



Report of the Board of Directors on the Development of the Company and the Rosseti Group in Areas of Priority

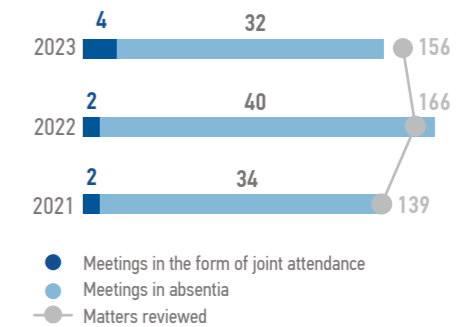
In 2023, the Board of Directors paid special attention to the Company's development in the areas of priority.

Areas of Priority	Key Issues and Solutions
 Strategy	<p>The progress report on the approved Long-Term Development Programme of the Company and the achievement of key performance indicators was considered.</p> <p>The results of the implementation of the concept of development of charging infrastructure for electric transport are considered.</p> <p>The results and plans aimed at import substitution at the Rosseti Group were reviewed.</p> <p>The Quality Policy of the Rosseti Group was approved.</p> <p>Quarterly progress reports on the Company's investment projects included in the Comprehensive Plan for Modernisation and Expansion of Backbone Infrastructure until 2024 were reviewed.</p> <p>Draft amendments to the Company's Investment Programme for 2020–2024 was approved.</p> <p>The progress report on the Company's Innovative Development Programme was approved.</p>
	<p>Progress reports on the Company's business plan and IFRS consolidated business plan for the Federal Grid Company — Rosseti Group of companies were reviewed.</p> <p>The Company's business plan for 2024 and forecasts for 2025–2028 were approved.</p> <p>The key indicators of business plans for 2024–2028 of subsidiaries and affiliates of PJSC Rosseti engaged in electricity transmission activities are reviewed.</p>
 Planning and control over business activities	<p>The Company's report on the results of work on capital markets and interaction with rating agencies was reviewed.</p> <p>The internal auditor's assessment report on the implementation of the non-core asset disposal programme and the action plan for the disposal of non-core assets were reviewed.</p> <p>Procurement reports were reviewed.</p>
	<p>The Risk Management and Internal Control Policy of PJSC Rosseti and S&As (the Rosseti Group) and the Internal Audit Policy of PJSC Rosseti were approved.</p> <p>The internal auditor's reports on the assessment of the efficiency of risk management and internal control systems of PJSC Rosseti and the Rosseti Group for 2022 were reviewed.</p> <p>The internal auditor's report on the fulfilment of the work plan and performance results for 2022, including the results of the internal quality assessment of PJSC Rosseti's internal audit activities were reviewed.</p> <p>The preferred risk appetite of the Rosseti Group, as well as the report on key operational risks of PJSC Rosseti for 2022 was approved.</p>
 Risk management, internal control and internal audit	<p>Internal documents in the field of sustainable development were approved:</p> <ul style="list-style-type: none"> Sustainable Development Policy Climate Policy Anti-Corruption Policy of PJSC Rosseti and S&A of PJSC Rosseti. <p>The results of the anti-corruption monitoring of the Rosseti Group were reviewed.</p> <p>The Report on Social Responsibility and Corporate Sustainability of PJSC Rosseti for 2022 was approved.</p>
	<p>The Corporate Secretary's quarterly reports and the annual report on compliance with the Information Policy were reviewed.</p>
 Sustainable development	<p>A new version of the Information Policy was approved.</p> <p>The results of the self-assessment of the performance of the Board of Directors of PJSC Rosseti and Committees of the Board of Directors of PJSC Rosseti for 2022 were reviewed.</p> <p>The report of the Company's internal auditor on the assessment of corporate governance efficiency at PJSC Rosseti in the Rosseti Group based on the results of the 2022/2023 corporate year was reviewed.</p>
	<p>The results of the self-assessment of the performance of the Board of Directors of PJSC Rosseti and Committees of the Board of Directors of PJSC Rosseti for 2022 were reviewed.</p>
 Corporate governance	<p>The results of the self-assessment of the performance of the Board of Directors of PJSC Rosseti and Committees of the Board of Directors of PJSC Rosseti for 2022 were reviewed.</p> <p>The report of the Company's internal auditor on the assessment of corporate governance efficiency at PJSC Rosseti in the Rosseti Group based on the results of the 2022/2023 corporate year was reviewed.</p>
	<p>The results of the self-assessment of the performance of the Board of Directors of PJSC Rosseti and Committees of the Board of Directors of PJSC Rosseti for 2022 were reviewed.</p>

Performance Results of the Board of Directors in 2023

In 2023, the Company's Board of Directors held 36 meetings and reviewed 156 questions.

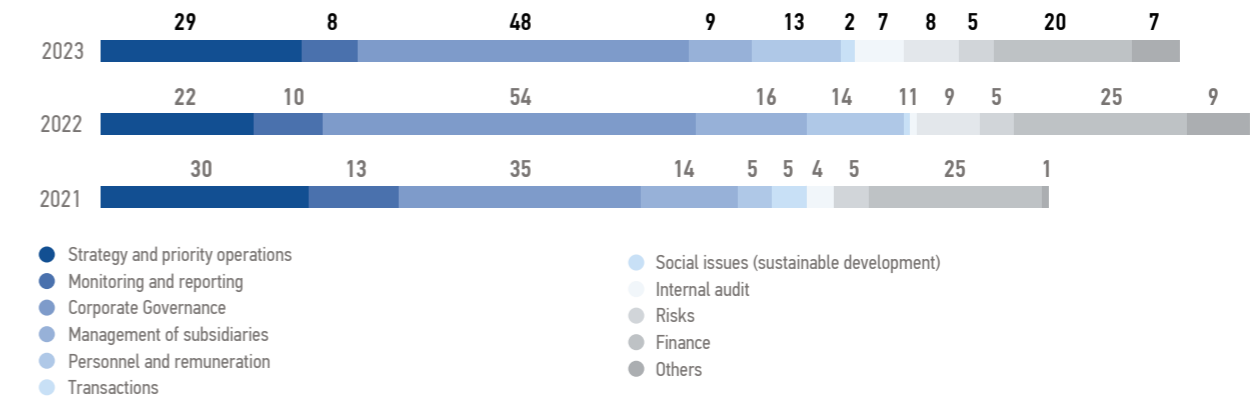
Statistical data regarding the activities of the Board of Directors



Since the Board of Directors of the Company operates on a prearranged schedule, the most significant matters were discussed during in-person meetings. In 2023, four meetings were held in the form of joint attendance. The agendas of in-person meetings included no more than five questions, which encouraged substantive discussion and the evaluation of various viewpoints during the decision-making process.

The rest of the meetings were held in absentia and included issues, on which decision-making is possible without the joint presence of the Board of Directors members.

Categories of matters reviewed by the Board of Directors



Attendance of the Board of Directors and Committees of the Board of Directors in 2023

Full Name	Board of Directors	Investment Committee	Strategy Committee	Personnel and Remuneration Committee	Audit Committee
Persons who served on the Board of Directors throughout 2023¹:					
Director 2-5	34/36 ¹	94.4%			
Director 2-10	36/36	100%	100%	100%	100%
Persons resigned from the Board of Directors in 2023²:					
Director 1-1	6/8	75%			
Director 1-11	8/8	100%		100%	100%
Director 1-10	6/8	75%		100%	100%
Director 1-2	7/8 ¹	87.5%			
Director 1-3	8/8	100%			
Director 1-4	7/8 ¹	87.5%			
Director 1-5	7/8 ¹	87.5%	100%		
Director 1-6	7/8	87.5%		100%	100%
Director 1-8	5/8	62.5%	100%		
Persons joined the Board of Directors in 2023³:					
Director 2-1	28/28	100%			
Director 2-9	28/28	100%		100%	100%
Director 2-2	25/28	89.3%			
Director 2-3	27/28	96.4%			
Director 2-11	27/28	96.4%	100%	100%	100%
Director 2-4	28/28	100%			
Director 2-6	28/28	100%			
Director 2-7	27/28	96.4%			
Director 2-8	28/28	100%			

¹ Did not participate in the voting in accordance with clause 18.10 of Article 18 of the Articles of Association of PJSC Rosseti, pursuant to which the votes of members of the Company's Board of Directors who are simultaneously members of executive bodies shall not be taken into account when resolving an issue under subparagraph 38 of paragraph 15.1 of Article 15 of the Articles of Association of PJSC Rosseti.
² In the period from 1 January 2023 to 21 March 2023, the Board of Directors of the Company held eight meetings.
³ In the period from 22 March 2023 to 31 December 2023, the Board of Directors of the Company held 28 meetings.

Skills sets and Diversification of the Composition of the Board of Directors

The Company's Board of Directors is elected to consist of 11 members in compliance with the Company's Charter. This number of Board members is in line with industry practice and also allows:

- Balancing the members in terms of professional expertise, experience and business skills of the directors
- Organising the proper work of the Committees the directors sit on
- Ensuring high efficiency of the Company's governance bodies



Due to the inclusion of the Company in the special list approved by Executive Order of the Government of the Russian Federation No. 91-r dated 23 January 2003, nomination of candidates to the Board of Directors of the Company shall be made in accordance with the Executive Order of the Government of the Russian Federation.

The selection and evaluation of candidates who may be nominated to the Board of Directors of the Company shall be performed by the Commission of the Federal Agency for State Property Management (Rosimushchestvo) for the selection of independent directors and representatives of the interests of the Russian Federation for election to the government and control bodies of joint stock companies pursuant to the proposals of the Ministry of Energy of Russia and PJSC Rosseti. Herewith, potential candidates undergo a preliminary survey and assessment, including in terms of required experience, knowledge, business reputation and absence of a conflict of interest.

In 2023, candidates to stand for election to the Board of Directors of PJSC Rosseti were nominated by the Company's major shareholder pursuant to Russian Government Order No. 392-r dated 17 February 2023. The composition of the Board of Directors is balanced in terms of the key skills sets required for effective and continuous service on the Board of Directors. Members of the Board of Directors have skills in strategic management, corporate governance, corporate finance, risk management, accounting, power industry, as well as sustainability and ESG.

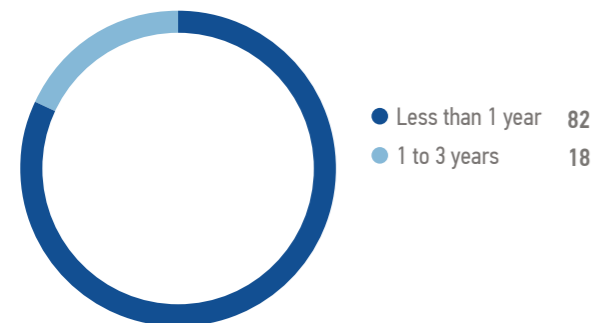
The Board of Directors of PJSC Rosseti includes three independent directors, while the Audit Committee and the Personnel and Remuneration Committee are composed mainly of independent directors, which complies with the requirements of the regulatory documents and Listing Rules of the PJSC Moscow Exchange. Candidates to the Board of Directors shall be elected based on their personal and business qualities, as well as their compliance with the independence criteria as set out in the Listing Rules of the PJSC Moscow Exchange.

When composing the Board of Directors of the Company, the following criteria shall be taken into account:

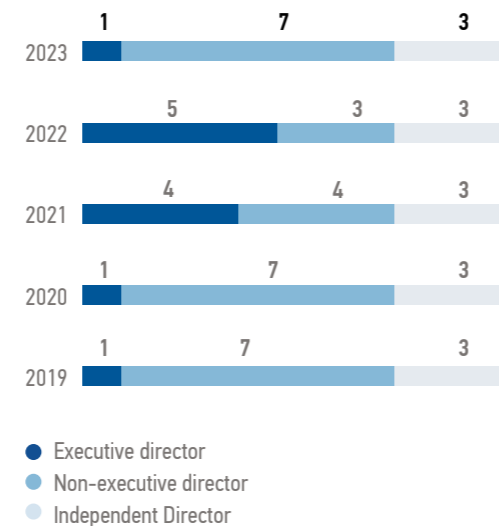
- High level of experience, knowledge, business qualities and business reputation of Board members
- Election of at least three independent directors, as well as one representative of NPP Market Council Association, to the Board of Directors
- Number of executive directors, not exceeding 25% of the total number of Board members

Structure of the Board of Directors by age, status and period of service

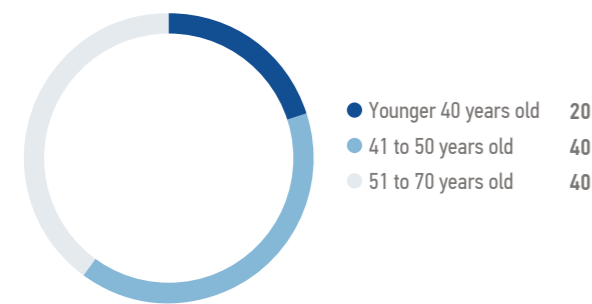
Period of service on the Company's Board of Directors, %



Structure of the Board of Directors by status



Structure of the Board of Directors by age, %



Competencies and industry-specific experience of the members of the Board of Directors of the Company

Information on skills set and industry-specific experience is based on the processing of information received from candidates to the Company's Board of Directors during the questionnaire survey.

Member of the Board of Directors	Status	Years in power engineering	Sitting on the Board, years	Competencies and industry-specific experience ¹								
				Strategy	Finance, risk and audit	Electric power industry	IT/Innovations	GR	ESG			
									E	S	G	
Director 2-1	Non-Executive Director	11	9	3	3	3	3	3	3	3	3	3
Director 2-9	Independent Director	23	5	2	2	3	2	3	2	2	2	2
Director 2-10	Independent Director	4	2	3	3	2	2	2	2	2	2	2
Director 2-2	Non-Executive Director	2	2	2	3	1	1	2	2	2	2	2
Director 2-3	Non-Executive Director	20	3	3	2	3	3	3	1	1	2	2
Director 2-11	Independent Director	10	5	3	3	3	2	3	3	3	2	2
Director 2-4	Non-Executive Director	41	8	3	2	3	3	3	3	3	2	2
Director 2-5	Executive Director	11	3	3	3	3	3	3	3	3	3	3
Director 2-6	Non-Executive Director	10	3	3	3	3	2	3	3	3	3	3
Director 2-7	Non-Executive Director	18	1	2	2	3	2	3	2	2	2	2
Director 2-8	Non-Executive Director	47	8	3	2	3	2	3	3	3	3	3

¹ Rating Scale. Expert — 3 points. Has experience — 2 points. Has a general idea — 1 point.



Chairman of the Board of Directors

The Chairman of the Board of Directors plays a key role in organising the work of the Board of Directors and is therefore granted additional rights and duties formalised in the Regulations on the Board of Directors.

Key functions of the Chairman of the Board of Directors:

- Defining key items to be discussed by the Board of Directors and selecting the optimal form of the meeting to discuss the items
- Ensuring open discussion of agenda items and taking into account the opinions of all Board members
- Working out the most effective solutions to the agenda issues
- Representing the Board of Directors in relations with the Company's General Director
- Making proposals on distribution of tasks among Board members and Committee members
- Coordinating and stimulating the activities of the Board of Directors

Consolidated groups frequently employ governance systems wherein a representative of the major shareholder chairs the Board of Directors. This makes it possible to coordinate corporate governance cycles and processes and ensure

the necessary degree of cooperation. The mechanisms pertaining to balance of interests also facilitate efficient oversight of the Board Chairman's actions in the best interests of the entire Company and guarantee the necessary degree of their accountability to the Board of Directors, for example by:

- Making it possible to electing the Chairman of the Board of Directors solely by resolution of the Board of Directors
- Searching for optimal solutions — taking into account the opinions of the Board members even in cases when it could not affect the voting results when making decisions
- Following the quorum rules and decision-making procedure, including special provisions on unanimity and consideration of votes of independent/non-independent Board members on a number of issues

Andrey Murov chaired the Board of Directors until its new composition was elected at the Extraordinary General Meeting of Shareholders of the Company on 21 March 2023.

By decisions of the Board of Directors dated 27 March 2023¹ and dated 30 June 2023², Alexander Novak, Deputy Chairman of the Government of the Russian Federation, was elected Chairman of the Board of Directors of the Company.

¹ Minutes of meeting of the Company's Board of Directors No. 613 dated 30 March 2023.

² Minutes of meeting of the Company's Board of Directors No. 624 dated 3 July 2023.