facilities, and Electric Grid Facilities owned by Grid Organisations and Other Persons to Unified National Facilities in the Form of a Formula for 2020 approved the C1

standardised tariff rate for three categories of applicants in the amount of:

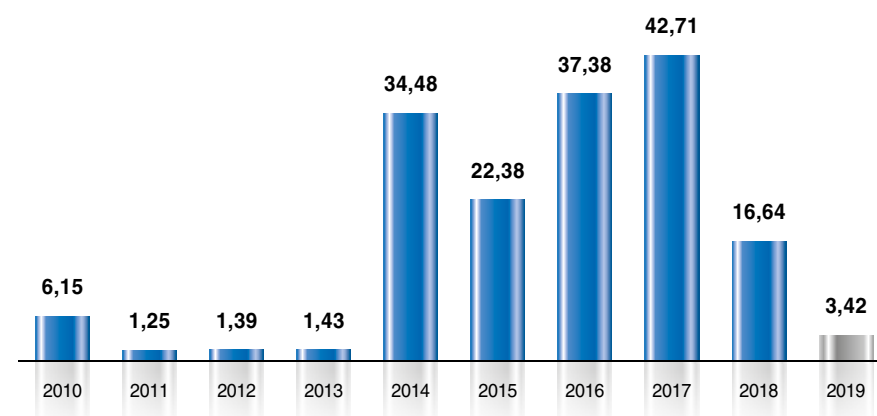
- 1RUB 1,329,306.64 excl. VAT for technological connection of facilities for the production of electricity, the connected capacity of which exceeds 5 MW;
- RUB 665,149.05 excl. VAT for technological connection of power receiving devices, as well as electric grid facilities, the connected capacity of which exceeds 5 MW;
- RUB 613,958.85 excl. VAT for technological connection of power receiving devices and power industry facilities, the connected capacity of which does not exceed 5 MW

In 2019, the payment for technological connection on an individual project was established for 12 consumers for a total of RUB 3.419 billion (excl. VAT).

The applicants with the highest fee include:

- RUB 2,066 million — JSC Verkhne-Volzhszkaya Generation Company;
- RUB 332 million — LLC Enel Rus Wind Azov;
- RUB 324 million — JSC RZD, Kievskaya SS;
- RUB 293 million — JSC RZD, Gostagaevskaya SS;
- RUB 215 million — JSC RZD, Chekon SS;
- RUB 133 million — JSC RZD, Sgibevo SS.

Dynamics of the approval of individual payment for technological connection, 2010–2019, RUB billion.



Direct economic value added and distributed

PJSC FGC UES Economic Performance, 2017–2019, RUB billion

Name	2017	2018	2019
Economic value added	226,727.2	251,132.7	256,974.1
Revenue	226,727.2	251,132.7	256,974.1
Economic value distributed	122,600.5	155,073.4	154,124.5
Operating costs	49,564.5	72,759.5	70,105.4
Wages and salaries, other payments and benefits for personnel	20,524.1	21,835.2	22,910.7
Payments to equity contributors	23,549.4	22,862.8	25,363.1
Payments to the state budget	28,871.7	37,385.4	35,367.6
Community investments	90.8	230.5	377.7
Economic value retained	104,126.8	96,059.3	102,849.6

Sustainable Development and Corporate Social Responsibility

HR Management

The HR Management Policy of JSC FGC UES was approved by the Management Board of JSC FGC UES on 14 November 2014 (Minutes No. 1269). The document declares the main targets, objectives, approaches and activities of the Company, its branches, subsidiaries and affiliates to further improvement of the work with personnel in compliance with the Strategy for the Development of the Electric Grid Complex approved by the Government of the Russian Federation (Decree of the Government of the Russian Federation No. 511-r of 3 April 2013).

Number of employees by type of employment contract and gender, persons [GRI 102-8](#)

Type of employment contract	Number of employees	
	Men	Women
Permanent	18,471	3,476
Temporary	240	245

Number of employees by type of employment and gender, persons. [GRI 102-8](#)

Type of employment	Number of employees	
	Men	Women
Full	18,571	3,576
Part-time	77	69

Number of employees by type of employment contract and department, persons. [GRI 102-8](#)

Department	Permanent employment contract	Temporary employment contract
Executive office	809	39
MPS Centre	3,848	116
MPS North-West	2,274	86
MPS Volga	1,892	24
MPS South	3,117	23
MPS Urals	2,434	47
MPS West Siberia	2,035	111
MPS Siberia	3,431	27
MPS East	2,107	12

Employees hired in 2019 with a breakdown by age, gender and branch [GRI 401-1](#)

	Total	%	Gender		Age			
			M	F	under 25	25–50	50+, pensioners	Working pensioners
Executive Office	69	3.02%	37	32	3	41	19	6
MPS Centre	397	17.35%	308	89	104	237	43	13
MPS North-West	244	10.66%	175	69	83	124	30	7
MPS Volga	196	8.57%	134	62	51	87	25	33
MPS South	341	14.90%	273	68	74	179	49	39
MPS Urals	189	8.26%	124	65	51	106	18	14
MPS Siberia	387	16.91%	261	126	97	212	47	31
MPS West Siberia	247	10.80%	186	61	74	137	14	22
MPS East	218	9.53%	158	60	89	97	25	7
Total for PJSC FGC UES	2,288		1,656	632	626	1,220	270	172

Employees fired in 2019 with a breakdown by age, gender and branch [GRI 401-1](#)

	Total	active turn-over	Gender		Age			
			M	F	under 25	25–50	50+, pensioners	Working pensioners
Executive Office	88	7.10%	43	45	2	71	8	7
MPS Centre	345	4.95%	253	92	55	179	50	61
MPS North-West	264	4.89%	207	57	45	158	40	21
MPS Volga	188	2.42%	150	38	25	113	21	29
MPS South	440	6.67%	337	103	57	249	89	45
MPS Urals	223	3.05%	176	47	51	107	35	30
MPS Siberia	227	3.93%	182	45	42	137	31	17
MPS West Siberia	221	5.21%	181	40	53	124	24	20
MPS East	220	5.00%	175	45	36	139	24	21
Total for PJSC FGC UES	2,216	4.64%	1,704	512	366	1,277	322	251

Company's internal regulatory sources in the field of HR management

- Distribution of duties between the heads of the Executive Office of PJSC FGC UES;
- The internal labour regulations for the employees of the Executive Office of PJSC FGC UES;
- PJSC FGC UES Policy regarding personal data processing;
- Provisions on the Personal Data Protection in JSC FGC UES;
- Regulation on Personnel Recruitment and Personnel Appointment to the Executive Office of PJSC FGC UES;
- Regulation on the Recommendation of Employees to State Awards, President of the Russian Federation Awards, Government Awards, Departmental Awards, the Russian Association of Electric Energy Employers (RaEI) Awards, PJSC Rosseti Awards, CIS Electric Power Council Awards and Corporate Awards;
- Qualification requirements for managers;
- The procedure for organisation of personal receptions and meetings of PJSC FGC UES management with employees;
- Regulation on the Procedure for Formation of the Organisational Structure and Development of Organisational and Structural Documents of PJSC FGC UES Executive Office;
- Regulation on Remuneration and Material Incentives for Employees of PJSC FGC UES Executive Office;
- Regulation on Formation of a Social Package for Position Categories of PJSC FGC UES Executive Office;
- Regulations on the Procedure for Development, Coordination and Approval of Organisational and Structural Documents of Structural Units of PJSC FGC UES Branches — MPS/EMPS;
- Regulation on Remuneration and Labour Motivation for Employees of PJSC FGC UES Branches — MPS/EMPS;
- Regulation on Formation of a Social Package for Position Categories of PJSC FGC UES Branches — MPS/EMPS;

- Regulation on Formation of Organisational Structures of PJSC FGC UES Branches — Main Power Transmission Lines;
- Regulation on Formation of Organisational Structures of PJSC FGC UES Branches — the Enterprises of the Main Power Transmission Lines;
- The list of typical positions in PJSC FGC UES branches — MPS/EMPS;
- Regulation on Formation of Organisational Structures of Production Structural Units of PJSC FGC UES Branches — the Enterprises of the Main Power Transmission Lines.

The list of the HR Policy targets, established at the level of heads of the Executive Office and the Company's branches

- Active staff turnover rate (control period is a quarter);
- staffing rate (control period is a year);
- performance rate of schedule of control emergency training, conducted at FGC Personnel Training Centre⁹ and MPS Personnel Training Centre (control period is a quarter);
- personnel training plans implementation rate (control period is a year);
- intra-corporate action plan implementation rate (control period is a quarter/year).

[GRI 103-2](#)

Company Personnel Management System



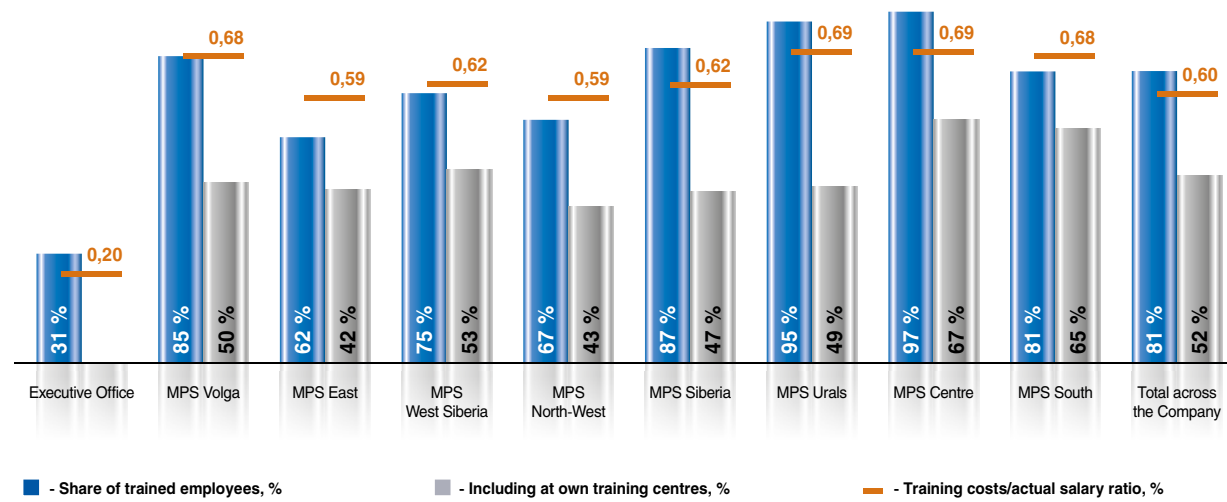
⁹ The Personnel Training Centre.

Employee Complaint Mechanisms

At PJSC FGC UES, consideration of citizens' appeals is carried out in accordance with the Federal Law No. 59-FZ of 2 May 2006 on the Procedure for Consideration of Appeals of Citizens of the Russian Federation. Work with employee appeals is carried out on an ongoing basis, through meetings of managers with labour collectives and employees (Procedure for Organisation of Personal Appointments and Meetings of PJSC FGC UES Management with employees was approved by Order No. 511 dated 7 December 2017).

Personnel Training

Share of FGC UES employees participating in training activities, and the ratio of personnel training costs to the payroll, 2019, %



Interaction with universities and colleges

One of the directions of PJSC FGC UES Youth Policy is the development of mutually beneficial cooperation with specialised educational institutions.

Key areas of cooperation:

- training, professional re-training and advanced training of employees (82 students are getting their employer-sponsored education in 13 higher educational establishments under employer-sponsored education agreements);
- arrangements for practical staff training, including organisation of on-the-job training for students at the facilities of PJSC FGC UES (2019: 980 students), summer work for students at construction sites (2019: 190 students), Young Engineer School for undergraduates in Personnel Training Centre Bely Rast (2019: 27 students);
- professional orientation including organisation of introductory tours at Company's production sites (2019: 1,626 people), All-Russia Day of PJSC FGC UES in educational institutions (2019: 1,960 students and teachers);
- staff support of the educational process. Approx. 60 employees of the Company are tutors of student qualification papers or take part in thesis defence or state examination committees;
- improvement of educational standards and professional competencies in cooperation with educational institutions, adaptation of training programmes, as well as topics of graduation and term papers of students to the production specifics of PJSC FGC UES;
- modernisation of educational and scientific infrastructure of educational establishments. Annually the Company supports educational establishments in purchase of lab equipment and classroom modernisation. In 2019, with the support of PJSC FGC UES, premises, laboratories, and a workshop of Relay Protection and Automation of Power Systems Department were renovated at the National Research University Moscow Power Engineering Institute;
- participation of students and post-graduates in events organised by PJSC FGC UES.

Support of healthy lifestyle

PJSC FGC UES actively supports initiatives related to sports and healthy lifestyle. In 2019, FGC UES's indoor soccer, volleyball, basketball, swimming, table tennis, racing and other teams participated in corporate tournaments of PJSC Rosseti and in tournaments organised in cooperation with the Ministry of Energy. In May 2019, the corporate indoor soccer tournament of PJSC FGC UES and the 5th corporate GTO Spartakiad took place.

In November 2019, the IX Traditional Open Chess Tournament of Power Engineers in memory of M. Botvinnik was organised by PJSC FGC UES and JSC NTC FGC UES. The tournament welcomed 38 teams of power companies, equipment manufacturers, scientific and research institutes, establishments of higher education.

Award Policy

In order to raise motivation for effective performance and provide moral and financial awards for high results, PJSC FGC UES has been successfully implementing a Programme of Giving State Awards, Awards by the Government and Ministry of Energy of the Russian Federation, All-Russian Industrial Association of Employers in Energy Sector (Association «ERA of Energy»), CIS Electric Power Council, PJSC Rosseti and corporate awards to its employees.

PJSC FGC UES has established the following corporate awards: the title Honoured Employee of Federal Grid Company, the title Veteran of Federal Grid Company, a badge of honour For Contribution to the Development of Federal Grid Company, First Class and Second Class, a badge of honour For Professional Skills, a badge of honour For Construction and Reconstruction of Electric Grid Facilities, putting a photo to the Recognition Board of PJSC FGC UES, honorary Diploma and a letter of Commendation.

The Programme provides for awarding employees who have rendered great service to the State, electric power industry, PJSC FGC UES, demonstrate high performance and management efficiency, or achieve great results in the operation, construction and re-construction of electric grid facilities, in creation and implementation of new technologies, or have implemented advanced labour management techniques, have demonstrated professionalism in prevention or mitigation of accidents, restoration of power facilities, who are respected by colleagues, and promote corporate values.

The teams of PJSC FGC UES' branches that have ensured reliable operation of equipment, achieved the best performance indicators, and demonstrated good results in the mastering and introduction of new equipment and technologies are awarded the title «Best Branch of Federal Grid Company — MPS».

and «Best Enterprise of Federal Grid Company — EMPS».

In 2019, at the recommendation of PJSC FGC UES, 1,437 employees of PJSC FGC UES and its subsidiaries and contractors were awarded, of which:

- 4 employees were given state awards;
- 22 employees were awarded by the Electric Power Council of the Commonwealth of Independent States;
- 129 employees received awards from the Ministry of Energy of the Russian Federation;
- 158 employees were awarded by the Association ERA of Russia;
- 161 employees who made major contributions to the development of the electric grid complex received corporate awards from PJSC Rosseti;
- 963 employees were given corporate awards of PJSC FGC UES.

Employees of PJSC FGC UES subsidiaries received awards from the entities of the Russian Federation and subsidiaries for their contribution to the development of the regional electric grid complex.

For ensuring reliable operation of equipment, development and introduction of new equipment and technologies, introduction of progressive forms and methods of labour organisation and management in 2019, the title The Best Branch of Federal Grid Company — MPS» was awarded to PJSC FGC UES — MPS Siberia, the title «Best Enterprise of Federal Grid Company — EMPS» was awarded to Krasnoyarsk EMPS.

Occupational Health and Safety

The main documents regulating the maintenance of occupational health and safety in the Company

- Federal Law No. 116-FZ as of 21 July 1997 On industrial safety of hazardous industrial facilities;
- Rules for organisation and implementation of production control over compliance with industrial safety requirements at a hazardous production facility (Resolution of the Russian Government No. 263 of 10 March 1999);
- Resolution of the Government of the Russian Federation No. 1365 as of 25 October 2019 On preparation and certification on industrial safety, safety of hydraulic structures, safety in electric power industry;
- Federal norms and regulations on industrial safety Regulations on industrial safety of hazardous production facilities where equipment operating under excess pressure is used (approved by Order of Rostekhnadzor No. 116 of 25 March 2014);
- Federal norms and regulations on industrial safety «Safety rules for hazardous industrial facilities where lifting facilities are used» (approved by Order of Rostekhnadzor No. 533 of 12 November 2013);
- Typical regulation on production control over compliance with industrial safety requirements at hazardous production facilities of PJSC FGC UES (Regulation of PJSC FGC UES No. 449r as of 2 November 2016);
- Regulations on occupational health and safety at work at height (Order of the Ministry of Labour of the Russian Federation No. 155n as of 28 March 2014 as amended by orders of the Ministry of Labour of the Russian Federation No. 383n as of 17 June 2015, No. 826n as of 20 December 2018);
- Regulations on occupational health and safety rules for loading-unloading operations and cargo placement (Order of the Ministry of Labour of the Russian Federation No. 642n as of 17 September 2014);
- Safety regulations when working with tools and appliances. Approved by the Ministry of Energy of the USSR on 30 April 1985 (SO 153-34.03.204, RD 34.03.204) (in the part not contradicting the Regulations on occupational health and safety when working with tools and appliances);
- Regulations on occupational health and safety in timber and woodworking enterprises and during forestry operations (Order of the Ministry of Labour of the Russian Federation No. 835n as of 2 November 2015 as amended by Order of the Ministry of Labour of the Russian Federation No. 464n as of 9 July 2018);
- Regulations on occupational safety in the storage, transportation and sale of petroleum products (Order of the Ministry of Labour of the Russian Federation No. 873n from 16 November 2015);
- Regulations on occupational health and safety in electric welding and gas-welding operations (Order of the Ministry of Labour of the Russian Federation No. 1101n as of 23 December 2014);
- Regulations on occupational health and safety on works on linear structures of cable transmission lines (PO RO-45-009-2003) (Order of the Ministry of Ministry of Digital Development, Communications and Mass Media of the Russian Federation No. 39 as of 10 April 2003);
- Regulations on occupational safety for work on radio relay lines (POT RO-45-010-2002) (Order of the Ministry of Ministry of Digital Development, Communications and Mass Media of the Russian Federation No. 148 as of 25 December 2002);
- Regulations on occupational health and safety during painting works (Order of the Ministry of Labour of the Russian Federation No. 127n as of 7 March 2018);
- Decisions on occupational health and safety in construction projects and work projects (Resolution of the State Committee for Construction of Russia No. 122 as of 17 September 2002);
- Regulations on occupational health and safety in construction (Order of the Ministry of Labour of the Russian Federation No. 826n as of 20 December 2018);
- SNiP 12-03-2001. Occupational health and safety in construction. Part 1. General requirements (Resolution of Gosstandart of the Russian Federation No. 80 of 23 July 2001);
- SNiP 12-04-2002. Occupational health and safety in construction. Part 2 Construction industry (Resolution of the State Construction Committee of Russia No. 123 of 17 September 2002);
- SNiP 12-01-2004. Construction organisation (Order of the Ministry of Regional Development No. 781 as of 27 December 2010);
- Safety regulations for facilities using liquefied hydrocarbon gases (Order of the Rostekhnadzor No. 558 as of 21 November 2013);
- Regulations on occupational health and safety for the operation of electric unit installation (Order of the Ministry of Labour of the Russian Federation No. 328n as of 24 July 2013 in edition of Orders of the Ministry of Labour of the Russian Federation No. 74n as of 19 February 2016, No. 704n as of 15 November 2018);
- Instruction on application and testing of protection means used in electric unit installations (Order of the Ministry of Energy of Russia No.261 dated 30 June 2003 (except for requirements to electric protection equipment));
- On introduction of the standard of the organization in the order of application of electric protection equipment (STO 34.01-30.1-001-2016) (Regulation of PJSC FGC UES No. 404r as of 30 September 2016);
- STO 34.01-24-001-2015. Unified content and style of information support for the prevention of electrical injuries in the electric grid complex (Regulation of PJSC Rosseti No. 422r as of 4 October 2016);
- GOST 12.1.002-84 Power frequency electric fields. Permissible levels of field strength and requirements for control at work-places (Decision of the USSR State Standards Committee No.4103 as of 5 December 1984);
- GOST 12.1.038-82. Electric safety. Maximum permissible levels of pick-up voltages and currents (Decision of the USSR State Standards Committee No. 2987 as of 30 July 1982);
- Regulations on organising high-risk works at PJSC FGC UES' facilities (Order of PJSC FGC UES No. 552r as of 12 November 2018);
- On the procedure of issuing keys to electric unit installations (Resolution of JSC FGC UES No. 515r as of 3 November 2017 in edition of Order of PJSC FGC UES No. 120r as of 13 March 2019);
- The Regulation on the Procedure for Issuing Permits for the Preparation of Workplaces and Admission to Work on Power Lines and Equipment of PJSC FGC UES' Substations was approved by Order of PJSC FGC UES No. 485r of 10 October 2018.
- Instruction on production of switching operations at substations 35-750 kV of PJSC FGC UES (Resolution of PJSC FGC UES No. 393r as of 1 September as amended by Resolutions of PJSC FGC UES No. 116r as of 15 March 2018, No. 192r as of 18 April 2018);
- Regulations on occupational health and safety when working with tools and devices (Order of the Ministry of Labour of the Russian Federation No. 826n as of 20 December 2018);
- On measures to reduce risks of occupational injuries (Order of PJSC FGC UES No. 181 as of 18 May 2017);
- On approval of Requirements for provision of personnel with sanitary facilities and amenities at JSC FGC UES' facilities (Order of JSC FGC UES No. 56 as of 6 February 2012);

- Regulations on the management of equipment located in mobile buildings (Resolution of PJSC FGC UES No. 236r as of 31 May 2019);
- Comprehensive programme to reduce the risks of injuries to personnel of PJSC FGC UES for 2019–2021 and

a comprehensive programme to reduce the risks of injuries to third parties at the facilities of PJSC FGC UES for 2019–2021, approved by Order of PJSC FGC UES No. 38 as of 1 February 2019.

Occupational health and safety norms and standards in the Company

The Company's Occupational Health and Safety Management System is developed in accordance with the requirements of Federal Law No. 197-FZ as of 30 December 2001 (Labour Code of the Russian Federation) and Model regulations on the occupational health and safety management system approved by Order of the Ministry of Labour of the Russian Federation No. 438n as of 19 August 2016.

Norms and standards to which the Company complies when fulfilling fire safety requirements

In order to ensure fire safety, operations at the Company's facilities are conducted in accordance with the requirements of the federal legislation.

- Federal Law No.69-FZ of 21 December 1994 «On fire safety»;
- Federal Law «Technical Regulations on Fire Safety Requirements» No. 123-FZ dated 22 July 2008;
- The Fire Safety Rules in the Russian Federation, approved by Decree of the Russian Government No. 390 of 25 April 2012 and other regulatory legal acts of the Russian Federation;

as well as the following standards put into effect by Order of PJSC Rosseti No. 6r as of 15 January 2015:

- Company Standard 34.01-27.1-001-2014 (IFSR 27-14) «The Fire Safety Rules in the electric grid complex of JSC Rosseti»;
- Company Standard 4.01-27.3-001-2014 (AFSR 28-14) «Fire protection installations. General technical requirements»;
- Company Standard 4.01-27.3-002-2014 (AFSR 29-14) «Fire protection designing of objects of the electric grid complex of JSC Rosseti. General technical requirements».

Workplace Hazard Response

Proposals are made based on hazard identification and risk assessment:

- on forming a list of equipment requiring replacement or repair under the operations safety conditions;
- on elimination (prevention) of hazards and reduction of risks;
- on improvement of staff professional training, on psychophysiological training of personnel for work at potentially dangerous workplaces;
- measures to mitigate the risk of injuries are included in the action plans intended to improve work environment and occupational health and safety conditions, and to reduce occupational risk levels in the Company;

- monitoring the efficiency of taken decisions and their adjustment, monitoring the implementation of the risk management plan and future planning of improvement of the labour protection activities in the Company.

The investigation of occupational accidents at the Company is carried out in strict accordance with the requirements of Federal Law No. 197-FZ as of 30 December 2001 (the Labour Code of the Russian Federation) and Decree of the Ministry of Labour of Russia No. 73 of 24 October 2002 «On Approval of Forms of Documents Required for Investigation and Recording of Occupational Accidents, and Regulations on Features of Occupational Accident Investigation in Certain Industries and Organisations».

List of the Company's occupational health and safety projects implemented in 2019

In 2019, the Company continued its efforts to reduce injuries based on the results of employee injury risk assessment at the facilities, as well as in accordance with a set of tasks defined by the decisions of the Occupational Health and Safety Committees and the Company's executive documentation, namely:

- meetings of the Committees on labour protection were held at the level of the Executive Office and the Company's branches;
- Special commissions checked the norms and rules are known by Company staff, taking into account the following requirements: the employees who received a «satisfactory» assessment based on the results of the knowledge check reduced the frequency of knowledge check; all directors and chief engineers of EMPS and employees of business subdivisions of occupational safety and reliability (BSOSR) of MPS and EMPS passed the knowledge test in the central examination commission of PJSC FGC UES;
- before starting the 2019 repair campaign, actions were implemented to ensure the readiness of objects for its implementa-

tion, including staff, protection equipment, tools, rigging, and transport, etc.;

- work was carried out to identify hazards and estimate risks (hazard identification at workplaces and injury risk estimation, identification and creation of lists of injury equipment and applied mechanisms requiring the replacement or repair under the conditions of safe works performance, development of actions to eliminate (reduce) hazards, including them in action plans for improving labour conditions and protection, estimation of the adequacy of actions taken to reduce the level of injury and effectiveness of the taken actions);
- an action program was developed and implemented to reduce the injury risks, taking into account the effectiveness analysis of the safety management system and the results of control and analytical actions;
- the training focused on the development of practical skills and methods for safe working practices, and the professional development programmes were adjusted to increase the number of hours for labour protection issues;

- training films on work safety were shown and discussed with the staff during the training;
- the staff was informed on time about the circumstances and reasons of accidents occurred in the electric grid complex;
- the manufacturers of working wear were involved to bring to the staff the importance of the full use of working wear, its component parts and technical requirements;
- drivers who transfer passengers were taught the skills of safe (emergency) driving, including driving in difficult road and climatic conditions on the basis of specialised educational organisations;
- labour protection days and sudden inspections of working teams were held every month;
- target inspections of the organisation of labour protection in EMPS and mutual inspections between EMPS for the experience exchange were carried out;
- months of road traffic safety were held;
- the implementation of the Behavioral Safety Audit project was continued to change the staff's approach to the conscious observance of safety standards;
- work was carried out to prevent violations of labour protection requirements, including for poor-quality performance of functional responsibilities in labour protection on the basis of the Regulation on the System of Response to Violations of Labour Protection Requirements by Company staff;
- the implementation of the project for the use of mobile video recorders to record and analyse with the staff the most dangerous behavior of employees performing works in existing electrical installations;

Main obligations of the Company in the area of occupational safety

- Ensuring priority of preservation of life and health of workers in the process of their work over results of production activity;
- demonstrating the commitment of top management and managers at all levels of management to occupational safety issues;
- ensuring compliance of production activities with the state regulatory requirements of labour protection, requirements of international agreements, industry-wide and local statutory regulations on labour protection;
- ensuring safe working conditions of employees at power grid facilities, prevention of injuries and deterioration of health of employees;
- prevention of injuries of any third parties on the territory of the power grid complex of PJSC FGC UES;
- ensuring the prevention of any emergencies, accidents and incidents;
- identification of hazards at workplaces, assessment and effective management of professional risks with due regard for the distinctive features and specificity of production activities;
- ensuring the timely modernisation of power grid facilities, replacement of equipment, improvement of production and technological processes, providing workers with high-quality tools and devices, efficient means of individual and collective protection;
- stimulating the introduction of innovative approaches and technologies ensuring the safety of workers in the course of production activities;

- target inspections of the enterprises in which accidents took place (on results of the investigation of these accidents, the analysis of detected violations and the inspection of the organisation of safe working practices were conducted, corrective and preventive actions were developed, which were extended to all Company's branches, corrective measures were taken for those employees who committed violations or poorly performed their labour duties);
- the work of stationary and movable labour protection cabinets was continued to promote safe labour conditions and to train staff in safe working methods, taking into account the modern requirements;
- the work on the effective functioning of the psychological discharge rooms for the operating staff of substations was continued;
- a contest for the best work organisation on labour protection in EMPS and the best work organisation on labour protection in MPS was held. In 2019, the Vologodsk enterprise of MPS Centre and MPS of Siberia were recognised as the best Company's branches for the work organisation on labour protection, respectively.

PJSC FGC UES pays great attention to working conditions for its employees. In order to provide employees with the necessary sanitary utilities and to create favourable and healthy working conditions to reduce the risk of health deterioration, work is underway to implement the Comprehensive Programme to Improve Working Conditions at MPS Branches. In addition, measures to further improve sanitary utilities were included in action plans to improve conditions and occupational safety and minimise occupational risks.

- continued improvement and enhancement of efficiency of the occupational safety management system with due regard for the modern methods, standards and best practices in the area of occupational safety;
- developing a culture of safe behaviour among workers and ensuring compliance with the labour protection requirements in the process of labour activity;
- establishing and maintaining the required level of competence of managers, specialists and other employees in order for them to carry out their duties related to ensuring and complying with the occupational safety and labour protection requirements;
- creating conditions for maximising support of competent and qualified employees for a long-term professional job;
- increasing the motivation of employees to comply with the requirements of occupational safety in the process of labour activities and to improve their level of qualification;
- taking actions to encourage the contractors' employees to comply with the labour protection requirements while carrying out works at the facilities of PJSC FGC UES;
- carrying out consultations and encouraging employees and their representatives to actively participate in the management of occupational safety and ensuring safe working conditions;
- mainstreaming the occupational safety in order to prevent injuries and occupational diseases of workers.

At present time the Company's occupational health and safety objectives set in the Policy are actual.

Main industrial hazards and measures taken to reduce their negative impact on employees

The Federal Grid's occupational health and safety policy is one of the key elements of the Company's occupational safety management system.

Analysis of efficiency of the occupational health and safety management system comprises the assessment of the Company's occupational health and safety performance and their compliance with the Company's occupational health and safety policy, objectives and requirements of the occupational health and safety regulations.

Proceeding from the results of analysis, the activities for continuous improvement of the occupational health and safety management system are conducted, and the necessity to improve the Company's occupational health and safety policy is assessed.

In all aspects of its businesses, the Company is committed to prioritising the life and health of its employees over operating performance.

The main harmful production factors which may have a negative impact on workers' health status at workplaces include:

- physical factors (microclimate, temperature and relative humidity, noise, electromagnetic fields, etc.);
- chemical factors (chemicals and mixtures measured in the workplace air);
- labour process severity (physical dynamic load, working posture, weight of lifted loads, etc.);
- labour process intensity (duration of concentrated observation, impact on vocal apparatus, etc.).

In order to reduce (prevent) exposure to hazardous production factors, hazards are identified and injury risks are assessed; annual in-process monitoring of sanitary regulations is performed; and working conditions are analysed. Based on the results of this work, action plans are to be developed and approved which are intended to improve work environment and occupational health and safety conditions, and to reduce occupational risks in the Company, including:

- arrangements for accident prevention;
- carrying out sanitary and hygienic measures to prevent industrial diseases;
- measures on overall improvement of labour conditions;
- providing workers with personal protective equipment.

The Company performs systematic actions to identify injury-causing equipment, places and mechanisms used, which is a part of the systematic hazard identification and risk assessment activities carried out by the Company, including:

- workplace hazards identification and employee injury risks estimation;
- identification and creation of lists of injury-causing equipment and mechanisms used requiring replacement or repair under the safe operation conditions;
- development of (short-term and forward-looking) measures to eliminate (reduce) hazards, with their subsequent inclusion in the action plans intended to improve work environment and occupational health and safety conditions, and to reduce occupational risk levels;
- assessment of sufficiency and efficiency of the measures taken to reduce the injury rate.

In order to reduce the impact of electromagnetic field at workplaces (SS and overhead power transmission lines of 330 kV and above), the following actions are carried out:

- organisational arrangements (fencing of electromagnetic field exposure areas, location of workplaces and service personnel flow routes at sufficient distances from electromagnetic sources, ensuring compliance with the maximum allowable levels);
- engineering and technical measures (installation of biological EMI protection along the traffic routes, introduction of new technologies and application of personal EMI protection equipment).

Measures taken to prevent accidents at work

Labour protection actions are held before repairs begin, injury risks are assessed and remedial actions are developed in order to improve occupational safety.

Educational films showing safe working methods have been created; the employees are timely provided with working clothes, special footwear, electric protection equipment; video recordings of the personnel's actions during switching operations are being watched; target briefings with subsequent analysis and analysis of the revealed violations are being conducted; a system of response to violations of occupational health and safety requirements has been created and is functioning. In addition, the following activities are carried out:

- Occupational health and safety days and inspections as part of Internal Technical Control System;
- inspections of workplaces, regular monitoring and analysis of the safe execution of work by repair teams, including sudden;

- behavioural safety audit as one of the stages of a sudden inspection of the working teams (transition from the principle of response to the principle of prevention) in order to develop the skills of employees to prevent dangerous situations;
- inspections by the management of MPS (EMPS) branches of production facilities and working teams;
- occupational health and safety inspections, Master's days, professional competitions;
- meetings of the Occupational Health and Safety Committees with the participation of authorised occupational safety personnel;
- meetings of managers of MPS (EMPS) branches with labour collectives;
- preliminary and regular medical examinations;
- continuous advanced training for employees;
- monthly inspection of permits by Chief Engineer of MPS (EMPS) branches;
- taking measures to hold employees who exercise control in the workplace accountable for poor quality control.

Interaction with business partners on injury prevention and occupational health and safety issues

In case any violations of the occupational health and safety requirements are detected in the course of unannounced inspections of the contractors' teams working at the Company's electric grid complex facilities, a notice shall be sent to the contractor's senior managers with a demand to comply with the Occupational Health and Safety requirements, including any hazardous facilities, indicating any identified violations and the need to take appropriate corrective actions towards the employees having committed such violations. The occupational safety liabilities of the contractors' employees are stated in their job contracts.

In 2019, there were no accidents with employees who are not in the Company's staff whose workflows/workplaces are under the control of the Company.

No violations of occupational health and safety requirements were registered at the production site, which had a high probability of causing serious harm to the health of employees who are not on the Company's staff, whose work processes/ workplaces are under the Company's control and whose activities are covered by the Company's occupational health and safety system.

GRI 403-7 Measures taken to prevent or mitigate significant adverse effects on the health and safety of employees of partner companies associated with the operations, products or services of the Company, as well as related threats and risks: all necessary types of training are carried out in a timely manner, personnel are admitted to the workplace (if there are violations of health and safety requirements, threats to the health and safety of the team (workers) are not allowed to work until they are eliminated).

Environmental Protection and Energy Saving

Environmental Policy

Main directions of the Environmental Policy implementation stipulated in the Programme on implementation of the Federal Grid's Environmental Policy for 2016–2019 are as follows:¹⁰

- compliance with the requirements and norms established by the environmental legislation of the Russian Federation and international legal acts in the field of environmental protection;
- compliance with the standards of permissible environmental impact, established by the environmental legislation of the Russian Federation;
- priority of taking precautionary measures on measures to eliminate environmental damage;
- use of the best available technologies in the production process, ensuring compliance with environmental requirements and minimising the negative impact on the environment;
- limiting the management of production and construction activities in areas of special conservation importance;
- ensuring the conservation of biological diversity;
- phased decommissioning of equipment containing polychlorinated biphenyls and its replacement by environmentally safe equipment;
- management of generated waste products and their environmentally safe handling;
- improvement of environmental management system.

GRI 307-1

Results of external environmental supervision

In 2019, the territorial bodies of Rosprirodnadzor and Rospotrebnadzor carried out 11 inspections of compliance with the requirements of the environmental legislation of the Russian Federation in the branches of PJSC FGC UES — MPS/EMPS on the results of which five prescriptions were issued and five fines in the amount of RUB 417.5 thousand were imposed. In 2019, one correction was implemented; the deadline for the four corrections was set for 2020.

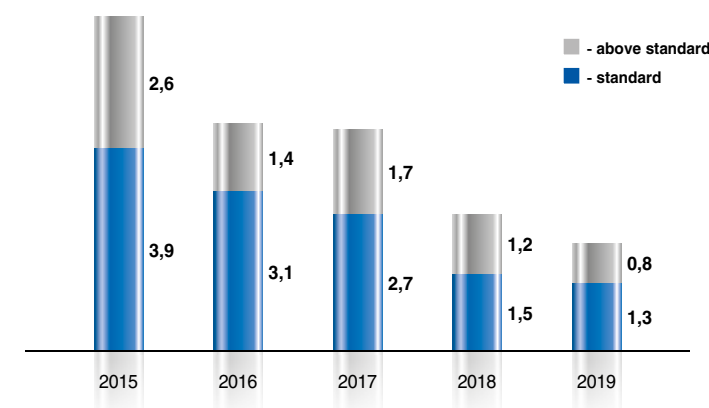
Payments for negative impact on the environment

Reduction of payments for negative impact on the environment is associated with the abolition of charges for emissions of pollutants from mobile sources of emissions, as well as for discharging pollutants into the relief and the absence of payment for the disposal of municipal solid waste by regional operators.

The main reason for the presence of excess fees is waste disposal to landfills that are not included in the state register of waste disposal facilities due to their absence in the areas of the substation location.

¹⁰ In 2019, the Programme for the implementation of environmental policy of PJSC FGC UES for 2020–2024 was developed and approved.

Dynamics of changes in paid volumes for negative environmental in 2015–2019, RUB mln



Results of biodiversity monitoring in National Park Smolny in the Republic of Mordovia

GRI 304-2

In 2009–2019, environmental situation in 500kV OTL areas was controlled in National Park Smolny located within the territory of Nizhegorodskoe EMPS. The objective of monitoring is to assess species diversity, number and distribution of birds within the controlled areas located along electricity transmission lines 500kV Ulyanovskaya-Severnaya and Ulyanovskaya-Yuzhnaya.

The results of observation showed that climatic and phenological fluctuations of seasons (years) are the most important factors impacting the dynamics of surface ecosystems. First of all, these are fluctuations of surface soil humidity and dynamics of grass and bush formations development; cutting and cleaning of young bushes and underwood in some areas of OTL 500kV routes;

fires and resulting long-term plant transformations.

In October 2019, OHL routes 500 kV were cleared mechanically, using heavy equipment. As a result of the works performed, the environmental conditions of plants and animals within the areas where continuous reclamation of the soil layer has been carried out have significantly changed. Changes in the composition of the animal population due to the extinction of herbaceous, bush and tree growth communities on the routes of OHL 500 can be visually assessed taking into account the information accumulated earlier, as part of environmental monitoring in subsequent years.

Quantitative indicators of environmental safety, 2015–2019

	UOM	2015	2016	2017	2018	2019
Gross emission of pollutants to air GRI 305-7						
Total, including:	t	221.1	226.7	182.1	171.1	161.1
solid	t	8.6	9.3	8.3	7.7	7.8
gaseous and liquid	t	212.5	217.3	173.8	163.4	153.2
including:	t					
sulphur dioxide	t	1.6	1.7	1.9	2.1	2.2
carbonic oxide	t	51.1	50.5	49.7	48.8	47.6
nitrogen oxide (re-calculated to NO ₂)	t	7.7	7.9	9.4	10.8	10.9
carbon hydride (without volatile organic compounds)	t	46.3	41.1	23.5	16.8	16.9
volatile organic compounds	t	94.4	103.4	78.1	73.1	62.5
other	t	11.4	12.7	11.2	11.8	13.2
Water consumption GRI 303-1						
Total, including:	ths. m ³	1039.9	901.1	898.3	799.5	744.4
from surface water sources	ths. m ³	74.3	74.7	107.8	73.3	86.6
from underground sources	ths. m ³	529.2	516.7	520.1	481.6	429.8
from centralised water supply systems	ths. m ³	436.4	309.7	263.2	237.9	222.3
from other sources	ths. m ³	17.7	13.2	7.2	6.7	5.7

	UOM	2015	2016	2017	2018	2019
Water discharge GRI 306-1						
Total, including:	ths. m ³	991.9	490.9	432.8	373.8	289.8
into centralised systems	ths. m ³	497.1	415.2	379.0	319.7	241.5
into the terrain	ths. m ³	385.4	–	–	–	–
into surface water bodies, including:	ths. m ³	109.4	75.8	53.8	54.2	48.4
without treatment	ths. m ³	0	0	0	0	0
insufficient treatment	ths. m ³	89.22	46.20	32.30	28.12	14.87
standard treatment	ths. m ³	20.17	29.57	21.52	26.06	33.50
Volumes of wastes generation and approaches to their application GRI 306-2						
Total waste generated, including:	ths. t	13.6	13.1	10.9	9.6	9.4
Hazard class I	ths. t	0.1	0	0.3	0.4	0.0
Hazard class II	ths. t	0	0	0	0	0.0
Hazard class III	ths. t	0.8	0.4	0.3	0.3	0.3
Hazard class IV	ths. t	6.2	5.3	4.7	4.3	4.7
Hazard class V	ths. t	6.5	7.4	5.7	4.6	4.4
Transferred to specialised organisations for decontamination, secondary treatment and recycling	ths. t	6.5	6.3	4.3	3.3	2.3
Transferred to specialised organisations for burial at disposal sites	ths. t	7.2	6.8	6.7	6.3	7.1

Energy efficiency and internal power consumption

2019 energy saving results¹¹:

- Equipping PJSC FGC UES' buildings, constructions, structures with metering devices for water, natural gas, thermal and electric power. Progress: 100%;
- Reduction in specific electric power consumption by substations per 1 conventional equipment item was 4.38%, whereas the target value was 0.5%.
- Reduction in specific electric power consumption by buildings, constructions, structures per 1 square meter was 2.19%, whereas the target value was 3.4%.
- Reduction in specific thermal power consumption by buildings, constructions, structures owned by PJSC FGC UES per 1 m³ of the volume of the above-mentioned premises was 10.1%, whereas the target value was 5.8%.
- Reduction in specific consumption of petrol used by PJSC FGC UES to provide electric power transmission services via UNEG, per 1 km of vehicle mileage was 1.71%, whereas the target value was 0.4%.
- Reduction in specific consumption of diesel fuel used to provide electric power transmission via UNEG, per 1 km of vehicle mileage was 2.18%, whereas the target value was 0.5%.
- LED lighting devices installation as a percentage of the total number of lighting devices (the indicator was introduced in 2017) was 58%, whereas the target value was 50%.

In order to reduce the process costs (losses) of electric power in UNEG, the following activities are carried out in PJSC FGC UES:

- optimisation of circuit and mode parameters in the process of operation and control of the electric grids;

- reduction of electric power consumption for own needs of the substations;
- construction, reconstruction and development of the electric grids, and commissioning of energy saving equipment (loss reduction has a concurrent effect).

Measures to reduce consumption of electric and thermal power, resources and POL:

- improving heat insulation of buildings and structures;
- replacement of window structures with energy efficient ones (dome and ribbon windows);
- replacement of old lamps with new energy-saving ones (mainly LED);
- installation of a lighting control system (installation of motion and presence sensors);
- replacing the old doors, entrance units and gates with new energy efficient ones;
- modernisation of heating, ventilation and air-conditioning systems;
- installation of reflective shields behind the heating appliances;
- control of operation modes of heating units;
- optimising operation of heating, air-conditioning, lighting of the buildings, and disconnecting of office equipment, electric appliances with the appointment of responsible persons;
- technical control of operation of vehicles (alignment of wheels, tyre pressure control, replacement of oil, filters, spark plugs, injection of fuel nozzles, etc.);
- adjustment of fuel consumption rates;
- purchasing of the injection engine test benches;
- optimising traffic routes, educating personnel, and, when possible, priority loading with minimum specific fuel consumption.

¹¹ Planned target values are defined by the FAS of Russia.

GRI 302-1

Amount of energy resources used in FGC in 2019

The amount of energy resources used in FGC in 2019 was 600,833.1 GJ.

In addition, power consumption for own needs of the substations amounted to 916,109.79 thousand kWh (3,301,568.1 GJ).

No.	Types of resources	UOM	Target 2019	Actual 2019	Deviation, %
1.	Nuclear energy ⁽¹⁾	In physical terms	–	–	–
		In monetary terms	–	–	–
2.	Thermal energy in administrative buildings	In TFOE	5,572.50	5,325.82	–4.43
		In physical terms	37.5 thousand Gcal	35.84 thousand Gcal	–4.43
		In monetary terms ⁽²⁾	57,061.88 RUB thousand, excl. VAT	54,657.81 RUB thousand, excl. VAT	–4.21
3.	Electric energy in administrative buildings powered from third-party sources	In TFOE	3,692.31	3,786.36	2.55
		In physical terms	30,018.77 ths. kWh	30,783.38 ths. kWh	2.55
		In monetary terms ⁽²⁾	128,180.15 RUB thousand, excl. VAT	130,982.23 RUB thousand, excl. VAT	2.19
4.	Electromagnetic energy ⁽¹⁾	In physical terms	–	–	–
		In monetary terms	–	–	–
5.	Oil ⁽¹⁾	In physical terms	–	–	–
		In monetary terms	–	–	–
6.	Gasoline for cars	In TFOE	6,927.56	5,285.89	–23.7
		In physical terms	6,504.75 thousand l	4,963.28 thousand l	–23.7
		In monetary terms ⁽²⁾	237,813.66 RUB thousand, excl. VAT	187,385.48 RUB thousand, excl. VAT	–21.2
7.	Diesel fuel	In TFOE	7,030.35	6,108.18	–13.1
		In physical terms	6,060.65 ths. l	5,265.67 ths. l	–13.1
		In monetary terms ⁽²⁾	233,456.24 RUB thousand, excl. VAT	208,728.57 RUB thousand, excl. VAT	–10.6
8.	Heating oil ⁽¹⁾	In physical terms	–	–	–
		In monetary terms	–	–	–
9.	Natural gas ⁽¹⁾	In physical terms	–	–	–
		In monetary terms	–	–	–
10.	Coal ⁽¹⁾	In physical terms	–	–	–
		In monetary terms	–	–	–
11.	Oil shale ⁽¹⁾	In physical terms	–	–	–
		In monetary terms	–	–	–
12.	Peat ⁽¹⁾	In physical terms	–	–	–
		In monetary terms	–	–	–
13.	Other ⁽¹⁾	In physical terms	–	–	–
		In monetary terms	–	–	–

The base year is the previous year from the reporting year in accordance with Order of the Federal Tariff Service of Russia No. 508-e of 26 March 2014 On Establishing Requirements for the Programme for Energy Saving and Improving the Energy Efficiency of PJSC FGC UES for 2015–2017 (respectively, the base year for 2019 is 2018).

⁽¹⁾ The resource is not used in FGC and in accordance with order of the FAS of Russia No. 508-e of 26 March 2014 is not a resource in respect of which target indicators are set.

⁽²⁾ The value in monetary terms is indicated from the calculation of the average cost of an energy resource per year.

Contribution to the development of the regions of the Company's presence

Payments to budget and extrabudgetary funds

Name of tax (contribution to the extrabudgetary fund)	Amount of transferred taxes, RUB ths.	Tax, RUB ths.	Penalties and fines, RUB ths.
	2019	2019	2019
Federal taxes and levies			
VAT	18,554,533	18,546,613	7,920
PIT	2,916,411	2,915,975	436
Profit tax	8,424,835	8,405,431	19,404
Profit tax on foreign income	–	–	–
Water tax	333	332	1
State duty	67,107	67,107	
Payments for emissions of harmful substances into the environment	2,275	2,275	
Regional taxes			
Profit tax			
Property tax	13,388,817	13,313,860	74,957
Transport tax	35,519	35,514	5
Local taxes and levies			
Land tax	56,943	56,937	6
Extrabudgetary funds			
Pension Fund of Russia	4,498,361	4,498,342	19
Social Insurance Fund	312,061	312,058	3
Federal Compulsory Medical Insurance Fund	1,157,426	1,157,425	1
Social Accident Insurance Fund	62,464	62,462	2
Total	49,477,085	49,374,331	102,754

Stakeholder Engagement

Participation in congresses and exhibitions

February

The Company delegation took part in the Russian Investment Forum. Chairman of the Management Board of PJSC FGC UES A. Murov participated in the meeting of Chairman of the Government of the Russian Federation D. Medvedev with representatives of business circles. At the forum, a Cooperation Agreement was signed with JSC «Russian Copper Company», aimed at securing agreements and coordination of the parties' interaction on the development of power grid infrastructure, ensuring reliable power supply to the facilities of JSC «Russian Copper Company».

May

The Company's delegation took part in the St. Petersburg International Economic Forum. Chairman of the Management Board of PJSC FGC UES A. Murov attended the plenary session and spoke at the session «Digital infrastructure: a challenge

or an opportunity?» At the forum, an Agreement on Cooperation with PJSC SIBUR Holding was signed. The purpose of the Agreement is to coordinate activities aimed at developing the power grid infrastructure, ensuring implementation of the power grid facilities construction project aimed at ensuring reliable power supply to PJSC SIBUR Holding facilities and developing the power grid complex in the regions where PJSC SIBUR Holding facilities operate.

The delegation of the Company participated in the Second Russian-Chinese Energy Business Forum held under the auspices of the Presidential Commission of the Russian Federation for Strategic Development of the Fuel and Energy Sector and Environmental Security. Within the «Electric Power Engineering» section, the Chairman of the Board of PJSC FGC UES A. Murov made a report «Prospects of scientific and technical exchange, mutual recognition and joint testing of equipment».

September

The Company's delegation took part in the business programme events of the Eastern Economic Forum, including the plenary session.

September – October

Rosseti FGC UES participated in the All-Russian energy saving festival Brighter Together (#ВместеЯрче). The Company's branches took part in the activities of regional steering committees of the Brighter Together festival, events were held in the constituent entities of Russia and information support of the festival was provided.

October

The Company delegation took part in the Russian Energy Week, an international forum on energy efficiency and energy develop-

ment. Chairman of the Management Board of PJSC FGC UES A. Murov attended the plenary session with the participation of the President of the Russian Federation V. Putin, the All-Russian conference on winterisation arrangements for the period of 2019/2020. With the support of Rosseti FGC UES and RNC CIGRE, a panel session «Trajectory of Energy Systems Development: Global View» was organised, where A. Murov acted as a moderator.

November

The Company delegation took part in the main energy exhibition — European Utility Week, held in Paris (France). During the visit, the Company's representatives got acquainted with advanced innovative solutions in the field of generation, transmission and distribution of electricity.

Scientific and technical cooperation with the Russian National Committee of CIGRE

Since 2015, Chairman of the Board of PJSC FGC UES A. Murov has been the Head of the Russian National Committee of CIGRE (RNC CIGRE).

Currently, RNC CIGRE is the largest in Europe in terms of the number of participants. In 2018, the Russian delegation was the 6th largest (after France, Germany, Japan, USA and UK) at the 47th CIGRE Session in Paris and included more than 150 experts.

In 2019, a report conference was organised to widely inform the Russian professional energy community about the outcomes of the 47th CIGRE Session. The event was held in the Scientific and Technical Centre of Rosseti FGC UES (JSC NTC FGC UES), attended by the representatives of the leading scientific and technical partners of Rosseti FGC UES and RNC CIGRE: JSC SO UES, National Research Institute MPEI, PJSC Inter RAO, JSC RTSOFT, as well as PJSC Rosseti, PJSC Rosneft Oil Company, PJSC Transneft, JSC RZD, manufacturers of electrical equipment, and industry specialists. The guest of the conference was Sun Yanhong, Head of the Shenyang Transformer Research Institute (China).

One of the main topics of the event was digitalisation — in particular, practical cases of implementing end-to-end digital technologies in the energy sector, the development of production in Russia of globally competitive electrical products, the prospects of using solutions in the field of machine learning and artificial intelligence, energy storage systems for demand management, and the use of the blockchain technology as the basis for the future system of decentralised data exchange between consumers.

The conference also included a poster session of Russian reports at the 47th Session of CIGRE, including reports from the RNC CIGRE Youth Section, and an exhibition of participants of the Technical Exhibition of the 47th Session of CIGRE.

The event was attended by more than 250 experts (the share of RNC CIGRE members out of the total number of participants was 41%), more than 300 unique users watched the online broadcast.

During the 47th Session, the activities of the RNC CIGRE Youth Section were recognised as the largest in the world. Each year about 5 thousand students and young specialists take part in the activities under the programme.

In 2019, the main tasks of the RNC CIGRE Youth Section were to coordinate all youth activities of the 48th CIGRE Session, and to cooperate with the IEEE in joint conferences.

In addition, members of the youth community participated in the CIGRE SC D2 International Colloquium in Chengdu, PRC. Furthermore, interaction with national research committees (subcommittees) of RNC CIGRE, universities and young scientists expanded, and new partner universities joined the programme.

On the basis of the joint order of PJSC FGC UES and RNC CIGRE No. 345 of 30 September 2019, and in accordance with the section on international activities of the Innovative Development Programme of PJSC FGC UES for 2016–2020 with a prospect to 2025 (approved by the Board of Directors of PJSC FGC UES, Minutes No. 37 of 7 June 2017), several events were held to develop international scientific and engineering exchange in the industry, as well as to implement Order of the Ministry of Energy of Russia (Minutes No. 1 of 25 March 2019):

- meeting of the representatives of the CIGRE management with the most active participants of the RNC CIGRE Youth Section.
- The meeting was attended by the most active participants of the RNC CIGRE Youth Section, including students of the National Research Institute MPEI, Ural Federal University named after the first President of Russia Boris Yeltsin, Nizhny Novgorod State Technical University named after R.E. Alekseev, Novosibirsk State Technical University, North-Caucasus Federal University and Samara State Technical University.
- The CIGRE management received questions from the participants of the meeting, as well as from the RNC website, the social networks of the Youth Section and the information partners. The key topics were digitalisation, cybersecurity, sustainable development of electric power industry, including environmental issues. In addition, the ideas and proposals of the meeting participants to promote CIGRE among young people were discussed;
- the plenary session «Power Systems Development Trajectory: A Global View» within the Russian Energy Week International Forum.
- The main topics of the discussion were digitalisation, substitution of traditional generation with renewable energy sources (RES), and complication of market structure. The session participants noted that the trends that have emerged in the industry are often in clear contradiction with each other. In particular, the role of distributed generation and RES is growing, but the constant change in the load structure makes the operation of power grids at all voltage levels difficult and makes it difficult to plan their devel-

opment. Replication of digital solutions in the industry requires increased attention to the problem of cybersecurity.

- Deputy Minister of Energy of Russia Yu. Manevich, General Director of PJSC Rosseti P. Livinsky, Head of NP Market Council M. Bystrov, the management of JSC SO UES, PJSC Inter RAO, E&Y and CIGRE management — Head of the Technical Committee M. Shechtman (Brazil), General Secretary F. Adam, Head of the United Kingdom National Committee A. Middleton, and others spoke at the session. The discussion was moderated by A. Murov, Chairman of the Management Board of PJSC FGC UES;
- A. Middleton, Head of the CIGRE UK National Committee attended the Youth Day #ВместеЯрче (Brighter Together) of the Russian Energy Week International Forum.
- The final of the reports contest on the topics of the 48th CIGRE Session was held. The authors of the best works will be considered as candidates for participation in the CIGRE session in 2020 in Paris. The contest is held according to the plan of joint work of FGC and the System Operator on the basis of the RNC CIGRE Youth Section activities;
- meetings and side events in Saint Petersburg with the participation of representatives from the CIGRE supreme governing bodies:
 - meetings of the CIGRE Steering Committee and Technical Committee.
 Strategic issues of the organisation management and global industry development trends were discussed. Preparations for the 48th CIGRE Session to be held in Paris in 2020 were

also a key topic. The event was attended by the heads of the CIGRE supreme governing bodies, including the President of the Association R. Stephen;

- Russia Day under a joint meeting of the Steering Committee and the Technical Committee of CIGRE.

- Within the framework of the thematic block, representatives of the Scientific and Technical Centre of Rosseti FGC UES (JSC NTC FGC UES) made a report «Review of the features of the power system of Russia, trends, challenges, new technologies», JSC SO UES made a report «Features of the power system of Russia», NP Market Council made a report «On the development of market mechanisms in Russia», as well as the leader of RNC CIGRE on KPI for 2017–2018, representative of the RNC CIGRE Youth Section, made a report «On best practices and work plans for the 48th CIGRE Session»;
- technical visits.

Participants of the joint meeting of the Steering Committee and the Technical Committee made two visits to the Rosseti FGC UES 330 kV Vasileostrovskaya SS, which is part of the Saint Petersburg Power Ring.

The facility is equipped with the latest power and switchgear equipment, including 330 and 110 kV gas insulated switchgear. In 2017, Vasileostrovskaya became one of the first UNEG substations that were switched to remote control.

Cooperation with the Russian Engineering Union

Cooperation with the Russian Engineering Union is carried out within the framework of the Cooperation Agreement signed on 24 May 2018 on the platform of the St. Petersburg International Economic Forum.

In 2019, at the initiative of the Chairman of the Management Board of PJSC FGC UES A. Murov and the Russian Engineering Union, the Commission on the Development and Implementation of Technologies in the Field of Energy Efficiency and Energy Saving was formed.

In May and November, the Commission held several meetings which were attended by the representatives of federal executive bodies, members of the Russian Engineering Union, as well

as the representatives of universities, business community, the scientific and expert communities. Within the meetings of the Commission, such issues were discussed as promotion of energy efficient equipment production, financing tools for energy efficiency projects, training for specialists involved in the field of energy efficiency and energy saving at industrial enterprises, etc.

In 2019, the Company also supported the VIII International Youth Forum «Engineers of the Future». The Company's team took part in the event. Rosseti FGC UES organised an open seminar-discussion on high-temperature superconductivity.

MPS branches of Ural and Volga took part in the initiative of the Russian Engineering Union Week without Turnstiles.

The transition of Rosseti Group to a single brand architecture

In June 2019, the St. Petersburg International Economic Forum presented the Unified Brand Identity Standard of Corporate Identity of PJSC Rosseti and the organisations of the Rosseti Group, approved by the Board of Directors of PJSC Rosseti on 29 April 2019. Since that time all S&A of the main and distributive electric grid complex have transitioned to the single brand-architecture in corporate and marketing communications and have started to use new names containing Rosseti trade mark and a regional or functional binding.



The activities regarding the transition to a single brand architecture were divided into two main stages.

Stage I. After the approval of the Unified Brand Identity Standard by the Board of Directors of PJSC Rosseti, all S&A of the distribution and trunk complex carried out appropriate corporate procedures. Further replacement of corporate elements is carried out as the depreciation period expires, without increasing existing budgets and within the framework of approved business plans.

Stage II. Change of legal names of S&A.

From the late December 2019, the S&A of the distribution complex, which are part of the Rosseti Group, started to change their legal names in accordance with the new brand architecture.

Features of a Single Brand

As of the beginning of 2019, the Russian electric grid complex did not have a single recognisable and understandable name for a wide audience for identification. The trust in Rosseti was distributed among direct subordination entities, each of which individually earned a reputation in its segment, among consumers, shareholders and counterparties. However, the current situation with 15 parallel brands led to confusion and low awareness of people not directly related to the power grid industry. As of the beginning of 2019, Rosseti brand was strongly underrated. In fact, this had a direct impact on the company's quotes in the public capital markets and did not increase the income of the Group's shareholders. The strengthening of corporate identity opened up new opportunities for the prospective growth of the investment attractiveness of the holding.

The introduction of a single ideological platform for all S&A and, as a result, increased recognition of the Rosseti Group will allow to focus the attention of stakeholders and the general public around the world on the activities of the energy holding under the auspices of a single authoritative brand. Large-scale rebranding will provide an opportunity for prospective growth of the invest-

ment attractiveness of the Company as a whole, its capitalisation and loyalty. The results of the transformation will bring the company much closer to the stakeholders, and the integral brand will symbolise the unified quality standards of the Rosseti Group throughout Russia.

Rosseti unites 70% of distribution networks and 90% of main transmission network, implements unified approaches to management and development of power network infrastructure of the country, constantly improves quality of rendered services, expanding their list. Working under a single brand strengthens the relationship between the enterprises of the Rosseti Group, making the brand more recognisable in the country and in the industry. It becomes easier and clearer for the consumer to interact with us. The transition to a single name is a part of the systematic process of a large-scale transformation of all the holding's activities.

Chairman of the Board of Directors of PJSC Rosseti,
Chairman of the Board of Directors of PJSC FGC UES

P. Livinsky

The renaming of S&A will not entail any changes in the structure or staff composition of the companies. Moreover, the full-fledged building of communication on the basis of a single brand, together with initiatives of Rosseti, aimed at popularisation of the electric power industry, will significantly improve the reputation of the energy worker and attract promising staff. Thanks to the transi-

tion to a single brand architecture, each employee of the Company will be able to feel a part of a large 220 thousand staff, regardless of their territorial attachment and will be involved in solving common tasks for the entire energy holding. A united team of energy workers, sharing common goals, will be able to achieve even more significant results.

Corporate governance Board Committees

List of Meeting Minutes of the Audit Committee: No. 88 of 18 February 2019, No. 89 of 25 March 2019, No. 90 of 1 April 2019, No. 91 of 3 April 2019, No. 92 of 4 April 2019, No. 93 of 25 April 2019, No. 94 of 26 April 2019, No. 95 of 29 April 2019, No. 96 of 31 May 2019, No. 97 of 7 June 2019, No. 98 of 21 June 2019, No. 99 of 25 June 2019, No. 100 of 16 July 2019, No. 101 of 19 September 2019, No. 102 of 22 October 2019, No. 103 of 25 October 2019, No. 104 of 8 November 2019, No. 105 of 19 November 2019, No. 106 of 22 November 2019, No. 107 of 11 December 2019, No. 108 of 27 October 2019, No. 109 of 27 October 2019.

The activities and functions of the Audit Committee are governed by the Regulations on the Audit Committee of the Board of Directors of PJSC FGC UES, approved by the resolution of the Board of Directors of 16 November 2015¹².

List of Meeting Minutes of HR and Remuneration Committee: No. 59 of 1 March 2019, No. 60 of 27 March 2019, No. 61 of 20 June 2019, No. 62 of 25 June 2019, No. 63 of 18 July 2019, No. 64 of 17 September 2019, No. 65 of 20 September 2019, No. 66 of 15 October 2019, No. 67 of 22 October 2019, No. 68 of 20 November 2019, No. 69 of 24 December 2019.

The HR and Remuneration Committee's activities and functions are governed by the Regulations on the HR and Remuneration Committee of the Board of Directors of PJSC FGC UES, a revised version of which was approved by the Board of Directors of PJSC FGC UES on 3 October 2016¹³.

The list of Meeting Minutes of Strategy Committee: No. 80 of 28 January 2019, No. 81 of 25 March 2019, No. 82 of 28 March 2019, No. 83 of 16 May 2019, No. 84 of 24 May 2019, No. 85 of 27 June 2019, No. 86 of 25 June 2019, No. 87 of 30 August 2019, No. 88 of 27 September 2019, No. 89 of 31 October 2019, No. 90 of 16 October 2019, No. 91 of 5 November 2019, No. 92 of 3 December 2019, No. 93 of 9 December 2019, No. 94 of 30 December 2019.

The activities and functions of the Strategy Committee are governed by the Regulations on the Strategy Committee of the Board of Directors of PJSC FGC UES, a revised version of which was approved by the Board of Directors of PJSC FGC UES on 12 July 2016¹⁴.

List of Meeting Minutes of the Investment Committee: No. 99 of 5 February 2019, No. 100 of 18 February 2019, No. 101 of 2 April 2019, No. 102 of 2 April 2019, No. 103 of 8 April 2019, No. 104 of 29 April 2019, No. 105 of 25 June 2019, No. 106 of 25 June 2019, No. 107 of 23 August 2019, No. 108 of 28 August 2019, No. 109 of 27 September 2019, No. 110 of 27 September 2019, No. 111 of 24 October 2019, No. 112 of 25 November 2019, No. 113 of 16 December 2019, No. 114 of 27 December 2019, No. 115 of 30 December 2019.

The committee's activities and functions are governed by the Regulations on the Investment Committee of the Board of Directors of PJSC FGC UES, a revised version of which was approved by the Board of Directors on 23 March 2018¹⁵.

¹² Minutes No. 291 dated 19 November 2015.

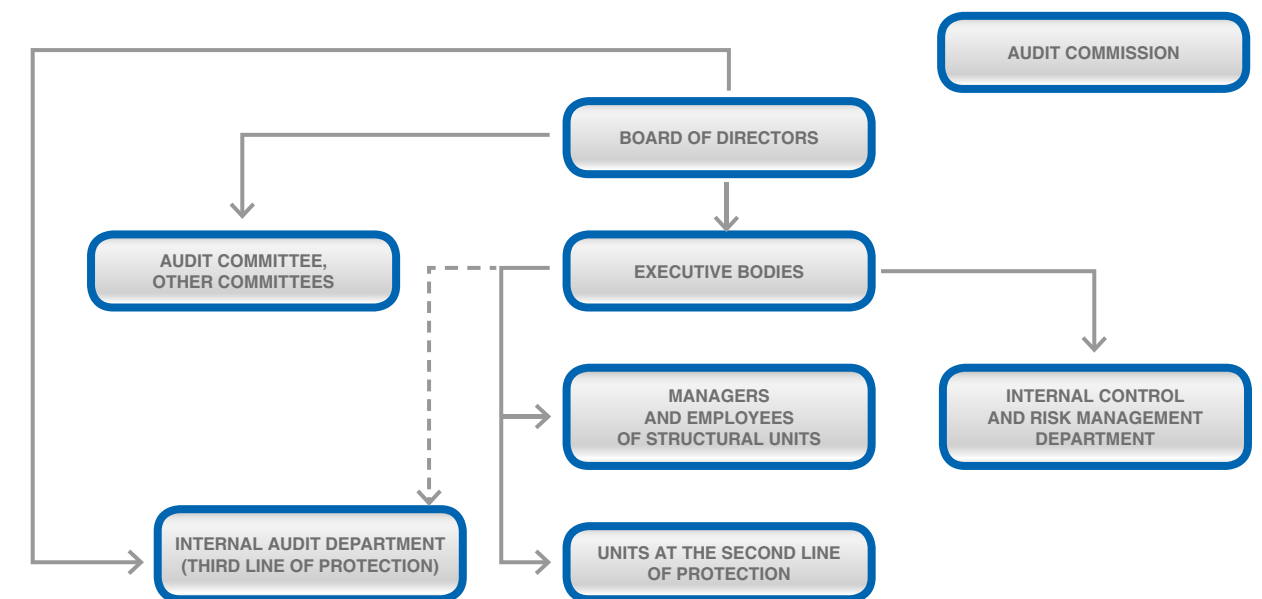
¹³ Minutes No. 341 dated 5 October 2016.

¹⁴ Minutes No. 331 dated 15 July 2016 given the version of Minutes No. 395 dated 26 March 2018.

¹⁵ Minutes No. 331 dated 15 July 2016 given the version of Minutes No. 395 dated 26 March 2018.

Internal control system

Participants of the Internal Control System (ICS)



Functions of ICS Participants

Member name	Core functions in the internal control system
First line of protection	
Board of Directors	<ul style="list-style-type: none"> determines the principles of and approaches to the Company's internal control system arrangement, including approval of internal documents of the Company, stating the internal control system structure, and criteria for the internal control system efficiency assessment; supervises the activities of the Company's executive bodies in the main (priority) areas of operations; annually review reports of the Chairman and members of the Management Board on the Company's internal control system functioning; annually reviews the Internal Auditor's reports on the internal control system efficiency; reviews the results of the external independent audits of the internal control system efficiency.
Audit Committee of the Board of Directors	<ul style="list-style-type: none"> preliminary reviews internal documents defining the internal control system organisation and its efficiency criteria before their approval by the Company's Board of Directors; preliminary reviews the report of the Chairman of the Management Board and members of the Management Board on the internal control system functioning, the internal auditor's report on ICS efficiency, as well as information on the results of the external independent ICS efficiency audit prior to their consideration by the Board of Directors of the Company; reviews issues related to monitoring the Company's accounting (financial) statements accuracy, selecting an external auditor and performing the external audits, ensuring compliance with the regulatory legal requirements, and considering issues related to the analysis and assessment of implementation of the Regulations on internal control system.
Other committees of the Board of Directors (HR and Remuneration Committee, Strategy Committee, Investments Committee)	<ul style="list-style-type: none"> monitor implementation of the set financial and operating indicators, monitor the compliance with applicable legislation, performance of rules and procedures set by local regulations, and monitor the reliability and timeliness of the Company's reporting.

Member name	Core functions in the internal control system
Audit Commission	<ul style="list-style-type: none"> Confirms validity of data stated in the Annual Report, and the annual accounting (financial) statements of the Company; analyses financial standing of the Company, identifies reserves for improving its financial standing, makes recommendations to the governance bodies; conducts inspections (audits) of the Company's financial and economic activities.
Executive bodies of the Company (Management Board, Chairman of the Management Board)	<ul style="list-style-type: none"> Ensure the establishment and effective functioning of the ICS; ensure implementation of the resolutions of the Board of Directors in terms of the internal control arrangements.
The Company's Management Board	<ul style="list-style-type: none"> Ensures that reports of the Chairman and members of the Management Board on the ICS functioning are submitted for consideration to the meeting of the Company's Board of Directors upon preliminary review by the Audit Committee of the Company's Board of Directors; reviews the results of the external independent and internal assessment of the ICS efficiency, ICS development and improvement measures.
Chairman of the Company's Management Board	<ul style="list-style-type: none"> Adopts regulatory and methodological documents of the Company on development and functioning of the ICS, except for the documents that shall be approved by the Company's Board of Directors; ensures implementation of the Company's performance plans required to achieve its targets; arranges accounting records maintenance and management accounting, issue accounting (financial) and other statements; submits to the Company's Board of Directors consideration any reports on the financial and economic activities of the Company and on the arrangement and functioning of the Company's ICS.
Heads of units and structural subdivisions of the Company	<ul style="list-style-type: none"> Responsible for the internal control system development, documentation, implementation, monitoring and improvement in the functional areas of the Company's operations, whereof the responsibility for arrangement and coordination/implementation is assigned to them by the Company's regulatory documents/provisions on structural subdivisions, including: <ul style="list-style-type: none"> ensuring implementation of the internal control principles; arranging the efficient processes (activities), including development and implementation of new or changing the existing monitoring procedures, taking into account the identified risks; assessment of the monitored processes (activity areas) to optimise their efficiency and meet the changing conditions of external and internal environment, ensuring their regulation, and developing proposals to improve the control procedures; arranging implementation of the control procedures; arranging assessment (monitoring) of the control procedures implementation; eliminating any drawbacks identified in the control procedures and processes (activity areas).
Employees of the Company's structural subdivisions, implementing control procedures in virtue of their official duties	<ul style="list-style-type: none"> Execute control procedures; ensure that line managers are duly informed of the cases when the execution of control procedures has become impossible and/or on any changes in the design of control procedures in response to the changes of internal and/or external business environment of the Company; submit to the line managers consideration any proposals on the control procedures implementation in respective activity areas.
Second line of protection	
Legal Department	Monitors the Company's compliance with the applicable legal requirements by conducting legal expertise and coordination in accordance with the procedure established by the Company's regulatory and administrative documents, drafts agreements and contracts, drafts regulatory and administrative documents, drafts decisions of the Company's management bodies, drafts powers of attorney to represent the Company's interests to any third parties, drafts applications, letters, appeals, complaints sent on behalf of the Company to legislative and executive authorities, judicial authorities, law enforcement agencies, and monitors and informs the Company's senior managers on the adopted regulatory legal acts of the Russian Federation having any significant impact on the Company's activities, minimising the risks of non-compliance with the applicable legal requirements and the Company's interests.

Member name	Core functions in the internal control system
Corporate and Strategic Management Department	Monitors compliance of decisions taken by the Company's executive bodies with the legislation of the Russian Federation, Company standards, regulatory and administrative documents of the Company, and the Company's interests, minimising the risks of non-compliance with the requirements of corporate legislation and internal regulatory documents.
Department for Security and Anti-Corruption Policy ¹⁶	Arranges and carries out inspection activities to establish the causes of any economic and reputation damage to interests of the Company and its subsidiaries and affiliates, agency checks on receipt of any information about possible abusive activities of any officials of the Company and its subsidiaries and affiliates, including the hotline reports.
Department of Business Administration	Supervises execution of instructions stated in the Company's Management Board records, Company orders, minutes of meetings and directions of the Chairman of the Management Board of the Company, minimising the risks associated with the late fulfilment of any important tasks.
Centre of Technical Supervision of PJSC Rosseti	Carries out under the contract with PJSC FGC UES: <ul style="list-style-type: none"> selective technical supervision of the condition and level of performance of the existing facilities of the electric grid complex; monitoring of the operational and process management arrangements; monitoring of the production process safety level (labour protection; fire, industrial and environmental safety); monitoring of implementation of the operational and system-wide measures intended for the prevention of fires, breakdowns and accidents; monitoring of completeness and timeliness of execution of the Company's accident-prevention documentation and regulatory and administrative documents, minimising the risks of non-compliance with the applicable legal requirements and the Regulations on a Uniform technological policy in the electric grid complex, as well as any risks associated with violation of production process safety, emergence of fires, breakdowns and accidents.
Internal Control and Risk Management Department	<ul style="list-style-type: none"> Coordinates the internal control processes; develops methodological documents in the area of internal control; arranges and carries out training of the Company's employees in terms of internal control; monitors issues of the ICS arrangement and functioning; prepares and presents to the Company's executive bodies any information on the ICS arrangement and functioning; ensures the implementation of the Company's Anti-Corruption Policy, introduction and monitoring of the implementation of Anti-Corruption Policies in the Company's subsidiaries and affiliates; arranges and carries out anti-corruption procedures in the Company; develops and ensures updating of the regulatory and administrative documents aimed at prevention (avoidance) of corruption; arranges and carries out activities laying the groundwork of anti-corruption behaviour and animus toward corruption among employees; ensures work of the Company's Central Commission on compliance with the corporate ethics code and conflict of interest management; submits reports to the Federal agencies of executive authority in accordance with the requirements of the Normative Legal Acts of the Russian Federation in terms of disclosure of information on the counterparties chain of ownership, ensuring efficiency and transparency of the Company's activities; carries out daily monitoring of the Company's counterparties until complete performance of their contractual obligations in respect of any information on their insolvency (bankruptcy), liquidation, striking off the State Register (Uniform State Register of Legal Entities); carries out monitoring and control of bankruptcy and liquidation procedures of counterparties, analysis of implementation of relevant procedures, analysis of information on the progress of cases and bankruptcy procedures, decisions taken by meetings of creditors and creditor committees and actions of insolvency officers, preparation of proposals to protect the Company's interests in connection with liquidation (bankruptcy) of any counterparties, striking off the Uniform State Register of Legal Entities, including development of alternatives to minimise the Company's risks.

¹⁶ Formerly — The Anti-Corruption and Economic Security Department (Order No. 5 as of 15 January 2020 «On the organisational structure of the Executive Office of PJSC FGC UES»).

Member name	Core functions in the internal control system
Internal Control and Risk Management Department	<ul style="list-style-type: none"> ● maintains a unified register of the Company's contractors, including the Company's branches, subsidiaries and affiliates undergoing any bankruptcy and liquidation procedures; ● coordinates the activities of the Company's structural subdivisions in order to represent and protect interests of the Company as a creditor in any cases of bankruptcy and liquidation of counterparties; ● selects any professional bodies of insolvency officers to nominate an insolvency officer for any bankruptcy proceedings; ● ensures preparation of conclusions on evidence of any signs of fictitious or deliberate bankruptcy of organisations, carry out express analyses of legal entities; ● interacts with insolvency officers, winding-up committees (liquidators), creditors, law enforcement agencies and other persons in connection with any insolvency (bankruptcy), liquidation, striking off the Uniform State Register of Legal Entities.
Third line of protection	
Internal Audit Department	<ul style="list-style-type: none"> ● Following the results of internal audit develops recommendations for improving control procedures, individual components (elements) of internal control and ICS; ● conducts independent internal assessment of the internal control system efficiency and issues recommendations for improving efficiency and effectiveness of ICS.

Risk management system

KEY PRINCIPLES OF RMS

- continuity and integrity;
- goal orientation;
- integration into management;
- balance between risks and profitability;
- indeterminacy;
- consistency;
- quality of information;
- interest and leadership;
- assignment of risk management responsibility;
- efficiency;
- cross-functional networking;
- reasonable confidence;
- adaptability;
- continuous improvement.

THE MAIN PARTICIPANTS OF RMS ARE

- The Board of Directors;
- The Audit Committee of the Board of Directors;
- executive bodies (Chairman of the Management Board, Management Board);
- Internal Control and Risk Management Department;
- Internal Audit Department;
- risk owners;
- risk management executives.

Regulatory framework for RMS functioning in the Company

The Company has the following regulatory documents regarding risk management:

- Regulation of the risk management system of PJSC FGC UES¹⁷;
- The procedure for identifying risks in PJSC FGC UES¹⁸;
- Recommendations on how to assess the effectiveness of risk management measures¹⁹;
- The list of owners of key operational risks²⁰;
- The Methodological Recommendations for the Assessment of Corruption Risks in PJSC FGC UES²¹;
- The updated List of Corruption Risks of PJSC FGC UES²²;
- List of corruption risk owners²³.

Internal audit

Regulation on internal audit activities in the Company

The Company approved the following documents regulating the internal audit activities:

- Regulation on the Internal Audit Department of PJSC FGC UES, approved by the Chairman of the Management Board of PJSC FGC UES on 4 October 2017;
- Guidelines for conducting internal audits of PJSC FGC UES, approved by the order of PJSC FGC UES No. 261 of 6 July 2017 (approved by the Audit Committee of the Board of Directors of PJSC FGC UES (Minutes No. 62 of 30 May 2017));
- Internal audits quality guarantee and improvement programme of PJSC FGC UES, approved by the Board of Directors of PJSC FGC UES on 11 December 2017 (Appendix 3 to Meeting Minutes No. 383 of the Board of Directors of PJSC FGC UES of 14 December 2017);
- Rules of interaction of the Internal Audit Department with structural subdivisions and branches of PJSC FGC UES in the course of inspections and monitoring of the corrective action plans implementation, approved by Order of PJSC FGC UES No. 120 of 22 March 2017;
- Guidelines for monitoring the corrective action plans implementation to eliminate violations and shortcomings identified subsequent to the results of internal audits, approved by Order of PJSC FGC UES No. 97 of 13 March 2017;
- Instruction on the generation and use of the Unified Classifier of Violations and Shortcomings, approved by Order of PJSC FGC UES No. 97 of 13 March 2017;
- Guidelines for planning the Internal Audit Department activities, approved by Order of PJSC FGC UES No. 98 of 13 March 2017;
- Guidelines for preparation of reports on implementation of the plan of activities and performance results of the Department of Internal Audit of PJSC FGC UES, approved by Order of PJSC FGC UES No. 488 of 22 November 2017;
- Code of Ethics of Internal Auditors of PJSC FGC UES approved by Order of PJSC FGC UES No. 261 of 6 July 2017 (approved by the Audit Committee of the Board of Directors of PJSC FGC UES (Minutes No. 62 of 30 May 2017));
- Internal control and risk management system efficiency assessment standard of PJSC FGC UES, approved by the Board of Directors of PJSC FGC UES (Minutes No. 309 of 29 February 2016);
- Procedure for interaction of the Internal Audit Department of PJSC FGC UES with the internal control system subjects and other interested parties carrying out the internal system control monitoring and assessment in individual areas of activity, and formation of a guarantee administration scheme (the «guarantee card»), approved by Order of PJSC FGC UES No. 510 of 7 December 2017;
- Regulations for recording of inspections of PJSC FGC UES carried out by external control (supervision) bodies, approved by Order of PJSC FGC UES No. 104 of 15 March 2017;
- Regulation on the professional competency profile of the Internal Audit Department officers, approved by Order of PJSC FGC UES No. 303 of 9 August 2018;
- Methods for assessing the corporate governance of PJSC FGC UES, approved by Order of PJSC FGC UES No. 116 as of 11 April 2019.

¹⁷ Resolution of the Board of Directors of 16 November 2015 (Minutes No. 291 of 19 November 2015), new version of the resolution of the Board of Directors of 12 December 2016 (Minutes No. 347 of 13 December 2016).

¹⁸ Order of PJSC FGC UES No. 42 of 8 February 2018.

¹⁹ Order of PJSC FGC UES No. 42 of 8 February 2018.

²⁰ Order of PJSC FGC UES No. 213 of 15 June 2018.

²¹ Order of PJSC FGC UES No. 316 of 24 August 2018.

²² Minutes of the Board of Directors of PJSC FGC UES No. 472 of 14 November 2019.

²³ Order of PJSC FGC UES No. 488 of 27 December 2019.

Information on key decisions, measures aimed at improving the internal audit system, implemented in accordance with resolutions of the Company's Board of Directors

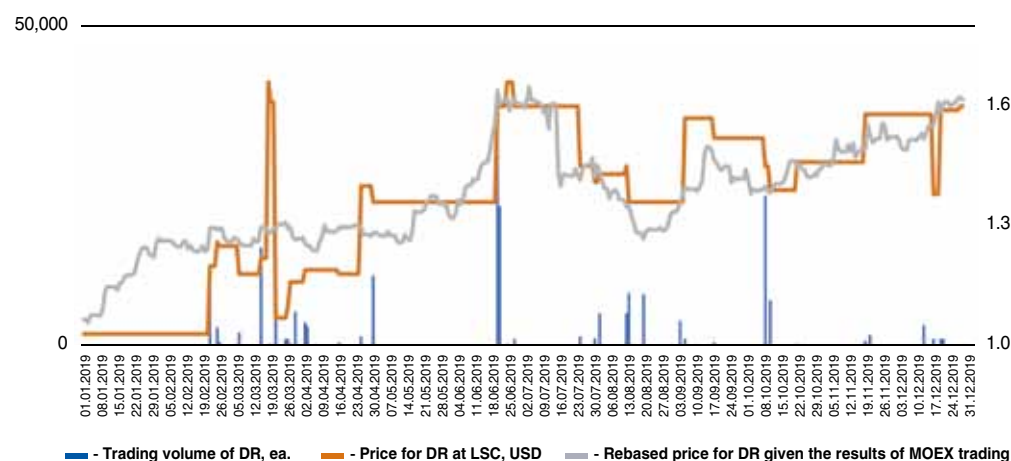
In 2019, the Management Board of PJSC FGC UES approved the Plan of Corporate Governance Development for the Subsidiaries of PJSC FGC UES (Minutes No. 1620 of 28 March 2019), within which the list of measures for the development of corporate governance in the subsidiaries of PJSC FGC UES for 2019–2020 was approved, including in the field of internal audit — establishment of Internal Audit Department in subsidiaries (the list below) with the establishment of functional accountability of the Internal Audit Department to the Board of Directors of subsidiaries and administrative accountability to the sole executive officer of subsidiaries (General Director):

- JSC Mobile GTES;
- JSC NTC FGC UES;
- JSC TslUS UES;
- JSC Electrosetservice UNEG;
- JSC MUS Energetiki;
- IT Energy Service LLC.

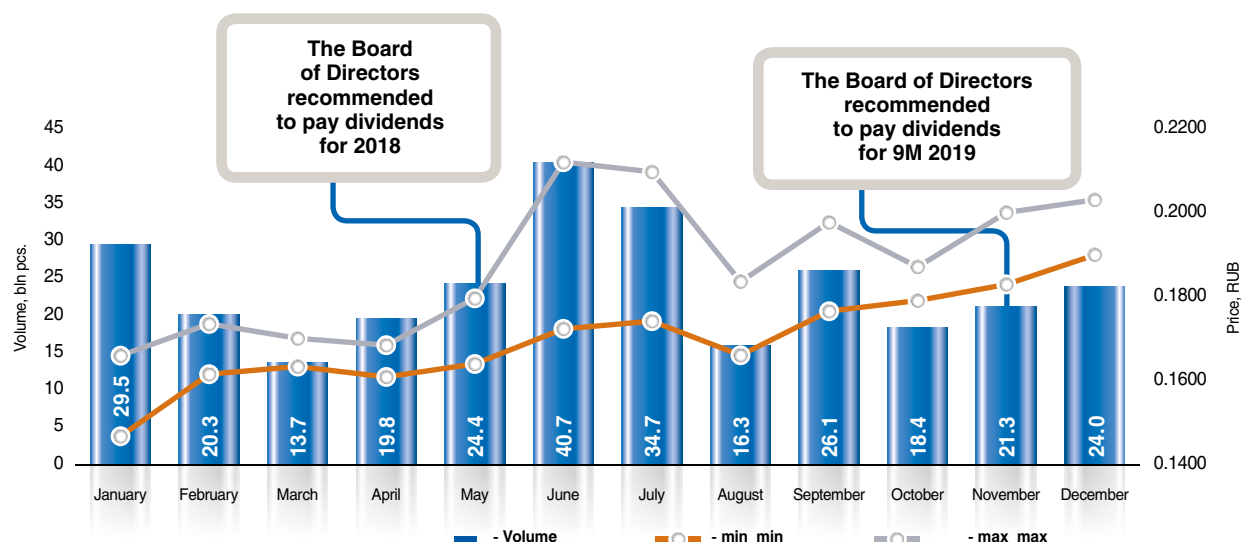
The Internal Audit Department of PJSC FGC UES is responsible for methodological and operational support of the activities of the Internal Audit Departments of PJSC FGC UES.

Market intelligence on the Company's securities

Dynamics of trading volumes and value of depository receipts of PJSC FGC UES at the London Stock Exchange²⁴, 2019



Trading volume, lowest and highest price of one share of PJSC FGC UES per month, main events driving dynamics of the stock value in 2019



²⁴ The DR price quoted is the valuation of 1 GDR through the stock price based on the MOEX trading results (arbitration of the value of receipts). Calculation as per the formula: Price per 1 share on the MOEX/exchange rate USD to RUB with the Central Bank of the Russian Federation x 500 (number of shares in 1 GDR).

APPENDIX 2.

Report of PJSC FGC UES on compliance with principles and recommendations of the Corporate Governance Code approved by the Bank of Russia Board of Directors on 21 March 2014 and recommended for application by the Bank of Russia (Bank of Russia Letter No. 06-52/2463 of 10 April 2014)

REPORT DATE: 30 MARCH 2020.

THIS REPORT WAS CONSIDERED AS PART OF THE PRELIMINARY CONSIDERATION OF THE COMPANY'S ANNUAL REPORT BY THE BOARD OF DIRECTORS OF PJSC FGC UES ON 10 APRIL 2020 (MINUTES No. 497 OF 10 APRIL 2020).

THE BOARD OF DIRECTORS CONFIRMS THAT THE MATERIAL PRESENTED IN THIS REPORT CONTAINS COMPLETE AND ACCURATE INFORMATION ON THE COMPANY'S COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE DURING THE REPORTING PERIOD FROM 1 JANUARY 2019 TO 30 MARCH 2020.

THIS REPORT IS AN APPENDIX TO THE ANNUAL REPORT OF PJSC FGC UES FOR 2019, WHICH DESCRIBES THE MOST SIGNIFICANT ASPECTS OF THE MODEL AND PRACTICE OF CORPORATE GOVERNANCE, AS WELL AS A DESCRIPTION OF THE METHODOLOGY BY WHICH THE COMPANY CONDUCTED AN ASSESSMENT OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE.

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
1.1	The Company shall ensure equal and fair treatment of all shareholders exercising their right to participate in the governance of the Company.			
1.1.1	The Company shall create the most favourable conditions for its shareholders to enable them to participate in the General Meeting and develop reasoned positions on items on its agenda, as well as to provide them with the opportunity to coordinate their actions and express opinions on items discussed.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	1. The Company's internal document approved by the General Meeting of Shareholders and regulating the procedures for holding the General Meeting is publicly available. 2. The Company provides an accessible way to communicate with the community, such as a hotline, a special email address or an Internet forum that enables shareholders to express their opinions and ask questions regarding the agenda when preparing for the General Meeting. The above actions were taken by the Company prior to each General Meeting held in the reporting period.	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
1.1.2	Procedures for sending notice of the General Meeting and provision of the relevant materials shall enable shareholders to get properly prepared for participating therein.	<p>1. The Notice of the upcoming General Meeting was posted (published) on the corporate website at least 30 days prior to the meeting.</p> <p>2. The Notice of the General Meeting specified the exact location of the meeting and documents required for admission to the premises.</p> <p>3. Shareholders had access to the information about the persons who had proposed items on the agenda and nominated candidates to the Board of Directors and the Audit Commission of the Company.</p>	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
1.1.3	During the preparation for and holding of the General Meeting, shareholders shall be able to receive in a freely and timely manner information on the meeting and materials thereto, ask questions to members of the Company's executive bodies and the Board of Directors, and to communicate with each other.	<p>1. In the reporting period, shareholders were enabled to ask questions to members of the Company's executive bodies and the Board of Directors prior to and during the Annual General Meeting.</p> <p>2. Position of the Board of Directors (including any dissenting opinions recorded in the minutes) on each agenda item of the General Meetings held within the reporting period was included in the materials for the General Meeting of Shareholders.</p> <p>3. The Company provided shareholders, entitled thereto, with access to the list of persons entitled to participate in the General Meeting, starting from the date of its receipt by the Company, in all cases of holding general meetings in the reporting period.</p>	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
1.1.4	There shall be no unjustified difficulties preventing shareholders from exercising their right to request for a General Meeting to be convened, nominate candidates to the Company's governing bodies, and to place proposals on its agenda.	<p>1. In the reporting period, shareholders were entitled to propose new items to be included on the agenda of the Annual General Meeting at least 60 days after the end of the respective calendar year.</p> <p>2. In the reporting period, the Company did not refuse to accept proposals for the agenda or candidates to the Company's bodies due to misprints or other insignificant defects in a shareholder's proposal.</p>	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
1.1.5	Each shareholder should be able to freely exercise his right to vote in a straightforward and most convenient way.	1. The Company's internal document (internal policy) includes provisions whereby any participant of the General Meeting may, until the end of the General Meeting, request a copy of the ballot filled by that participant and certified by the Company's counting board.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
1.1.6	Procedures for holding a General Meeting set by the Company shall provide equal opportunity to all persons present at the general meeting to express their opinions and ask questions that might be of interest to them.	<p>1. In the reporting period, when General Meetings of Shareholders were held in the form of a meeting (joint presence of shareholders), sufficient time was provided for reports on agenda items and for further discussion thereof.</p> <p>2. Candidates to the Company's governing and control bodies were available to answer shareholders' questions at the meeting where they were put to the vote.</p>	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
1.1.6		3. When making decisions related to the preparation and holding of the General Meeting of Shareholders, the Board of Directors considered a matter on the use of telecommunications to provide shareholders with remote access to attend the General Meetings held in the reporting period.			
1.2	Shareholders shall have equal and fair opportunity to participate in the Company's profits by means of receiving dividends.				
1.2.1	The Company should develop and put in place a transparent and clear mechanism for determining the amount of dividends and payment thereof.	<p>1. The Company's dividend policy has been developed, approved by the Board of Directors and disclosed.</p> <p>2. If the Company's dividend policy uses criteria from the Company's financial accounts to determine the amount of dividends, the dividend policy shall employ the consolidated financial indicators.</p>	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
1.2.2	The Company shall not make a decision on the dividend payment if such decision, without formally violating limits set by law, is economically unjustified and might lead to false assumptions about the Company's activity.	1. The Company's dividend policy clearly indicates the financial/economic circumstances under which the Company shall not pay dividends.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
1.2.3	The Company should not allow deterioration of dividend rights of its existing shareholders.	1. In the reporting period, the Company did not take any actions leading to the deterioration of dividend rights of the existing shareholders.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
1.2.4	The Company shall strive to rule out any ways through which its shareholders can obtain any profit or gain at the Company's expense other than dividends and liquidation value.	1. To eliminate other methods for shareholders to obtain profit (income) at the Company's expense, other than dividends and liquidation value, the Company's internal documents establish controls that ensure the timely identification and procedure for the approval of transactions with persons affiliated (related) with substantial shareholders (persons entitled to dispose of the votes attached to voting shares), where the law does not formally recognise such transactions as related-party transactions.	<input type="checkbox"/> observed <input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed	<p>1. Partially not observed.</p> <p>The Company's internal documents do not provide for controls that ensure the timely identification and procedure for the approval of transactions with persons affiliated (related) with substantial shareholders (persons entitled to dispose of the votes attached to voting shares), where the law does not formally recognise such transactions as related-party transactions. The Company's substantial shareholders are PJSC Rosseti that holds 80.13% of voting shares, and the Russian Federation represented by the Federal Property Management Agency under the agreement concluded with PJSC Rosseti. The Russian Federation has no affiliated persons. Currently, the legislation is moving along the path of simplifying the related-party transactions procedure, and reducing their total number. Thus, Federal Law No. 343-FZ of 3 July 2016, from 1 January 2017, introduced a new related-party transactions procedure through notification to management bodies members, and also expanded the list of transactions that are not recognised as related-party transactions, including transactions with a price threshold, before the achievement of which the transactions can be made without corporate procedures provided by Chapter XI of Federal Law No. 208-FZ of 26 December 1995 On Joint-Stock Companies.</p>	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
1.2.4				<p>In accordance with these changes and taking into account the Bank of Russia Directive No. 4335-U of 31 March 2017 (regarding the amount of transactions) deals amounting to more than RUB 1 billion between PJSC FGC UES and the controlled entities of PJSC Rosseti in 2019 were related-party transactions and were made in the manner prescribed by the requirements of the legislation of the Russian Federation.</p> <p>In accordance with the corporate procedure, all agreements concluded in the Company shall be preliminary approved, including verification of the information on counterparties under the transactions. The counterparties are also inspected at the stage of procurement procedures.</p> <p>The Company does not currently plan to make any additional amendments to its internal documents in respect of the introducing additional control measures and procedures for the approval of transactions mentioned in this paragraph.</p>	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
1.3	The corporate governance system and practices shall guarantee equal conditions for all shareholders owning shares of the same category (type), including minority shareholders and foreign shareholders, as well as their equal treatment by the Company.				
1.3.1	The Company should create conditions that would enable its governing bodies and controlling persons to treat each shareholder fairly, in particular, which would eliminate the possibility of any abuse of minority shareholders by major shareholders.	1. During the reporting period, the procedures for managing potential conflicts of interest among existing shareholders were efficient, and the Board of Directors paid due attention to conflicts among shareholders, if there were any.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		No conflicts of interests were recorded in the reporting period.
1.3.2	The Company should not take any actions that will or might result in artificial redistribution of corporate control.	1. The Company does not have quasi-treasury shares or they were used in the voting during the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		The Company has quasi-treasury shares but they did not take part in the voting at the Annual General Meeting and the Extraordinary General Meeting of Shareholders in 2018.
1.4	The shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.				
1.4	The shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.	1. The registrar's quality and reliability in maintaining the shareholder register meet the Company's and its shareholders' needs.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.1	The Board of Directors provides strategic governance of the Company, determines the main principles of and approaches to the arrangement of the Company's risk management and internal control systems, supervises the Company's executive bodies, and performs other key functions.				
2.1.1	The Board of Directors should be responsible for making decisions to appoint and remove members of executive bodies, including in connection with their failure to perform their duties properly. The Board of Directors shall also ensure that the Company's executive bodies act in accordance with an approved development strategy and the Company's activities.	<p>1. The Board of Directors has the powers set out in the Articles of Association to appoint and remove members of the executive bodies, as well as determine terms and conditions of contracts to be concluded with them.</p> <p>2. The Board of Directors has considered a report (reports) of the sole executive body and members of the collective executive board on the implementation of the Company's strategy.</p>	<input type="checkbox"/> observed <input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed	1. Partially not observed. According to the Company's Articles of Association, the Board of Directors shall appoint members of the Management Board of PJSC FGC UES, and the General Meeting of Shareholders shall appoint the Chairman of the Management Board. The Company does not plan on amending its Articles of Association with respect to delegating the authority to appoint the Chairman of the	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.1.1				Management Board to the Board of Directors. 2. Observed.	
2.1.2	The Board of Directors shall establish basic long-term targets of the Company's activity, evaluate and approve its key performance indicators and principal business goals, as well as evaluate and approve its strategy and business plans in respect of its core businesses.	1. During the reporting period, the Board of Directors considered matters related to the progress review and updating of the Company's strategy, the approval of its financial and business plan (budget), and the review of criteria and performance indicators (including intermediate) of the Company's strategy and business plan.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.1.3	The Board of Directors shall determine principles of and approaches to the establishment of the Company's risk management and internal control systems.	1. The Board of Directors determined principles of and approaches to the establishment of the Company's risk management and internal control systems. 2. In the reporting period, the Board of Directors reviewed the Company's internal control and risk management systems.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.1.4	The Board of Directors shall determine the Company's policy on remuneration and/or reimbursement of expenses incurred by its Board members, members of its executive bodies and other key managers.	1. The Company has developed and implemented the policy(-ies) approved by the Board of Directors on the remuneration and reimbursement (compensation) of expenses incurred by the Board members, members of its executive bodies and other key managers. 2. During the reporting period, the Board of Directors considered issues related to the above policy(-ies).	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.1.5	The Board of Directors shall play a key role in prevention, detection and resolution of internal conflicts between the Company's bodies, shareholders and employees.	1. The Board of Directors plays a key role in prevention, detection and resolution of internal conflicts. 2. The Company has established a system for identifying transactions involving conflicts of interest and a system of measures aimed at resolving such conflicts.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.1.6	The Board of Directors shall play a key role in ensuring that the Company is transparent, discloses information in full and in a timely manner, and provides its shareholders with easy access to its documents.	1. The Board of Directors has approved the Regulations on the Information Policy. 2. The Company has determined persons responsible for implementing the information policy.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.1.7	The Board of Directors shall monitor the Company's corporate governance practices and play a key role in its material corporate events.	1. During the reporting period, the Board of Directors considered items on the Company's corporate governance practices.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.2	The Board of Directors shall be accountable to the Company's shareholders.				
2.2.1	Information on the Board of Directors' activities shall be disclosed and provided to the shareholders.	1. The Company's annual report for the reporting period includes information on the attendance at meetings of the Board of Directors and its committees. 2. The annual report contains information on the main findings of the Board of Directors' performance evaluation for the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.2.2	The Chairman of the Board of Directors must be available for communication with the Company's shareholders.	1. The Company has a transparent procedure that enables shareholders to submit their questions and positions thereon to the Chairman of the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments	
2.3	The Board of Directors shall be an efficient and professional governing body of the Company capable of making objective and independent judgments and taking decisions in the best interests of the Company and its shareholders.				
2.3.1	<p>Only persons with impeccable business and personal reputation shall be elected to the Board of Directors; such persons shall also have knowledge, skills, and experience required to make decisions that fall within the role and responsibilities of the Board of Directors and to perform its functions efficiently.</p>	<p>1. The procedure for the Board of Directors' performance evaluation adopted in the Company includes, among other things, evaluation of professional skills and experience of the Board members.</p> <p>2. In the reporting period, the Board of Directors (or its Nomination Committee) evaluated candidates to the Board of Directors in terms of their experience, knowledge, business reputation, absence of conflicts of interest, etc.</p>	<p><input type="checkbox"/> observed</p> <p><input checked="" type="checkbox"/> partially observed</p> <p><input type="checkbox"/> not observed</p>	<p>1. Observed. 2. Not observed.</p> <p>In the reporting period, the Board of Directors and/or the HR and Remuneration Committee did not evaluate candidates to the Board of Directors considering the following criteria. The procedure for nominating candidates to the Board of Directors of the Company is regulated by Regulation of the Government of the Russian Federation No. 738 of 3 December 2004. Taking into account the legal status of the Company (PJSC FGC UES is included in the special list approved by Order of the Government of the Russian Federation No. 91-r of 23 January 2003), candidates to the Board of Directors are nominated in accordance with the Order of the Government of the Russian Federation. The candidates to the Board of Directors are selected and evaluated by the Federal Property Management Agency Committee on selection of independent directors and representatives of the interests of the Russian Federation for governing and control bodies of joint-stock companies considering suggestions of the Russian Ministry of Energy and PJSC FGC UES; the candidates are preliminary surveyed and evaluated in terms of their experience, knowledge, business reputation, absence of conflicts of interest, etc.</p>	

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments	
2.3.1			In 2019, candidates for the Board of Directors of PJSC FGC UES were nominated by Order of the Government of the Russian Federation No. 384-r of 7 March 2019. The Company does not plan to implement this recommendation in the next reporting periods.		
2.3.2	Board members shall be elected pursuant to a transparent procedure enabling shareholders to obtain information about the respective candidates that is sufficient to get an idea of the candidates' personal and professional qualities.	<p>1. In all cases when a general meeting of shareholders was held during the reporting period, the agenda of which included the election of the Board of Directors, the Company provided shareholders with biographical data of all candidates to the Board of Directors, results of the evaluation of such candidates performed by the Board of Directors (or its Nomination Committee), as well as information on the candidates' compliance with the independence criteria according to the recommendations in paragraphs 102–107 of the Code, and the candidates' written consent to be elected to the Board of Directors.</p>	<p><input type="checkbox"/> observed</p> <p><input checked="" type="checkbox"/> partially observed</p> <p><input type="checkbox"/> not observed</p>	<p>1. Partially not observed.</p> <p>When holding the Annual General Meeting of Shareholders on 26 June 2019, in the agenda of which the issue of electing members of the Board of Directors was included, no information was provided on the results of the evaluation of such candidates by the Board of Directors or the remuneration Committee. The procedure for nominating candidates to the Board of Directors of the Company is regulated by Regulation of the Government of the Russian Federation No. 738 of 3 December 2004. In 2019, election candidates for the Board of Directors of PJSC FGC UES were nominated by Order of the Government of the Russian Federation No. 384-r of 7 March 2019 as representatives of the Russian Federation and independent directors. The Company does not plan to implement this recommendation in the next reporting periods. Other information on the candidate (biographical data, the consent, the status of an independent director) was presented to the shareholders as part of the materials to the AGM.</p>	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.3.3	The composition of the Board of Directors shall be balanced, in particular, in terms of qualifications, expertise, knowledge and business qualities of its members. The Board of Directors shall enjoy the confidence of shareholders.	1. As part of the Board performance evaluation carried out in the reporting period, the Board of Directors reviewed its own needs in professional expertise, experience and business skills.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.3.4	The number of members of the Company's Board of Directors shall enable the Board to organise its activities in the most efficient way, in particular, to create Board committees, as well as to enable the Company's substantial minority shareholders to elect a candidate to the Board of Directors for whom they would vote.	1. As part of the Board performance evaluation carried out in the reporting period, the Board of Directors considered whether the size of the Board was appropriate in terms of the Company's needs and shareholder interests.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.4	The Board of Directors shall include a sufficient number of independent directors.				
2.4.1	An independent director shall mean any individual who has required professional skills and expertise and is sufficiently able to have his/her own position and make objective and fair judgments, free from the influence of the Company's executive bodies, certain groups of shareholders or other stakeholders. It should be noted that, in normal conditions, a candidate (or an elected director) shall not be deemed independent, if he/she is associated with the company, any of its substantial shareholders, material trading partners or competitors, or the government.	1. During the reporting period, all independent members of the Board of Directors met the independence criteria specified in recommendations 102–107 of the Code or were recognised as such by the decision of the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.4.2	It is recommended to evaluate whether candidates nominated to the Board of Directors meet independence criteria as well as to review, on a regular basis, whether independent Board members meet the independence criteria. When carrying out such evaluation, substance shall take precedence over form.	1. In the reporting period, the Board of Directors (or the Nomination Committee) evaluated the independence of each candidate to the Board and submitted the relevant opinion to shareholders.	<input type="checkbox"/> observed <input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed	1. Not observed. In 2019, the conclusion regarding the independence of candidates to the Board of Directors of the Company was not presented to the shareholders as the status of the candidates to the Board of Directors of the Company is determined by Order of the Government of the Russian Federation No. 384-r of 7 March 2019 on Nomination of Candidates to the Governing and Control Bodies of PJSC FGC UES taking into account the preliminary selection by the Federal Property Management Agency of candidates for management and control bodies of joint-stock companies with participation of a state, representatives of the Moscow Exchange, where the independence of these candidates is also assessed in accordance with recommendations of the Code and the requirements of the Listing Rules of PJSC Moscow Exchange. The Company does not plan to implement this recommendation in the next reporting periods. 2. Observed. 3. Observed.	
2. In reporting period, the Board of Directors (or the Nomination Committee) at least once reviewed the independence of the acting Board of Directors members who the Company specifies in the annual report as independent directors.					
3. Procedures have been developed in the Company that determine necessary actions to be taken by the member of the Board of Directors if he or she stops being independent, including the obligation to notify the Board of Directors in a timely manner.					
2.4.3	At least one third of the elected members of the Board of Directors is made up of independent directors.	1. At least one third of the elected members of the Board of Directors is made up of independent directors.	<input type="checkbox"/> observed <input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed	1. Partially not observed. Independent members of the Board of Directors during the reporting period made up less than 1/3 of the Board of Directors composition of 11 members. To comply with this recommendation of the Code, the number of independent directors in the company shall be more than three (at least four).	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.4.3				<p>Board of Directors of the Company has three independent directors, that corresponds with the listing rules of the Moscow Exchange, which state that the Board has to have at least 1/5, but no less than 3, independent directors.</p> <p>The process of formation of proposals and nomination of candidates for the management bodies of the Company is regulated by Resolution of the Government of the Russian Federation No. 738 On Management of the Federal Ownership of Shares of Joint-stock Companies and the Use of a Special Right to Participate in the Management of Joint-stock Companies ('Gold Share') dated 3 December 2004. Candidates for the Board of Directors of the Company are elected on the basis of the corresponding order of the Government of the Russian Federation. In 2018, election candidates for the Board of Directors of PJSC FGC UES were nominated by Order of the Government of the Russian Federation No. 303-r of 3 March 2018 as representatives of the Russian Federation and independent directors. In 2019, election candidates for the Board of Directors of PJSC FGC UES were nominated by Order of the Government of the Russian Federation No. 384-r of 7 March 2019 as representatives of the Russian Federation and independent directors. The risks associated with the incomplete implementation of the recommendations</p>	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.4.3				of the Code are offset by the effective organisation of the activities of independent directors in the Company. There is no information on the planned increase in the number of nominated independent directors; therefore, there is no plan to increase their number at present.	
2.4.4	Independent directors shall play a key role in preventing internal conflicts in the Company and performing the Company's material corporate actions.	1. Independent directors (who do not have any conflicts of interest) perform a preliminary evaluation of material corporate actions related to a potential conflict of interest, and the findings of such evaluation are submitted to the Board of Directors.	<input type="checkbox"/> observed <input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed	<p>1. Partially not observed.</p> <p>The preliminary evaluation of material corporate actions related to a possible conflict of interest is carried out only within the framework of the analysis of the Board Strategy Committee materials, as well as within the consideration of materials sent to the members of the Board of Directors, by independent directors (who do not have any conflicts of interest). The Company's Articles of Association do not give a definition of material corporate actions. However, the issues mentioned in the Corporate Governance Code relating to material actions are:</p> <ul style="list-style-type: none"> • reorganisation of the Company; • acquisition of 30 or more percent of the voting shares of the Company (takeover); • material transactions made by the Company; • increase or decrease in the authorised capital of the Company; • listing and delisting of the Company's shares, <p>in accordance with the current legislation and the Articles of Association of the Company falls within the remit of the Board of Directors or the General Meeting of Shareholders.</p>	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.4.4				<p>Most of these issues (except for listing and delisting of shares and decrease in the authorised capital) fall within the competence of the Strategy Committee of the Board of Directors.</p> <p>During the reporting period, several material corporate actions were made by persons under the control of the Company from the list of material corporate actions specified in the Code.</p> <p>In all these cases, the independent directors made a preliminary assessment of transactions under consideration of materials sent to the Board of Directors. Therefore, the risks associated with the incomplete implementation of this recommendation of the Code have not been identified.</p> <p>Under the current process of reforming the corporate legislation and the lack of a unified approach to understanding the essence of "material corporate actions", the Company does not currently plan to make any amendments to its internal documents.</p>	
2.5	The Chairperson of the Board of Directors contributes to the most effective implementation of the functions imposed on the Board of Directors.				
2.5.1	The Chairperson of the Board of Directors shall be an independent director; or a senior independent director shall be appointed among the Company's independent directors to coordinate work of the independent directors and to liaise with the Chairperson of the Board.	1. The Chairperson of the Board of Directors is an independent director; or a senior independent director has been appointed among the Company's independent directors.	<input type="checkbox"/> observed <input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed	<p>1. Not observed.</p> <p>The Chairman of the Board of Directors is not an independent director.</p> <p>In accordance with subparagraph D of paragraph 1 of list of instructions of the President of the Russian Federation No. Pr-846 of 2 April 2011, as well as Order of the Government of the Russian Federation No. ISH-P13-26pr of 8 April 2011, professional trustee shall be elected as a Chairperson of the boards of directors of companies with state participation.</p>	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.5.1		2. The function, rights and duties of the Chairperson of the Board of Directors (and, if applicable, the Senior Independent Director) are properly specified in the Company's internal documents.		<p>A directive is issued on the topic of election of the Chairperson of the Board of Directors in accordance with the Decree of the Government of the Russian Federation No. 738 of 3 December 2004.</p> <p>There is no practice of determining a senior independent director in the Board of Directors during the reporting period.</p> <p>At the same time, in 2019, there were amendments to the Corporate Governance Code of PJSC FGC UES (Minutes No. 444 of 25 April 2019) which specify that one senior independent director can be elected out of the independent directors presented in the Company Board of Directors. Senior Independent Director is nominated by independent directors.</p> <p>Thus, the issue on selecting a Senior Independent Director can be solved by independent directors. At present, the absence of the Senior Independent Director does not entail additional risks for the Company and its shareholders.</p> <p>The election of the Chairperson of the Board of Directors will be held in accordance with the directive of the Government of the Russian Federation.</p> <p>2. Соблюдается.</p>	
2.5.2	The Chairperson of the Board of Directors ensures a constructive atmosphere of meetings, free discussion of issues included in the agenda of the meeting, control over the implementation of decisions made by the Board of Directors.	1. The performance of the Chairperson of the Board of Directors was assessed as part of the procedure for evaluating the Board of Directors' effectiveness during the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.5.3	The Chairperson of the Board of Directors shall take the necessary measures to provide members of the Board of Directors with information necessary for making decisions on issues of the agenda in a timely manner.	1. The duty of the Chairperson of the Board of Directors, which is to ensure all Board members are provided with relevant information on the meeting's agenda in a timely manner, is set out in the Company's internal documents.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
2.6 Members of the Board of Directors act in good faith and reasonably in the interests of the Company and its shareholders on the basis of sufficient knowledge with due diligence and discretion.				
2.6.1	Members of the Board of Directors make decisions taking into account all available information, in the absence of a conflict of interest, based on equal treatment of shareholders of the Company, within the framework of ordinary business risk.	1. Internal documents of the Company establish that a member of the Board of Directors is obliged to notify the Board of Directors if he or she has a conflict of interest in relation to any item on the meeting agenda of the Board of Directors or a Board committee, prior to the discussion of the relevant agenda item. 2. The Company's internal documents stipulate that a member of the Board of Directors shall refrain from voting on any item where he or she has a conflict of interest. 3. The Company has established a procedure that allows the Board of Directors to receive professional advice on matters within its competence at the expense of the Company.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
2.6.2	The rights and obligations of the members of the Board of Directors are clearly stated and enshrined in the Company's internal documents.	1. The Company adopted and published an internal document that clearly defines the rights and obligations of members of the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.6.3	Members of the Board of Directors have sufficient time to carry out their duties.	1. Individual attendance at meetings of the Board of Directors and committees, as well as time spent in preparation for participation in meetings, was taken into account as part of the Board of Directors' assessment procedure, during the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
		2. In accordance with internal documents of the Company, members of the Board of Directors are obliged to notify the Board of Directors of their intention to join the management bodies of other organisations (in addition to controlled and affiliated organisations of the Company), as well as of the fact of such appointment.		
2.6.4	All members of the Board of Directors have equal access to documents and information of the Company. Newly elected members of the Board of Directors shall be provided with sufficient information on the Company and the work of the Board of Directors as soon as possible.	1. In accordance with internal documents of the Company, members of the Board of Directors have the right to access documents and make inquiries concerning the Company and its controlled organisations, and executive bodies of the Company are obliged to provide relevant information and documents.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
2.6.4		2. The Company has a formalised programme of orientation events for newly elected members of the Board of Directors.		
2.7 Meetings of the Board of Directors, preparation for them and participation of members of the Board of Directors ensure the effective functioning of the Board of Directors.				
2.7.1	Meetings of the Board of Directors are held as necessary, taking into account the scope of activities and the Company's objectives in a certain period of time.	1. The Board of Directors held at least six meetings during the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.7.2	The internal documents of the Company establish the procedure for preparing and holding meetings of the Board of Directors, providing the members of the Board of Directors with the opportunity to prepare for a meeting properly.	1. The Company approved an internal document defining the procedure of preparation or and holding meetings of the Board of Directors, which, also establishes that the notice of holding the meeting shall be sent, as a rule, at least 5 days in advance.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.7.3	The format of the meeting of the Board of Directors is determined with regards to the importance of the agenda. Most important issues shall be resolved face-to-face.	1. The Company's Articles of Association or internal document provide that the most important items (according to the list in Recommendation 168 of the Code) shall be considered at Board meetings held in person.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.7.4	Decisions on the most important issues related to the Company's business shall be made at a meeting of the Board of Directors by a qualified majority vote or by a majority vote of all elected Board members.	The Company's Articles of Association provides that decisions on the most critical issues outlined in Recommendation 170 of the Code shall be made at a meeting of the Board of Directors by a qualified majority of at least three quarters of votes or by a majority of votes of all elected members of the Board of Directors.	<input type="checkbox"/> observed <input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed	1. Partially not observed. The Company's Articles of Association provides that decisions on the most critical issues outlined in Recommendation 170 of the Code shall be resolved at a meeting of the Board of Directors by a qualified majority of at least three quarters of votes or by a majority of votes of all elected members of the Board of Directors. In accordance with paragraph 18.6 of the Charter, decisions at a meeting of the Company's Board of Directors shall be made by a majority vote of the members of the Board of Directors participating in the meeting, except for cases as required by the law of the Russian Federation or the present Articles of Association. Paragraph 18.8 of the Company's Articles of Association specifies the list of items to be resolved by a two-thirds majority of votes of the Board members participating in the meeting. In particular, the list includes the items, stipulated by paragraph 4	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.7.4				and paragraph 8 of Recommendation 170 of the Code: approval of the Company's material transactions and consideration of material items relating to activities of any legal entities controlled by the Company. In addition, in accordance with the Articles of Association, decisions are made by a two-thirds majority votes of the Board of Directors by the members participating in the meeting on the Company's participation in other organisations and credit policy setting. In 2019, amendments were made into the Corporate Governance Code of PJSC FGC UES (Minutes of the Board of Directors No. 444 of 25 April 2019) which provide that in cases specified by the Company's Articles of Association, decisions on the most critical issues of the Company's activities shall be resolved at a meeting of the Board of Directors by a qualified majority or a majority of votes of all elected members of the Board of Directors. The risks associated with incomplete implementation of the recommendations of the Code are offset by the traditionally high attendance of meetings by Board members, as well as the decision-making procedures adopted by the Company: decisions made by the Board of Directors shall be based on the consensus of all Board members, and key decisions shall be worked out within the scope of the work of the Committees of the Board of Directors. The Company does not currently plan to amend its Articles of Association.	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.8	The Board of Directors establishes committees for preliminary consideration of the most important issues of the Company's activities.				
2.8.1	For the purpose of preliminary consideration of any matters relating to oversight of the Company's business, it is recommended to establish an Audit Committee composed of independent directors.	1. The Board of Directors established an Audit Committee composed of independent directors only.	<input checked="" type="checkbox"/> observed		
		2. The Company's internal documents determine the objectives for the Audit Committee, including those set out by Recommendation 172 of the Code.	<input type="checkbox"/> partially observed		
		3. At least one Audit Committee member, who is an independent director, has an experience and knowledge in preparing, analysing, evaluating, and auditing accounting (financial) statements.	<input type="checkbox"/> not observed		
		4. The Audit Committee meetings were held at least quarterly during the reporting period.			
2.8.2	For the purpose of preliminary consideration of matters related to the development of efficient and transparent remuneration practices, it is recommended to establish a Remuneration Committee composed of independent directors and chaired by an independent director who shall not be the Board Chairperson.	1. The Board of Directors established a Remuneration Committee composed entirely of independent directors.	<input checked="" type="checkbox"/> observed		
		2. The Remuneration Committee is chaired by an independent director who is not the Chairperson of the Board of Directors.	<input type="checkbox"/> partially observed		
		3. The Company's internal documents determine the objectives for the Remuneration Committee, including those set out by Recommendation 180 of the Code.	<input type="checkbox"/> not observed		

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.8.3	For the purpose of preliminary consideration of matters relating to HR planning (succession planning), professional composition and efficiency of the Board of Directors, it is recommended to establish a nomination committee (nominations, HR) with the majority of its members being independent directors.	1. The Board of Directors established a Nomination Committee (or its objectives, set out in Recommendation 186 of the Code, are delivered by another committee), and the majority of its members are independent directors.	<input checked="" type="checkbox"/> observed		
		2. The Company's internal documents determine the objectives for the Nomination Committee (or another committee with the relevant functions), including those set out by Recommendation 186 of the Code.	<input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.8.4	Taking into account the scope of activities and the level of risk of the Company, the Board of Directors is satisfied that the composition of its committees fully meets the objectives of the Company's activities. Additional committees have either been formed or have not been deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget, health, safety and environment committee, etc.).	1. During the reporting period, the Board of Directors of the Company considered the issue of suitability of the composition of its committees for the tasks of the Board of Directors and the objectives of the Company's activities. Additional committees were either established or were not recognised as necessary.	<input checked="" type="checkbox"/> observed		
			<input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.8.5	The composition of the committees shall be determined in such a way that it would allow a comprehensive discussion of considered issues on a preliminary basis with due account of the variety of opinions.	1. Committees of the Board of Directors are headed by independent directors.	<input type="checkbox"/> observed	1. Partially not observed. Three of the four committees — Human Resources and Remuneration, Audit and Investment Committees — are chaired by independent directors. The Strategy Committee is chaired by a member of the Board of Directors who is not an independent director — Pavel Snikkars, Director of the Energy Development Department of the Ministry of Energy of Russia. PJSC FGC UES is a company with tariff regulation and with state participation, included in the list of strategic organisations of Russia, is a subject of natural monopoly.	
		2. Internal documents (policies) of the Company stipulate provisions, according to which non-members of the Audit Committee, Nominations Committee and Remuneration Committee may attend committee meetings only at the invitation of the Chairperson of the concerned committee.	<input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed		

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.8.5				Thus, in view of the competence of the Strategy Committee, it is reasonable to elect a representative of the sectoral ministry as its Chairperson. According to the Regulations on the above Committees, taking into account certain resolutions of the Government of the Russian Federation, these Committees are composed mainly of individuals who are not members of the Board of Directors and provide an independent and thorough discussion of issues and the development of preliminary recommendations to the Board of Directors. Therefore, the risks associated with the incomplete implementation of this recommendation of the Code have not been identified. 2. Observed.	
2.8.6	The Chairpersons of the committees shall inform the Board of Directors and its Chairperson of the work of their committees on a regular basis.	1. During the reporting period, the Chairpersons of the Committees reported on the Committees' work to the Board of Directors on a regular basis.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
2.9	The Board of Directors shall ensure evaluation of its own performance, and that of its Committees and members of the Board.				
2.9.1	The Board of Directors' performance evaluation shall be aimed at determining how efficiently the Board of Directors, its Committees and Board members work and whether their work meets the Company's needs, as well as at making their work more active and identifying areas for improvement.	1. The self-evaluation or external evaluation of the Board of Directors performance conducted during the reporting period included the performance evaluation of the committees, individual directors and the Board as a whole. 2. The results of the self-evaluation or external evaluation of the Board of Directors performance, conducted in the reporting period, were considered at the Board meeting held in praesentia.	<input type="checkbox"/> observed <input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed	1. Observed. 2. Partially observed. The results of the performance evaluation of the Board of Directors conducted during the reporting period were considered at the meeting of the Board of Directors on 29 May 2018, with voting held in absentia (Minutes No. 459 of 18 July 2019). The internal document of the Company — the Regulation on Conducting an Assessment of the Activities of the Board of Directors of PJSC FGC UES, approved by the	

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
2.9.1				decision of the Board of Directors. (Minutes No. 355 of 20 February 2017) — provides that the results of the evaluation shall be considered at the meeting of the Board of Directors held in praesentia. The decision on the form of holding a meeting of the Board of Directors shall be made by the Chairperson of the Board of Directors in compliance with the Regulations on the Board of Directors. When assessing the effectiveness of the Board of Directors in 2020 following 2019, the Company plans to consider the results of the evaluation at the meeting of the Board of Directors.	
2.9.2	Performance evaluation of the Board of Directors, its Committees and Board members shall be conducted on a regular basis, at least once a year. To conduct an independent performance evaluation, it is recommended to involve an outside party (consultant) on a regular basis, at least once every three years.	1. In order to conduct an independent assessment of the performance of the Board of Directors during the last three reporting periods, the Company invited an outside organisation (consultant) at least once.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
3.1	The Company's Corporate Secretary shall be responsible for efficient shareholder engagement, coordination of the company's actions aimed at protecting the shareholder's rights and interests, and support of efficient work of the Board of Directors.				
3.1.1	The Corporate Secretary has the knowledge, experience and qualification sufficient to carry out the duties entrusted to him, an impeccable reputation and enjoys the trust of shareholders.	1. The Company adopted and disclosed an internal document — the Regulations on the Corporate Secretary. 2. The Company's website and annual report provide background information on the corporate secretary with the same level of detail as for members of the Board of Directors and the executive management of the Company.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
3.1.2	The Corporate Secretary shall be independent enough of the Company's executive bodies and be vested with powers and resources required to carry out his/her tasks.	1.The Board of Directors approves the appointment, dismissal and additional remunerations of the corporate secretary.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
4.1	The amount of remuneration paid by the Company is sufficient to attract, motivate and retain persons possessing the necessary expertise and qualifications for the Company. Remuneration to Board of Directors members, members of the executive bodies, and other key managers of the company shall be paid in accordance with a remuneration policy approved by the Company.				
4.1.1	The amount of remuneration paid by the Company to its Board members, executive bodies, and other key managers shall be sufficient to motivate them to work efficiently and enable the Company to attract and retain competent and qualified professionals. At the same time, the Company avoids a higher level of remuneration than necessary, as well as an unjustifiably large gap between remuneration levels of the said persons and employees of the Company.	1. The Company has adopted internal remuneration document(s) — remuneration policy (policies) for Board members, executive bodies and other key managers that clearly defines the approaches to the remuneration of the above individuals.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	The term “other key managers of the Company” is not applied according to the Action Plan (“roadmap”) on introducing the Corporate Governance Code provisions in the Company’s practice approved by the decision of the Board of Directors No. 255 of 12 March 2015.	
4.1.2	The Company’s remuneration policy shall be developed by its Remuneration Committee and approved by the Board of Directors. With the assistance of its Remuneration Committee, the Board of Directors shall monitor the implementation of and compliance with the remuneration policy in the Company and also review and amend it, if necessary.	1. In the reporting period, the Remuneration Committee reviewed the remuneration policy (policies) and the practice of its (their) implementation and, if necessary, submitted the relevant recommendations to the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

	Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
4.1.3	The Company’s remuneration policy contains transparent mechanisms used to determine the amount of remuneration due to Board members, the executive bodies, and other key managers of the Company, as well as to regulate all types of payments, benefits, and privileges provided to any of the above individuals.	1. The policy (policies) of the Company on remuneration contains transparent mechanisms for determining the amount of remuneration due to members of the Board of Directors, executive bodies and other key management bodies employees of the Company, and also regulates all types of payments, benefits and privileges granted to these persons.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		The term «other key managers of the Company» is not applied according to the Action Plan («roadmap») on introducing the Corporate Governance Code provisions in the Company’s practice approved by the decision of the Board of Directors No. 255 of 12 March 2015.
4.1.4	The Company is recommended to develop a policy regarding reimbursement of expenses (compensation), which would contain a list of reimbursable expenses and specify service levels provided to Board members, the executive bodies, and other key managers of the Company. Such a policy may be an integral part of the Company’s remuneration policy.	1. The Company’s remuneration policies (policy) or other internal documents establish(es) the rules on the reimbursement of expenses to members of the Board of Directors, executive bodies and other key managers of the Company.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		The term “other key managers of the Company” is not applied according to the Action Plan (“roadmap”) on introducing the Corporate Governance Code provisions in the Company’s practice approved by the decision of the Board of Directors No. 255 of 12 March 2015.
4.2	The remuneration system of Board members shall ensure aligning of the directors’ financial interests with the long-term financial interests of shareholders.				
4.2.1	A fixed annual remuneration shall be paid to the Board members by the Company. The Company doesn’t pay remuneration for participation in certain Board of Directors’ or its committees’ meetings. The Company doesn’t use any form of short-term incentives and additional financial incentives with regard to Board members.	1. Fixed annual remuneration was the only monetary form of remuneration of Board members for serving on the Board of Directors during the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
4.2.2	Long-term ownership of the Company's shares contributes the most to aligning financial interests of Board members with the long-term interests of the Company's shareholders. At the same time, the Company does not stipulate the right to sell shares by achieving certain performance indicators, and Board members do not participate in option programmes.	<input type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	This criterion is not applicable because the Company's remuneration policy(-ies) or internal document(s) does not provide for granting the Company's shares to Board members.	
4.2.3	The Company does not have any additional remuneration or compensation in case of the early termination of Board members in connection with a takeover of the Company or in other circumstances.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
4.3	The remuneration system for members of the executive bodies and other key managers of the Company provides for the dependence of remuneration on the Company's performance results and their personal contributions to the achievement thereof.			
4.3.1	Remuneration due to members of the executive bodies and other key managers of the Company shall be set in such a way as to ensure a reasonable and justified ratio between its fixed variable portions that is dependent on the Company's performance results and employees' personal (individual) contribution to the achievement thereof. 1. During the reporting period, the annual performance indicators approved by the Board of Directors were used to determine the amount of variable remuneration of members of executive bodies and other key managers of the Company. 2. During the most recent evaluation of the remuneration system for members of the executive bodies and other key managers, the Board of Directors (the Remuneration Committee) made sure the Company applied an efficient ratio of the fixed portion of remuneration to the variable portion. 3. The Company has a procedure for repaying bonuses unlawfully obtained by members of the executive bodies and other key managers.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	The remuneration system for members of the Company's executive bodies is based on the achievement of the approved target values of key performance indicators (KPIs). The Board of Directors reviews the results of the target achievement, and payment of remuneration according to the results achieved is possible only upon the decision made by the Board of Directors to approve the relevant report. Thus, the possibility to get remuneration unlawfully is eliminated.	

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
4.3.2	The Company has put in place a long-term incentive programme for members of the Company's executive bodies and other key managers involving the Company's shares (options or other derivative financial instruments the underlying assets for which are the Company's shares). 1. The Company has put in place a long-term incentive programme for members of the Company's executive bodies and other key managers involving the Company's shares (financial instruments based on the Company's shares). 2. The long-term incentive programme for members of the Company's executive bodies and other key managers implies that the right to sell shares and other financial instruments used under such programme will not arise earlier than three years after their provision. The said right shall be made conditional on the achievement of certain targets by the Company.	<input type="checkbox"/> observed <input type="checkbox"/> partially observed <input checked="" type="checkbox"/> not observed	1. Not observed. 2. Not observed. The Company does not have a long-term incentive programme for members of its executive bodies involving the Company's shares (financial instruments based on the Company's shares). At the same time, the Company uses other tools to motivate its management based on achieving KPIs established by the Board of Directors. It should be noted that achieving a number of indices affects the increase in capitalisation and long-term growth of the Company's shareholder value. The Company is considering the possibility of introducing a long-term incentive programme for members of its executive bodies involving Company's shares (financial instruments based on Company's shares) based on market conditions, state regulation and the policy of PJSC Rosseti regarding this issue.	
4.3.3	The amount of reimbursement (a so-called "golden parachute") payable by the Company in the event of early termination of a member of an executive body or other key manager at the initiative of the Company, provided that there have been no unfair practices on the part of such person, shall not exceed two times the fixed portion of his/her annual remuneration. 1. The amount of reimbursement ("golden parachute") paid by the Company in the event of early termination of a member of an executive body or other key managers at the initiative of the Company, provided that there have been no unfair practices on the part of such person, did not exceed two times the fixed portion of his/her annual remuneration in the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
5.1	The Company has a sound risk management and internal control system aimed at providing reasonable assurance that the Company's goals will be achieved.			
5.1.1	The Board of Directors shall determine principles of and approaches to the establishment of the Company's risk management and internal control system.	1. Functions of various governing bodies and business units at the Company in the risk management and internal control system are clearly defined in the Company's internal documents/relevant policy approved by the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
5.1.2	The Company's executive bodies shall create and maintain an efficient risk management and internal control system in the Company.	1. The Company's executive bodies ensured the distribution of functions and powers related to risk management and internal control among managers (heads) of business units and divisions accountable thereto.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
5.1.3	The Company's risk management and internal control system shall enable one to obtain an objective, fair and clear view of the current position and prospects of the Company, integrity and transparency of its accounts and reports, and reasonableness and acceptability of risks taken by the Company.	1. The Company has approved an anti-corruption policy. 2. The Company has organised an affordable method of informing the Board of Directors or its Audit Committee of any violations of legislation, internal procedures and the Ethics Code of the Company.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
5.1.4	The Board of Directors shall take sufficient measures to ensure that the existing risk management and internal control system of the Company is consistent with the principles of and approaches to its creation as set forth by the Board of Directors and that it operates efficiently.	1. In the reporting year, the Board of Directors or the Audit Committee evaluated the efficiency of the Company's risk management and internal control system. Information on the key findings of such evaluation is included in the Company's annual report.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
5.2	For regular independent review of reliability and effectiveness of the risk management and internal control system and corporate governance practices, the Company arranges for internal audits.			
5.2.1	Internal audits are carried out by a separate structural unit created by the Company or through engaging an independent outside party. The internal audit department shall have separate lines of functional and administrative reporting. Functionally, the internal audit department reports to the Board of Directors.	1. To perform internal audits, the Company has established a separate structural unit that performs internal audits and reports functionally to the Board of Directors, or has engaged an independent outside organisation subject to the same reporting principle.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
5.2.2	The Internal Audit Department evaluates effectiveness of the internal control system and the risk management system, as well as the corporate governance system. The Company applies generally accepted standards of internal auditing.	1. During the reporting period, as part of an internal audit, the effectiveness of the internal control and risk management system was reviewed. 2. The Company applies the generally accepted approaches to internal control and risk management.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
6.1	The Company and its activities shall be transparent for its shareholders, investors and other stakeholders.			
6.1.1	The Company has developed and implemented an information policy enabling the Company to efficiently exchange information with its shareholders, investors and other stakeholders.	1. The Company's Board of Directors has approved an information policy developed in compliance with the Corporate Governance Code recommendations. 2. The Board of Directors (or one of its committees) considered matters related to the Company's compliance with its information policy at least once during the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
6.1.2	The Company shall disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
	1. The Company discloses information on its corporate governance system and the general corporate governance principles applied thereby, including on its corporate website.			
	2. The Company discloses information on the composition of its executive bodies and the Board of Directors, the independence of Board members and their membership in committees of the Board of Directors (as defined in the Code).			
	3. If there is a person who controls the Company, the Company discloses a memorandum from the controlling person concerning the said person's plans for corporate governance in the Company.			
6.2	The Company shall disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.			
6.2.1	The Company shall disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of data disclosed.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	The Company provides disclosures in accordance with the requirements of the Financial Services Authority of the UK. Disclosure of information that the Company considers significant in the Russian Federation and in the UK is synchronous and equivalent.	
	1. The Company's information policy determines the approaches to, and criteria for, determining information that could have a significant influence on the Company's value and its securities, and the procedures that ensure the timely disclosure of such information.			
	2. If the Company's securities are traded in foreign markets, equivalent material information shall be disclosed in the Russian Federation and in such markets simultaneously in the reporting period.			
	3. If foreign investors hold a material share in the Company's capital, the Company shall disclose information in Russian and in a commonly used foreign language in the reporting period.			

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
6.2.2	The Company is advised against using a formalistic approach to information disclosure; it shall disclose material information on its activities, even if disclosure of such information is not required by law.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
	1. In the reporting period, the Company disclosed annual and interim IFRS financial statements. The Company's annual report for the reporting period includes the annual IFRS financial statements with the auditor's statement.			
	2. The Company shall disclose complete information on the Company's capital structure, according to Recommendation 290 of the Code, in the annual report and on the Company's website.			
6.2.3	The Company's annual report, being one of the most important tools for communication with shareholders and other stakeholders, shall contain information enabling one to evaluate the Company's performance for the year.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
	1. The Company's annual report contains the Company's operating and financial highlights.			
	2. The Company's annual report contains information on environmental and social aspects of the Company's operations.			
6.3	The Company shall provide information and documents requested by its shareholders in accordance with the principle of equal and easy access.			
6.3.1	The exercise by the shareholders of their right to access the Company's documents and information should not be unreasonably burdensome.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
	1. The Company's information policy specifies an easy procedure for providing access to shareholders to information, including information on the legal entities controlled by the Company, upon the request of a shareholder.			
6.3.2	When providing information to its shareholders, the Company shall maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the Company is interested in keeping confidentiality of sensitive business information that might have a material impact on its competitiveness.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed		
	1. In the reporting period, the Company did not deny shareholders' requests for information, or such denials were justified.			
	2. In cases specified in the Company's information policy, shareholders are informed of the confidential nature of information and undertake to keep it confidential.			

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
7.1	Any actions which have or may have a material effect on the Company's share capital structure and its financial position and, accordingly, on the position of its shareholders (material corporate actions) shall be taken on fair terms and conditions ensuring that the rights and interests of shareholders as well as other stakeholders are observed.			
7.1.1	<p>Material corporate actions shall be deemed to include reorganisation of the Company, acquisition of 30 or more percent of its voting shares (take-over), entering by the Company into any material transactions, increasing or decreasing its authorised capital, listing and delisting of its shares, as well as other actions which might result in significant changes in rights of its shareholders or violation of their interests. The Company's Articles of Association shall determine the list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions and provide therein that decisions on any such actions shall fall within the matters reserved for the Company's Board of Directors.</p> <p>1. The Company's Articles of Association specify a list of actions and other efforts that constitute material corporate actions, and their determination criteria. Decision-making on material corporate actions falls within the remit of the Board of Directors. Where the taking of these corporate actions is directly referred by law to the remit of the General Meeting of Shareholders, the Board of Directors makes the relevant recommendations to shareholders.</p> <p>2. The Company's Articles of Association classify at least the following as material corporate actions: reorganisation of the Company, acquisition of 30 or more percent of its voting shares (take-over), entering into material transactions, increase or decrease of its authorised capital, listing and delisting of the Company's shares.</p>	<input type="checkbox"/> observed <input checked="" type="checkbox"/> partially observed <input type="checkbox"/> not observed	<p>1. Partially not observed. 2. Partially not observed. The Company's Articles of Association do not give a definition of material corporate actions. However, decision-making on issues related to the material actions specified in Recommendation 303 of the Code (for example: reorganisation of the Company, increasing or decreasing its authorised capital, decision making on the Company's participation in other organisations, decision making on application for delisting of the Company's shares and (or) equity securities convertible into its shares, decision making on approval or subsequent approval of major transactions, approval of other transactions of the Company and its controlled entities) in accordance with the current legislation and the Articles of Association of the Company falls within the remit of the Board of Directors or the General Meeting of Shareholders. When submitting any matters to the shareholders' meeting, including material corporate actions, the Board of Directors provides shareholders with appropriate recommendations. In addition, taking into account the inclusion of PJSC FGC UES in a special list approved by Order of the Government of the Russian Federation No. 91-r of 23 January 2003, as well as the list of strategic organisations approved by Decree of the President of the Russian Federation No. 1009 of 4 August 2004, the most</p>	

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
7.1.1			important material corporate actions are committed by the Company in accordance with the directives of the Government of the Russian Federation, and certain issues (for example, related to changes in the Company's authorised capital) are resolved in accordance with the Decrees of the President of the Russian Federation.	
7.1.2	The Board of Directors shall play a key role in making decisions or developing recommendations related to material corporate actions; for that purpose, it shall rely on opinions of the Company's independent directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	1. The Company has a procedure whereby independent directors declare their position on material corporate actions prior to their approval.	
7.1.3	When taking any material corporate actions which would affect rights or legitimate interests of the Company's shareholders, equal terms and conditions shall be ensured for all of shareholders; if statutory mechanisms designed to protect the shareholder rights prove to be insufficient for that purpose, additional measures shall be taken with a view to protecting the rights and legitimate interests of the Company's shareholders. In such instances, the Company shall not only seek to comply with the legal requirements but shall also be guided by the principles of corporate governance set out in the Code.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	<p>1. The Company's Articles of Association, taking into account the particular features of its business, established lower minimum criteria for classifying the Company's transactions as material corporate actions than stipulated by law.</p> <p>2. During the reporting period all material corporate actions were approved prior to their implementation.</p>	

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
7.2	The Company shall have in place such a procedure for taking any material corporate actions that would enable its shareholders to receive full information on such actions in time and influence them, and that would also guarantee that the shareholder's rights are observed and duly protected in the course of taking such actions.			
7.2.1	Information on material corporate actions shall be disclosed with explanations concerning reasons for, conditions and consequences of such actions.	1. In the reporting period, the Company disclosed information on the Company's material corporate actions in a timely manner and in detail, including the reasons and time frame for taking such actions.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> partially observed <input type="checkbox"/> not observed	
7.2.2	Rules and procedures in relation to material corporate actions taken by the Company shall be set out in its internal documents.	1. The Company's internal documents provide for the procedure for engaging an independent appraiser when determining the value of property to be acquired or disposed of under a major transaction or a related-party transaction. 2. The Company's internal documents provide for the procedure for engaging an independent appraiser for determining a price of the Company's shares, repurchased or redeemed. 3. The Company's internal documents do not provide for an extended list of grounds on which members of the Board of Directors, as well as other persons referred to in the legislation, are deemed to be interested in the Company's transactions.	1. Observed. 2. Observed. 3. Not observed. The Company's internal documents do not provide for an extended list of grounds on which members of the Board of Directors, as well as other persons referred to in the legislation, are deemed to be interested in the Company's transactions. Given the special aspects of activities of the holding structure of PJSC Rosseti, which includes PJSC FGC UES, transactions with legal entities controlled by PJSC FGC UES and transactions with controlling entity of PJSC FGC UES, PJSC Rosseti, and other entities controlled by PJSC Rosseti are deemed to be related-party transactions. Currently, the legislation is moving along the path of simplifying the related-party transactions procedure, and reducing their total number. Thus, Federal Law No. 343-FZ of 3 July 2016, from 1 January 2017, introduced a new related-party transactions procedure through notification to members of management bodies, and also expanded the list of transactions that are not recognised as related-party transactions, including transactions with a price threshold, before which the transactions can be	

Corporate governance principles	Corporate governance principle compliance criteria	Status of compliance with corporate governance principle	Explanations of deviation from corporate governance principles compliance criteria	Comments
7.2.2			made without corporate procedures provided by Chapter XI of Federal Law No. 208-FZ On Joint-Stock Companies, dated 26 December 1995. The expansion of grounds on which members of the Board of Directors and other persons referred to in the legislation are deemed to be interested in the Company's transactions could hinder the activities of the Company due to the increase in the number of related-party transactions. Based on the above, the Company does not see the need to expand the list of grounds on which members of the Board of Directors of the Company and other persons stipulated by the legislation are deemed to be interested in the Company's transactions.	

APPENDIX 3.**Information on the transactions entered into by PJSC FGC UES and its controlled entities****1.1. Information on PJSC FGC UES' transactions in 2019, recognised as major transactions according to Russian legislation**

In 2019, the Company entered into no transactions recognised as major transactions in accordance with the Federal Law On Joint Stock Companies or any other transactions to which the major transaction approval procedure applies pursuant to PJSC FGC UES's Articles of Association.

1.2. Information on PJSC FGC UES' transactions in 2019, recognised as related party transactions according to Russian legislation

Information on the transactions entered into by PJSC FGC UES in 2019, recognised as related party transactions in accordance with the Federal Law On Joint Stock Companies, is specified in the PJSC FGC UES Report on Related Party Transactions in 2019¹, published on the Issuer's web page in the Company card in the Documentation/Other Files section at:

<http://www.e-disclosure.ru/portal/files.aspx?id=379&type=10;>

on the Company's website in the Investors/Disclosure/Information on Transactions Entered Into by PJSC FGC UES and Its Controlled Entities section at:

[https://www.fsk-ees.ru/shareholders_and_investors/disclosure_of_information/svedeniya_o_sushchestvennykh_sdelkakh/.](https://www.fsk-ees.ru/shareholders_and_investors/disclosure_of_information/svedeniya_o_sushchestvennykh_sdelkakh/)

At the same time, the Company has not entered into any transactions (groups of interrelated transactions), recognised as related party transactions in accordance with the Federal Law On Joint Stock Companies, in the amount of 2 or more percent of the book value of PJSC FGC UES' assets.

1.3. Information on the material transactions entered into by PJSC FGC UES and its controlled entities in 2019



Information on the material transactions entered into by PJSC FGC UES and its controlled entities in 2019 is published on the Company's website in the Investors/Disclosure/Information on Transactions Entered Into by PJSC FGC UES and Its Controlled Entities section at:

[https://www.fsk-ees.ru/shareholders_and_investors/disclosure_of_information/svedeniya_o_sushchestvennykh_sdelkakh/.](https://www.fsk-ees.ru/shareholders_and_investors/disclosure_of_information/svedeniya_o_sushchestvennykh_sdelkakh/)

¹ Approved by the resolution of the Board of Directors of PJSC FGC UES (Meeting Minutes No.497 of 10 April 2020).


APPENDIX 4.**Information on the actual performance of instructions of the President and the Russian Government in 2019**

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
1.	DISPOSAL OF NON-CORE ASSETS			
1.1.	Decree of the President of the Russian Federation Instruction of the Russian Government Order of the Russian Government	No. 596 of 7 May 2012 (paragraph 4, subcl. "v", cl. 2) No. ISH-P13-4065 of 7 July 2016 (cl. 1) No. 894-r of 10 May 2017	Ensuring the development and implementation of programmes for disposal of non-core assets	<p>Since 2012, the Company has been carrying out activities to identify and manage non-core assets. The JSC FGC UES Board (an extract from Meeting Minutes of the Board of Directors of JSC FGC UES No. 178 of 16 November 2012) approved the Management Programme for Non-core Assets of JSC FGC UES (hereinafter, the "Management Programme for NA"), and the PJSC FGC UES Board (an extract from Meeting Minutes of the Board of Directors of PJSC FGC UES No. 311 of 14 March 2016) approved the revised Management Programme for NA.</p> <p>Based on Directive of the Russian Government No. 4863p-P13 of 7 July 2016 and the Guidelines on the Identification and Disposal of Non-Core Assets, developed by the Ministry of Economic Development of the Russian Federation in conjunction with the Federal Property Management Agency, PJSC FGC UES developed (and updated) the Programme for Disposal of Non-Core Assets of PJSC FGC UES and its subsidiaries (hereinafter, the "Programme for Disposal of NA"), approved by the PJSC FGC UES Board (an extract from Meeting Minutes of the Board of Directors of PJSC FGC UES No. 350/12 of 28 December 2016).</p> <p>Based on Directive of the Russian Government No. 6604p-P13 of 18 September 2017 and the Resolution of the PJSC FGC UES Board of 22 May 2018 (an extract from Meeting Minutes of the Board of Directors of PJSC FGC UES No. 404/1 of 25 May 2018), the following revised internal documents that regulate the procedure for identifying and selling non-core assets of PJSC FGC UES were approved:</p> <ul style="list-style-type: none"> • Programme for Disposal of Non-Core Assets of PJSC FGC UES and Its Subsidiaries (Programme for Disposal of NA); • Procedure for Organising Sales of Non-Core Assets of PJSC FGC UES and Its Subsidiaries. <p>To improve the efficiency of activities related to the sale of non-core assets and to develop the Programme for Disposal of NA, the Company approved:</p> <ul style="list-style-type: none"> • Order No. 377 of 5 October 2018 On Approval of the Procedure for Gratuitous Transferring (Giving) Non-Core Assets of PJSC FGC UES to the Property of Public Law Entities; • Order No. 555p of 15 November 2018 On Approval of the Methodological Recommendations that regulate the procedure for filling in the form of the Register of Non-Core Assets; • Order No. 348 of 2 October 2019 On Selection of Persons Responsible for the Implementation of the Programme for Disposal of Non-Core Assets of PJSC FGC UES and Its Subsidiaries; • Order No. 399 of 11 November 2019 On Approval of the Procedure for Identifying Non-Core Assets of PJSC FGC UES and Preparing Supporting Materials in order to Form and Update the Register of Non-Core Assets of PJSC FGC UES.

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
1.1.				<p>In accordance with the current Programme for Disposal of NA, the Board of Directors of PJSC FGC UES should:</p> <ul style="list-style-type: none"> • approve the updated Register of Non-Core Assets of PJSC FGC UES at least once a year; • review quarterly reports on progress and results of the programme implementation. <p>Information on the sale of non-core assets is quarterly published on the Interdepartmental Portal for the Management of State Property (Rosimushchestvo); information on the 2019 performance is reflected in full.</p>  <p>Information on the disposal of non-core assets in 2018 is given in Appendix __ herein.</p>
2.	PROCUREMENT OF GOODS, WORKS AND SERVICES			
2.1.	<p>Instruction of the President of the Russian Federation</p> <p>Instruction of the Russian Government</p> <p>Instruction of the Russian Government</p> <p>Instruction of the Russian Government</p>	<p>No. Pr-2821 of 5 December 2014 (subcl. 4, 5, cl. 1)</p> <p>No. DM-P9-87pr of 25 November 2013</p> <p>No. AD-P9-9176 of 12 December 2014</p> <p>No. ISH-P13-1419 of 5 March 2015</p>	<p>Step-by-step substitution of foreign products (works and services) with domestic products (works and services) of similar specification and customer appeal.</p>	<p>PJSC FGC UES's activities in the field of import substitution are in line with the Corporate Plan of Import Substitution for 2017–2020 (Order of PJSC FGC UES No. 494 of 28 November 2017).</p> <p>PJSC FGC UES developed the Corporate Plan of Import Substitution in accordance with the Methodological Recommendations on preparation of corporate import substitution plans by state corporations, state companies and joint-stock companies, the share of the Russian Federation in which exceeds 50%, and organisations who implement investment projects included in the register of investment projects in accordance with decision of the Government Commission on Import Substitution, and approved Order of the Ministry of Economic Development of the Russian Federation No. 219R-AU of 11 August 2016, as well as taking into account the Analytical Report "Assessment of the Potential of Import Substitution, its Main Directions and the Conditions for Their Implementation in the SDCs of PJSC Rosseti until 2019", reviewed by the Management Board of PJSC Rosseti (Minutes No. 386pr of 14 October 2015).</p> <p>The goals and objectives of PJSC FGC UES's Corporate Plan of Import Substitution are aimed at ensuring technological safety of the power grid complex of the Russian Federation and reducing dependence on foreign products, equipment, and technical devices, as well as services/works and software of non-resident companies.</p> <p>By the end of 2019, the share of procurement of domestic electrical equipment in the total volume of PJSC FGC UES's procurement was 89% (based on calculations of the average percentage of costs of each of 20 types of main electrical equipment which is most import-dependent).</p>  <p>Information on the historical dynamics of the relevant indicator can be found in section "Strategic Report/Results of Sustainable Development Activities/Procurement Activities/Import Substitution Programme".</p>


No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
2.2.	<p>Instruction of the Russian Government</p> <p>Meeting Minutes of the Government Commission on the Use of Information Technologies to improve the quality of life and business environment</p>	<p>No. ISH-P13-1872 of 1 April 2016</p> <p>No. 1 of 9 February 2018</p>	<p>Procurement of domestic software necessary for operations of joint-stock companies with the state participation</p> <p>Transition to the preferential use of domestic software in 2018–2021</p>	<p>By the Resolution of the Board of Directors of PJSC FGC UES (Minutes No. 342 of 13 October 2016), amendments were made to the Regulation on Procurement concerning the procurement of domestic competitive software necessary for the Company's operations.</p> <p>As part of the implementation, amendments were made to the Regulation on Procurement of Goods, Works and Services for the Needs of PJSC FGC UES (revision No. 342 of 13 October 2016).</p> <p>The customer's right to establish priorities when purchasing Russian products is stipulated in Section 4.5 of the Unified Procurement Standard of PJSC FGC UES (Regulation on Procurement) (resolution of the Board of Directors, Minutes No. 436 of 29 January 2019).</p> <p>As part of the instruction performance, Letter of PJSC FGC UES No. FR-5925 of 14 October 2017 was sent to S&A.</p> <p>Moreover, in accordance with the Regulation on Procurement, information on the procurement that was not included in the Software Register shall be published on the Company's official site no later than 7 calendar days from the date of publishing of notices and software procurement documentation in the unified procurement information system (www.zakupki.gov.ru) and on specialised websites.</p> <p>As part of compliance with the instruction, relevant amendments were made to the internal documents regulating the procedure for purchasing goods, works and services of the following PJSC FGC UES subsidiaries and affiliates, which carry out procurement activities: JSC TslUS UES, JSC Mobile GTES, JSC MUS Energetiki, JSC NTC FGC UES, JSC ChitaTechEnergo, JSC Electrosetservice UNEG, JSC ESSK UES, IT Energy Service LLC, JSC Kuban Trunk Grids, and JSC Tomsk Trunk Grids.</p> <p>As part of compliance and in accordance with Directive of the Russian Government No. 10068p-P13 of 6 December 2018 (Meeting Minutes No. 445 of 26 April 2019), on 24 April 2019, the Board of Directors discussed the transition of PJSC FGC UES to the preferential use of domestic software, and the following resolution was made:</p> <p>1. Instruct A. Murov, Chairman of the PJSC FGC UES Management Board, to ensure:</p> <p>1.1. Preparation and approval of an action plan of PJSC FGC UES transition to the preferential use of domestic software for 2018–2021 (hereinafter, the "Action Plan for 2018–2021") by the PJSC FGC UES Board and ICT Competence Centre, which includes:</p> <ul style="list-style-type: none"> • appointing an authorised person who is at least the Deputy Chairman of the PJSC FGC UES Management Board, responsible for activities related to PJSC FGC UES transition to the preferential use of domestic software; • deciding on organisational and process measures aimed to facilitate PJSC FGC UES transition to the preferential use of domestic software; • estimating financial resources with indication of terms, volumes and sources of financing to facilitate PJSC FGC UES transition to the preferential use of domestic software; • setting key performance indicators for the transition to the preferential use of domestic software. <p>Term: within 2 months from the date of approval of this resolution.</p>

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
2.2.				<p>1.2. Introduction to PJSC FGC UES's Long-Term Development Programme of measures providing for PJSC FGC UES transition to the preferential use of domestic software as part of import substitution.</p> <p>1.3. Provision to the Ministry of Digital Development, Communications and Mass Media of the Russian Federation of reports on compliance with Directive of the Russian Government No. 10068p-P13 of 6 December 2018 (hereinafter, the "Directive") and implementation of the Action Plan for 2018–2021 in the volume and structure according to the appendices to the Directive on a quarterly basis and no later than the 10th day of a month following the reporting quarter by publishing them on the Interdepartmental Portal for the Management of State Property.</p> <p>1.4. Giving recommendations to the general directors of PJSC FGC UES subsidiaries, the total share of PJSC FGC UES direct and (or) indirect participation in which exceeds 50%, and ensuring that the boards of directors of PJSC FGC UES subsidiaries review specified in the Directive approaches to the transition to the preferential use of domestic software.</p> <p>Pursuant to the PJSC FGC UES Board's recommendations, on 24 April 2019 (Minutes No. 445, cl.4.2 of 26 April 2019), Letter No. DCh/292/450 of 21 May 2019 was sent to PJSC FGC UES subsidiaries, containing recommendations on the preparation and review of the action plans for 2018–2021 in respect of the transition of PJSC FGC UES subsidiaries to the preferential use of domestic software by the boards of directors of PJSC FGC UES subsidiaries.</p> <p>As part of compliance with the instruction and cl. 4.2 of the PJSC FGC UES Board's resolution, the boards of directors of the following PJSC FGC UES subsidiaries reviewed issues related to the transition to the preferential use of domestic software:</p> <ol style="list-style-type: none"> 1) JSC MUS Energetiki: by the resolution of the Board of Directors of JSC MUS Energetiki (Minutes No. 07/19 of 27 June 2019), the General Director of JSC MUS Energetiki was instructed to prepare and approve, in consultation with the Development and Operation Department of PJSC FGC UES, an action plan for 2018–2021 of JSC MUS Energetiki transition to the preferential use of domestic software; and by the resolution of the Board of Directors of JSC MUS Energetiki (Minutes No. 09/19 of 28 August 2019), the action plan for 2018–2021 of JSC MUS Energetiki transition to the preferential use of domestic software was approved. 2) JSC TsiUS UES: by the resolution of the Board of Directors of JSC TsiUS UES (Minutes No. 192 of 10 July 2019), an action plan for 2019–2021 of JSC TsiUS UES transition to the preferential use of domestic software was approved. 3) JSC ESK UES: by the resolution of the Board of Directors of JSC ESK UES (Minutes No. 157 of 3 July 2019), an action plan for 2018–2021 of JSC ESK UES transition to the preferential use of domestic software was approved. 4) JSC ChitaTechEnerg: by the resolution of the Board of Directors of JSC ChitaTechEnerg (Minutes No. 120 of 11 October 2019), an action plan for 2019–2021 of JSC ChitaTechEnerg transition to the preferential use of domestic software was approved.

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
2.2.				<p>5) JSC Electrosetservice UNEG: by the resolution of the Board of Directors of JSC Electrosetservice UNEG (Minutes No. 12 of 19 July 2019), the General Director of JSC Electrosetservice UNEG was instructed to organise the development and approval of an action plan of JSC Electrosetservice UNEG transition to the preferential use of domestic software in 2019–2021; and by the resolution of the Board of Directors of JSC Electrosetservice UNEG (Minutes No. 22 of 20 December 2019), an action plan for 2019–2021 of JSC Electrosetservice UNEG transition to the preferential use of domestic software was approved.</p> <p>6) JSC Kuban Trunk Grids: by the resolution of the Board of Directors of JSC Kuban Trunk Grids (Minutes No. 174 of 8 August 2019), the General Director of JSC Kuban Trunk Grids was instructed to organise the development and approval of an action plan for the Company's transition to the preferential use of domestic software in 2019–2021; and by Order of JSC Kuban Trunk Grids No. 58/1 of 7 October 2019, an action plan for 2019–2021 of JSC Kuban Trunk Grids transition to the preferential use of domestic software was approved.</p> <p>7) JSC Tomsk Trunk Grids: by the resolution of the Board of Directors of JSC Tomsk Trunk Grids (Minutes No. 176 of 29 August 2019), the General Director of JSC Tomsk Trunk Grids was instructed to organise the development and approval of an action plan of the Company's transition to the preferential use of domestic software in 2019–2021; and by Order of JSC Tomsk Trunk Grids No. 118-TMS of 23 October 2019, an action plan for 2019–2021 of JSC Tomsk Trunk Grids transition to the preferential use of domestic software was approved.</p> <p>8) IT Energy Service LLC: by the resolution of the Board of Directors of IT Energy Service LLC (Minutes No. 90 of 31 July 2019, item No. 1), an action plan for 2019–2021 of IT Energy Service LLC transition to the preferential use of domestic software was approved.</p> <p>9) JSC APBE: by the resolution of the Board of Directors of JSC APBE (Minutes No. 35 of 25 December 2019), an action plan for 2019–2021 of JSC APBE transition to the preferential use of domestic software was approved.</p> <p>10) JSC Mobile GTES: by the resolution of the Board of Directors of JSC Mobile GTES (Minutes No. 200 of 12 August 2019), an action plan for 2019–2021 of JSC Mobile GTES transition to the preferential use of domestic software was approved.</p> <p>11) FGC – Asset Management LLC: by the resolution of the Board of Directors of FGC – Asset Management LLC (Minutes No. 28 of 18 December 2019), an action plan of FGC – Asset Management LLC transition to the preferential use of domestic software was approved.</p> <p>12) Index Energetiki — FGC UES LLC (no current economic activities or software).</p> <p>In progress: JSC NTC FGC UES: the issue will be submitted for review by the Board of Directors of JSC NTC FGC UES in Q1 2020.</p> <p> For more details on the Company's procurement activities please refer to section Strategic Report/ Sustainability Results/Procurement Activities.</p>

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No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
2.3.	Instruction of the Russian Government	Of 12 December 2015 No. DM-P9-8413 (cl. 2)	Standardisation of procurement activities	<p>As part of the compliance, Order of PJSC FGC UES No. 278 On Standardisation of Procurement of Certain Types of Goods, Works and Services for the Needs of PJSC FGC UES of 4 August 2016 (as amended in revision No. 472 of 9 November 2017) was approved.</p> <p>By Order No. 278, PJSC FGC UES subsidiaries — procurement initiators — are recommended to approve organisational and administrative documents on the establishment of procurement standards.</p>
2.4.	Minutes of the meeting with the Chairman of the Russian Government	No. DM-P9-38pr (cl. 7) of 14 June 2016	Introduction of amendments to the Company's Procurement Policy in terms of innovative building materials	<p>By the resolution of the Management Board of PJSC FGC UES (Minutes No. 1422 of 2 November 2016), the Board of Directors is recommended to amend the Regulation on Procurement in terms of setting the priority for procurement of domestic innovative building materials.</p> <p>As part of the compliance, amendments were made to the Regulation on Procurement of Goods, Works and Services for the Needs of PJSC FGC UES (revision No. 352 of 9 January 2017).</p> <p>The priority for procurement of domestic innovative building materials is set by clause 4.5.9 of the Unified Procurement Standard of PJSC FGC UES (Regulation on Procurement) (resolution of the Board of Directors, Minutes No. 436 of 29 January 2019).</p> <p>The Chairman of the Management Board was instructed to ensure the introduction of amendments and additions to the subsidiaries' regulations on procurement of goods, works and services.</p> <p>As part of compliance with the instruction, relevant amendments and additions were made to the internal documents that regulate the procedure for procurement of goods, works and services of the following PJSC FGC UES subsidiaries who carry out procurement activities: JSC TsiUS UES, JSC Mobile GTES, JSC MUS Energetiki, JSC NTC FGC UES, JSC Electrosetservice UNEG, JSC ESSK UES, IT Energy Service LLC, JSC Kuban Trunk Grids, and JSC Tomsk Trunk Grids.</p> <p> For more details on the <i>Company's procurement activities please refer to section Strategic Report/Sustainability Results/Procurement Activities.</i></p>

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No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
2.5.	Resolution of the Russian Government	No. 925 of 16 September 2016	Priority of domestic goods, works and services provided by Russian entities in comparison with foreign goods, works and services provided by foreign entities	<p>Making amendments to the internal documents regulating procurement activities, which provide for a priority for purchasing domestic products specified in the appendix to Order of the Russian Ministry of Finance No. 126n as of 4 June 2018 "On conditions of the admission of the goods coming from foreign state or group of foreign states for the purposes of implementation of purchases of goods for ensuring the state and municipal needs".</p> <p>As part of compliance with Resolution of the Russian Government No. 925 of 16 September 2016, amendments were made to the Regulation on Procurement of Goods, Works and Services for the Needs of PJSC FGC UES (revision No. 370 of 7 June 2017).</p> <p>Priority for purchasing domestic products, as well as works and services provided by Russian entities, is set by clause 9.2.8 of the Unified Procurement Standard of PJSC FGC UES (Regulation on Procurement).</p> <p>9.2.8 Under the contract concluded with a procurement participant, who is given priority in accordance with Resolution of the Russian Government No. 925 of 16 September 2016, no substitution with goods of different origin is allowed, except for the cases, when, as a result of such substitution, domestic goods are supplied instead of foreign ones. At the same time, quality and technical and performance characteristics (customer appeal) of such goods shall correspond to the quality and technical and performance characteristics of goods indicated in the contract.</p> <p>In addition, according to the resolution of the PJSC FGC UES Board (an extract from Minutes No. 481/14 of 30 December 2019), the Unified Procurement Standard of PJSC FGC UES (Regulation on Procurement) approved by the resolution of the Board of Directors of PJSC FGC UES (Minutes No. 436 of 29 January 2019) was amended in order to bring PJSC FGC UES's Regulation of Procurement in compliance with the requirements of Directive of the Russian Government No. 9984p-P13 of 1 November 2019, namely 4.5.13 was added:</p> <p>4.5.13. In accordance with Directive of the Russian Government No. 9984p-P13 of 1 November 2019, to set the priority for purchasing domestic products indicated in the appendix to Order of the Ministry of Finance of Russia No. 126n of 4 June 2018 "On conditions of the admission of the goods coming from foreign state or group of foreign states for the purposes of implementation of purchases of goods for ensuring the state and municipal needs" following with Instruction of the Russian Government No. 925 of 16 September 2016 "On priority of goods of the Russian origin, and works and services which are rendered by Russian persons in relation to goods coming from foreign state, and works and services which are rendered by foreign persons."</p>
	Instruction of the Deputy Chairman of the Russian Government	No. DK-P9-81pr (cl. 6) of 13 May 2019	Procurement of domestic products for the implementation of national projects and the comprehensive plan of backbone infrastructure upgrade and expansion	

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No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
2.6.	Decree of the President of the Russian Federation Decree of the President of the Russian Federation	No. 618 of 21 December 2017 No. 204 of 7 May 2018	Development of programmes to improve the quality of procurement management	<p>The Programme to Increase the Quality of PJSC FGC UES Procurement Management was developed and approved by Order of PJSC FGC UES No. 194 of 26 June 2019 in compliance with Directive of the Russian Government No. 1519p-P13 of 20 February 2019 (hereinafter, the "Directive"). Activities were carried out aimed at assessing and advanced training of employees who are not only directly involved in procurement, but also responsible for the formation of PJSC FGC UES's specific requirements, contract execution and payment.</p> <p>According to the resolution of the PJSC FGC UES Board of 18 April 2019 (Minutes of the Board of Directors of PJSC FGC UES No. 443 of 19 April 2019, cl. 1.2.) related to the item "On development of a programme to improve the quality of procurement management", PJSC FGC UES subsidiaries are recommended to initiate meetings of their boards of directors and amend the agenda on the development of programmes to improve the quality of procurement management in line with the Directive.</p> <p>Letter of PJSC FGC UES No. 149/82 of 8 May 2019 recommended PJSC FGC UES subsidiaries to initiate meetings of their boards of directors and amend the agenda on the development of programmes to improve the quality of procurement management in the subsidiaries.</p> <p>The subsidiaries complied with the instruction.</p> <p>The issue related to development of programmes to improve the quality of procurement management in the subsidiaries was considered at the meetings of the boards of directors of the following PJSC FGC UES subsidiaries:</p> <ul style="list-style-type: none"> – JSC Mobile GTES (Minutes No. 198 of 28 June 2019), – JSC Electroservice UNEG (Minutes of the Board No. 11 of 17 July 2019), – JSC MUS Energetiki (Minutes No. 07/19 of 27 June 2019), – JSC Kuban Trunk Grids (Minutes No. 172 of 17 June 2019), – JSC Tomsk Trunk Grids (Minutes No. 174 of 17 June 2019), – IT Energy Service LLC (Minutes No. 89 of 28 June 2019), – JSC TsiUS UES (Minutes No. 191 of 3 July 2019), – JSC ESSK UES (Minutes No. 157 of 3 July 2019), – JSC ChitaTechEnergo (Minutes No. 118 of 24 July 2019), – JSC ENIN (Minutes No. 12 of 10 July 2019), – JSC NTC FGC UES (Minutes No. 10/NTTs of 21 August 2019).
2.7.	Instruction of the President of the Russian Federation Instruction of the Russian Government	No. Pr-2763 of 31 December 2017 (subcl. "v", cl. 1) No. DM-P13-77 of 13 January 2018	Implementation of partnership programmes with SMEs	As part of compliance with Directive of the Russian Government No. 7377p-P13 of 7 December 2013 and the resolution of the JSC FGC UES Board (cl. 2.1.9 of Minutes No. 208 of 30 December 2013), a Partnership Programme was developed following Order of JSC FGC UES No. 92 of 25 February 2014 "On approval of the Partnership Programme between JSC FGC UES and subjects of small and medium business". At present, 102 organisations have joined the Programme.

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1	2	3	4	5
2.8.	Decree of the President of the Russian Federation Federation Instruction of the Russian Government	No. 204 of 7 May 2018 No. DM-P13-1100 of 1 March 2016	Expansion of the practice of factoring usage when supplying goods (carrying out of works and services) under the contract	<p>Introducing amendments to the Regulation on Procurement in part of establishing the possibility of assignment of the right of claim (factoring) when performing contracts concluded between PJSC FGC UES and small or medium-sized business for the supply of goods (carrying out of works and services).</p> <p>As part of compliance with Directive of the Russian Government No. 4111p-P13 of 8 May 2016, amendments were introduced to the Unified Procurement Standard (Regulation on Procurement) (revision No. 465 of 6 September 2019).</p> <p>Factoring usage in the performance of contracts for the supply of goods and carrying out of works (services) is stipulated by clause 9.2.7 of the Unified Procurement Standard of PJSC FGC UES (Regulation on Procurement).</p> <p>9.2.7 When performing contracts for the supply of goods (carrying out of works and services) concluded with SMEs, according to the results of procurement, a supplier (contractor) has the right to assign the right of claim (factoring) in favour of another person (financial agent, factor). If the customer approves additional documents regulating the assignment of the right of claim (factoring), such documents shall comply with this Standard and be published on the customer's website in the Procurement section of the respective subsection, providing for the placement of documents regulating procurement activities of the customer.</p> <p>The subsidiaries' Standards of Procurement (Regulation on Procurement) were amended or revised Standards of Procurement (Regulation on Procurement) were approved, providing for the possibility to apply the assignment of the right of claim (factoring) when performing contracts for the supply of goods (carrying out of works and services) with small or medium business in the following PJSC FGC UES subsidiaries that conduct procurement activities:</p> <ol style="list-style-type: none"> 1) IT Energy Service LLC: by the resolution of the IT Energy Service LLC Board (Minutes No. 89 of 28 June 2019), amendments were introduced to clause 9.2.8 of the Standard of Procurement of IT Energy Service LLC (Regulation on Procurement). 2) JSC ChitaTechEnergo The revised Unified Procurement Standard (Regulation on Procurement) was approved by the JSC ChitaTechEnergo Board (Minutes No. 124 of 9 December 2019). <p>There was no need to introduce amendments, related to the possibility of assignment of the right of claim (factoring) when performing contracts for the supply of goods (carrying out of works and services) with small or medium-sized business, to the previously approved Unified Procurement Standards (Regulation on Procurement) of the following PJSC FGC UES subsidiaries that conduct procurement activities (as they already contain these regulations):</p> <ol style="list-style-type: none"> 1) JSC Mobile GTES: The Unified Procurement Standard (Regulation on Procurement) approved by the JSC Mobile GTES Board (Minutes No. 190 of 25 December 2018) 2) JSC NTC FGC UES: The Unified Procurement Standard (Regulation on Procurement) approved by the JSC NTC FGC UES Board (Minutes No. 17/NTTs of 29 December 2018) 3) JSC TsiUS UES: The Unified Procurement Standard (Regulation on Procurement) approved by the JSC TsiUS UES Board (Minutes No. 178 of 28 December 2018) 4) JSC ESSK UES: The Unified Procurement Standard (Regulation on Procurement) approved by the JSC ESSK UES Board (Minutes No. 152 of 25 December 2018)

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
2.8.				<p>5) JSC Kuban Trunk Grids: The revised Unified Procurement Standard (Regulation on Procurement) approved by the JSC Kuban Trunk Grids Board (Minutes No. 169 of 14 February 2019).</p> <p>6) JSC Tomsk Trunk Grids: The revised Unified Procurement Standard (Regulation on Procurement) approved by the JSC Tomsk Trunk Grids Board (Minutes No. 171 of 14 February 2019).</p> <p>7) JSC APBE: The revised Unified Procurement Standard (Regulation on Procurement) approved by the JSC APBE Board (Minutes No. 30 of 23 April 2019).</p> <p>8) JSC MUS Energetiki: The revised Unified Procurement Standard (Regulation on Procurement) approved by the JSC MUS Energetiki Board (Minutes No. 03/19 of 22 March 2019).</p> <p>9) JSC Electroservice UNEG: The Unified Procurement Standard (Regulation on Procurement) approved by the JSC Electroservice UNEG Board (Minutes No. 22 of 28 December 2018).</p>
2.9.	Instruction of the Russian Government	No. 7923p-P13 of 26 September 2018 (cl. 2)	Annual reporting to the relevant federal executive authorities and the Government of the Russian Federation about the volumes of contracts concluded with defence and industry enterprises for the purchase of civil goods for the fuel and energy complex (carrying out of works and services), not related to a state defence order	<p>Directive of the Russian Government No. 7923p-P13 of 26 September 2018 (hereinafter, the "Directive") was sent with the Rosimushchestvo's Letter No. 05/32761 of 1 October 2018 to PJSC FGC UES.</p> <p>Information on contracts for the procurement of civil goods (works, services) not related to a state defence order concluded between PJSC FGC UES and defence organisations of the Russian Federation in 2019 was prepared.</p> <p>This information was provided to PJSC Rosseti by Letter No. MA/220/127 of 6 February 2020.</p> <p>Information letters to relevant federal executive bodies were prepared.</p>

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1	2	3	4	5
2.10.	Directive of the Russian Government	No. 10464p-P13 of 18 November 2019	Introduction of amendments to the procurement documentation of the Joint Stock Company regulating competitive procedures	<p>Directive of the Russian Government No. 10464p-P13 of 18 November 2019 (hereinafter, the "Directive") was sent with the Rosimushchestvo's Letter No. 11/40530 of 28 November 2019 to PJSC FGC UES.</p> <p>In accordance with the Directive, it is necessary to introduce amendments to the PJSC FGC UES procurement documentation regulating competitive procedures in terms of establishing the possibility of using guarantees of persons affiliated with the following organisations and who participate in procurement as the security of obligations under the contracts with organisations against which foreign countries have imposed restrictive measures and with regard to beneficial owners (the total share of direct and/or indirect participation in such organisation is at least 25 percent) of which restrictive measures have been imposed by foreign countries.</p> <p>Agenda materials No. 15 of 12 December 2019 were sent to the Board of Directors of PJSC FGC UES.</p>
3. STRATEGY DEVELOPMENT AND UPDATING, LONG-TERM PLANNING				
3.1.	Instruction of the President of the Russian Federation	No. Pr-3013 of 27 December 2014	Development and approval of the list of internal documents governing the Company's activities, as well as provision of reports on the progress of long-term development programmes implementation and achievement of approved key performance indicators	<p>Pursuant to cl. 2 of Pr-3013, the following documents were developed and approved by the Company:</p> <ul style="list-style-type: none"> – Regulation on Increasing Investment and Operational Efficiency and Cutting Expenses of PJSC FGC UES (approved by the resolution of the Board of Directors, Minutes No. 312 of 28 March 2016); – Regulation on Internal Audit (approved by the resolution of the Board of Directors, Minutes No. 291 of 19 November 2015); – Regulation on the Risk Management System (approved by the resolution of the Board of Directors, Minutes No. 291 of 19 November 2015, and updated by the resolution of the Board of Directors, Minutes No. 347 of 13 December 2016); – Regulation on the Quality Management System (approved by the resolution of the Board of Directors, Minutes No. 291 of 19 November 2015); – Regulation on the Procedure for Developing and Implementing the Innovative Development Programme (approved by Order of PJSC FGC UES No. 445 of 16 November 2015). <p>Pursuant to cl. 3 of Pr-3013 regarding the provision of reports on the long-term development programmes implementation, according to Minutes of the Board of Directors No. 267 of 25 April 2015, the Chairman of the Company's Management Board was instructed to ensure provision of materials mandatory for the preparation and holding of annual general meetings of shareholders of PJSC FGC UES, reports on the PJSC FGC UES long-term development programme implementation and on the achievement of approved key performance indicators within the term established by Federal Law No. 208-FZ on Joint-Stock Companies of 26 December 1995.</p> <p>Pursuant to cl. 3 of Instruction of the Deputy Chairman of the Government A. Dvorkovich No. AD-P36-4992 of 20 July 2016, a plan for review of quarterly reports on the long-term development programme implementation and achievement of KPIs by PJSC FGC UES at meetings of the Company's Board of Directors was approved by the resolution of the Board of Directors of PJSC FGC UES of 25 October 2017 (an extract from Minutes No. 381/2 of 27 October 2017).</p> <p>The Report on the Long-Term Development Programme Implementation in 2018 was included in the 2019 AGM materials.</p> <p>Currently, reports are being prepared on the achievement of KPIs approved by PJSC FGC UES in 2019 for their inclusion in the 2020 AGM materials.</p> <p> For more details on the Company's key performance indicators refer to section Strategic Report/Market Review, Strategy and KPIs/Key Performance Indicators (KPIs).</p>




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1	2	3	4	5
3.2.	Instruction of the President of the Russian Federation Instruction of the Russian Government	No. Pr-769 (cl. 2) of 26 April 2016 No. AD-P36-4292 of 20 July 2016	Filling in the form for internal documents implementation analysis	According to Rosimushchestvo's Letter No. RB-11/9968 of 20 March 2017, in PJSC FGC UES personal account on the Interdepartmental Portal for Management of State Property, in the prescribed term certain forms were filled in on the analysis of implementation of the Regulation on Increasing Investment and Operational Efficiency and Cutting Expenses, Regulation on the Internal Audit, Regulation on the Quality Management System, Regulation on the Risk Management System, and Regulation on the Procedure for Developing and Implementing the Innovative Development Programme.
3.3.	Instruction of the President of the Russian Federation	No. Pr-3086 of 27 December 2013	Development and approval of the Company's long-term development programme, audit of the long-term development programme implementation, and approval of the auditing standards	<p>On 19 December 2014, the Board of Directors of JSC FGC UES (Minutes No. 243 of 22 December 2014) approved the Long-term Development Programme of JSC FGC UES for 2015–2019 and a forecast until 2030.</p> <p>The Board of Directors of JSC FGC UES (Minutes No. 245 of 31 December 2014) approved the standards for conducting an annual independent audit of the programme implementation, the results of which are sent to the Ministry of Energy of Russia as proposals for appropriate amendment to the programme no later than 10 July of the year following the reporting year.</p> <p>The implementation of the Long-term Development Programme is audited annually: in 2015 according to the results of 2014, in 2016 according to the results of 2015, in 2017 according to the results of 2016, in 2018 according to the results of 2017, in 2019 according to the results of 2018, and in 2020 according to the results of 2019. In June 2019, the resolution of the Strategy Committee of the Board of Directors of PJSC FGC UES (Minutes No. 85 of 25 June 2019) took note of the report of an independent auditor on the results of the audit of the 2018 Report on the Long-Term Development Programme implementation.</p> <p>The Strategy Committee of PJSC FGC UES approved the new edition of the Long-Term Development Programme (Minutes No. 89 of 31 October 2019), developed in compliance with the resolution of the Strategy Committee of the Company's Board of Directors (Minutes No. 51 of 3 August 2017).</p> <p> For more details on the PJSC FGC UES Long-Term Development Programme please refer to section Strategic Report/Market Overview, Strategy and KPIs/Development Strategy.</p>
3.4.	Instruction of the Government of the Russian Federation	No. ISH-P8-6196 of 15 August 2014	Inclusion in the Company's long-term development programme of key parameters of the need for human resources, including engineering and technical specialities	<p>On 19 December 2014, the Board of Directors of JSC FGC UES (Minutes No. 243 of 22 December 2014) approved the Long-term Development Programme of JSC FGC UES for 2015–2019 and a forecast until 2030, including the Need for Human Resources section.</p> <p>The corporate HR policy of PJSC FGC UES is particularly focused on the growth of labour productivity while maintaining the requirements to reliability of operations of the electric grid complex.</p>

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1	2	3	4	5
3.5.	Instruction of the Russian Government Meeting Minutes of the Presidium of the Presidential Council of the Russian Federation on modernisation of economy and innovative development of Russia	No. AD-P36-6296 (cl. 5) of 15 September 2015 No. DM-P36-7563 of 7 November 2015 No. AD-P36-8381 (cl. 1) of 10 December 2015 No. ISH-P13-1925 of 5 April 2018 No. 2 (subcl. "b", cl. 2, section 2) of 17 April 2015	Development of the innovative development programme Innovative development and proposals on the development of state companies' innovative activity indicators Comparison of the technological development level and current key performance indicators of the joint-stock company with those of leading foreign companies who work in the same area	<p>By the resolution of the Board of Directors of PJSC FGC UES (Minutes No. 352 of 9 January 2017), amendments were introduced to the Long-Term Development Programme of PJSC FGC UES approved by the resolution of the Board of Directors of JSC FGC UES of 19 December 2014 (Meeting Minutes of the Board of Directors of JSC FGC UES No. 243 of 22 December 2014), related to the inclusion, starting from 2016, of an integral key indicator Efficiency of Innovation Activity in the list of key performance indicators of the Long-Term Development Programme of PJSC FGC UES.</p> <p>The Efficiency of Innovation Activity indicator is included in the Methodology for Calculating and Evaluating the Achievement of Key Performance Indicators of PJSC FGC UES Top Managers for 2016, approved by the resolution of the Board of Directors of PJSC FGC UES (Minutes No. 354 of 9 February 2017), with a 20% weight.</p> <p>By the resolution of the Board of Directors of PJSC FGC UES (Minutes No. 409 of 8 June 2018), the Chairman of the Management Board of PJSC FGC UES was instructed to ensure the comparison of the technological development level and current key performance indicators of PJSC FGC UES with those of leading foreign companies who work in the same area, and to send the results and amendment proposals in respect of the Innovative Development Programme of PJSC FGC UES for 2016–2020 with a view to 2025 and the Long-Term Development Programme of PJSC FGC UES for 2015–2019 with a forecast to 2030, along with proposals concerning the structure and values of the integral key performance indicator of PJSC FGC UES for 2019 to the Ministry of Economic Development of Russia, no later than 1 November 2018.</p> <p>The reporting materials on the results of comparison were sent by Letter No. KP-6672 of 31 October 2018 to the Ministry of Economic Development of Russia and the Ministry of Energy of Russia.</p> <p>The Board of Directors of PJSC FGC UES approved the report on comparison of the technological development level and the values of key performance indicators of PJSC FGC UES with those of leading foreign companies who work in the same area (Minutes No. 477 of 16 December 2019).</p> <p> For more details on the Company's innovation activities refer to section Strategic Report/Innovative Development.</p> <p> For more details on the Company's key performance indicators refer to section Strategic Report/Market Review, Strategy and KPIs/Key Performance Indicators (KPIs).</p> <p> For more details on the remuneration of the Chairman and members of the Management Board refer to section Report on Corporate Governance/Remuneration for Members of the Board of Directors and Management Bodies/Remuneration for the Chairman and Members of the Management Board.</p>

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1	2	3	4	5
3.6.	Decree of the President of the Russian Federation Instruction of the Russian Government (cl. 38 of the List)	No. 204 of 7 May 2018 No. DM-P13-4513 of 21 July 2018 (cl. 3.7 of the Action Plan for accelerating growth rates of fixed capital investments and raising their share in GDP up to 25%, approved at the meeting of the Russian Government on 12 July 2018 (Minutes No. 20, section I))	Assessment of existence or non-existence of large investment projects being implemented or planned for implementation	Pursuant to Decree of the President of the Russian Federation No. 204 of 7 May 2018 "On assessment of existence or non-existence of large investment projects being implemented or planned for implementation" and Instruction of the Russian Government (cl. 3.7 of the Action Plan for accelerating growth rates...) No. DM-P13-4513 of 21 July 2018, the materials were prepared and sent to the PJSC FGC UES Board of Directors for review (No. 8msd of 5 February 2020).
3.7.	Resolution of the Russian Government	No. 132 of 16 February 2015	Technological and price audit of draft investment programmes and reports on the implementation of investment programmes	<p>In accordance with the resolution of the Board of Directors (Minutes No. 380 of 16 October 2017), approved according to Directive of the Russian Government No. 1752p-P13 of 16 March 2017, starting from 2017, PJSC FGC UES conducts technological and price audits (hereinafter, the "TPA") of draft investment programmes (hereinafter, the "IPs") (draft amendments introduced to the IPs) and reports on their implementation.</p> <p>TPA of draft investment programmes:</p> <ol style="list-style-type: none"> The findings of TPA of IPs' draft amendment were placed as part of the information about the IPs draft amendment for public discussions on the official website of the Ministry of Energy of Russia on 25 February 2019 (published on 28 February 2019). <p>As part of the information on Recommendations to the Board of Directors of PJSC FGC UES related to consideration of PJSC FGC UES's investment programme draft amendment for 2020–2024, the expert organisation submitted a final report for review at the meeting of the Company's Board of Directors on 25 February 2019 (Minutes No. 438 of the Meeting Minutes of the Board of Directors of 26 February 2019).</p> <ol style="list-style-type: none"> The findings of TPA of the IPs draft amendment, that was elaborated based on amendments introduced by federal authorities, was published on the official website of the Ministry of Energy of Russia as part of the elaborated IPs draft amendment of 18 July 2019 (published on 22 July 2019) and 1 August 2019 (published on 5 August 2019). <p>TPA of reports on the investment programmes implementation:</p> <p>The expert organisation's final reports on TPA of reports for Q1, Q2 and Q3 2019 are disclosed on the website of the Federal State Information System at invest.gosuslugi.ru as part of the information about reports on the PJSC FGC UES' IPs implementation for Q2, Q3 and Q4 2019, respectively.</p>


APPENDIX 4.



[INFORMATION ON THE ACTUAL PERFORMANCE OF INSTRUCTIONS OF THE PRESIDENT AND THE RUSSIAN GOVERNMENT IN 2019]

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
3.8.	Instruction of the President of the Russian Federation Instruction of the Russian Government Resolution of the Russian Government Resolution of the Russian Government	No. Pr-1891 (cl. 1) of 17 September 2015 No. DM-P16-6658 (cl. 6) of 30 September 2015 No. 1502 of 27 December 2016 No. 232 of 6 March 2018	Prioritising of financing the socio-economic development of the Far East in the framework of implementation of Russian state programmes and activities of joint-stock companies with state participation, including implementation of their investment programmes	<p>Pursuant to Instruction of the Russian Government No. 3538p-P13 of 25 May 2017, within the framework of the investment programme materials submitted to the Ministry of Energy of Russia and published on the Internet in accordance with Resolution of the Russian Government No. 977 of 1 December 2009 On Investment Programmes of Electric Power Industry Entities, PJSC FGC UES has published an appendix with a list of projects ensuring priority funding to socio-economic development of the Far East.</p> <p>By the resolution of the Board of Directors of PJSC FGC UES (Minutes No. 435 of 17 January 2019), the Chairman of the Management Board of PJSC FGC UES was instructed to ensure the implementation of Resolution of the Russian Government No. 232 of 6 March 2018 regarding the agreement of the procedure for approval of planned and programme and target documents with the Ministry for Development of the Russian Far East and the specified ministry.</p> <p>The procedure for approval of planned and programme and target documents with the Ministry for Development of the Russian Far East has been agreed (Order of PJSC FGC UES No. 43 of 7 February 2019).</p>
3.9.	Decree of the President of the Russian Federation Instruction of the Russian Government	No. 204 of 7 May 2018 No. DM-P134513 of 21 July 2018	Update of the Long-Term Development Programme and submission of audit reports on the LDP Accelerating growth rates of fixed capital investments and raising their share in GDP up to 25 percent	<p>In accordance with the directives of the Russian Government No. 276p-P13 of 17 January 2019, the PJSC FGC UES Board of Directors adopted a resolution (Minutes No. 446 of 29 April 2019), pursuant to which the Company developed a draft of its new Long-Term Development Programme for 2020–2024 (hereinafter referred to as the "LDP"), taking into account the Action Plan for accelerating growth rates of fixed capital investments and raising their share in GDP up to 25 percent, including target indicators by type of economic activity. The draft LDP was reviewed by the Strategy Committee of the PJSC FGC UES Board of Directors (Meeting Minutes of the Strategy Committee No. 89), and approved by the Ministry of Energy of Russia (Letter No. MYu-15495/09 of 20 December 2019), Rosimushchestvo (Letter No. AP-05/4412 of 12 February 2020) and the Ministry of Economic Development of the Russian Federation (Letter No. 6818-MR/D07I of 5 March 2020). Currently it is being reviewed by the Ministry for the Development of the Russian Far East.</p> <p>Each year the auditor's report on the LDP is published on the Interdepartmental Portal of Rosimushchestvo until 1 June. In 2019, the auditor's report on the LDP was sent to the Ministry of Economic Development of the Russian Federation, Rosimushchestvo and the Ministry of Energy of Russia by Letter No. TM-3441 of 28 May 2019.</p>
4.	HR MANAGEMENT			
4.1.	Instruction of the President of the Russian Federation	От 05.12.2014 № Пп-2821	Introduction of a bonus system for the management based on their key performance indicators due to the necessity of reduction of operating expenses (costs) at least by 2–3% per year	<p>In compliance with the instructions of the President of the Russian Federation No. Pr-2821 of 5 December 2014 and Directive of the Russian Government No. 2303p-P13 of 16 April 2015, the Board of Directors instructed (Minutes No. 274 of 25 June 2015) the Chairman of the Company's Management Board to submit the following items for review by the Board of Directors:</p> <ul style="list-style-type: none"> inclusion of target values for OPEX Reduction Indicator into the list of key performance indicators of the Company's management that shall be considered when making decisions related to remuneration and human resources, as well as aligning the achievement of OPEX Reduction Indicator with the remuneration amount to be paid to the Company's management; amendment of the labour agreement (contract) with the Company's CEO with respect to the incorporation of the obligation to achieve the target values of OPEX Reduction Indicator, as specified in the Company's Long-Term Development Programme.

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
4.1.				<p>In accordance with Minutes of the Board of Directors No. 307 of 1 February 2016 on the item:</p> <p>1. Inclusion of the target values for OPEX Reduction Indicator into the list of key performance indicators of the Company's management that shall be considered when making decisions related to remuneration and human resources, as well as aligning the achievement of OPEX (Costs) Reduction Indicator with the remuneration amount to be paid to the Company's management.</p> <p>The following was resolved:</p> <p>1.1. To amend the Methods for Calculation and Evaluation of Key Performance Indicators for JSC FGC UES's Top Managers as approved by the resolution of the Board of Directors of JSC FGC UES of 19 December 2014 (Minutes No. 243 of 22 December 2014), by replacing the existing KPI "Reduction in unit operating expenses" with "Reduction in unit operating expenses (costs)".</p> <p>1.2. To set a target value for the KPI "Reduction in unit operating expenses (costs)" at the level of at least 14.2% as of the end of 2015 against 2014.</p> <p>The indicator of reduction in operating expenses (costs) is also incorporated in the draft methods for calculation and evaluation of KPIs achievement by top managers of PJSC FGC UES in 2016, approved by the resolution of the Board of Directors of PJSC FGC UES (Minutes No. 354 of 9 February 2017), while the target value of the indicator is currently set at the level no less than 10% from the actual value in 2015.</p> <p>In accordance with cl. 4.1, section 4 of the Regulation on Terms and Conditions of Labour Contracts and Remuneration and Compensations For Top Managers of JSC FGC UES, as approved by the resolution of the Board of Directors of JSC FGC UES (Minutes No. 105 of 17 June 2010), "the system of material incentives for the Company's top managers determines how the remuneration amount depends on the achievement of key performance indicators (hereinafter, KPIs) set by the Company's Board of Directors, including those related to the Long-Term Development Programme."</p> <p>In accordance with Minutes of the Board of Directors No. 370 of 13 June 2017, the methods for calculation and evaluation of the KPIs achievement by top managers of PJSC FGC UES, which include the KPI "Reduction in unit operating expenses (costs)" with a target value of $\geq 3.0\%$, were approved.</p> <p>In accordance with Minutes No. 396 of 30 August 2018, the Board of Directors approved target values of key performance indicators for the top management of PJSC FGC UES for 2018. Target value of the KPI "Reduction in unit operating expenses (costs)" was set at a rate of $\geq 2.0\%$. For 2019, the same target value of $\geq 2.0\%$ was set for the KPI "Reduction in unit operating expenses (costs)" (Minutes of the Board of Directors No. 474 of 26 November 2019).</p> <p>The Board of Directors (Minutes No. 480/2 of 27 December 2019) approved the methods for calculation and evaluation of KPIs achievement by top managers of PJSC FGC UES, which are valid since 2020. The "Reduction in unit operating expenses (costs)" KPI with a target value of $\geq 2.0\%$ was included in these methods.</p> <p>Thus, upon the inclusion of OPEX Reduction Indicator in the list of KPIs for the Company's managers, the ratio of its achievement is automatically accounted for in the system of remuneration of the Chairman of the Company's Management Board, i.e. there is no need for any additional amendment to the labour contract signed with the Chairman of the Company's Management Board.</p>

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
4.2.	Instruction of the President of the Russian Federation Instruction of the Russian Government	No. PR-1474 of 5 July 2013 No. ISh-P13-2043 of 27	Use of key performance indicators to evaluate the performance of management. KPIs should be taken into account when making decisions related to salaries and staffing	<p>The procedure for calculating and evaluating KPIs achievement by PJSC FGC UES' top management is based on the Methodological Guidelines for using key performance indicators by government-owned corporations, government-owned companies and government-owned unitary enterprises as well as business entities, in authorised capitals of which the total share of Russia and a constituent entity of the Russian Federation exceeds 50%.</p> <p>The Board of Directors approved the procedures for calculating and evaluating KPIs achievement by the top management of JSC FGC UES for 2014 (Minutes No. 217 of 15 April 2014), and 2015 (Minutes No. 243 of 22 December 2014); of PJSC FGC UES for 2016 (Minutes No. 354 of 9 February 2017), and 2017 (Minutes No. 370 of 13 June 2017).</p> <p>In 2018, PJSC FGC UES operated a quarterly and annual bonus system based on the procedure for calculating and evaluating KPIs achievement by PJSC FGC UES' top management approved by the Board of Directors of PJSC FGC UES (Minutes No. 370 of 13 June 2017, with Minutes No. 396 of 2 April 2018 taken into account).</p> <p>In 2018, the Company's Board of Directors reviewed reports on KPIs achievement by the top management of PJSC FGC UES:</p> <ul style="list-style-type: none"> - Reports on key performance indicators achievement by the top management of PJSC FGC UES for Q1 and Q2 2018 were approved by the resolution of the Board of Directors of 20 November 2018 (Minutes No. 428 of 21 November 2018); - Report on the KPI «Innovation activity efficiency» achievement by the top management of PJSC FGC UES for 2017 was approved by the resolution of the Board of Directors of 18 December 2018 (Minutes No. 432 of 20 December 2018). <p>In 2019, PJSC FGC UES operated a quarterly and annual bonus system based on the procedure for calculating and evaluating KPIs achievement by PJSC FGC UES' top management approved by the Board of Directors of PJSC FGC UES (Minutes No. 370 of 13 June 2017, with Minutes No. 474 of 26 November 2019 and No. 480 of 27 December 2019 taken into account).</p> <p>In 2019, the Company's Board of Directors reviewed reports on KPIs achievement by the top management of PJSC FGC UES:</p> <ul style="list-style-type: none"> - Report on key performance indicators achievement by the top management of PJSC FGC UES for Q3 2018 was approved by the resolution of the Board of Directors of 5 April 2019 (Minutes No. 442 of 5 April 2019); - Report on key performance indicators achievement by the top management of PJSC FGC UES for Q4 2018 was approved by the resolution of the Board of Directors of 5 July 2019 (Minutes No. 457 of 8 July 2019); - Report on key performance indicators achievement by the top management of PJSC FGC UES for 2018 was approved by the resolution of the Board of Directors of 14 November 2019 (Minutes No. 473 of 18 November 2019); - Reports on key performance indicators achievement by the top management of PJSC FGC UES for Q1 and Q2 2019 were approved by the resolution of the Board of Directors of 27 December 2019 (Minutes No. 480 of 27 December 2019); - Report on key performance indicators achievement by the top management of PJSC FGC UES for Q3 2019 was recommended for approval by the Management Board at the Board of Directors' meeting (Meeting Minutes of the Management Board No. 1672 of 16 December 2019) and by the HR and Remuneration Committee of PJSC FGC UES' Board of Directors (Minutes No. 71 of 28 January 2020).

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
4.2.				<p>– Report on the key performance indicator “Innovation activity efficiency” achievement by the top management of PJSC FGC UES for 2018 was recommended for approval by the Management Board at the Board of Directors’ meeting (Meeting Minutes of the Management Board No. 1676 of 27 December 2019) and by the HR and Remuneration Committee of PJSC FGC UES’ Board of Directors (Minutes No. 70 of 23 January 2020).</p> <p> For more details on the Company’s key performance indicators refer to section <i>Strategic Report/Market Review, Strategy and KPIs/Key Performance Indicators (KPIs)</i>.</p>
4.3.	Order of the Russian Government	No. 1388-r of 27 June 2019	Development (update) of internal documents regulating the formation of key performance indicators and remuneration of the management	<p>By the resolution of the Board of Directors of PJSC FGC UES of 27 December 2019 (Minutes No. 480 of 27 December 2019), the methodology for calculating and evaluating the implementation of KPIs by top managers of PJSC FGC UES was approved to be applied since 1 January 2020, as well as target values of the key performance indicators of PJSC FGC UES’s top managers for 2020.</p> <p>Furthermore, by this resolution of the Board of Directors, it was noted that other internal documents regulating the formation of key performance indicators and remuneration of PJSC FGC UES’s management comply with the methodological recommendations for applying key performance indicators of business entities, in the authorised capital of which the total share of Russia or a constituent entity of the Russian Federation exceeds 50%, as well as performance indicators of government-owned unitary enterprises, in order to determine the remuneration amount for their management approved by Order of the Russian Government No. 1388-r of 27 June 2019.</p>
4.4.	Order of the Russian Government Minutes of the extended meeting on the monitoring national projects implementation: Labour Productivity and Employment Support, Small and Medium Entrepreneurship and Support of Individual Business Initiative, and International Co-operation and Export	No. 1250-r of 9 July 2014 No. SA-P13-25pr of 5 March 2019	Improving labour productivity as per clause 6, section 2 of the Action Plan on Labour Productivity Improvement, Employment Creation and Modernisation of Highly Productive Workplaces approved by Order of the Russian Government No. 1250-r of 9 July 2014	<p>By the resolution of the Board of Directors of JSC FGC UES (Minutes No. 242 of 19 December 2014), the Chairman of the Management Board was instructed to take appropriate steps to improve labour productivity in the Company.</p> <p>Procedures for improving labour productivity and efficiency of operations are set in the Long-Term Development Programme of PJSC FGC UES.</p> <p>In order to increase the efficiency of activities and achieve optimal use of human resources, the Company implements consistent procedures aimed at improving labour productivity (including pursuant to Directives of the Russian Government No. 2454p-P13 of 23 April 2014, No. 7389p-P13 of 31 October 2014, No. 2303p-P13 of 16 April 2015, and No. 4750p-P13 of 4 July 2016) and reducing operating expenses by optimising staff costs.</p> <p>In 2016–2018, in order to identify reserves and reduce work-time losses of industrial production personnel (hereinafter, the “IPP”), in accordance with Order of PJSC FGC UES No. 152 of 10 May 2015, the project to increase IPP labour productivity was implemented (hereinafter, the Project), under which:</p> <ul style="list-style-type: none"> • Initiatives were developed to increase labour productivity of functional groups of industrial and production personnel in the functional areas of substations, lines, relay protection and automation. • The developed initiatives were implemented at pilot EMPS (Verkhne-Donskoye and Northern). • As a result of pilot implementation and assessment of relevance of further replication of the initiatives and clarification of potential effect, (1) initiatives were identified that were taken into consideration when developing the M&R plan for 2019–2023, and (2) initiatives implemented by the MPS branches.

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
4.4.				<p>• In order to provide information support of the Project, training seminars were held video conferencing on the methodology for assessment of application and calculation of the effect from the implementation of initiatives with all EMPS/MPS branches.</p> <p>The cumulative effect of increasing labour productivity in terms of M&R by MPS branches, including through the implementation of initiatives by CJSC ECOPSI Consulting, expressed in increased repair personnel productivity (RUB/c.u., taking into account inflation), is estimated in the amount of RUB 537 million for 2019–2023.</p> <p>The labour productivity indicator is included in the methodology for calculating and evaluating the implementation of KPIs by top managers of PJSC FGC UES for 2016 approved by the resolution of the PJSC FGC UES Board of Directors (Minutes No. 354 of 9 February 2017), in the methodology for calculating and evaluating the implementation of KPIs by top managers of PJSC FGC UES for 2017 approved by the resolution of the PJSC FGC UES Board of Directors (Minutes No. 370 of 13 June 2017), in the methodology for calculating and evaluating the implementation of KPIs by top managers of PJSC FGC UES for 2018 approved by the resolution of the PJSC FGC UES Board of Directors (Minutes No. 370 of 13 June 2017, with Minutes No. 396 of 2 April 2018 taken into account), in the methodology for calculating and evaluating the implementation of KPIs by top managers of PJSC FGC UES for 2019 approved by the resolution of the PJSC FGC UES Board of Directors (Minutes No. 370 of 13 June 2017, with Minutes No. 474 of 26 November 2019 and No. 480 of 27 December 2019 taken into account).</p> <p> For more information on labour productivity please see section <i>Strategic Report/Sustainability Results</i>.</p> <p> For more details on the Company’s key performance indicators refer to section <i>Strategic Report/Market Review, Strategy and KPIs/Key Performance Indicators (KPIs)</i>.</p>
4.5.	Directive of the Russian Government	No. 5119p-P13 of 14 June 2016	Introduction of professional standards	<p>The item related to introduction of professional standards in PJSC FGC UES’ activities was considered at the meeting of PJSC FGC UES’s Board of Directors held on 24 November 2016, and the Chairman of the Management Board of PJSC FGC UES was instructed to prepare materials for initiating meetings of the Board of Directors of PJSC FGC UES at least once in every six months with inclusion of the item in the agenda and taking into account the provisions of Federal Law No. 122-FZ On Amendment of the Labour Code of Russia of 2 May 2015, and Articles 11 and 73 of the Federal Law On Education in the Russian Federation, based on the approval and implementation of corresponding plans and the work on introduction of professional standards when evaluating and rewarding HR managers of PJSC FGC UES.</p> <p>The item related to introduction of professional standards in PJSC FGC UES’ activities was reviewed at the meeting of the PJSC FGC UES Board of Directors held on 31 May 2017, and the Report on the Introduction of Professional Standards in PJSC FGC UES’ Activities was taken into account, according to which the following activities aimed at introducing professional standards were carried out:</p> <ul style="list-style-type: none"> – development and approval of an organisational and regulatory document regulating the introduction of professional standards in PJSC FGC UES’ activities (Order of PJSC FGC UES No. 222 On Creation of a Working Group for the Introduction of Professional Standards of 1 July 2016); – analysis of PJSC FGC UES’ staffing schedules in order to identify jobs and positions to which the professional standards should be applied.

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4.5.				<p>The item related to introduction of professional standards in PJSC FGC UES' activities according to the H2 2017 results was considered at the meeting of the PJSC FGC UES Board of Directors held on 31 January 2018, and the Report on the Introduction of Professional Standards in PJSC FGC UES' Activities was taken into account, according to which the following activities aimed at introducing professional standards in the Company's activities were carried out:</p> <ul style="list-style-type: none"> – approval of a standard list of positions in PJSC FGC UES's MPS and EMPS branches (Order of PJSC FGC UES No. 460 of 2 November 2017) in accordance with the requirements of professional standards and Order of PJSC Rosseti No. 66 of 27 April 2017; – bringing in line the staffing schedules of PJSC FGC UES's MPS and EMPS branches with the approved standard list of positions. No amendments were made to the staffing schedule of PJSC FGC UES' Executive Office as the positions of employees are named in line with the professional standards; – training of PJSC FGC UES's employees who took part in the professional standards introduction; – amendment of educational programmes implemented by the Personnel Training Centre in accordance with provisions of the professional standards (Order of PJSC FGC UES No. 259r of 5 June 2017); – conformity assessment of PJSC FGC UES Executive Office's employees with requirements of the professional standards mandatory for introduction (education, work experience, permits); – participation in a methodological examination of the evaluation kit for its use within the framework of an independent assessment of professional qualifications in the electric power industry. <p>The item related to introduction of professional standards in PJSC FGC UES' activities according to the H1 2018 results was considered at the meeting of the PJSC FGC UES Board of Directors held on 16 August 2018, and the Report on the Introduction of Professional Standards in PJSC FGC UES' Activities was taken into account, according to which the following activities aimed at introducing professional standards in the Company's activities were carried out:</p> <ul style="list-style-type: none"> – bringing in line the documents defining the functional structure of PJSC FGC UES (regulations on structural divisions, work instructions for employees) with the professional standards; – conformity assessment of employees of PJSC FGC UES' MPS and EMPS branches with requirements of the professional standards mandatory for introduction (education, work experience, permits); – approval of the Regulation on Application of Professional Standards in PJSC FGC UES' Activities (Order of PJSC FGC UES No. 193 of 31 May 2018) to ensure optimal and effective work of PJSC FGC UES under the professional standards. <p>The item related to introduction of professional standards in PJSC FGC UES' activities according to the H1 2018 results was considered at the meeting of the PJSC FGC UES Board of Directors held on 11 December 2018, and the Report on the Introduction of Professional Standards in PJSC FGC UES' Activities was taken into account, according to which the following activities aimed at introducing professional standards in the Company's activities were carried out:</p> <ul style="list-style-type: none"> – conformity assessment of employees of PJSC FGC UES' MPS and EMPS branches (hereinafter, the "branches") with requirements of the professional standards mandatory for introduction in the Company's activities; As a result, the branches' employees who do not comply with the requirements of the professional standards were revealed. – development of plans for the implementation of procedures aiming to ensure that the branches' employees comply with the requirements of the mandatory professional standards;

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No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
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4.5.				<ul style="list-style-type: none"> – conformity assessment of employees, who involved in training activities in the Personnel Training Centres of the branches, with requirements of the Vocational Training, Vocational Education and Further Vocational Education Teacher professional standard. All employees involved in training activities in the branches' Personnel Training Centres meet the requirements of the professional standard. – due to the qualification of employees involved in training activities in the branches' Personnel Training Centres, there was no need to perform the procedures aiming to ensure their compliance with the requirements of the professional standard. <p>The item related to introduction of professional standards in PJSC FGC UES' activities according to the H1 and H2 2019 results was considered at the meeting of the PJSC FGC UES Board of Directors held on 18 February 2020, and the Reports on the Introduction of Professional Standards in PJSC FGC UES' Activities for H1 and H2 2019 were taken into account, according to which the following activities aimed at introducing professional standards in the Company's activities were carried out:</p> <ul style="list-style-type: none"> – Six evaluation kits were developed and approved at the meeting of the Council for Professional Qualifications in the Electric Power Industry (hereinafter, the "Council") to conduct an independent qualification assessment of employees of PJSC FGC UES's MPS/EMPS branches. The evaluation kits were tested by the Personnel Training Centres of PJSC FGC UES's MPS branches, and according to the results they were updated and submitted to the Council for further consideration; – the Council carried out professional and public accreditation of four advanced training programmes for the operational staff of substations, electric locksmiths who repair switchgear equipment, electricians who repair and maintain overhead power lines, as well as training of employees in safe methods of work at height; – the qualification of technical experts of PJSC FGC UES's MPS/EMPS branches was confirmed at the Council meeting. They will take part in professional examinations carried out within the framework of independent assessment; – the qualification of 1,389 employees of PJSC FGC UES's MPS/EMPS branches was independently assessed at the examination sites of the Personnel Training Centres of PJSC FGC UES's MPS branches; – seventeen evaluation kits were updated/developed and approved at the Council meeting to provide an independent qualification assessment of employees of PJSC FGC UES's MPS/EMPS branches; – the list of qualifications of the electric grid complex was supplemented with 38 professional qualifications, approved by the Council and submitted for approval to the National Qualifications Development Agency (hereinafter, NQDA); – at the meeting, the Council confirmed qualifications of 77 technical experts of PJSC FGC UES's MPS/EMPS branches, who take part in professional examinations within the framework of independent assessment; – as part of NQDA's programmes, the following training was organised in cooperation with the Council: for developers of evaluation kits among PJSC FGC UES's Executive Office, MPS/EMPS branches and technical experts of these branches, who take part in professional examinations within the framework of independent assessment; – in order to implement the Plan and Schedule for Introduction of Professional Standards in PJSC FGC UES's Activities (Order No. 259 of 6 July 2017), plans were implemented to ensure that employees of PJSC FGC UES's branches MPS and EMPS comply with the requirements of the professional standards mandatory for introduction.


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4.6.	Instruction of the President of the Russian Federation	No. Pr-1921 (subcl. "g", cl. 1) of 21 September 2015	Participation in preparation of regulatory documents for holding professional skill championships according to WorldSkills standards	<p>PJSC FGC UES annually participates in the WorldSkills corporate championships held by PJSC Rosseti.</p> <p>In accordance with PJSC Rosseti's Order No. 185r of 5 April 2019, PJSC FGC UES participated in the WorldSkills Young Professionals Open Corporate Professional Skills Championship of PJSC Rosseti (hereinafter, the "Championship") from 29 July 2019 to 2 August 2019 at the site of PJSC IDGC Ural (Yekaterinburg).</p> <p>To prepare and participate in the Championship, PJSC FGC UES issued Order No. 237r of 3 June 2019 On Preparation for the WorldSkill Championship. 1 Company employee who perform maintenance and repair of relay protection and automation equipment took part in the Championship.</p> <p>Also 2 Company employees, who had undergone the WorldSkills Russia Expert programme organised by the Union "Agency of Development of Professional Communities and Skilled Workers" (Worldskills Russia), took part in the Championship as experts of maintenance and repair of relay protection and automation equipment.</p>
5. CONTROL OVER THE COMPANY'S ACTIVITIES				
5.1.	Instruction of the Government of the Russian Federation	No. ISH-P13-5859 of 31 July 2014	Introduction of provisions of the Corporate Governance Code	<p>As part of the action plan (roadmap) development related to the introduction of the Corporate Governance Code's provisions, the Company came up with and the Board of Directors approved an action plan aimed at developing corporate governance of PJSC FGC UES for 2016 (Minutes No. 318 of 25 April 2016).</p> <p>The plan determined a number of key activities for the reporting period, including analysis of the necessity to update the Company's internal and standard documents for the needs of its subsidiaries. In addition, the development of methods for assessing the corporate governance of PJSC FGC UES and its subsidiaries, as well as the Regulation on the Assessment of Activities of the Company's Board of Directors, were provided for. Analysis of the corporate governance practice on the basis of the roadmap implementation was declared as the key priority of the plan.</p> <p>The methods for self-assessment of the corporate governance of PJSC FGC UES were approved by the resolution of the Board of Directors in April 2016 (Minutes No. 318 of 28 April 2016). These methods were developed based on the methods approved by Order of Rosimushchestvo No. 306 of 22 August 2014 for self-assessment of the corporate governance in companies with state participation in order to ensure comparability of the annual self-assessment conducted by the Company.</p> <p>The methods for self-assessment of the corporate governance of PJSC FGC UES's subsidiaries were approved by the resolution of the Board of Directors (Minutes No. 355 of 20 February 2017).</p> <p>The Regulation on the Assessment of Activities of the Board of Directors was approved by the resolution of the Board of Directors (Minutes No. 318 of 28 April 2016).</p> <p>As of December 2016, the activities included in the plan were implemented by PJSC FGC UES in full. The Expert Council of the Russian Government noted positive dynamics while monitoring the implementation of the Corporate Governance Code in companies with state participation, and assigned to PJSC FGC UES the fifth place in the ranking.</p>

APPENDIX 4.

[INFORMATION ON THE ACTUAL PERFORMANCE OF INSTRUCTIONS OF THE PRESIDENT AND THE RUSSIAN GOVERNMENT IN 2019]

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
5.1.				<p>PJSC FGC UES continues introducing the best Russian and international corporate governance practices to further improve the quality of corporate governance in the Company.</p> <p>A new version of the Corporate Governance Code of PJSC FGC UES was approved by the resolution of the Board of Directors (Minutes No. 444 of 25 April 2019).</p> <p>A new version of the Regulation on the Information Policy of PJSC FGC UES was approved by the resolution of the Board of Directors (Minutes No. 446 of 26 April 2019).</p> <p> For more details on development of the Company's corporate governance system please refer to section Corporate Governance Report.</p>
5.2.	Instruction of the President of the Russian Federation	No. Pr-1032 of 7 May 2014	Ensuring the creation of single treasuries of parent organisations, subsidiaries, and affiliates.	<p>In the course of compliance with the Directive, the existing system of PJSC FGC UES financial flow management was analysed, and the respective report was compiled with description of key areas of further improvement and enhancement of the efficiency of the Unified Treasury based at PJSC FGC UES, which was further submitted to the Ministry of Finance of the Russian Federation.</p> <p>Following the analysis and the Directive, a target structure of the Unified Treasury at PJSC FGC UES Group was developed,</p> <p>along with a plan/schedule of actions to create the target structure of the Unified Treasury at PJSC FGC UES, the implementation of which led to creation and operation of the Unified Treasury at PJSC FGC UES in PJSC FGC UES Group.</p> <p>In 2016, the following activities were implemented by PJSC FGC UES:</p> <ul style="list-style-type: none"> – inventory auditing and optimisation of the structure of transaction accounts of PJSC FGC UES's Executive Office and branches; – a set of activities aimed at improving the Group's information structure, including introducing of the Unified Accounting Treasury System and tools for the improvement of functions and control efficiency (electronic storage of documents, electronic digital signatures, automation of operational cash planning); – headcount optimisation in financial services of the branches (MES, EMPS) based on the developed model of treasury centralisation and automation; – development of internal documents that were new to the Group, particularly the Regulation on Ensuring Financial Sustainability of PJSC FGC UES's Subsidiaries and Other Entities in which PJSC FGC UES Participates, and the Regulation on Monitoring Activities of PJSC FGC UES's Subsidiaries and the Procedure of Its Creation and Approval. <p>The Unified Treasury of PJSC FGC UES operates as financial centre of the Group, i.e.:</p> <ul style="list-style-type: none"> – concentrates free liquidity on its accounts; – takes decisions in relation to time periods and tools for allocation of temporarily available funds; – redistributes financial resources between the companies of PJSC FGC UES Group; – determines fund-raising forms and performance on the capital market; – approves and makes payments on behalf of the branches; – makes over 95% of payments; – controls the implementation of limits within the framework approved by the Board of Directors of subsidiaries and monitors the subsidiaries' cash balances via the corporate financial settlements centre;

APPENDIX 4.

[INFORMATION ON THE ACTUAL PERFORMANCE OF INSTRUCTIONS OF THE PRESIDENT AND THE RUSSIAN GOVERNMENT IN 2019]

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
5.2.				<p>– as part of financing the investment activities via the corporate financial settlements centre, controls the timely payment of contractors to subcontractors in accordance with the approved payment register.</p> <p>Due to the introduction of the Unified Treasury in PJSC FGC UES Group, the following quality effects were achieved:</p> <ul style="list-style-type: none"> – improvement of transparency of treasury processes and strengthening of financial control in relation to the branches and subsidiaries; – increase of timeliness and quality of management decisions related to management of financial resources; – increase of business processes efficiency and optimisation of labour and administrative costs while performing treasury functions; – decrease of financial risks level.
5.3.	Instruction of the Russian Government	No. ISh-P13-321 of 26 January 2015	Analysing annual results of creating a unified treasury of the joint-stock company, its subsidiaries and affiliates	<p>In 2018, PJSC FGC UES' current financial flow management system was analysed, including:</p> <ul style="list-style-type: none"> – budget planning and monitoring mechanism; – procedure for selecting credit institutions, banks, and instruments to finance activities of the Company, its subsidiaries and affiliates; – documents regulating settlement and cash services. <p>Based on the analysis, the Company defined main directions for improving efficiency of PJSC FGC UES' Unified Treasury.</p> <p>The Company developed and approved a new Procedure for Intra-Group Financing of PJSC FGC UES, its Subsidiaries and Affiliates. PJSC FGC UES' Executive Office is working to attract external financing. In the event of cash gaps, the Company's subsidiaries and affiliates are financed through intra-group loans. Operating costs, including external debt servicing costs, were significantly reduced through the efficient use of intra-group financing.</p> <p>In terms of cash and liquidity management, PJSC FGC UES Group uses the single account through bank agreements on cash pulling technology (a virtual pulling for subsidiaries and affiliates in the retained financing and %; a material pulling for branches on the zero retained financing principle); a single payment calendar is maintained taking into account payments of branches and monitoring payments made by the subsidiaries and affiliates. All Company payments are made from accounts of PJSC FGC UES' Executive Office.</p> <p>PJSC FGC UES approved new limits of credit organisations for the subsidiaries and affiliates. The Company drew up a list of banks where it is possible to open settlement and other bank accounts and to allocate free funds, as well as determined end limits for one-time placement of funds by subsidiaries and affiliates (approved by the Boards of Directors of the subsidiaries and affiliates). At the same time, more than 98% of liquidity is concentrated on PJSC FGC UES.</p> <p>By Letter No. 95-09-11/05-330 of 10 May 2018, the Interregional Operational Department of the Federal Treasury informed PJSC FGC UES that information about the creation of unified treasuries is not required.</p>

APPENDIX 4.

[INFORMATION ON THE ACTUAL PERFORMANCE OF INSTRUCTIONS OF THE PRESIDENT AND THE RUSSIAN GOVERNMENT IN 2019]

No.	Instruction	Registration data	Summary of the incoming document	Information on the performance of relevant instructions and orders by PJSC FGC UES
1	2	3	4	5
5.4.	Instruction of the Russian Government	No. ISh-P13-1925 of 5 April 2018	Valuation of intellectual property rights to perform further procedures for ensuring legal protection of the intellectual property rights of the joint-stock company, transferring them to the balance as intangible assets for inclusion in the financial turnover and determining their value, if necessary	<p>By the resolution of the Board of Directors of PJSC FGC UES (Minutes No. 426 of 2 November 2018), the Chairman of the Management Board of PJSC FGC UES was instructed to provide valuation of intellectual property rights to perform further procedures for ensuring legal protection of the intellectual property rights of PJSC FGC UES, transferring them to the balance as intangible assets for inclusion in the financial turnover and determining their value, if necessary.</p> <p>In accordance with the Instruction of the PJSC FGC UES Board of Directors stated above, as well as with Order of PJSC Rosseti No. 29 of 5 February 2019 On Valuation of Intellectual Property Rights, valuation of PJSC FGC UES's intellectual property rights was carried out, and the results were submitted to PJSC Rosseti by Letter No. 252/164 of 26 July 2019. They are used in management of PJSC FGC UES's intellectual property rights.</p>
5.5.	Meeting Minutes of the National Council on Ensuring Financial Stability	No. 7 of 10 April 2015 (subcl. 1, cl. 1, section 1)	Provision of payments in RUB under new export contracts	<p>In accordance with cl. 4, article 8 of Federal Law No. 35-FZ of 26 March 2003 On the Electric Power Industry, PJSC FGC UES, as the Unified National Electric Grid management company, is prohibited to provide purchase and sale of electricity and capacity (excluding purchase of electricity (capacity) for its own (production) needs, purchase of electricity (capacity) to compensate losses in electric grids and technological provision of cooperation of Russian electric power system and electric power systems of foreign countries, as well as in cases and in order determined by the Russian Government, when performing functions of a guaranteed supplier).</p> <p>Under the Treaty on the Eurasian Economic Union of 29 May 2014, "export" means export of goods from the customs territory of the Union to third countries without the obligation of re-import. Under the Customs Code of the Eurasian Economic Union, "export" means a customs procedure, upon which goods of the customs union are exported outside of the customs territory of the union and are intended to be located permanently outside it. Registration of goods in the export mode is carried out by submitting a goods declaration in accordance with the requirements for the customs export procedure to the customs authority of the Russian Federation.</p> <p>PJSC FGC UES does not export electricity from Russia or submit declarations for the electricity to the customs authority of the Russian Federation. PJSC FGC UES has not concluded or plan to conclude export contracts for electricity supply. PJSC Inter RAO and PJSC TGC-1 carry out the activities stated above.</p>
5.6.	Instruction of the Russian Government	No. DM-P13-8pr of 13 February 2019	Possibility of transition to tax control in the form of tax monitoring	<p>In response to request of the Ministry of Energy of Russia No. 08-718 of 24 April 2019 about entering into the tax monitoring of companies with state participation, PJSC FGC UES sent Letter No. TS-2871 of 29 April 2019 about PJSC FGC UES transition to tax monitoring since 1 January 2020.</p> <p>Within the procedure of transition to tax control in the form of tax monitoring, a tax monitoring application was sent to Interregional Inspection of the Federal Tax Service of Russia for Major Taxpayers No. 6 (Letter No. NA-4217 of 28 June 2019).</p> <p>Resolution No. 19-06/09 of 31 October 2019 on PJSC FGC UES tax monitoring in 2020 was received from Interregional Inspection of the Federal Tax Service of Russia for Major Taxpayers No. 6.</p>

APPENDIX 5.

Information on the participation of PJSC FGC UES in the activities of subsidiaries, affiliates and other business entities in 2019 (profit and non-profit organisations)

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INFORMATION ON PARTICIPATION OF PJSC FGC UES IN PROFIT ORGANISATIONS AS OF 31 DECEMBER 2019

No.	Company's abbreviated name ⁽¹⁾	Region of operation	Core activity
1	2	3	4
1. Information on subsidiaries with PJSC FGC UES' stake in the authorised capital from 50% + 1 share to 100%			
1.1. Core subsidiaries			
1.	JSC MUS Energetiki	Moscow, Saint Petersburg, the Republic of Buryatia, the Republic of Mari El, the Republic of Mordovia, the Udmurt Republic, the Republic of Khakassia, Krasnodar Territory, Krasnoyarsk Territory, Perm Territory, Primorsky Territory, Stavropol Territory, Khabarovsk Territory, Amur Region, Volgograd Region, Vologda Region, Kemerovo Region, Kirov Region, Novosibirsk Region, Omsk Region, Orenburg Region, Penza Region, Rostov Region, Samara Region, Saratov Region, Sverdlovsk Region, Tambov Region, Tomsk Region, Tula Region, Tyumen Region, Ulyanovsk Region, Chelyabinsk Region, Yaroslavl Region, Khanty-Mansi Autonomous Area — Yugra	Organisation, development and operation of distributing networks in the fuel and energy sector
2.	JSC NTC FGC UES	Moscow, Novosibirsk, Vladivostok	Research, development, design and survey works; provision of expert services in the field of electric power
3.	JSC TsiUS UES	Moscow, Saint Petersburg, Yekaterinburg, Krasnoyarsk, Khabarovsk, Surgut, Zheleznovodsk	Project management in the field of construction (including acting as the customer and developer, provision of engineering services related to construction, renovation and technical re-equipment of technically demanding facilities)
4.	JSC ESSK UES	Moscow, Saint Petersburg, Yekaterinburg, Krasnoyarsk, Samara, Khabarovsk, Surgut, Zheleznovodsk	Organisation of procurement procedures for selecting suppliers, contractors and workers
5.	JSC Electrosetservice UNEG	Moscow, Moscow Region, Ryazan Region, Novgorod Region, Novosibirsk, Ulyanovsk Region, Pyatigorsk, Yekaterinburg, Khabarovsk, Surgut	Diagnostics, maintenance, repair and emergency repair works at grids and facilities of the UNEG electric grid economy and other persons having electric power facilities, both connected and not connected to the UNEG, on the right of ownership or on other basis provided for by federal laws

Purpose of participation	Share of PJSC FGC UES in the Company's authorised capital as of 31 December 2019	Financial indicators for 2019		Amount of dividends paid on the Company's shares owned by PJSC FGC UES in the reporting year, RUB thousand	The Company's charity and sponsorship support expenses in 2019, RUB thousand
		Revenue, RUB thousand	Net profit, RUB thousand		
5	6	7	8	9	10
1. Information on subsidiaries with PJSC FGC UES' stake in the authorised capital from 50% + 1 share to 100%					
1.1. Core subsidiaries					
Support for PJSC FGC UES' core business	100.00%	1,286,974	-21,616	11,879	0
Support for PJSC FGC UES' core business	100.00%	3,031,184	123,551	23,889	0
Support for PJSC FGC UES' core business	100.00%	8,440,212	-845,425	36,163	0
Support for PJSC FGC UES' core business	100.00%	199,255	28,521	36,862	0
Support for PJSC FGC UES' core business	100.00%	3,582,477	4,772	0	0

APPENDIX 5.

[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

No.	Company's abbreviated name ⁽¹⁾	Region of operation	Core activity
1	2	3	4
6.	Index Energetiki — FGC UES LLC	Moscow	Operations with securities
7.	FGC – Asset Management LLC	Moscow	Operations with securities
8.	JSC Kuban Trunk Grids	Krasnodar Territory	Provision of electric power transmission and technological connection services
9.	JSC Tomsk Trunk Grids	Tomsk Region	Provision of electric power transmission and technological connection services
1.2. Non-core subsidiaries			
10.	JSC Mobile GTES	Moscow, Moscow Region, the Republic of Crimea, Sevastopol, Krasnodar Territory	Electricity production
11.	JSC ChitaTechEnerg	Chita, Ulan-Ude, Far Eastern Federal District (Amur Region), Western Siberia, the Republic of Sakha (Yakutia)	Telecommunication activities, design and operation of communication lines
12.	JSC APBE	Moscow, Kostroma Region, Smolensk Region, Yaroslavl Region.	Metrological support of the automated information and measuring system for commercial electricity metering (AIMS CEM)
13.	IT Energy Service LLC	Moscow	Advise on computer hardware, development of software and provision of consulting services in this area
14.	JSC Nurenerg	⁽²⁾	⁽²⁾

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[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

Purpose of participation	Share of PJSC FGC UES in the Company's authorised capital as of 31 December 2019	Financial indicators for 2019		Amount of dividends paid on the Company's shares owned by PJSC FGC UES in the reporting year, RUB thousand	The Company's charity and sponsorship support expenses in 2019, RUB thousand
		Revenue, RUB thousand	Net profit, RUB thousand		
5	6	7	8	9	10
The stake in the Company's authorised capital was obtained in accordance with the separation balance sheet of JSC RAO UES of Russia upon the merger of JSC RAO UES of Russia with JSC FGC UES during the companies reorganisation on 1 July 2008.	100.00%	0	1,709	0	0
Asset accumulation (securities, stakes in authorised capitals of business entities) for PJSC FGC UES	100%	298,823	1,055,946	341	0
Consolidation and management of UNEG facilities	100%	593,908	89,291	0	0
Consolidation and management of UNEG facilities	90.48%	429,809	281,485	5,207	0
1.2. Non-core subsidiaries					
The shares were obtained in accordance with the separation balance sheet of JSC RAO UES of Russia upon the merger of JSC RAO UES of Russia with JSC FGC UES during the companies reorganisation on 1 July 2008.	100.00%	2,600,057	28,556	191,916	0
The shares were acquired through the reorganisation of JSC Chita Trunk Grids, who holds 100% of the Company's shares, by merging with JSC FGC UES on 1 July 2008.	100.00%	561,210	70,889	7,106	0
The shares were obtained in accordance with the separation balance sheet upon the merger of JSC RAO UES of Russia with JSC FGC UES during the companies reorganisation on 1 July 2008.	100.00%	1,512	314,951	0	0
The shares were obtained in accordance with the separation balance sheet of JSC RAO UES of Russia upon the merger of JSC RAO UES of Russia with JSC FGC UES during the companies reorganisation on 1 July 2008.	80.000000001%	765,056	59,417	6,968	0
Shares of the additional issue were received to repay loans previously granted to the Company. Resolution of JSC FGC UES' Board of Directors of 20 May 2004 (Meeting Minutes No. 15)	76.9996%	⁽²⁾	⁽²⁾	0	⁽²⁾

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[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

No.	Company's abbreviated name ⁽¹⁾	Region of operation	Core activity
1	2	3	4
2. Information on affiliates with PJSC FGC UES' stake in the authorised capital from 20 to 50%			
2.1 Core affiliates			
15.	JSC IPS SakRusenergo	Georgia; on the territory of the Russian Federation: Karachay-Cherkess Autonomous Region, Krasnodar Territory	Electric power transmission services
2.2 Non-core affiliates			
16.	JSC ENIN	Moscow	Research, development, design, survey, technological, process and other associated works in the field of electric power
3. Information on business entities with PJSC FGC UES' stake in the authorised capital from 2 to 20%			
3.1. Core entities			
17.	PJSC Inter RAO	Constituent entities of the Russian Federation, Georgia, China, Cuba, Latvia, Lithuania, Poland, Finland, Ecuador	Electricity and heat production, supply (sale) of electricity and heat
18.	JSC ACRA	Moscow	Rating activities
3.2. Non-core entities			
19.	CJSC EnergoRynok	Moscow	Publishing
4. Information on business entities with PJSC FGC UES' stake in the authorised capital of less than 2%			
4.1. Core entities			
20.	PJSC Rosseti	Constituent entities of the Russian Federation	Management of holding companies
21.	CJSC TaigaEnergoStroy	Krasnoyarsk Territory	Electric power transmission services, advise on business and management issues, including acting as the customer in building and structure construction, building and structure construction activities

⁽¹⁾ data on the companies' names as of 31 December 2019.

⁽²⁾ bankruptcy proceedings were initiated against the Company; the Company did not conduct any business activities in 2019.

APPENDIX 5.

[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

Purpose of participation	Share of PJSC FGC UES in the Company's authorised capital as of 31 December 2019	Financial indicators for 2019		Amount of dividends paid on the Company's shares owned by PJSC FGC UES in the reporting year, RUB thousand	The Company's charity and sponsorship support expenses in 2019, RUB thousand
		Revenue, RUB thousand	Net profit, RUB thousand		
5	6	7	8	9	10
2. Information on affiliates with PJSC FGC UES' stake in the authorised capital from 20 to 50%					
2.1 Core affiliates					
Development of PJSC FGC UES' core business	50.00%	675,635 ⁽³⁾	273,421 ⁽³⁾	0	0
2.2 Non-core affiliates					
The shares were obtained in accordance with the separation balance sheet of JSC RAO UES of Russia upon the merger of JSC RAO UES of Russia with JSC FGC UES during the companies reorganisation on 1 July 2008.	38.239%	79,659	-65,140	0	0
3. Information on business entities with PJSC FGC UES' stake in the authorised capital from 2 to 20%					
3.1. Core entities					
Financial investments	8.569%	55,106,433	21,786,760	1,441,616	No data ⁽⁴⁾
Financial investments	3.704%	⁽⁴⁾	⁽⁴⁾	0	⁽⁴⁾
3.2. Non-core entities					
Financial investments	8.50%	⁽⁴⁾	⁽⁴⁾	0	⁽⁴⁾
4. Information on business entities with PJSC FGC UES' stake in the authorised capital of less than 2%					
4.1. Core entities					
Financial investments	0,151 %	No data ⁽⁴⁾	No data ⁽⁴⁾	21 100	No data ⁽⁴⁾
Development of PJSC FGC UES' core business	0.00067 % (1 share)	0	-50,378	0	0

⁽³⁾ at the exchange rate of the National Bank of Georgia as of 31 December 2019: RUB 100 = GEL 4.6423.

⁽⁴⁾ information was not provided as of 28 February 2020.

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[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

**INFORMATION ON PARTICIPATION OF PJSC FGC UES
IN NON-PROFIT ORGANISATIONS AS OF 31 DECEMBER 2019**

No.	NPO	Brief profile (activities)
1.	All-Russian industrial association of employers in energy sector «Employers Russian Association of Energy» (Association «ERA of Energy»)	Representing the interests of employers in the electric power industry, protection of their rights in public and local authorities and in relations with trade unions. Representing the interests of employers in the electric power industry in negotiating and concluding industrial tariff agreements (ITAs) and other agreements regulating social and labour and other related relations.
2.	Non-profit partnership Council of Energy Industry Veterans	Implementation of activities aimed at providing comprehensive assistance to energy industry veterans.
3.	NP «CTSCenter UES»	Training and research activities.
4.	Construction Industry Companies Support Syndicate (SRO ASO POSO)* * — transition on a territorial basis in accordance with Federal Law No. 372-FL on Amendments to the Urban Development Code of the Russian Federation and Certain Legislative Acts of the Russian Federation of 3 July 2016	SRO ASO POSO is a non-profit corporate organisation established to coordinate business activities, represent and protect common interests, including professional, to achieve socially useful objectives, as well as other lawful and non-profit purposes, and to unite legal entities and individual entrepreneurs carrying out their activity in the field of construction, renovation, and overhaul of capital construction facilities.
5.	Association «NP Market Council»	In accordance with clause 1, Article 33 of Federal Law No. 35-FZ on Electric Power Industry of 26 March 2003, «NP Market Council» was established aimed to ensure operation of the market's commercial infrastructure, provide effective interconnection of wholesale and retail markets, creation of favourable conditions for attracting investments to the electric power industry and availability of a common position of the wholesale and retail markets' participants in the course of development of regulatory documents for the electric power industry, organise effective wholesale and retail trade of electricity, capacity, and other products and services allowed for circulation on the wholesale and retail markets based on self-regulation, in order to ensure the energy security of Russia, integrity of the economic area, freedom of economic activities and competition on the wholesale and retail markets, to strike a balance of the interests of producers and buyers of electricity and capacity, meeting public needs for reliable and sustainable electricity supply.
6.	Association of Real Estate Investors (AREI)	AREI is an association that unites companies who own land and real estate, as well as invest in real estate in Russia. Its members are institutional investors operating on the real estate market and other enterprises owning and managing profitable real estate, as well as carrying out financial investments in real estate, and other companies serving the needs of such enterprises.

APPENDIX 5.

[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

Term of participation	Purpose of participation	Financial participation (types of payments/amount)
Since 2004 to the present day	Participation in preparation of ITAs and its use in the preparation of PJSC FGC UES' regulatory documents. Guaranteed ITA use in tariff regulation. Receiving informational, advisory and other support in matters of social and labour and other related relations from Association «ERA of Energy».	Membership fee per year — RUB 2,450.00 thousand.
Since 2008 to the present day	Preservation of historical memory and traditions in the electric power industry. Use of professional knowledge and experience of veterans in developing solutions to ensure reliable operation and development of the power grid complex. Financial support of veterans.	Membership fee per year — RUB 20,000.00 thousand.
Since 2007 to the present day	Development of public and private partnership in the field of personnel training in the electric power industry.	Membership fee per year — RUB 950.00 thousand.
Since 30 June 2017 to the present day	Compliance with the requirements of Russian legislation. As part of PJSC FGC UES's investment activities, its MES branches perform construction and installation operations in-house. These activities are regulated by federal statutes — Urban Development Code of the Russian Federation No. 190-FZ of 29 December 2004.	Total from 1 January 2018 to 31 December 2018 — RUB 105.00 thousand (VAT exempt), including: – Membership fee for Q1, Q2, Q3 and Q4 2018 — RUB 25.00 thousand. Total per year: RUB 100.00 thousand. – target membership fee for the payment of mandatory annual membership fee of SRO ASO POSO to the National association of builders, NOSTROY — RUB 5.00 thousand.
Since 2008 to the present day	Support of electricity and capacity purchases in order to compensate for losses in the UNEG grids in accordance with Federal Law No. 35-FZ On Electric Power Industry of 26 March 2003.	Membership fees to the Association «NP Market Council» property: 2018 — RUB 1,880.00 thousand
Since 2004 to the present day	Participants of AREI are PJSC FGC UES, PJSC Gazprom, PJSC «MMC «Norilsk Nickel»», PJSC Rosneft, PJSC HydroOGK, PJSC RZD, and others. AREI carries out activities to prepare and amend legislative acts of the Russian Federation in the field of land and property relations in the interests of its participants, represents the interests of AREI members against municipal and federal authorities and responsible persons that determine the state policy on the market of land and investments in real estate, and together with its members participates in public events and procedures for developing the real estate and land market.	Membership fee per year — RUB 300.00 thousand.

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[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

No.	NPO	Brief profile (activities)
7.	Russian National Committee of the International Council on Large Electric Systems	<p>The International Council on Large Electric Systems, CIGRE (Conseil International des Grands Réseaux Electriques, CIGRE) is the biggest international non-governmental and non-profit organisation in the field of electric power industry.</p> <p>It was founded in France in 1921. Today it is one of the most reputable scientific and technical associations that unites scientists and energy specialists from around the world and has a strong influence on the development of the industry's strategy in many countries.</p> <p>The CIGRE's headquarter is located in Paris. At present, Klaus Froehlich (Switzerland) is the President of CIGRE. Since May 2014, Philippe Adam (France) has been appointed as the new Secretary General.</p> <p>According to its Articles of Association, the CIGRE's major goal is to coordinate researches and share the experience and scientific and technological information related to functioning of electric power systems. Design, construction, and maintenance of HV equipment are at the core of CIGRE's mission, as well as planning and operation of power systems, development and implementation of new technology for information collection and processing and management systems.</p> <p>The CIGRE's activities form strategic vision on the power system development for the energy policy and are closely connected with the scientific research and development, defining the key directions in the integration process.</p> <p>To date, over 1,000 organisations and 7,000 experts involved with all areas of the electric power industry are members of CIGRE. The main organisational principle of CIGRE is operating via national committees that unite industry companies and institutions of their countries or region. At present CIGRE counts members in 95 countries.</p>
8.	SRO NP PeterburgEnergAudit	<p>SRO NP PeterburgEnergAudit controls its members' activities related to compliance with the requirements of Russian legislation, as well as internal documents of SRO by means of scheduled and unscheduled inspections.</p> <p>The Supervisory Committee of SRO NP PeterburgEnergAudit controls the compliance of SRO members with the requirements of current legislation and internal documents of SRO.</p> <p>Scheduled inspections of activities of each member are performed at least once a year in accordance with the calendar of scheduled inspections.</p> <p>The grounds for unscheduled inspections are:</p> <ul style="list-style-type: none"> • inquiry of federal state authorities, state authorities of constituents of the Russian Federation or local authorities; • an individual's complaint due to the actions (inaction) of a SRO member, except for anonymous complaints; • resolution of SRO's management bodies and(or) its specialised bodies. <p>If a SRO member violates the requirements of SRO's standards, rules and membership conditions, all inspection materials shall be submitted to the Disciplinary Committee of SRO NP PeterburgEnergAudit to consider the cases on taking disciplinary action against the SRO member.</p>
9.	Non-profit Partnership Scientific and Technical Council of Unified Energy System	<p>Non-profit Partnership Scientific and Technical Council of Unified Energy System was established on 20 May 2008 after liquidation of JSC RAO UES of Russia and taking a decision to keep the Scientific and Technical Council of Unified Energy System as a separate legal entity (Minutes of the Board of Directors of JSC RAO UES of Russia No. 273 of 29 February 2008).</p> <p>In accordance with the establishing minutes of Non-profit Partnership Scientific and Technical Council of Unified Energy System, PJSC FGC UES is a member of the Supervisory Board of the partnership, which is a permanently acting collegial management body of the partnership, and performs overall management of the partnership's activities.</p> <p>Along with PJSC FGC UES, Non-profit Partnership Scientific and Technical Council of Unified Energy System includes the following key enterprises of the industry: JSC SO UES, PJSC Rosseti, PJSC RusHydro, and PJSC Inter RAO UES.</p>

APPENDIX 5.

[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

Term of participation	Purpose of participation	Financial participation (types of payments/amount)
Since 2005 to the present day	<ul style="list-style-type: none"> • Learning new practices and the best technologies for managing power systems and producing electric equipment for the purpose of implementing import substitution programmes adopted at PJSC FGC UES. • Timely identification of risks and threats based on the international experience, facilitating the identification of ways to mitigate them, which includes attracting the world's leading specialists and share of experience with partners at international sites. • Improving the quality of long-term planning of scientific and technical activities of PJSC FGC UES by means of analysing international experience and developing analytical models and creating favourable conditions for using state-of-the-art international developments and technologies for the benefit of PJSC FGC UES and the power grid complex of the Russian Federation. • Increasing the efficiency of operating activities PJSC FGC UES, within the framework of CIGRE, interacts with foreign electric grid companies in terms of sharing experience in operation of electrical equipment. 	EUR 40,000 annually, VAT exempt.
Since 2011 to the present day	The possibility of conducting mandatory energy inspections of PJSC FGC UES using its own resources partially or completely. The measuring stage of the mandatory energy inspection of PJSC FGC UES in 2017 was performed by the staff of the branches only which allowed to reduce the inspection costs.	Membership fee — RUB 18.00 thousand (incl. VAT), quarterly.
Since 2008 to the present day	<p>Participation of PJSC FGC UES in consideration of issues relevant to the industry and the Company regarding engineering (technology) development, regulatory and technical documentation and policy documents on development.</p> <p>Formation of scientifically-grounded technical policy, analytical and expert support of projects, analysis of scientific and technical and innovative activities of PJSC FGC UES, and identification of current trends in the development of the power grid complex are necessary for the creation of PJSC FGC UES' targeted development programmes.</p>	Membership fee per year — RUB 2,000.00 thousand (VAT exempt).

APPENDIX 5.

[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

No.	NPO	Brief profile (activities)
		The areas of the partnership's activities include review and decision-making of the most significant issues involving operations of UES and its entities: <ul style="list-style-type: none"> – expert review of various projects and works; – analysis of the UES development concept and strategy; – new engineering solutions and technology; – priority development areas of the industry; – R&D programmes; – technical regulation and standardisation; – publishing and other activities.
10.	Global Energy Association	<p>The Global Energy Association is a highly regarded and renowned organisation. The organisation's key focus is the support of research and innovation projects in the field of global energy, and management of the international award Global Energy Prize.</p> <p>The Global Energy Association defines the world's leading researchers deserving the award, the most interesting and useful projects, surveys, and inventions, and operates with the support of the leading Russian energy companies: PJSC Gazprom, JSC Surgutneftegas, and PJSC FGC UES.</p> <p>The Global Energy Prize was established in 2002 at the initiative of a group of famous Russian scientists and supported by the President of Russia. In November 2002, at the Russia–EU summit Russian President Vladimir Putin announced on inception of this new scientific award. The new international prize very quickly became one of the most famous and prestigious awards of its kind. Sometimes mass media unofficially names it the Energy Nobel.</p>
11.	All-Russian Industry Association of Employers «Union of Machine Builders of Russia»	<p>One of the major goals of the association is to establish a development strategy for the engineering industry of Russia, to participate in establishing active governmental policy mechanisms for modernisation and development of the national engineering network at the leading industrially developed countries level.</p> <p>Its governing bodies includes representatives of PJSC RZD, PJSC OAK, JSC Rosoboronekspart, MC ROSNANO, PJSC KAMAZ, JSC Scientific Industrial Corporation Uralvagonzavod, JSC United Shipbuilding Corporation, PJSC United Aircraft Corporation, etc.</p> <p>Rostech's facilities comprise the basis of the Union of Machine Builders of Russia. They have a significant potential to implement measures for import substitution and digitalisation of the economy.</p>
12.	The Russian Union of Industrialists and Entrepreneurs (RSPP)	The main objectives of RSPP include improving the business environment of Russia, raising the status of domestic entrepreneurs in the country and in the world, and maintaining the balance of interests of the society, government and business. 400 organisations representing the key economic industries are members of the RSPP.

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[INFORMATION ON THE PARTICIPATION OF PJSC FGC UES IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES IN 2019 (PROFIT AND NON-PROFIT ORGANISATIONS)]

Term of participation	Purpose of participation	Financial participation (types of payments/amount)
Since 2002 to the present day	Support of research and innovation in the field of power industry.	Membership fee per year — RUB 58,200.00 thousand (VAT exempt).
Since 2018 to the present day	Partnership in terms of digitalisation of the energy sector, industrial innovation, development and implementation of information and telecommunication technologies and security systems for power grid enterprises complex. The interaction of FGC UES with the Union of Machine Builders of Russia implies constant sharing of information, joint activities, development of proposals to improve the legal framework and cooperation with the authorities, providing comprehensive assistance to power engineers, etc.	None
Since 2018 to the present day	Joining RSPP allowed PJSC FGC UES to participate in influencing the economic policy and in furthering legislative initiatives of the association with the trunk electric grid network interests taken into account.	Membership fee per year — RUB 300.00 thousand (VAT exempt).

APPENDIX 6.**Information on concluded contracts of sale of interest, shares, equities of business partnerships and companies, including information on the parties, scope, price and other conditions of such contracts**

In 2019, FGC UES signed the following contracts for the disposal of its shares:

- On 18 March 2019, a share purchase contract was concluded between PJSC FGC UES (Seller) and CJSC «VEA Vremya» (Buyer):

Issuer	Closed Joint-Stock Company North-Eastern Energy Company OGRN 1027739213622
Issuer's location	3 Serebryanichesky Lane, Bld. 1, Moscow, 109028, Russian Federation
Type, category, share form	ordinary registered uncertified shares
Share issue state registration number	1-01-85576-N
Amount of shares (pieces)	98,000 (ninety-eight thousand) pieces
Share nominal value	RUB 100 (one hundred) per share
Keeper of the Issuer's shareholders register	Joint Stock Company «Independent Registrar Company R.O.S.T.»
Share storage	The Seller's securities account in DKT LLC
Share value	RUB 157 (one hundred fifty-seven) and 20 kopecks

- On 24 July 2018, a share purchase contract was concluded between PJSC FGC UES (Seller) and D.V. Dukhanin (Buyer)¹:

Issuer	Joint Stock Company Ispytatelny Stend Ivanovskoy GRES, OGRN 1043700611778
Issuer's location	1 Komsomolskaya Street, Komsomolsk, Ivanovo Region, 155150, Russian Federation
Type, category, share form	ordinary registered uncertified shares
Share issue state registration number	1-02-10002-A
Amount of shares (pieces)	2,999,860 (two million nine hundred ninety-nine thousand eight hundred sixty) pieces
Share nominal value	RUB 0.68 (zero point sixty-eight hundredth) per share
Keeper of the Issuer's shareholders register	JSC STATUS
Share storage	The Seller's securities account in DKT LLC
Share value	RUB 434,000 (four hundred thirty four thousand) and 00 kopecks

¹ The shares were transferred to the Buyer on 11 March 2019.

APPENDIX 7.**Information on sale of non-core assets in 2019**

The Programme for Disposal of Non-Core Assets of PJSC FGC UES and its subsidiaries (hereinafter, the «Programme for Disposal of NA») has been developed in accordance with Instruction of the Russian Government No. 6604p-P13 of 15 September 2017 and approved by the resolution of the Board of Directors of PJSC FGC UES on 22 May 2018.

In order to improve the efficiency of non-core assets management, PJSC FGC UES approved the following documentation as part of the programme development:

- Procedure for Organising Sales of Non-Core Asset of PJSC FGC UES and its subsidiary²;
- Procedure for Gratuitous Transferring (Giving) Non-Core Assets of PJSC FGC UES to the Property of Public Law Entities³;
- Methodological Recommendations for filling in the following forms⁴:
 1. Register of Non-Core Assets.
 2. Report on the Implementation of the Register of Non-Core Assets.
 3. Action Plan for Disposal of Non-Core Assets.
 4. Register of Cash Generating Units of Management Accounting.
- Procedure for identification of non-core assets of PJSC FGC UES and preparation of supporting materials to form and update the Register of Non-Core Assets of PJSC FGC UES⁵;
- Order No. 348 On Selection of Persons Responsible for the Implementation of the Programme for Disposal of Non-Core Assets of PJSC FGC UES and its Subsidiaries of 2 October 2019.

Under the Programme for Disposal of NA and for the purposes of its implementation, the Company carries out development and maintenance of the Register of Non-Core Assets of PJSC FGC UES.

In accordance with the Programme for Disposal of NA and for the purposes of its implementation, the Company's Board approves or amends the Register of Non-Core Assets of PJSC FGC UES at least once a year.

In 2019, the Register of Non-Core Assets of PJSC FGC UES, approved by the resolution of the Company's Board of Directors (extracts from the Meeting Minutes of PJSC FGC UES' Board of Directors No. 425/1 of 1 November 2018 and No. 462/2 of 6 August 2019).

Description of the Programme for Disposal of NA

The Programme for Disposal of NA has been developed to comply with Order of the Government of the Russian Federation No. 894-r of 10 May 2017, as well as in accordance with Russian legislation and the Company's Articles of Association. It is the Company's internal document that defines key approaches, principles and the mechanism of identification and disposal of non-core assets of PJSC FGC UES and its subsidiaries.

The Programme for Disposal of NA sets the criteria according to which the assets of PJSC FGC UES and its subsidiaries are determined as non-core ones, the procedure for maintaining the Register of Non-Core Assets, and the general provisions on non-core asset disposal.

Key principles applied by the Company to implement the Programme for Disposal of NA:

- transparency: public availability of information on the methods of and approaches to non-core asset identification in the asset portfolio;
- consistency: regular review of the asset portfolio to identify non-core assets;
- clarity: open and public procedures for selling non-core assets and disclosing information on such sales in a way that potential buyers could access it;
- efficiency: reasonable from the economic point of view sale of non-core assets;
- revenue maximisation: sale of non-core assets on a reimbursable basis;
- cost minimisation: reduction of maintenance costs of non-current assets.

¹ The extract of Meeting Minutes of PJSC FGC UES' Board of Directors No. 404/1 of 25 May 2018;

² The extract of Meeting Minutes of PJSC FGC UES' Board of Directors No. 404/1 of 22 May 2018;

³ Approved by Order of PJSC FGC UES No. 377 of 5 October 2018

⁴ Approved by Order of PJSC FGC UES No. 555r of 15 November 2018;

⁵ Approved by Order of PJSC FGC UES No. 399 of 11 November 2018;

The Company's key targets for selling non-core assets:

- optimising the asset composition and structure;
- improving assets utilisation efficiency;
- reducing costs related to non-core assets maintenance and management;
- attracting additional financing sources;
- improving the competitiveness and investment attractiveness;
- adding the value.

The Company's key goals in managing non-core assets:

- reviewing the asset portfolio to identify non-core assets;
- creating and maintaining the Register of Non-Core Assets;
- arranging activities on non-core assets disposal in accordance with the Company's Programme for Disposal of NA, internal organisational and regulatory documents and the Register of Non-Core Assets approved by the Board of Directors;
- supervising the execution of resolutions related to non-core assets disposal and submitting reports on the implementation of the Programme for Disposal of NA.

Information on disposal of non-core assets of PJSC FGC UES in 2019

1	2	3	4	5	6	7	8	9
Asset	Asset number (if applicable)	Balance sheet line, where the asset was reflected on the reporting date preceding the date of disposal	Accounting entry (including itemisation) that shows income and expenditure from the asset disposal	Asset book value (RUB ths.)	Actual disposal proceeds (RUB ths.)	Difference between actual disposal proceeds and the asset book value (RUB ths.)	Cause of the deviation between actual disposal proceeds and the asset book value	
1.	220/110/10 kV Severnaya SS	–	1172	9110021201 9120031211 9120031231	49,290.85	2,797.88	–46,492.97	Disposal by means of public offering
2.	Romanovo amplifying communication station							
2.1.	Facility Romanovo amplifying communication station production facility 42x12, area — 661.2 sq. m	0702-1-11-00640	1132	9110021101/ 9120031110	1,389.33	647.19	–742.14	Disposal by means of public offering
2.2.	Facility Romanovo amplifying communication station K-T2-400 transformer substation, area — 36.7 sq. m	0702-1-11-00641	1132	9110021101/ 9120031110	11.98	9.30	–2.68	Disposal by means of public offering
2.3.	Facility Romanovo amplifying communication station POL s storage facility, area — 9.5 sq. m	0702-1-11-00639	1132	9110021101	0.00	35.93	35.93	Disposal by means of public offering

1	2	3	4	5	6	7	8	9
Asset	Asset number (if applicable)	Balance sheet line, where the asset was reflected on the reporting date preceding the date of disposal	Accounting entry (including itemisation) that shows income and expenditure from the asset disposal	Asset book value (RUB ths.)	Actual disposal proceeds (RUB ths.)	Difference between actual disposal proceeds and the asset book value (RUB ths.)	Cause of the deviation between actual disposal proceeds and the asset book value	
3.	Apartment, purpose: housing Area: 34.9 sq. m (total) Floor: 8.	0100-1-13-00487	1132	9110021501/ 9120031110	1,051.94	960.50	–91.44	Disposal by means of public offering
4.	Apartment, purpose: housing Area: 34.7 sq. m (total) Floor: 5.	0100-1-13-00480	1132	9110021501/ 9120031110	1,045.91	943.60	–102.31	Disposal by means of public offering
5.	Apartment, purpose: housing Area: 34.6 sq. m (total) Floor: 7.	0100-1-13-00483	1132	9110021501/ 9120031110	1,042.90	952.00	–90.90	Disposal by means of public offering
6.	Apartment, purpose: housing Area: 34.5 sq. m (total) Floor: 4.	0100-1-13-00477	1132	9110021501/ 9120031110	1,039.88	770.50	–269.38	Disposal by means of public offering
7.	Apartment, purpose: housing Area: 33.9 sq. m (total) Floor: 2.	0100-1-13-00474	1132	9110021501/ 9120031110	1,021.80	926.25	–95.55	Disposal by means of public offering
8.	Beneteau Antares 42 motor yacht	0505-2-15-04027	1133	9110021101/ 9120031110	11,949.35	7,359.75	–4,589.60	Disposal by means of public offering
9.	Apartment, purpose: housing Area: 91.7 sq. m (total) Floor: 5.	0100-1-13-00246	1133	9110021101/ 9120031110	2,895.93	1,353.45	–1,542.48	Disposal by means of public offering
10.	Apartment, purpose: housing Area: 83.1 sq. m (total) Floor: 10.	0100-1-13-00181	1133	9110021101/ 9120031110	2,655.76	1,451.10	–1,204.66	Disposal by means of public offering
11.	Apartment, purpose: housing Area: 59 sq. m (total) Floor: 6.	0100-1-13-00224	1133	9110021101/ 9120031110	1,844.19	1,221.00	–623.19	Disposal by means of public offering

1	2	3	4	5	6	7	8	9
Asset	Asset number (if applicable)	Balance sheet line, where the asset was reflected on the reporting date preceding the date of disposal	Accounting entry (including itemisation) that shows income and expenditure from the asset disposal	Asset book value (RUB ths.)	Actual disposal proceeds (RUB ths.)	Difference between actual disposal proceeds and the asset book value (RUB ths.)	Cause of the deviation between actual disposal proceeds and the asset book value	
12.	Apartment, purpose: housing Area: 49.1 sq. m (total) Floor: 10.	0100-1-13-00178	1133	9110021101/9120031110	1,485.54	993.12	-492.42	Disposal by means of public offering
13.	Apartment, purpose: housing Area: 49.1 sq. m (total) Floor: 10.	0100-1-13-00203	1133	9110021101/9120031110	1,485.54	873.95	-611.59	Disposal by means of public offering
14.	Apartment, purpose: housing Area: 49.1 sq. m (total) Floor: 10.	0100-1-13-00204	1133	9110021101/9120031110	1,485.54	1,112.30	-373.24	Disposal by means of public offering
15.	Apartment, purpose: housing Area: 49.1 sq. m (total) Floor: 9.	0100-1-13-00202	1133	9110021101/9120031110	1,485.54	1,166.40	-319.14	Disposal by means of public offering
16.	Apartment, purpose: housing Area: 37.5 sq. m (total) Floor: 3.	0100-1-13-00205	1133	9110021101/9120031110	1,261.38	721.05	-540.33	Disposal by means of public offering
17.	Apartment, purpose: housing Area: 48.4 sq. m (total) Floor: 4.	0100-1-13-00001	1130	9110021501/9120031511	1,017.20	653.13	-364.08	Disposal by means of public offering
18.	Non-residential premises in a residential building. Area: 42.6 sq. m (total)	0702-2-11-05432	1132	9110021101/9120031110	625.63	270.76	-354.87	Disposal by means of public offering
19.	Closed Joint-Stock Company North-Western Energy Company (CJSC Severovostokenergo)	—	1150	9110021411/9120031413	0.00	0.16	0.16	

1	2	3	4	5	6	7	8	9
Asset	Asset number (if applicable)	Balance sheet line, where the asset was reflected on the reporting date preceding the date of disposal	Accounting entry (including itemisation) that shows income and expenditure from the asset disposal	Asset book value (RUB ths.)	Actual disposal proceeds (RUB ths.)	Difference between actual disposal proceeds and the asset book value (RUB ths.)	Cause of the deviation between actual disposal proceeds and the asset book value	
20.	The road with an overpass to 1,150 kV Altai SS							
20.1.	Access road to 1,150 kV Altai SS, length — 7,100 linear m	0702-1-12-02297	1132	Z901000000/9120034102	9,310.94	—	-9,310.94	Charge-free transfer to municipal ownership
20.2.	The road overpass of the access road to 1,150 kV Altai SS, Lit. 1, length — 53 linear m	0702-1-12-02298	1132	Z901000000	0.00	—	0.00	Charge-free transfer to municipal ownership

APPENDIX 8.

Number of species listed in the IUCN Red List and the national list of protected species in special nature reserve areas where PJSC FGC UES operates

Name of the protected natural area	List of species
Baikal State Nature Biosphere Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>15 plant species: Asahinea scholanderi, Cyripedium macranthos, Coccocarpia erythroxi, Calypso bulbosa, Leptogium hildenbrandi, Lobaria pulmonaria, Allium altaicum, Lobaria retigera, Neckera borealis, Omphalina hudsoniana, Galium paradoxum, Fritillaria dagana, Swertia baicalensis, Tridactylina kirilowii, Cetreliia alaskana.</p> <p>11 animal species: golden eagle, saker falcon, demoiselle crane, eastern imperial eagle, white-tailed eagle, Apollo, steppe eagle, peregrine falcon, osprey, reindeer, black stork.</p> <p>3 fungi species: Hericium coralloides, Leccinum percandidum, Clavariadelphus pistillaris.</p> <p>Listed in the IUCN Red Book: Cyripedium macranthos, eastern imperial eagle, Apollo, peregrine falcon.</p>
Bolshekhkhtsirsky State Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>16 plant species: Pogonia japonica, Watershield, Cyripedium calceolus, Trapa natans, Gastrodia elata, Panax ginseng, Japanese water iris, Liliium callosum, Neottianthe cucullata, Paeonia lactiflora, Paeonia obovata, Galium paradoxum, Trapa, Fritillaria ussuriensis, water caltrop, buffalo nut.</p> <p>15 animal species: Siberian tiger, Steller's sea eagle, golden eagle, greater spotted eagle, oriental stork, white-naped crane, mandarin duck, white-tailed eagle, Indian paradise flycatcher, peregrine falcon, osprey, mountain weasel, black stork, red-crowned crane, grey-faced buzzard.</p> <p>3 fungi species: Mutinus ravenelii, violet webcap, netted stinkhorn.</p> <p>Listed in the IUCN Red Book: Watershield, Cyripedium calceolus, Trapa natans, Gastrodia elata, Trapa, water caltrop, buffalo nut, Siberian tiger, Steller's sea eagle, greater spotted eagle, white-naped crane, mandarin duck, peregrine falcon, red-crowned crane.</p>
Ilmen State Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>14 animal species: golden eagle, Eurasian curlew, greater spotted eagle, azure tit, black-throated loon, European mink, Dalmatian pelican, Eurasian oystercatcher, eastern imperial eagle, calosoma sycophanta, peregrine falcon, Eurasian eagle-owl, dunlin, black stork.</p> <p>6 plant species: Anemone uralensis, Minuartia helmii, Minuartia krascheninnikovii, Epi-pogium aphyllum, Cephalanthera longifolia, Orchis militaris.</p> <p>Listed in the IUCN Red Book: Anemone uralensis, European mink, Dalmatian pelican, eastern imperial eagle, peregrine falcon, greater spotted eagle.</p>
Lapland State Biosphere Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>6 plant species: Calypso bulbosa, Cotoneaster cinnabarinus, Carex livida, Dactylorhiza traunsteineri, Isoetes maritima, Isoetes lacustris.</p> <p>6 animal species: golden eagle, gyrfalcon, freshwater pearl mussel, white-tailed eagle, peregrine falcon, osprey.</p> <p>Listed in the IUCN Red Book: peregrine falcon.</p>

Name of the protected natural area	List of species
Davydov Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>1 plant species: Salvinia natans.</p> <p>2 animal species: willow ptarmigan, Russian desman.</p> <p>Listed in the IUCN Red Book: Salvinia natans, Russian desman.</p>
Khopyor State Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>13 plant species: Trapa natans, Cephalaria litvinovii, Stipa pennata, Stipa pulcherrima, Iris aphylla, Stipa dasyphylla, Pulsatilla pratensis, Fritillaria ruthenica, Trapa, Tulipa schrenkii, water caltrop, buffalo nut, Orchis militaris.</p> <p>25 animal species: Rosalia longicorn, Eurasian stone-curlew, greater spotted eagle, saker falcon, golden eagle, aquatic warbler, great bustard, middle spotted woodpecker, Levant sparrowhawk, stag beetle, short-toed snake eagle, Eurasian oystercatcher, eastern imperial eagle, clouded Apollo, white-tailed eagle, Calosoma sycophanta, Eurasian beaver, Russian desman, osprey, Saga pedo, peregrine falcon, lesser kestrel, little bustard, Eurasian eagle-owl, black stork.</p> <p>Listed in the IUCN Red Book: Trapa natans, Trapa, water caltrop, buffalo nut, greater spotted eagle, aquatic warbler, great bustard, Russian desman, Eurasian beaver, Saga pedo, lesser kestrel, little bustard, peregrine falcon.</p>
Nechkinsky National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>4 plant species: Cyripedium calceolus, Calypso bulbosa, Neottianthe cucullata, Cephalanthera rubra.</p> <p>14 animal species: Volga pikeperch, brown long-eared bat, Eurasian curlew, greater spotted eagle, Carabus menetriesi, European bullhead, Siberian taimen, white-tailed eagle, Russian desman, Alburnoides bipunctatus, Sterlet, osprey, Eurasian eagle-owl, black stork.</p> <p>Listed in the IUCN Red Book: Cyripedium calceolus, greater spotted eagle, Siberian taimen, Russian desman, Sterlet.</p>
Orlovskoye Polesye National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>9 plant species: Trapa natans, Neottianthe cucullata, Dactylorhiza traunsteineri, Dactylorhiza baltica, Pulsatilla pratensis, Dactylorhiza maculata, Trapa, water caltrop, buffalo nut.</p> <p>10 animal species: great spotted eagle, Russian desman, greater noctule bat, middle spotted woodpecker, short-toed snake eagle, European bison, clouded Apollo, lesser spotted eagle, hazel grouse, black stork.</p> <p>Listed in the IUCN Red Book: European bison, Trapa natans, Trapa, water caltrop, buffalo nut, great spotted eagle, hazel grouse.</p>

APPENDIX 8.

[NUMBER OF SPECIES LISTED IN THE IUCN RED LIST AND THE NATIONAL LIST OF PROTECTED SPECIES IN SPECIAL NATURE RESERVE AREAS WHERE PJSC FGC UES OPERATES]

Name of the protected natural area	List of species
Samarskaya Luka National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>20 plant species: Astragalus zingeri, Cypridium calceolus, Trapa natans, Iris pumila, Stipa pulcherrima, European feather grass, Hedysarum grandiflorum, Hedysarum razoumowianum, Euphorbia zhiguliensis, Neottianthe cucullata, Artemisia salsoloides, Cephalanthera rubra, Fritillaria ruthenica, Thymus cimicinus, Koeleria sclerophylla, Lathyrus litvinovii, water caltrop, buffalo nut, Globularia trichosantha.</p> <p>28 animal species: Rosalia longicorn, saker falcon, ivory gull, golden eagle, greater noctule bat, black-throated loon, stag beetle, short-toed snake eagle, red-breasted goose, sociable lapwing, Eurasian oystercatcher, long-legged buzzard, little tern, eastern imperial eagle, clouded Apollo, white-tailed eagle, great grey shrike, European bullhead, Calosoma sycophanta, Xylocopa valga, Russian desman, Alburnoides bipunctatus, Saga pedo, sterlet, osprey, pallid harrier, Pallas's gull, black stork.</p> <p>Listed in the IUCN Red Book: Cypridium calceolus, Trapa natans, Trapa, water caltrop, buffalo nut, Rosalia longicorn, red-breasted goose, eastern imperial eagle, Russian desman, Saga pedo, sterlet, pallid harrier.</p>
Smolny National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>6 plant species: Trapa natans, Neottianthe cucullata, Cephalanthera rubra, Trapa, water chestnut, buffalo nut.</p> <p>17 animal species: golden eagle, Eurasian curlew, greater spotted eagle, short-toed snake eagle, Eurasian oystercatcher, clouded Apollo, eastern imperial eagle, little tern, Apollo, great grey shrike, white-tailed eagle, Xylocopa valga, osprey, lesser kestrel, pallid harrier, little bustard, Eurasian eagle-owl.</p> <p>Listed in the IUCN Red Book: Trapa natans, Trapa, water chestnut, buffalo nut, greater spotted eagle, eastern imperial eagle, Apollo, lesser kestrel, little bustard, pallid harrier</p>
Sochi National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>41 plant species: Anacamptis pyramidalis, Colchicum speciosum, Colchicum umbrosum, Epimedium colchicum, Dioscorea caucasica, Genista suanica, Ruscus colchicus, Ficus carica, Erythronium caucasicum, Staphylea colchica, Campanula autraniana, Liliun kesselringianum, Leptopus colchicus, Liliun caucasicum, Limodorum abortivum, Epipogium aphyllum, Ophrys oestriera, Dactylorhiza triphylla, Galanthus woronowii, Cephalanthera damasonium, Cephalanthera rubra, Paeonia wittmanniana, Secale kuprijanovii, Buxus colchica, Spiranthes spiralis, Serapias vomeracea, Steveniella satyrioides, English Yew, Traunsteinera globosa, Tulipa humilis, Ostrya carpinifolia, Cyclamen coum, Globularia trichosantha, Crocus vallicola, Crocus speciosus, Anacamptis coriophora, Orchis militaris, Orchis mascula, Orchis provincialis, Orchis purpurea, Orchis tridentata.</p> <p>57 animal species: Rosalia longicorn, Alburnus belvica, griffon vulture, greater horseshoe bat, golden eagle, bearded vulture, Carabus hungaricus, greater noctule bat, Vipera dinniki, Vipera kaznakovi, Aphodius bimaculatus, Anax imperator, Aporetodea dubiosa, Carabus biebersteini constantinovi, Carabus miroshnikovi, Stag beetle, short-toed snake eagle, Eisenia transcaucasica, Rhaesus serricollis, Caucasian grouse, red kite, Lutra lutra meridionalis, Caucasian wildcat, Carabus caucasicus, Xylosteus caucasicola, Protaetia speciosa, brown trout, Caucasian toad, Caucasian parsley frog, Parnopes grandior, leopard, lesser horseshoe bat, lesser spotted eagle, southern banded newt, clouded Apollo, white-tailed eagle, common bent-wing bat, lesser mouse-eared bat, Triturus vulgaris lantzi, Apollo, Orussus abietinus, Mehely's horseshoe bat, Calosoma sycophanta, Pleroneura dahli, Xylocopa valga, peregrine falcon, osprey, Greek tortoise, Geoffroy's bat, Southern crested newt, Cerambyx nodulosus, Ukrainian brook lamprey, Aesculapian snake, black stork, cinereous vulture.</p> <p>Listed in the IUCN Red Book: Ficus carica, Staphylea colchica, Campanula autraniana, Buxus colchica, English Yew, Rosalia longicorn, greater horseshoe bat, Vipera dinniki, Vipera kaznakovi, Caucasian grouse, leopard, Apollo, common bent-wing bat, Mehely's horseshoe bat, Greek tortoise, Geoffroy's bat, cinereous vulture.</p>

APPENDIX 8.

[NUMBER OF SPECIES LISTED IN THE IUCN RED LIST AND THE NATIONAL LIST OF PROTECTED SPECIES IN SPECIAL NATURE RESERVE AREAS WHERE PJSC FGC UES OPERATES]

Name of the protected natural area	List of species
Khvalynsky National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>15 plant species: Astragalus zingeri, Cypridium calceolus, Daphne cneorum, Hysopus cretaceus, Iris pumila, Stipa pulcherrima, Iris aphylla, Hedysarum razoumowianum, European feather grass, Hedysarum grandiflorum, Potentilla vulgarica, Cephalanthera rubra, Paeonia tenuifolia, Anthemis trozkiana, Fritillaria ruthenica.</p> <p>16 animal species: saker falcon, golden eagle, greater spotted eagle, levant sparrowhawk, stag beetle, short-toed snake eagle, Dalmatian pelican, eastern imperial eagle, marbled duck, white-tailed eagle, Russian desman, Bombus fragrans, peregrine falcon, osprey, little bustard, Eurasian eagle-owl.</p> <p>Listed in the IUCN Red Book: Cypridium calceolus, greater spotted eagle, Dalmatian pelican, eastern imperial eagle, Russian desman, little bustard, peregrine falcon.</p>
Shorsky National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>9 plant species: Aconitum paskoi, Cypridium macranthos, Cypridium calceolus, Siberian fawn lily, tree lungwort, Liparis loeselii, Dactylorhiza baltica, Rheum altaicum, Orchis militaris.</p> <p>7 animal species: golden eagle, Siberian taimen, lenok, peregrine falcon, osprey, Eurasian eagle-owl, black stork.</p> <p>Listed in the IUCN Red Book: Cypridium calceolus, Cypridium macranthos, Siberian taimen, peregrine falcon.</p>
Shushensky Bor National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>14 plant species: Aconitum sajanense, Cypridium macranthos, Cypridium calceolus, Bupleurum martjanovii, Siberian fawn lily, European feather grass, Allium tythocephalum, tree lungwort, Neottianthe cucullata, Carex insanae, Sticta limbata, Tuckneraria laureri, Cetraria Laureri, Orchis militaris.</p> <p>20 animal species: Asian dowitcher, saker falcon, golden eagle, greater spotted eagle, demoiselle crane, gyrfalcon, Bewick's swan, eastern imperial eagle, white-tailed eagle, lesser white-fronted goose, osprey, peregrine falcon, lesser kestrel, pallid harrier, steppe eagle, Eurasian eagle-owl, black stork, hooded crane, Pallas's gull, pied avocet.</p> <p>Listed in the IUCN Red Book: Cypridium calceolus, Cypridium macranthos, Asian dowitcher, greater spotted eagle, eastern imperial eagle, lesser white-fronted goose, lesser kestrel, peregrine falcon.</p>
Ugra National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>9 plant species: Cypridium calceolus, Trapa natans, European feather grass, Dactylorhiza baltica, Cephalanthera longifolia, Trapa, water caltrop, buffalo nut, Orchis militaris.</p> <p>23 animal species: saker falcon, golden eagle, Eurasian curlew, greater spotted eagle, aquatic warbler, greater noctule bat, black-throated loon, middle spotted woodpecker, short-toed snake eagle, Eurasian oystercatcher, lesser spotted eagle, Eastern imperial eagle, great grey shrike, European bullhead, white-tailed eagle, Russian desman, Alburnoides bipunctatus, peregrine falcon, osprey, pallid harrier, sterlet, Eurasian eagle-owl, black stork.</p> <p>Listed in the IUCN Red Book: Cypridium calceolus, Trapa natans, Trapa, water caltrop, buffalo nut, greater spotted eagle, aquatic warbler, eastern imperial eagle, Russian desman, sterlet, pallid harrier, peregrine falcon.</p>
Voronezh State Nature Biosphere Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>3 plant species: European feather grass, Pulsatilla pratensis, Fritillaria ruthenica.</p> <p>4 animal species: saker falcon, griffon vulture, greater spotted eagle, stag beetle.</p> <p>3 fungi species: Polyporus umbellatus, Sparassis crispa, lingzhi mushroom.</p> <p>Listed in the IUCN Red Book: greater spotted eagle.</p>

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Name of the protected natural area	List of species
Historic and landscape complex Bogolyubov Meadow — The Church of the Intercession of the Holy Virgin on the Nerl River	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>3 plant species: Isoetes lacustris, Diphasiastrum tristachyum, Dactylorhiza traunsteineri.</p> <p>9 animal species: golden eagle, greater spotted eagle, European bison, short-toed snake eagle, white-tailed eagle, Russian desman, osprey, black-throated loon, black stork.</p> <p>Listed in the IUCN Red Book: greater spotted eagle, European bison, white-tailed eagle, Russian desman.</p>
Kologrivsky Forest State Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>3 plant species: Cypridium calceolus, tree lungwort, Dactylorhiza traunsteineri.</p> <p>7 animal species: golden eagle, greater spotted eagle, short-toed snake eagle, European bullhead, grayling, osprey, peregrine falcon.</p> <p>Listed in the IUCN Red Book: Cypridium calceolus, greater spotted eagle, peregrine falcon.</p>
Kaluzhskie Zaseki State Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>1 plant species: early-purple orchid.</p> <p>18 animal species: greater spotted eagle, Eurasian curlew, Russian desman, greater noctule bat, middle spotted woodpecker, European bison, short-toed snake eagle, clouded Apollo, lesser spotted eagle, white-tailed eagle, European bullhead, great grey shrike, brook lamprey, Alburnoides bipunctatus, osprey, peregrine falcon, pallid harrier, black stork.</p> <p>8 fungi species: Grifola frondosa, Gyroporus castaneus, coral tooth fungus, Dog stink-horn, Cortinarius violaceus, Clavariadelphus pistillaris, Sparassis crispa, Gyroporus cyanescens.</p> <p>Listed in the IUCN Red Book: greater spotted eagle, European bison, pallid harrier, peregrine falcon.</p>
Dmitrievsky State Regional Fauna (Hunting) Reserve for Preservation of Elks and Roe Deers	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>3 animal species: saker falcon, white-tailed eagle, peregrine falcon.</p> <p>Listed in the IUCN Red Book: white-tailed eagle, peregrine falcon.</p>
Blagoveshchensky State Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>2 plant species: European feather grass, Stipa zalesskii.</p> <p>18 animal species: Asian dowitcher, golden eagle, red-breasted goose, sociable lapwing, demoiselle crane, glossy ibis, little tern, white-tailed eagle, Pallas's fish eagle, marbled polecat, great white pelican, white-headed duck, pallid harrier, lesser kestrel, black-winged stilt, Pallas's gull, Caspian tern, pied avocet.</p> <p>Listed in the IUCN Red Book: Asian dowitcher, red-breasted goose, Pallas's fish eagle, marbled polecat, lesser kestrel, pallid harrier, white-headed duck</p>
Taganai National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>6 plant species: Anemone uralensis, Minuartia helmii, Epipogium aphyllum, Cephalanthera longifolia, Cephalanthera rubra, Orchis militaris.</p> <p>12 animal species: black stork, golden eagle, clouded Apollo, eastern imperial eagle, Apollo, peregrine falcon, osprey, Saga pedo, Bombus wurflenii, slender-billed curlew, Eurasian eagle-owl, black-throated loon.</p> <p>Listed in the IUCN Red Book: Anemone uralensis, Apollo, Saga pedo, peregrine falcon, slender-billed curlew.</p>

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Name of the protected natural area	List of species
East Ural Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>3 plant species: Cypridium calceolus, Lilium martagon, Pulsatilla vernalis.</p> <p>8 animal species: golden eagle, Dalmatian pelican, white-tailed eagle, saker falcon, peregrine falcon, osprey, Eurasian eagle-owl, Pallas's gull.</p> <p>Listed in the IUCN Red Book: Cypridium calceolus, Lilium martagon, Dalmatian pelican, peregrine falcon.</p>
Donsky Nature Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>9 plant species: Trapa natans, Genista tanaitica, Stipa pulcherrima, European feather grass, Lepidium meyeri, Jurinea cretacea, Scrophularia cretacea, Serratula tanaitica, water caltrop.</p> <p>6 animal species: short-toed snake eagle, eastern imperial eagle, white-tailed eagle, steppe eagle, little bustard, Eurasian eagle-owl.</p> <p>Listed in the IUCN Red Book: Trapa natans, water caltrop, eastern imperial eagle, little bustard.</p>
Shalov-Perechitsky State Integral Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>4 plant species: Sand pink, Pulsatilla pratensis, Eastern pasqueflower, Onobrychis arena-ria.</p> <p>9 animal species: white stork, golden eagle, Eurasian curlew, Eurasian bittern, Bewick's swan, osprey, Eurasian eagle-owl, black stork, black-throated loon.</p> <p>Listed in the IUCN Red Book: white stork, eastern imperial eagle.</p>
Bogdinsko-Baskunchaksky Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>3 plant species: Delphinium puniceum, European feather grass, Tulipa schrenkii.</p> <p>23 animal species: Eurasian stone-curlew, ferruginous duck, Eurasian curlew, greater spotted eagle, emperor dragonfly, Levant sparrowhawk, demoiselle crane, sociable lapwing, Eurasian oystercatcher, long-legged buzzard, eastern imperial eagle, great grey shrike, white-tailed eagle, Calosoma sycophanta, Alshophylax pipiens, lesser kestrel, pallid harrier, black-winged pratincole, steppe eagle, little bustard, Eurasian eagle-owl, black-winged stilt, pied avocet.</p> <p>Listed in the IUCN Red Book: ferruginous duck, greater spotted eagle, sociable lapwing, eastern imperial eagle, white-tailed eagle, lesser kestrel, pallid harrier, black-winged pratincole, little bustard.</p>
Tatarka River State Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>8 animal species: golden eagle, Baikal teal, Bewick's swan, white-tailed eagle, osprey, peregrine falcon, Eurasian eagle-owl, black stork.</p> <p>Listed in the IUCN Red Book: white-tailed eagle, peregrine falcon.</p>
Mariy Chodra National Park	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>5 plant species: Cypridium calceolus, Stipa pennata, Liparis loeselii, Neottianthe cuculata, Cephalanthera rubra.</p> <p>17 animal species: golden eagle, greater noctule bat, azure tit, black-throated loon, short-toed snake eagle, Eurasian oystercatcher, eastern imperial eagle, great grey shrike, white-tailed eagle, Apollo, European bullhead, Alburnoides bipunctatus, Russian desman, osprey, Sterlet, Eurasian eagle-owl, black stork.</p> <p>4 fungi species: Gyroporus cyanescens, coral tooth fungus, Leccinum percandidum, Cortinarius violaceus.</p> <p>Listed in the IUCN Red Book: Cypridium calceolus, greater noctule bat, eastern imperial eagle, white-tailed eagle, Apollo, Russian desman, Sterlet.</p>

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Name of the protected natural area	List of species
Kivach State Nature Reserve	<p>Species included in the Red Data Book of the Russian Federation:</p> <p>10 plant species: <i>Cypripedium calceolus</i>, <i>Myrica gale</i>, <i>Calypso bulbosa</i>, <i>Cotoneaster cinnabarinus</i>, <i>Liparis loeselii</i>, <i>Lobelia dortmanna</i>, <i>Lobaria pulmonaria</i>, <i>Epipogium aphyllum</i>, <i>Dactylorhiza traunsteineri</i>, <i>Dactylorhiza baltica</i>.</p> <p>13 animal species: golden eagle, greater spotted eagle, azure tit, short-toed snake eagle, gyrfalcon, clouded Apollo, great grey shrike, Apollo, lesser white-fronted goose, peregrine falcon, osprey, Eurasian eagle-owl, Caspian tern.</p> <p>5 fungi species: <i>Wila</i>, coral tooth fungus, Aspen white, <i>Leccinum percandidum</i>, violet webcap, <i>Clavariadelphus pistillaris</i></p> <p>Listed in the IUCN Red Book: greater spotted eagle, <i>Cypripedium calceolus</i>, Apollo, lesser white-fronted goose, peregrine falcon.</p>
Remdovsky Nature Reserve	<p>6 plant species: <i>Acorus calamus</i>, <i>Peucedanum ostruthium</i>, lesser burdock, dwarf everlast, <i>Alisma gramineum</i>, <i>Bidens radiata</i>.</p> <p>10 animal species: golden eagle, barnacle goose, red-breasted goose, eastern imperial eagle, Bewick's swan, white-tailed eagle, peregrine falcon, osprey, white-fronted goose, black stork.</p> <p>Listed in the IUCN Red Book: eastern imperial eagle, red-breasted goose, white-tailed eagle, peregrine falcon.</p>

Total number of species listed on the Red Book

141 plant species: *Acorus calamus*, *Asahinea scholanderi*, pyramidal orchid, *Astragalus zingeri*, *Pogonia japonica*, water-shield, *Aconitum paskoi*, *Aconitum sajanense*, *Colchicum speciosum*, *Colchicum umbrosum*, *Cypripedium macranthos*, *Cypripedium calceolus*, *Trapa natans*, *Myrica gale*, *Anemone uralensis*, *Stipa orientalis*, *Bupleurum martjanovii*, *Daphne cneorum*, *Epimedium colchicum*, *Cephalaria litvinovii*, *Peucedanum ostruthium*, *Gastrodia elata*, Sand pink, *Dioscorea caucasica*, *Genista tanaitica*, *Genista suanica*, *Panax ginseng*, *Delphinastrum puniceum*, *Hyssopus cretaceus*, *Ficus carica*, *Ruscus colchicus*, *Coccocarpia erythroxilli*, *Calypso*, Japanese water iris, *Iris aphylla*, *Stipa dasyphylla*, European feather grass, *Stipa zaleskii*, *Lepidium meyeri*, *Cotoneaster cinnabarinus*, *Hedysarum grandiflorum*, *Hedysarum razoumowianum*, *Erythronium caucasicum*, *Staphylea colchica*, *Campanula autraniana*, *Iris pumila*, Baikal teal, Siberian fawn lily, *Leptogium hildenbrandii*, tree lungwort, *Allium altaicum*, *Lobaria retigera*, lesser burdock, *Lobelia dortmanna*, *Leptopus colchicus*, *Lilium caucasicum*, *Limodorum abortivum*, *Lilium kesselringianum*, *Potentilla vulgarica*, *Liparis loeselii*, *Lilium callosum*, *Allium tyttocephalum*, *Lilium martagon*, *Minuartia helmii*, *Minuartia krascheninnikovii*, *Euphorbia zhiuliensis*, *Neckera borealis*, *Neottianthe cucullata*, *Epipogium aphyllum*, *Jurinea cretacea*, *Scrophularia cretacea*, *Omphalina hudsoniana*, *Carex insanae*, *Ophrys oestrifera*, *Carex livida*, *Galium paradoxum*, Chinese peony, *Paeonia obovata*, *Galium paradoxum*, *Pulsatilla pratensis*, *Cephalanthera longifolia*, *Isoetes lacustris*, *Dactylorhiza traunsteineri*, *Isoetes maritima*, *Cephalanthera rubra*, *Dactylorhiza baltica*, *Dactylorhiza maculata*, *Artemisia salsoloides*, *Dactylorhiza triphylla*, *Galanthus woronowii*, *Paeonia wittmanniana*, *Pulsatilla vernalis*, *Paeonia tenuifolia*, *Anthemis trozkiana*, *Cephalanthera damasonium*, Eastern pasqueflower, *Pulsatilla pratensis*, *Fritillaria dagana*, *Secale kuprijanovii*, *Trapa*, *Fritillaria ussuriensis*, *Fritillaria ruthenica*, *Rheum altaicum*, *Fritillaria meleagris*, *Swertia bicalensis*, *Buxus colchica*, *Serapias vomeracea*, *Steveniella satyrioides*, *Spiranthes spiralis*, *Sticta limbata*, *Serratula tanaitica*, *Salvinia natans*, *Tridactylina kirilowii*, dwarf everlast, *Thymus cimicinus*, *Koeleria sclerophylla*, *Tulipa schrenkii*, English Yew, *Traunsteinera globosa*, *Tulipa humilis*, *Tuckneraria laureri*, *Ostrya carpinifolia*, *Cetraria laureri*, *Cetrelia alaskana*, *Cyclamen coum*, *Alisma gramineum*, *Bidens radiata*, water caltrop, buffalo nut, *Lathyrus litvinovii*, *Globularia punctata*, *Globularia trichosantha*, *Crocus speciosus*, *Crocus vallicola*, *Onobrychis arenaria*, *Anacamptis coriophora*, Early purple orchid, *Orchis militaris*, Burnt-tip orchid, *Orchis provincialis*, *Orchis purpurea*, *Orchis tridentata*.

135 animal species: Siberian tiger, Eurasian stone-curlew, *Rosalia longicorn*, Asian dowitcher, *Alburnus belvica*, saker falcon, white stork, griffon vulture, willow ptarmigan, golden eagle, Eurasian curlew, Volga pikeperch, bearded vulture, ferruginous duck, brown long-eared bat, ivory gull, greater horseshoe bat, greater spotted eagle, Steller's sea eagle, barnacle goose, aquatic warbler, Eurasian bittern, *Carabus hungaricus*, *Vipera dinniki*, *Vipera kaznakovi*, greater noctule bat, Oriental stork, white-naped crane, *Aphodius bimaculatus*, great bustard, *Anax imperator*, grayling, black-throated loon, azure tit, European mink, middle spotted woodpecker, Levant sparrowhawk, demoiselle crane, *Carabus menetriesi*, *Aporrectodea dubiosa*, *Carabus biebertini constantinovi*, *Carabus miroschnikovi*, Freshwater pearl mussel, stag beetle, *Eisenia transcaucasica*, short-toed snake eagle, *Rhaesus serricollis*, European bison, Dalmatian pelican, Eurasian oystercatcher, Gyrfalcon, long-legged buzzard, *Carabus caucasicus*, Caucasian grouse, sociable lapwing, redbreasted goose, *Xylosteus caucasicola*, *Protaetia speciosa*, *Parnopes grandior*, Caucasian toad, Caucasian parsley frog, brown trout, Baikal teal, red kite, *Lutra lutra meridio-*

APPENDIX 8.

[NUMBER OF SPECIES LISTED IN THE IUCN RED LIST AND THE NATIONAL LIST OF PROTECTED SPECIES IN SPECIAL NATURE RESERVE AREAS WHERE PJSC FGC UES OPERATES]

nalis, Caucasian wildcat, glossy ibis, lenok, leopard, Bewick's swan, mandarin duck, marbled duck, lesser spotted eagle, clouded Apollo, little tern, southern banded newt, eastern imperial eagle, lesser horseshoe bat, steppe eagle, great grey shrike, Apollo, Pallas's fish eagle, Siberian taimen, European bullhead, *Lissotriton vulgaris lantzi*, common bent-wing bat, white-tailed eagle, *Triturus vulgaris lantzi*, lesser mouse-eared bat, Mehely's horseshoe bat, *Calosoma sycophanta*, *Xylocopa valga*, *Orussus abietinus*, lesser white-fronted goose, marbled polecat, *Alsophylax pipiens*, *Pleroneura dahli*, Indian paradise flycatcher, Russian desman, brook lamprey, Eurasian beaver, hazel grouse, great white pelican, *Alburnoides bipunctatus*, reindeer, lesser kestrel, Saga pedo, peregrine falcon, steppe eagle, mountain weasel, osprey, white-headed duck, black-winged pratincole, little bustard, sterlet, pallid harrier, *Bombus fragrans*, Greek tortoise, *Bombus wurfenii*, southern crested newt, Geoffroy's bat, slender-billed curlew, *Cerambyx nodulosus*, Ukrainian brook lamprey, Eurasian eagle-owl, black-winged stilt, Caspian tern, black-bellied sandpiper, cinereous vulture, Pallas's gull, hooded crane, black stork, pied avocet, Aesculapian snake, grey-faced buzzard, red-crowned crane.

14 fungi species: *Wila*, *Polyporus umbellatus*, *Grifola frondosa*, *Gyroporus castaneus*, *Gyroporus cyanescens*, coral tooth fungus, *Mutinus ravenelii*, Dog stinkhorn, *Leccinum percandidum*, *Cortinarius violaceus*, *Clavariadelphus pistillaris*, *Phallus duplicatus*, *Sparassis crispa*, Lingzhi mushroom.

Status	Animals	Plants	Fungi	
Listed in the Red Book of Russia	0 — Considered to be Extinct	—	1	—
	1 — Endangered Ones	28	12	—
	2 — Declining Species	57	56	1
	3 — Rare Ones	39	67	11
	4 — Undefined by Status	7	4	2
	5 — Recoverable and Recovering Ones	4	1	—

Total number of species listed on the Red Book of the International Union for Conservation of Nature

16 plant species: Watershield, *Cypripedium macranthos*, *Cypripedium calceolus*, *Trapa natans*, *Anemone uralensis*, *Gastrodia elata*, *Ficus carica*, Caucasian bladder nut, *Campanula autraniana*, *Lilium martagon*, *Trapa*, *Buxus colchica*, *Salvinia natans*, *Taxus baccata*, water caltrop, buffalo nut.

46 animal species: Siberian tiger, *Rosalia longicorn*, Asian dowitcher, white stork, Steller's sea eagle, greater spotted eagle, greater horseshoe bat, aquatic warbler, *Vipera dinniki*, *Vipera kaznakovi*, greater noctule bat, white-naped crane, great bustard, European mink, European bison, Dalmatian pelican, red-breasted goose, sociable lapwing, Caucasian grouse, leopard, mandarin duck, eastern imperial eagle, white-tailed eagle, Apollo, Siberian taimen, common bent-wing bat, Mehely's horseshoe bat, lesser white-fronted goose, marbled polecat, hazel grouse, Eurasian beaver, Russian desman, peregrine falcon, Saga pedo, lesser kestrel, black-winged pratincole, little bustard, sterlet, pallid harrier, Greek tortoise, white-headed duck, Geoffroy's bat, slender-billed curlew, cinereous vulture, red-crowned crane.

Status	Animals	Plants	Fungi	
Listed in the Red List of the International Union for Conservation of Nature	CR — Critically Endangered Species	3	—	—
	EN — Endangered Species	6	2	—
	VU — Vulnerable Species	20	2	—
	NT — Near Threatened	8	1	—
	LC — Least Concern	9	11	—

APPENDIX 9.

Register of specially protected natural areas where Federal Grid Company operates

GRI 304-1

MPS	EMPS	Information on the electric grid facility		
		Name	Location	Length, km — for OHL and ACL; occupied area, ha — for SS
MPS Centre	Verkhne-Donskoye EMPS	220 kV dual circuit OHL: Yuzhnaya Usman-Tyagovaya, Kirovskaya POST 474	Voronezh Region, Verkhne-havsky District	11.968
		220 kV Ovoshchi Chernozemya OHL		11.528
	Vologodskoye EMPS	220 kV Vladimirskaya CHPP-2 — Vladimirskaya with branch line to Rayonnaya SS and 220 kV Vladimirskaya — Zarya 2, chain with branch line to Rayonnaya SS	Vladimir Region, Suzdalsky District	1.6
		220 kV Vladimirskaya CHPP-2 — Vladimirskaya with branch line to Rayonnaya SS and 220 kV Vladimirskaya CHPP-2 — Zarya	Vladimir Region, Kameshkovsky District	2.5
		220 kV Ryzhkovo-Manturovo OHL	Kostroma Region, Manturovsky District	13.8
	Moskovskoye EMPS	500 kV Noginsk-Chagino OHL, tower No. 153	Moscow	0.364
		500 kV Kaskadnaya-Chagino OHL, tower No. 153		5.89
		500 kV Ochakovo OHL, tower No. 20–31		3.5
Priokskoe EMPS	500 kV Smolenskaya NPP — Kaluzhskaya OHL	220 kV Cherepetskaya GRES — Liteynaya OHL	Kaluga Region, Yukhnovsky District	12.5
		220 kV Cherepetskaya GRES — Liteynaya OHL	Kaluga Region, Kozelsky District	17.5
		220 kV Cherepetskaya GRES — Tsementnaya OHL	Kaluga Region, Kozelsky District	17.6
		500 kV Smolenskaya NPP — Mikhaylovskaya OHL	Kaluga Region, Ulyanovsky District	17.6
Chernozemnoe EMPS	330 kV Stary Oskol — OEMK 1 OHL	500 kV Stary Oskol — Metallurgicheskaya OHL	Belgorod Region, Starooskolsky District	1.5
		500 kV Stary Oskol — Metallurgicheskaya OHL	Belgorod Region, Starooskolsky District	4
		Beloberezhskaya-Yeletska OHL	Orlov Region	7.698

Environmentally sensitive area				
Name	Level of importance	Location in respect to the territory	Type of territory	Type of activity
Voronezh State Nature Biosphere Reserve	Within the territory	Ground	Ground	Production
		Within the territory	Ground	Production
Historic and landscape complex Bogolyubov Meadow — The Church of the Intercession of the Holy Virgin on the Nerl River	Within the territory	Ground	Ground	Production
Davydov Nature Reserve	Within the territory	Ground	Ground	Production
Kologrivsky Forest State Nature Reserve	Within the territory	Ground	Ground	Production
Kuzminki-Lyublino Historic and Nature Park	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Bitsevsky Forest		Within the territory	Ground	Production
Ugra National Park	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Kaluzhskie Zaseki State Nature Reserve	Federal	Within the territory	Ground	Production
Dmitrievsky State Regional Fauna (Hunting) Reserve for Preservation of Elks and Roe Deers	Regional	Within the territory	Ground	Production
	Regional	Within the territory	Ground	Production
Orlovskoye Polesye National Park	Federal	Within the territory	Ground	Production

APPENDIX 9.

[REGISTER OF SPECIALLY PROTECTED NATURAL AREAS WHERE FEDERAL GRID COMPANY OPERATES]

MPS	EMPS	Information on the electric grid facility		
		Name	Location	Length, km — for OHL and ACL; occupied area, ha — for SS
MPS Siberia	Kuzbasskoye EMPS	500 kV Sayano-Shushenskaya HPP — Novokuznetskaya No. 1 ACL	Kemerovo Region	78.5
		500 kV Sayano-Shushenskaya HPP — Novokuznetskaya No. 2 OHL		78.5
	Krasnoyarskoye EMPS	220 kV Gorevsky-Razdolinskaya circuit 1/circuit 2 OHL (D-101/D-102) (in spans between towers 114–214)	Krasnoyarsk Krai	40.3
		220 kV Minusinskaya tower — Shushenskaya tower circuit 1, 2 OHL (D-37/38)		48.7
	Khakasskoe EMPS	220 kV Sushenskaya tower — Ergaki OHL (D46)		125.5
	Zabaikalskoe EMPS	220 kV Mysovaya — Vydrino OHL (OHL-273)	Republic of Buryatia	3.5418
		220 kV Mysovaya — Vydrino OHL (OHL-274)		3.5418
		500 kV Irkutsk — Gusinoozernaya GRES OHL (IG-582)		3.5418
		220 kV Goryachinskaya SS		5.5
MPS East	Khabarovskoye EMPS	220 kV Khekhtsir-Gidroliznaya/Khekhtsir — Dormidontovka/t OHL L-227/228	Khabarovsk Krai	9.51
		220 kV Khekhtsir-Gidroliznaya/Khekhtsir — Dormidontovka/t OHL L-227/228		2.8
		220 kV Khekhtsir CHPP-3 — Khekhtsir-2 OHL L-223/224		24.763
		220 kV Khekhtsir CHPP-3 — Khekhtsir-2 OHL L-225/226		22.306
		500 kV Khabarovskaya — Khekhtsir-2 OHL L-513		21.113
		220 kV Khekhtsir-2 — Vostok OHL		22.254
		220 kV Khekhtsir-2 — Khekhtsir circuit 1,2 OHL 233/234		0.28
		220 kV Khekhtsir-2 — PS-36 OHL (L-235)		9.219
		500 kV PrimGRES — Khekhtsir-2 OHL L-516		13.55
		6 kV f.-5 Khekhtsir — Khekhtsir-2 ACL		0.98
	20 kV f.-5 Khekhtsir — Khekhtsir-2 ACL	0.98		
Amurskoye EMPS	220 kV Amurskaya — Blagoveshchenskaya No. 1 OHL	Amur Region	7.8	
	220 kV Amurskaya — Blagoveshchenskaya No. 2 OHL		7.8	

APPENDIX 9.

[REGISTER OF SPECIALLY PROTECTED NATURAL AREAS WHERE FEDERAL GRID COMPANY OPERATES]

Environmentally sensitive area				
Name	Level of importance	Location in respect to the territory	Type of territory	Type of activity
Shorsky State National Park	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
Tatarka River State Nature Reserve	Regional	Within the territory	Ground	Production
Shushensky Bor National Park	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
Protective area of the Baikal State Nature Biosphere Reserve	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Baikal State Nature Biosphere Reserve	Federal	Within the territory	Ground	Production
Territory of the Bolshekhkhtsirsky State Nature Reserve	Federal	Within the territory	Ground	Production
Khekhtsirsky State Nature Reserve	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Blagoveshchensky State Nature Reserve	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production

MPS	EMPS	Information on the electric grid facility		
		Name	Location	Length, km — for OHL and ACL; occupied area, ha — for SS
MPS Urals	Sverdlovskoye EMPS	500 kV BNPP-2 — Yuzhnaya OHL (500 kV Yuzhnaya — Shagol OHL)	Sverdlovsk Region, Sysertsky District	17.3
		220 kV Beloyarskaya NPP — Mramornaya OHL		39.9
		500 kV Kozyrevo — Reftinskaya GRES	Sverdlov Region, Bogdanovichsky District	32.1
		220 kV Reftinskaya GRES — Travyanskaya circuit 2 OHL		34.9
		220 kV Reftinskaya GRES — Anna OHL (220 kV Reftinskaya GRES — Travyanskaya circuit 1 OHL)		10.1
		220 kV Anna — Travyanskaya OHL (220 kV Reftinskaya GRES — Travyanskaya circuit 1 OHL)		24.8
		220 kV Sredneuralskaya GRES — Pervouralskaya circuit 2 OHL		Sverdlov Region, Sredneuralsky District, Verkhnepyshminsky District
		220 kV Sredneuralskaya GRES — Pervouralskaya circuit 1 OHL with a branch line to Trubnaya SS	1.657	
		220 kV Emelino — Trubnaya OHL	Sverdlov Region, Pervouralsky District, Verkhneye Dubrovo District	4.33
		220 kV Sredneuralskaya GRES — Pervouralskaya circuit 2 OHL		10.72
		220 kV Sredneuralskaya GRES — Pervouralskaya circuit 1 OHL with a branch line to Trubnaya SS		10.72
		220 kV Salda SS — Koshai SS OHL	Sverdlov Region, Verkhnetursky District, Alapaevsky District	13.7
		220 kV Salda SS — Koshai SS OHL	Sverdlovsk Region, Rezhovsky District	16.7
	Yuzhno-Uralskoe EMPS	500 kV Zlatoust — Chelyabinskaya tower 107–128 OHL	Chelyabinsk Region, Miassky District	5.33
		500 kV Zlatoust — Chelyabinskaya tower 17–45 OHL	Chelyabinsk Region, Zlatoustovsky District	7.1
		500 kV Beloyarskaya NPP-2 — Shagol OHL	Chelyabinsk Region, Kunashaksky, Kaslinsky Districts	25
		220 kV Shagol — Kashtak OHL, towers 33–41	Chelyabinsk Region, Chelyabinsk, Sosnovsky District	2.9

Environmentally sensitive area		Location in respect to the territory	Type of territory	Type of activity
Name	Level of importance			
Bazhovskie Mesta Nature Reserve	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production
Bogdanovichsky State Fauna Hunting Nature Reserve	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Bogdanovichsky State Fauna Hunting Nature Reserve	Regional	Within the territory	Ground	Production
Lake Iset and Surrounding Forests Landscape Nature Reserve	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production
Forests at the Geographical Border of Europe and Asia Landscape Reserve	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Dobrovolsky Trakt Landscape Nature Reserve	Regional	Within the territory	Ground	Production
Rezhovsky Nature Mineral Reserve	Regional	Within the territory	Ground	Production
Ilmen State Nature Reserve	Federal	Within the territory	Ground	Production
Taganai National Park	Federal	Within the territory	Ground	Production
East Ural Radiation Reserve	Federal	Within the territory	Ground	Production
Kashtaksky Bor Botanic Natural Monument of the Regional Significance	Regional	Within the territory	Ground	Production

MPS	EMPS	Information on the electric grid facility		
		Name	Location	Length, km — for OHL and ACL; occupied area, ha — for SS
	Permskoye EMPS	500 kV Vyatka — Votkinskaya HPP OHL towers 881–896	Udmurt Republic, Votkinsky District	5.795
		220 kV VHPP — Izhevsk 1 central OHL towers 7–43		7.688
		220 kV VHPP — Izhevsk 2 central OHL towers 7–48		7.798
		220 kV branch line to the Siva settlement 1 central OHL towers 1–22		6.742
		220 kV branch line to the Siva settlement 2 central OHL towers 1–22		7.024
		220 kV Kauchuk — Metallurg OHL towers 23–42	Udmurt Republic, Sarapulsky District	7.6
		220 kV Kauchuk — Kama OHL towers 23–42		7.6
		220 kV Kauchuk — Metallurg OHL towers 81–101		7.767
		220 kV Kauchuk — Kama OHL towers 81–104		7.175
		220 kV Kauchuk — Pozim OHL towers 69–101		10.351
MPS South	Rostovskoe EMPS	330 kV Yuzhnaya — Rostovskaya OHL	Rostov Region, Kuibyshevsky District	1.025
		220 kV R20 — T10 OHL, circuit 1	Rostov Region, Myasnikovsky District	2.215
		220 kV Rostovskaya — T15 OHL		0.631
		220 kV Novocherkasskaya GRES — NZB OHL	Rostov Region, Oktyabrsky District	0.500
		220 kV Pogorelovo — Donetskaya OHL	Rostov Region, Kamensky District	0.598
		500 kV Rostovskaya NPP — Shakhty OHL	Rostov Region, Tsymlyansky District	23.636
		220 kV Tsymlyanskaya HPP — Shakhty OHL		12.235
	500 kV Rostovskaya NPP — Nevinnomyssk OHL	Rostov Region, Proletarsky District	20.310	
	Sochinskoye EMPS	110 kV Mzymta SS	Krasnodar Krai	0.4519
		110 kV Roza Khutor SS		0.4778
110 kV Laura SS		0.461		
110 kV Sportivnaya SS		0.3348		

Environmentally sensitive area		Location in respect to the territory	Type of territory	Type of activity
Name	Level of importance			
Nechkinsky National Park	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Lysogorka	Regional	Within the territory	Ground	Production
Kamennaya Balka	Regional	Within the territory	Ground	Production
Chulekskaya Balka	Regional	Within the territory	Ground	Production
Persianovskaya Preserved Area	Regional	Within the territory	Ground	Production
Glubokaya River Chalk Deposit	Regional	Within the territory	Ground	Production
Donsky Nature Park	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production
Rostov Oblast Wetlands — Veselovskoe Water Reservoir and Lake Manych-Gudilo	Regional	Within the territory	Ground	Production
Sochi national park	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production

MPS	EMPS	Information on the electric grid facility		
		Name	Location	Length, km — for OHL and ACL; occupied area, ha — for SS
Kubanskoye EMPS	Kubanskoye EMPS	220 kV Shepsi SS	Krasnodar Krai	4.32
		220 kV Poselkovaya SS		1.8087
		220 kV Sochi CHPP — Psou ACL		34.035
		220 kV Sochi CHPP — Dagomys ACL		17.139
		220 kV Psou — Poselkovaya OHL		51.391
		220 kV Psou — Bzybi OHL		2.437
		110 kV Psou — Leselidze OHL		0.813
		220 kV Shepsi — Dagomys ACL		45.955
		220 kV Chernomorskaya — Poselkovaya ACL		50.876
		220 kV Adler CHPP — Psou ACL		9.666
		220 kV Dagomys — Chernomorskaya ACL		75.52
		220 kV Centralnaya — Dagomys ACL		61.99
		220 kV Adler HPP — Chernomorskaya ACL		7.52
Stavropolskoe EMPS	Stavropolskoe EMPS	330 kV Mashuk SS	Stavropol Krai, Pyatigorsk	5.5107
		330 kV 03 HPP-2 — Mashuk OHL	Stavropol Krai, Zheleznovodsk	0.0662
		330 kV 04 Mashuk — Prokhladnaya OHL		0.0662
Volgo-Donskoye EMPS	Volgo-Donskoye EMPS	500 kV Balashovskaya — Lipetskaya Vostochnaya OHL (towers No. 894–915)	Voronezh Region, Novokhopersky District	8.468
		500 kV Balashovskaya — Lipetskaya Zapadnaya OHL (with branch line to Novovoronezhskaya NPP)		8.777
		110 kV Verkhny Baskunchak — Suyunduk OHL	Line section of Volgo-Donskoye EMPS from 220 kV Verkhny Baskunchak SS	14.508

Environmentally sensitive area				
Name	Level of importance	Location in respect to the territory	Type of territory	Type of activity
Sochi national park	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Caucasian Mineral Water Spas (territories of health recreation areas and resorts)	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Khopyor State Nature Reserve	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
Bogdinsko-Baskunchaksky Nature Reserve	Regional	Within the territory	Ground	Production

MPS	EMPS	Information on the electric grid facility		
		Name	Location	Length, km — for OHL and ACL; occupied area, ha — for SS
MPS Volga	Nizhne-Volzhs-koye EMPS	220 kV Saratov HPP — Kubra OHL with branch line to Vozrozhdenie SS	Saratov Region	11.85
		500 kV Ulyanovskaya — Severnaya OHL (newly named Veshkaima — Osinovka)	Republic of Mordovia, Ichalkovsky District	24.47
	500 kV Ulyanovskaya — Yuzhnaya OHL (newly named Veshkaima-Arzamasskaya)	24.4		
	Samarskoye EMPS	220 kV Syzran-1-2 OHL	Samara Region	25
	Sredne-Volzhs-koye EMPS	500 kV HPP Veshkaima — Severnaya OHL	Ulyanovsk Region	17
		500 kV HPP Veshkaima — Yuzhnaya OHL		17
		550 kV Cheboksarskaya HPP — Pomary OHL	Mari El Republic	0.4
MPS North-West	Karelskoe EMPS	330 kV Kondopoga — Petrozavodsk OHL (L-392), towers No. 47–54 on the territory of the reserve	Kondopozhsky District, Republic of Karelia	2.535
		330 kV Kolskaya NPP — Monchegorsk OHL, towers No. 91–107 on the territory of the reserve	Murmansk Region, Monchegorsky District (western part of Kola peninsula)	5.425
		330 kV Kolskaya NPP — Monchegorsk OHL, towers No. 88–102 on the territory of the reserve		5.17
	Novgorodskoe EMPS	330 kV Luzhsкая SS	Leningrad Region, Luzhsky District	5.2
		330 kV Gatchinskaya — Luzhsкая OHL		4.83
		330 kV Pskov — Luzhsкая OHL		4.91
		220 kV Pargolovo — Prospekt Ispytateley OHL L-221	Saint Petersburg	1.687
		220 kV Ruchi — Poluprovodniki OHL		0.915
330 kV Kingeseppskaya — Pskov OHL	Pskov Region	20.3		

There are no subsurface and underground plots owned, leased or controlled by the Company.

Environmentally sensitive area		Location in respect to the territory	Type of territory	Type of activity
Name	Level of importance			
Khvalynsky National Park	Federal	Within the territory	Ground	Production
Smolny National Park	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
Samarskaya Luka National Park	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Mariy Chodra National Park	Federal	Within the territory	Ground	Production
Kivach State Nature Reserve	Federal	Within the territory	Ground	Production
Lapland State Biosphere Nature Reserve	Federal	Within the territory	Ground	Production
		Within the territory	Ground	Production
Shalov-Perechitsky State Integral Nature Reserve	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production
		Within the territory	Ground	Production
Novoorlovsky State Nature Reserve, as part of the Kurortny Lesopark	Regional	Within the territory	Ground	Production
		Within the territory	Ground	Production
Remdovsky Nature Reserve	Federal	Within the territory	Ground	Production

APPENDIX 10.

Opinion of the Audit Commission of Public Joint-Stock Company Federal Grid Company of the Unified Energy System

Approved by the Audit Commission of PJSC FGC UES,
Minutes No. 5/2020

dated 19 March 2020
Moscow

I. INTRODUCTION

1. Information on members of the Audit Commission

Members of the Audit Commission were elected by the resolution of the General Meeting of Shareholders	The resolution of the regular General Meeting of Shareholders of PJSC FGC UES dated 26 June 2019 (Minutes No. 22 dated 28 June 2019).
The Chairperson and the Secretary were elected by the resolution of the Audit Commission	Meeting Minutes of the Audit Commission of PJSC FGC UES No. 1/2019 dated 5 August 2019
Chairperson	Tatyana Zobkova
Deputy Chairperson	Andrey Gabov
Secretary	Svetlana Kim
Members	Ekaterina Snigiryova Dmitry Ponomaryov

Audit period: Pursuant to the resolution of the Audit Commission of PJSC FGC UES dated 27 February 2020 (Minutes No. 4/2020 of 2 March 2020), financial and economic activities of PJSC FGC UES for 2019 shall be audited from 2 March 2020 to 22 April 2020. Reliability of the 2019 Annual Report, the Accounting (Financial) Statements for 2019 and the 2019 Related Party Transactions Report was assessed from 2 March 2020 to 18 March 2020.

Audit basis: Federal Law No. 208-FZ on Joint Stock Companies of 26 December 1995, PJSC FGC UES' Articles of Association, Regulation on the Audit Commission, and Resolution of the Audit Commission of PJSC FGC UES dated 27 February 2020 (Minutes No. 4/2020 of 2 March 2020).

Purpose of the assessment: To express an independent opinion on the reliability of the 2019 Annual Report, the Accounting (Financial) Statements of PJSC FGC UES for 2019, the 2019 Related Party Transactions Report (hereinafter, the Reporting). In all material respects, the reliability means a degree of the Reporting accuracy, which allows shareholders to draw the correct conclusions about the Company's performance and financial and property status, and to make informed decisions based on these conclusions. In accordance with the Civil Code of the Russian Federation, Federal Law No. 208-FZ on Joint Stock Companies of 26 December 1995 and PJSC FGC UES's Articles of Associations, the Company's sole executive body shall be responsible for preparation and reliability of the Reporting.

Audited period: 1 January 2019 through 31 December 2019.

Audited items: PJSC FGC UES Annual Report and Accounting (Financial) Statements for 2019, Related Party Transactions Report for 2019, resolutions of the governing bodies, management reports, accounting ledgers, primary accounting documents and other documents of its financial and economic activities.

The audit inspection was governed by:

- Federal Law No. 402-FZ on Accounting of 6 December 2011;
- Federal Law No. 208-FZ on Joint Stock Companies of 26 December 1995;
- the Civil Code of the Russian Federation;
- Order of the Ministry of Finance of Russia No. 34n on Approval of the Regulation for Accounting and Reporting in the Russian Federation of 29 July 1998;
- accounting regulations (standards);
- Order of the Ministry of Finance of Russia No. 66n on Accounting Forms of 2 July 2010;
- Regulation No. 454-P on Information Disclosure by Equity Securities Issuers, approved by the Bank of Russia on 30 December 2014;
- Order No. 4335-U of the Bank of Russia on Setting Maximum Amounts on Transactions of Joint Stock Companies and Limited Liability Companies upon Exceeding of Which Such Transactions May Be Recognised as Related Party Transactions of 31 March 2017;
- the Accounting Policy of PJSC FGC UES for 2018, approved by Order of PJSC FGC UES No. 535 of 30 December 2015 (as amended in orders of PJSC FGC UES No. 128 of 14 April 2016, No. 506 of 29 December 2016, No. 554 of 29 December 2017, No. 387 of 12 October 2018, and No. 464 of 19 December 2019);
- other laws and internal organisational and administrative documents of PJSC FGC UES.

2. Information about the Company

Full corporate name	Public Joint Stock Company Federal Grid Company of the Unified Energy System (hereinafter, the Company)
Short corporate name	PJSC FGC UES (hereinafter, the Company)
Registered address:	Moscow, Russian Federation
Postal address	5 A Akademika Chelomeya St., Moscow, 117630
Primary State Registration Number (OGRN)	1024701893336 dated 20 August 2002
Taxpayer Identification Number	4716016979
Branches and separate divisions with separate balance	<ul style="list-style-type: none"> • MPS Volga; Sredne-Volzhskoye EMPS; Nizhne-Volzhskoye EMPS; Samara EMPS; Nizhny Novgorod EMPS; • MPS East; Khabarovsk EMPS; Primorsky EMPS; Amur EMPS; • MPS North-West; Karelian EMPS; Novgorod EMPS; Vyborg EMPS; Leningrad EMPS; Northern EMPS; • MPS Siberia; West-Siberian EMPS; Krasnoyarsk EMPS; Khakassky EMPS;

	<p>Kuzbass EMPS; Transbaikal EMPS;</p> <ul style="list-style-type: none"> MPS Ural; Sverdlovsk EMPS; South Ural EMPS; Orenburg EMPS; Perm EMPS; MPS Centre; Chernozemnoye EMPS; Priokskoye EMPS; Vologda EMPS; Verkhne-Donskoye EMPS; Valday EMPS; Moscow EMPS; Bely Rast (St. Petersburg); MPS South; Volga-Don EMPS; Stavropol EMPS; Rostov EMPS; Kuban EMPS; Caspian EMPS; Sochi EMPS; MPS West Siberia; Central EMPS; Southern EMPS; Yamalo-Nenets EMPS; Eastern EMPS.
Sole Executive Body	A. Murov, elected as the Chairman of the Management Board pursuant to the resolution of the Extraordinary General Meetings of Shareholders of 11 November 2013 (Minutes No. 14 of 11 November 2013), and of 19 November 2018 (Minutes No. 14 of 19 November 2018)
Chief Accountant	Andrey Noskov, elected as the Director of Accounting and Reporting, Head of the Accounting and Reporting Department (Chief Accountant) pursuant to Order No. 690/1R of 18 August 2011

1.3. Information about the Company's auditor

Full corporate name	Ernst & Young Limited Liability Company
Short corporate name	Ernst & Young LLC
Registered address:	77 Sadovnicheskaya Emb., Build. 1, Moscow, Russia, 115035
INN/KPP	7709383523/770501001
OKPO (Russian National Classifier)	59002827
OGRN	An entry was made in the Unified State Register of Legal Entities on 5 December 2002, and state registration number 1027739707203 was assigned
Contact information	Telephone: + 7 (495) 755-97-00 Fax: + 7 (495) 755-97-01 www.ey.com
Additional Information	The Company is a member of the Self-Regulatory Organisation of Auditors "Russian Union of Auditors" (Association), abbreviated name: SRO RUA (GRN 2137799142314, the corresponding entry was made in EGRUL on 3 August 2016) Ernst & Young LLC is included in the control copy of the register of auditors and audit organisations with main registration number 11603050648
Resolution of the Annual General Meeting of Shareholders on approval of the auditor	Resolution of the Annual General Meeting of Shareholders of PJSC FGC UES (Minutes No. 22 of 28 June 2019)
Basis for entering	An open single-stage tender without

into the audit contract	pre-qualification announced following Order of PJSC Rosseti No. 595r dated 30 October 2017 for the right to enter into a mandatory contract for audit of PJSC Rosseti subsidiaries' and affiliates' reports for 2018—2020, conducted by Rosseti PJSC in accordance with the Regulation on Procurement of Goods, Works and Services for Subsidiaries and Affiliates of PJSC Rosseti acting as customers. Ernst & Young LLC won the contract (Meeting Minutes of the Rosseti Tender Commission No. 13/595r of 16 March 2018 and Minutes of pre-contract negotiations No. 14/595r of 16 April 2018)
Audit Contract	Audit Contract of PJSC FGC UES for 2019 No. ECU-2019-00106 dated 23 July 2019
Auditor's opinion	Independent auditor's opinion on the accounting (financial) statements of PJSC FGC UES for 2019 of 20 February 2020

We planned and conducted the audit to obtain reasonable assurance that the Company's 2019 Reporting was free of material misstatement.

The audit inspection was planned and carried out on a random basis and included the study of evidence supporting the importance and disclosure in the Reporting of information on related party transactions concluded in the reporting year, on the Company's financial and economic activities, assessment of accounting principles and methods, preparation of accounting (financial) statements, determination of material estimated values. During the audit inspection, we determined the level of materiality (the level of aggregate permissible error of distortion of the reporting indicators). By materiality, we mean the property of information disclosed in the statements to influence decisions made by users of these statements. The level of admissible error shall be a criterion for us while confirming the reliability of the Company's reporting.

In the course of the audit, we selectively reconciled data from accounting ledgers, primary accounting documents, accounting (financial) statements, the Annual Report and Related Party Transactions Report for the reporting year. We examined the results of the Company's asset and liability recognition. Based on the Company's accounting (financial) statements, we analysed its financial status.

During the audit, we reviewed the Company's compliance with Russian legislation and its internal regulations, compliance of the Reporting with the content of operations and events so that their reliable presentation was ensured. We examined the compliance of the Company's financial and economic transactions with the legislation in order to obtain reasonable and sufficient assurance that the Reporting did not contain material misstatements.

We also examined the completeness of random disclosures:

- compliance of the Company's Annual Report with the requirements of Regulation No. 454-P on Information Disclosure by Equity Securities Issuers, approved by the Bank of Russia on 30 December 2014;

- compliance of the Company's accounting (financial) statements with Federal Law No. 402-FZ on Accounting of 6 December 2011 and with the Russian Accounting Standards;

- compliance of the Related Party Transactions Report for the reporting year with the requirements of Federal Law No. 208-FZ on Joint Stock Companies of 26 December 1995, and Order of the Bank of Russia No. 4335-U on Setting Maximum Amounts on Transactions of Joint Stock Companies and Limited Liability Companies upon Exceeding of Which Such Transactions May Be Recognised as Related Party Transactions, dated 31 March 2017.

As of the date of this opinion, the Company's 2019 Annual Report, submitted for approval by the Annual General Meeting of Shareholders, and Related Party Transactions Report for 2019, have not yet been approved by the Company's Board of Directors.

In the course of assessing the reliability of the Reporting, the Audit Commission relied, inter alia, on the first stage results of the audit of the Company's financial and economic activities for 2019, the opinion of the Company's auditor Ernst & Young LLC dated 20 February 2020, the opinion of JSC BDO Unicon based on the results of the technological and price audit of the Reports on the Company's investment programme implementation performed under Contract No. 542186 dated 28 December 2018.

II. ANALYSIS

In the reporting year, the Company's accounting methods constituting the 2019 Accounting Policy were in line with the accounting legislation of the Russian Federation and with federal standards.

The Company's asset and liability recognition was performed in accordance with the requirements of the legislation. The recognition results were included in the accounting (financial) statements of the Company.

The Company's accounting (financial) statements for 2019 were prepared in accordance with the accounting reporting procedure established in the Russian Federation, in all material respects.

As of 31 December 2019, the book value of the Company's assets amounted to RUB 1,532,324 million. The Company's assets increased by RUB 45,261 million (3%) in 2019.

As of 31 December 2019, the value of non-current assets amounted to RUB 1,331,514 million, which is RUB 64,560 million (5%) more than the value of the Company's non-current assets as of 31 December 2018. The growth of non-current assets was caused by the higher value of fixed assets as the result of facilities commissioning, increase of financial investments and raised investments in non-current assets.

As of 31 December 2019, the share of current assets accounted for 13% of total assets, which is RUB 200,810 million. Account receivables constitute the largest part (65.7%) of current assets, which is RUB 131,956 million, including long-term receivables (42.6% of the current asset value) and short-term receivables (23.1% of the current asset value). The volume of current assets was down by 8.8% compared to 31 December 2018, mainly due to a decrease in account receivables. At the same time, cost of short-term financial investments in the reporting period was up by RUB 19,157 million (291%) year-over-year.

As of 31 December 2019, the Company's equity and liability structure made up

74.3% and amounted to RUB 1,139,063 million. In the reporting year, the Company's equity grew by 4.5% due to the net profit, growth of the reserve capital and revaluation of non-current assets.

Long-term liabilities account for 19.2% of the equity and liabilities. In the reporting period, the amount of long-term liabilities fell by RUB 8,377 million (2.8%) and, as of 31 December 2019, totalled RUB 294,622 million. As of 31 December 2019, borrowed funds accounted for the largest share in the structure of long-term liabilities (RUB 196,622 million or 66.7%).

Short-term liabilities account for 6.4% of the equity and liabilities. The amount of short-term liabilities for the reporting period had an increase of RUB 4,969 million (5.3%) and, as of 31 December 2019, amounted to RUB 98,638 million. In the structure of short-term liabilities as of 31 December 2019, the largest share belongs to account payables (65.2% or RUB 64,305 million). Short-term borrowings increased by 36.8% in the reporting year.

In 2019, the Company's activities resulted in the net profit of RUB 58,139 million, which is 3.5% higher against the previous year.

As of 31 December 2019, the net asset value amounted to RUB 1,139,688 million and exceeded the Company's authorised capital. The net asset value increased by 4.5% in the reporting year.

The Company's financial stability indicators are within the recommended values, which proves a stable financial status.

The Audit Commission revealed no facts of violation of Russian legislation by the Company's financial and economic activities, which could significantly affect the Company's financial statements.

The Audit Commission found no evidence of misinterpretation of the information contained in the Related Party Transactions Report for 2019.

The Company's Annual Report, submitted for approval by the Annual General Meeting of Shareholders, contains information provided for by Regulation No. 454-P on Information Disclosure by Equity Securities Issuers, approved by the Bank of Russia on 30 December 2014.

III. SUMMARY

In the opinion of the Audit Commission, as of 31 December 2019 the Company's accounting (financial) statements, in all material respects, reliably reflect the Company's financial position, results of its financial and business activities for 2019 and conform with the Russian accounting laws.

Besides, the Audit Commission found no material misstatement in the financial information contained in the Company's 2019 Annual Report and in Related Party Transactions Report for 2019.

The Company's Reporting includes the following documents confirmed by the Audit Commission:

No.	Type of reporting form	Date of signing/Date of review by the Management Board	Number of sheets per document
1.	Balance sheet as of 31 December 2019	20 February 2019	2
2.	Profit and Loss Statement for 2019	20 February 2019	2
3.	Statement of Changes in Equity for 2019	20 February 2019	2
4.	Cash Flow Statement for 2019	20 February 2019	2
5.	Explanatory Notes to the Balance Sheet and Profit and Loss Statement for 2019 with appendices	20 February 2019	62
6.	Integrated Annual Report of PJSC FGC UES, excluding appendices	undated	262
7.	Related Party Transactions Report of PJSC FGC UES for 2018	28 February 2020	33

This Auditor's opinion shall be considered together with all supported forms of the Accounting (Financial)

Statements and Explanatory Notes to the Balance Sheet and the Profit and Loss Statement for 2019 in text and tabular form, which are integral parts of the Company's 2019 Annual Report, as well as the Related Party Transactions Report for 2019.

Chairperson

Members of the Audit Commission



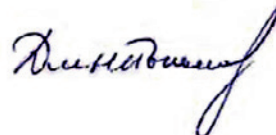
T. V. Zobkova



S. A. Kim



E. A. Snigireva



D. N. Ponomarev