

**Approved:**

by decision of the General Meeting of Shareholders of  
Rosseti Northern Caucasus, PJSC dd. June 13, 2024  
(Minutes No. 27 dd. June 13, 2024)

**Pre-approved:**

by decision of the Board of Directors  
of Rosseti Northern Caucasus, PJSC dd. May 13, 2024  
(Minutes No. 556 dd. May 15, 2024)

**The data presented in the Annual Report has been  
proved to be reliable:**

by the decision of the Auditing Commission  
of Rosseti Northern Caucasus, PJSC dd. April 25, 2024  
(Minutes No. 4 dd. April 25, 2024)

**ANNUAL REPORT  
of PUBLIC JOINT-STOCK  
COMPANY “ROSSETI NORTHERN  
CAUCASUS”  
for 2023**

**R. A. Levchenko,  
General Director,**

**Rosseti Northern Caucasus, PJSC**

## On Annual Report

### Brief information about the Report

Please find below the Annual Report of (until March 24, 2020 – IDGC of the Northern Caucasus PJSC; hereinafter referred to as “IDGC of the Northern Caucasus”, the “Company”, “IDGC of the Northern Caucasus OJSC”, “Rosseti Northern Caucasus”, PJSC, “Rosseti Northern Caucasus”) for 2023. This Annual Report is intended first of all for our actual and potential investors and is focused on them. The Annual Report is prepared in accordance with the requirements of the **Russian law** on the securities market. However, we believe that other groups of stakeholders exert significant influence on the sustainable development of the Company, namely: state authorities (federal and regional), regional population, consumers and clients, Company personnel, suppliers, and mass media. In view of the above, we considered it necessary not to be limited to the requirements of the Russian law, having also included additional information in the Annual Report, taking into account the recommendations of the Corporate Governance Code, approved by the decision of the Board of Directors of the Bank of Russia on March 21, 2014 and recommended for use by the letter of the Bank of Russia No. 06-52/2463 dated April 10, 2014 (hereinafter referred to as the Corporate Governance Code of the Bank of Russia), and best practices.

### Scope of the Report

We believe that the **material aspects of the Annual Report** are those that describe the creation of value for each group of stakeholders, as well as factors that may substantially influence the result of such process, namely: business model and position in the industry, strategy, macroeconomic factors of development, analysis of the corporate governance quality, management statement with respect to the financial and economic standing of the Company, business risk assessment.

When preparing the Annual Report, **we made every effort to take into account all information inquiries of concerned parties that we were aware of. No public hearing of the Annual Report took place**, since, in our opinion that would have resulted in unreasonable increase in the Company’s controlled costs. In the short-run we plan to keep the existing practice. We are open for the communication with stakeholders on the contents of the statements and are willing to improve the same so that the Annual Report becomes an effective tool for attracting investments and strengthening the business reputation of the Company.

This Annual Statement has substantial differences from certain reports issued previously. Thus, reports for 2013 and 2014 were prepared to a large extent with due regard for business parameters of the subsidiary of Rosseti Northern Caucasus, PJSC, being Dagennergoset, OJSC, and in certain cases (for the period up to May 1, 2013) – the organization that operated electricity grid property in the Republic of Ingushetia. This Annual Report, as in the 2016–2022 reports, contains individual parameters of the performance of Rosseti Northern Caucasus, PJSC (Company’s branches). The specified **scope** of this Annual Report may substantially impact the compatibility with previous reports and/or other similar organizations.

## **New Items in the Report**

The Annual Report for 2023 has not undergone significant changes compared to the Annual Report for 2022. As in 2022, the report pays great attention to disclosing topics on sustainable development management, taking into account ESG factors in the Company's activities and decision-making processes.

In particular, the Report contains information about:

- policies and procedures for sustainable development management;
- assignment of responsibility for sustainable development issues among management bodies, members of the executive bodies of the Company, as well as within the organizational structure and their accountability on such issues;
- consideration of issues of sustainable development and ESG factors by Committees of the Board of Directors of the Company;
- taking into account issues of sustainable development, ESG factors in the formation and adjustment of the remuneration system for members of the Company's management bodies;
- taking into account issues of sustainable development, ESG factors in the Company's information policy;
- consideration of issues related to the ESG agenda of the Company, the Board of Directors of the Company.

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## **Introduction by the Chairman of the Board of Directors**

Dear shareholders, partners, colleagues!

In the reporting year, the management bodies and management of Rosseti Northern Caucasus, PJSC continued to purposefully solve the Company's key task of long-term provision of reliable, high-quality and affordable power supply to consumers in the Northern Caucasus Federal District. To achieve this goal, the Board of Directors and executive management bodies of the Company resolved issues related to the financial stabilization of Rosseti Northern Caucasus Group, the implementation of the energy efficiency policy, the improvement of payment discipline of consumers, and the preservation of advanced corporate governance practices and their development.

The achievement of the strategic development goals of Rosseti Northern Caucasus Group will be facilitated by the implementation of the Company Development Plan, which provides for the provision of financial support from Rosseti, PJSC. This document includes activities aimed at maintaining and improving the power grid infrastructure of the Northern Caucasus Federal District, creating the necessary conditions for the social and economic growth of regions of presence.

Rosseti Northern Caucasus, PJSC is a socially responsible company. Issues of occupational safety, ecology, implementation of social programs, and sustainable development are among the most important areas of the Company's activities. Particular attention is paid to maintaining and developing the talent capacity, creating a cohesive, socially protected, creative and economically motivated team, improving working and leisure conditions, and ensuring employee occupational safety. To achieve and maintain the status of a modern highly efficient company the strategic development of the Company is based on implementation of the social policy measures.

In the reporting year, the Board of Directors of the Company paid special attention to the integration of sustainable development issues related to the environment, society, and corporate governance factors (ESG factors) into the strategy and corporate governance system of the Company. In 2023, the Board of Directors of Rosseti Northern Caucasus, PJSC approved the Sustainable Development Policy of Rosseti, PJSC and the Climate Policy of Rosseti, PJSC as internal documents of the Company (Minutes No. 546 dd. December 29, 2023).

The result of these efforts was confirmation by Expert RA (RAEX) rating agency of the management quality rating of Rosseti Northern Caucasus, PJSC at the level of "A++.gq" (the highest level). This assessment means that the management quality system to the highest possible extent promotes the respect for and protection of the stakeholders' rights.

I am sure that in 2024, the decisions of the Board of Directors of the Company, the achievements of the team and management of Rosseti Northern Caucasus, PJSC will contribute to the effective development of the distribution integrated power grid of the North Caucasus and will ensure reliable, safe and guaranteed power supply to consumers in the regions of presence.

Sincerely yours,  
Chairman of the Board of Directors  
of Public Joint-Stock Company "Rosseti Northern Caucasus"

Aleksey Valeryevich Molsky

## **Introduction by the General Director**

Dear shareholders, partners, colleagues!

In 2023, Rosseti Northern Caucasus Group focused on fulfilling tasks aimed at developing the economy of the regions of the Northern Caucasus Federal District (NCFD). Providing electricity to enterprises in tourist and recreational clusters, the agricultural and industrial complex, and supporting small and medium-sized businesses required investment in the reconstruction and modernization of energy facilities. Refocusing on domestic manufacturers, the introduction of “smart” technologies, and the transition to more effective management methods gave a positive effect and allowed us to achieve our goals.

Completion of key activities aimed at import substitution of equipment and materials is among the important events of the reporting year. In addition, cooperation has been established with manufacturers in Russia, as well as countries of the Customs Union of the Eurasian Economic Union. Nowadays, domestic solutions are the basis for ensuring the technological and energy security of power grid facilities in the macroregion.

As part of the Program for Maintenance and Repair of Energy Facilities, the energy complex of NCFD was successfully prepared for operation under low temperatures and maximum loads. The overhaul of over 4 thousand km of power lines of various voltage classes, 45 power transformers, about 3.5 thousand transformer substations, 582 transformers was carried out predominantly using own company resources. 3.5 billion rubles were allocated for these purposes.

The key factor in increasing the efficiency of the integrated power grid of the North Caucasus was the active introduction of new technologies. Thus, at the substations of Rosseti Northern Caucasus, modern solutions for switchgears were used with the introduction of advanced measuring equipment and protection terminals with smart retrofit technology using ultra-sensitive sensors and a unique data analysis algorithm.

Technical connection still tops the ranking of services that are in high demand in the regions where the energy company operates. Last year, obligations to provide electricity to more than 13.5 thousand new facilities were fulfilled. The total output was 427 MW. In each individual case, experts developed best connection diagrams that would guarantee the applicant reliability and high quality power supply. The issue of technical connection of social infrastructure facilities such as hospitals, schools, kindergartens, cultural centers is under special control. During this period, 222 socially significant institutions were provided with the necessary power in the amount of 23.4 MW.

Stability in the activities of the energy company and the scope of repair programs are directly dependent on payments for supplied electricity. In 2023, consumers of Kabardino-Balkaria, Karachaevo-Cherkessia, Ingushetia, Dagestan and North Ossetia – Alania paid for 83% of the total volume of electricity supplied to them by Rosseti Northern Caucasus, PJSC. This is 2.7% more than in 2022. Positive dynamics is demonstrated by indicators of one of the consumer groups traditionally problematic for the macroregion: housing and utilities infrastructure enterprises. In this segment, the growth was 8.6%.

Traditionally, the Company’s priority tasks include advanced training of personnel and making information available to the public, preventing electrical injuries to third parties, and supporting social programs for employees.

In general, the 2023 results proved that given rather difficult macroeconomic conditions the Company keeps to the right vector of strategic development, ensures the reliable operation and development of not only the power grid, but also the financial and economic sector of the Northern Caucasus Federal District.

In view of the above, I would like to express special gratitude to the Board of Directors, the management of the Company, as well as the close-knit team of Rosseti Northern Caucasus, PJSC for their personal involvement and responsible approach to work.

In 2024, we will continue to develop as an efficient, customer-oriented and socially responsible company. I am sure that by relying on state-of-the-art Russian technologies and competent management decisions, we will be able to achieve even better results in solving our tasks.

Sincerely yours,  
Roman Alekseevich Levchenko,  
General Director,

Rosseti Northern Caucasus, PJSC

## 1.1. Company Profile

### 1.1.1. Company Presentation and Structure

**Rosseti Northern Caucasus, PJSC** is an Interregional Distribution Grid Company functioning in the Russian electricity power industry sector. The Company is a natural monopoly, and tariffs for its services are set by regulatory bodies.

**The core activity** is power transmission and technical connection to distribution electric grids

The company also buys and sells electricity and power in the wholesale market for electricity and power, and sells electricity and power in the retail market of the Republic of Ingushetia, North Ossetia – Alania Republic, Republic of Dagestan, Karachay-Cherkess Republic and Kabardino-Balkarian Republic.

**Legal entity year of incorporation:**  
2006

**Industry:**  
Electricity power industry

**Region:**  
Northern Caucasus Federal District, Russian Federation

Part of the Rosseti Group of Companies

**Covers** about 1% of the territory and about 6% of the population of Russia

**Manages** one grid company

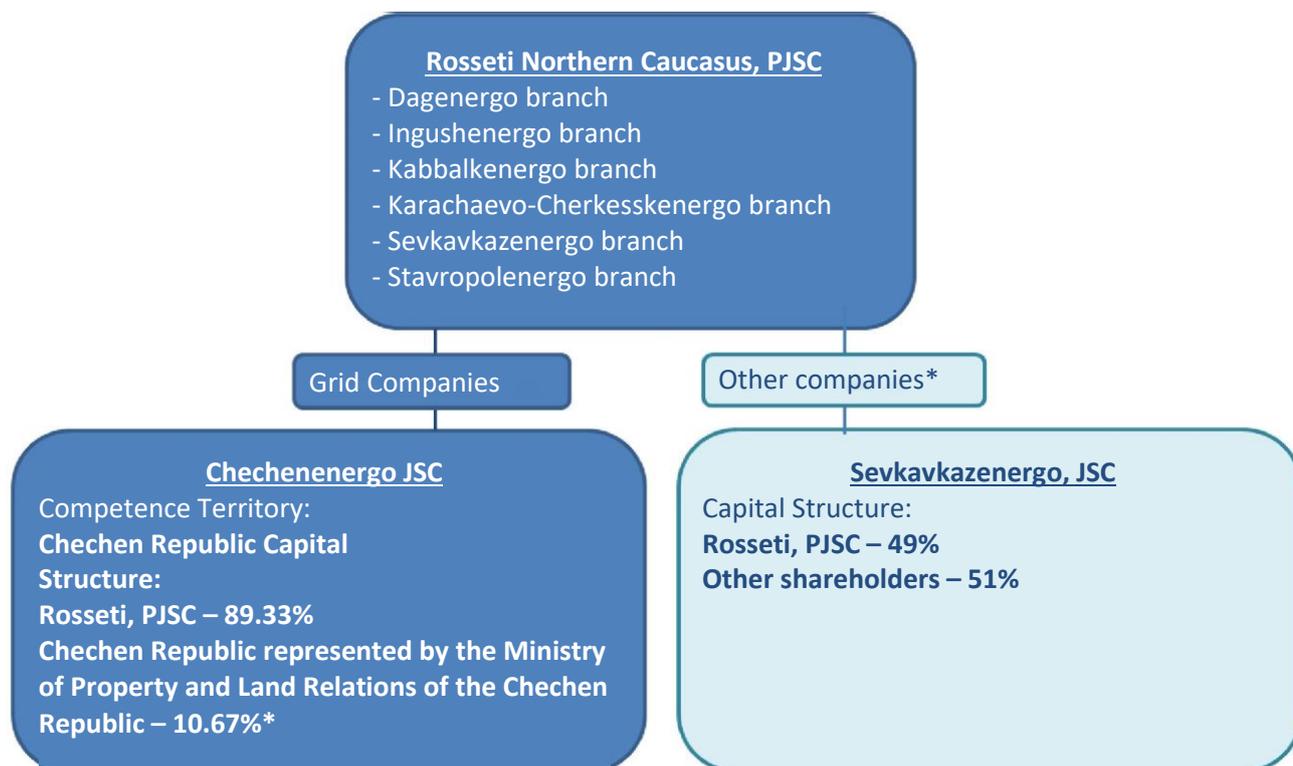
**Shares are traded** at the stock market of the Moscow Stock Exchange

**Ownership structure:** Federal Grid Company – Rosseti, Public Joint-Stock Company (98.23%), other shareholders (1.77%)<sup>1</sup>

### **Business organizational structure as of December 31, 2023**

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<sup>1</sup> Taking into account the actually placed additional shares as of August 10, 2023 No. 1-01-34747-E-009D. As of December 31, 2023, placement of specified additional shares was not completed.



*Comment.* All the companies are governed by Rosseti Northern Caucasus, PJSC.

\* In 2020 the Supervisory Board of the Association “NP Market Council” made a decision of deprivation of Sevkvkazenergo, JSC of the status of a participant in the wholesale market for electricity and power. In accordance with the requirements of the applicable law, Rosseti Northern Caucasus, PJSC took over the functions of a last resort provider in the Republic of North Ossetia – Alania from April 1, 2020 (Order of the Russian Ministry of Energy No. 236 dated March 24, 2020).

\*\* The share capital structure of Chechenenergo, JSC is indicated without taking into account the actually placed additional shares of the current issue of Chechenenergo, JSC.

**Key changes to the structure and business scale of Rosseti Northern Caucasus, PJSC:**

- from the date of incorporation (August 2006) to March 2008 – the Company, (when established – SGC OJSC) was only dealing with management of regional power companies;
- from September 2006 six North Caucasus power supply companies were transferred under control of SGC OJSC (agreements were terminated at the end of 2011);
- at the end of March 2008, as a result of the merger of grid companies (which became branches of the Company) with the Company, the Company began power transmission activities;
- in September 2008 the Company, PJSC, transferred the electricity grid property of the Ingush branch of the republican grid company Ingushenergoholding, OJSC;
- in April 2010, the Company leased the electricity grid property of the Dagenergo branch to its 100% subsidiary Dagenergoholding, JSC;
- in May 2013 in connection with the expiration of the electricity grid property lease agreement between the Company and Ingushenergoholding, OJSC, the Ingush branch (currently – Ingushenergo branch) commenced its power transmission activities;
- from July 2015 to June 2020, it functioned as a distribution grid company, Dagestan Grid Company, JSC (100% subsidiary of Rosseti Northern Caucasus, PJSC), the electricity grid property of the Dagenergo branch was leased by Dagestan Grid Company, JSC;
- in August 2015 six North Caucasian power supply companies were transferred under control of Rosseti Northern Caucasus, PJSC;
- from July 4, 2016 in accordance with the judgment of the Arbitration Court of the Chechen Republic on opening of bankruptcy proceedings, the Company did not perform functions of

the sole executive body of Nurenergo, OJSC. By the Resolution of the Arbitration Court of the North Caucasian Federal District dated January 26, 2017, the specified judgment of the Arbitration Court of the Chechen Republic was canceled. From January 26, 2017, the Company continues to perform functions of the sole executive body of Nurenergo, OJSC. On October 27, 2017, in accordance with the judgment of the Arbitration Court of the Chechen Republic, the monitoring procedure against Nurenergo was terminated, and the bankruptcy proceedings were opened against Nurenergo;

- from July 6, 2017, in accordance with the judgment of the Arbitration Court of the Republic of Dagestan on holding bankruptcy proceedings against Dagenergoset, Rosseti Northern Caucasus, PJSC does not perform the functions of the sole executive body of the aforementioned company;
- from May 23, 2018, in accordance with the judgment of the Arbitration Court of the Republic of Ingushetia on holding bankruptcy proceedings against Ingushenergo, JSC, Rosseti Northern Caucasus, PJSC does not perform the functions of the sole executive body of the aforementioned company;
- On May 8, 2020, the Board of Directors of Rosseti Northern Caucasus, PJSC made a decision to define the maintenance of business continuity of the local grid operator in the Republic of Dagestan as a priority area of the Company's activity, and also approved the Roadmap for maintenance of activity of the local grid operator in the Republic of Dagestan (Minutes No. 421 dated May 12, 2020). The power transmission activities of Dagestan Grid Company, JSC were terminated in June 2020, after which the operational activities of Dagenergo, Branch of Rosseti Northern Caucasus, PJSC, began;
- from March 15, 2022, in accordance with the judgement of the Arbitration Court of the Karachay-Cherkess Republic on the introduction of bankruptcy proceedings against Karachaevo-Cherkesskenergo, PJSC, Rosseti Northern Caucasus, PJSC does not perform the functions of the sole executive body of the said joint-stock company;
- from April 21, 2022, in accordance with the judgment of the Arbitration Court of the Republic of Kalmykia on holding bankruptcy proceedings against Kalmenergosbyt, JSC, Rosseti Northern Caucasus, PJSC does not perform the functions of the sole executive body of the aforementioned company;
- from August 21, 2022, in accordance with the judgment of the Arbitration Court of the Kabardino-Balkarian Republic on holding bankruptcy proceedings against Kabbalkenergo, JSC, Rosseti Northern Caucasus, PJSC does not perform the functions of the sole executive body of the aforementioned company;
- From December 15, 2022, in accordance with the judgement of the Arbitration Court of the Republic of Dagestan on the introduction of bankruptcy proceedings against Dagestan Grid Company, JSC, Rosseti Northern Caucasus, PJSC does not perform the functions of the sole executive body of the said joint-stock company;
- From December 15, 2023, in accordance with the judgement of the Arbitration Court of the Republic of Dagestan on the introduction of bankruptcy proceedings against Dagestan Energy Supply Company, JSC, Rosseti Northern Caucasus, PJSC does not perform the functions of the sole executive body of the said joint-stock company.

### 1.1.2. Geographic Reach

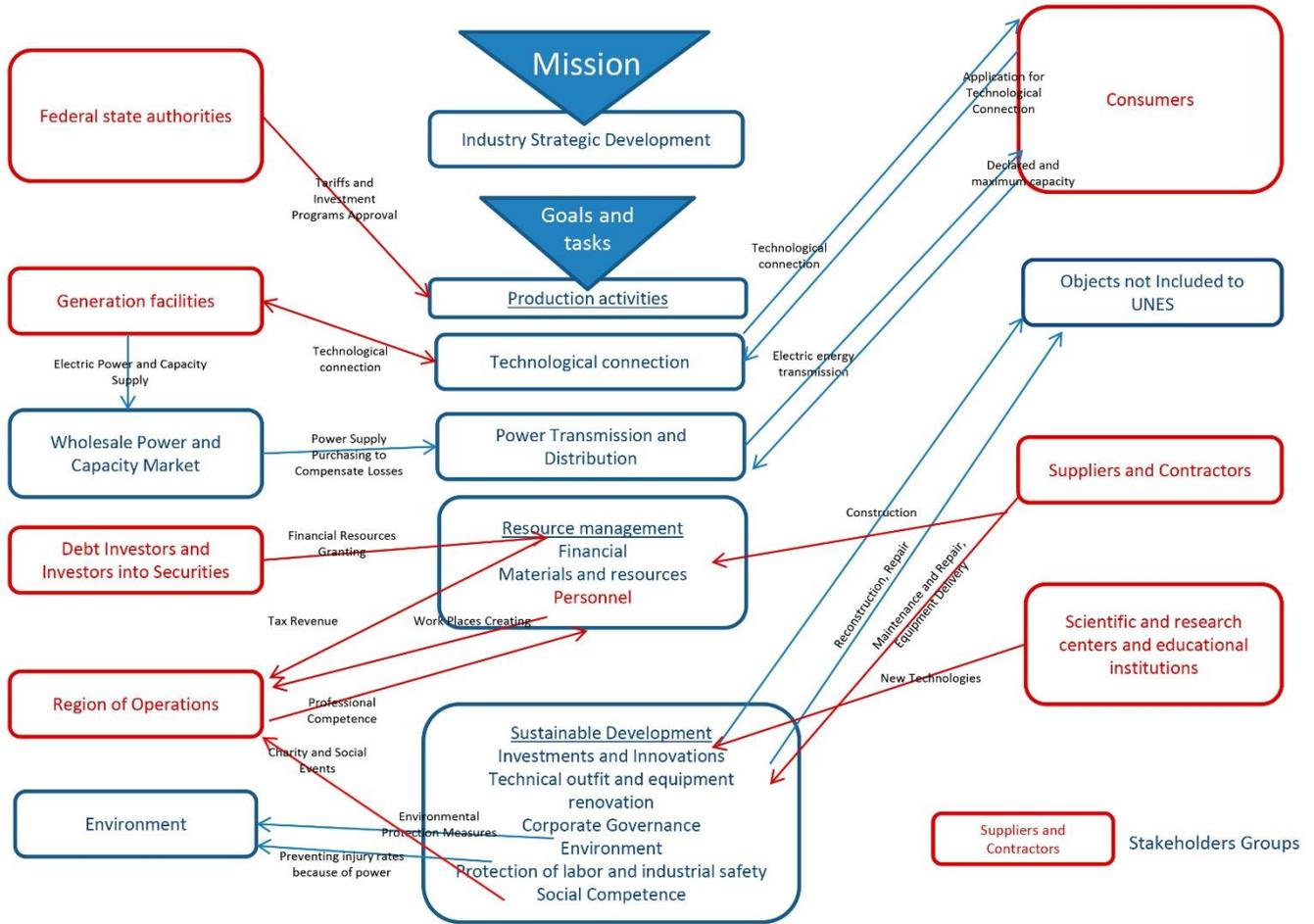
**Area of operations – Northern Caucasus Federal District, Russian Federation  
(seven constituent entities of the Russian Federation)**



### 1.1.3. Business Model

**Our primary goal** is to ensure in the long run the reliable, quality and affordable power supply to consumers in entire territory of the North Caucasian Federal District at the stage of power distribution by organization of the maximum effective infrastructure.

**The way Rosseti Northern Caucasus, PJSC creates value**



### Interaction with stakeholders

Business of Rosseti Northern Caucasus, PJSC is arranged in such a manner as to meet the needs of stakeholders to the maximum possible extent.

### Process of transformation of resources into values for the stakeholders of Rosseti Northern Caucasus, PJSC

Stakeholder	Provided resources	Area of the business model affected by the stakeholder, description of the impact	Created values
<b>State and Region</b>			
<b>Federal state authorities</b>			
Government of the Russian Federation / Russian Ministry of Energy  <b>Principles of cooperation</b> are also set forth in the by-laws of Rosseti Northern Caucasus, PJSC:	Strategic development benchmarks	Mission (determines the mission of the Company through the mission of the integrated power grid and strategic benchmarks)	Creation of a catalyst for the growth of cities, the population and the economy in general through the construction of power grids  Maintenance of the social well-being

Stakeholder	Provided resources	Area of the business model affected by the stakeholder, description of the impact	Created values
<ul style="list-style-type: none"> <li>• Corporate Code of Ethics and Business Conduct (see the section of the website “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Policy in the field of sustainable development of Rosseti, PJSC (see the section of the website “Shareholders and investors / Charter and internal documents”);</li> <li>• Provisions of Rosseti, PJSC “On unified technical policy in the electric power grid complex”.</li> </ul> <p><b>Cooperation with the stakeholder in the reporting year</b> is disclosed in Sections “Development Strategy”, “Key Operational Risks and Risk Management System”, “Tariff Policy”, “Investment Activity” and “Information Disclosure, Public Relations, State Authorities and Mass Media Relations”.</p>	Approved investment programs	Determines the key areas of the Company's investment through the approval of investment programs	<p>Ensuring of the operation of the economy and the social sector through the supply of the necessary resource</p> <p>Budget and tax receipts for the development of the economy and the social sector</p>
<p>Federal Antimonopoly Service</p> <p><b>Principles of cooperation</b> are also set forth in the by-laws of Rosseti Northern Caucasus, PJSC:</p> <ul style="list-style-type: none"> <li>• Corporate Code of Ethics and Business Conduct (see the section of the website of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Policy in the field of sustainable development of Rosseti, PJSC (see the section of the website “Shareholders and investors / Charter and internal documents”).</li> </ul> <p><b>Cooperation with the stakeholder in the reporting year</b> is disclosed in the sections “Development Strategy”, “Tariff Policy”,</p>	Approved tariffs for power transmission and technological connection of consumers	Production activities: technical connection, power transmission and distribution (set parameters of the Company's activities and determine the formation of funding sources by establishing a socially just and economically feasible amount of payment for the Company's services)	<p>Support of the industry competitiveness through the application of a reasonable and economically feasible tariff</p> <p>Ability to effectively regulate tariffs and monitor their use through constructive cooperation</p>

Stakeholder	Provided resources	Area of the business model affected by the stakeholder, description of the impact	Created values
“Information Disclosure, Public Relations, State Authorities and Mass Media Relations”.			
<b>Region of operations</b>			
<p>Regional authorities</p> <p><b>Principles of cooperation</b> are also set forth in the by-laws of Rosseti Northern Caucasus, PJSC:</p> <ul style="list-style-type: none"> <li>• Corporate Code of Ethics and Business Conduct (see the section of the website of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Anti-Corruption Policy (see the section of the website of Rosseti Northern Caucasus, PJSC “Company/Anti-Corruption Policy”);</li> <li>• Partnership Program between Rosseti Northern Caucasus, PJSC, and small and medium-sized enterprises (see the section of the website of Rosseti Northern Caucasus, PJSC “Procurement”);</li> <li>• Policy in the field of sustainable development of Rosseti, PJSC (see the section of the website “Shareholders and investors / Charter and internal documents”);</li> <li>• Provisions of Rosseti, PJSC, “About the Unified Technical Policy in the Integrated Power Grid.</li> </ul> <p><b>Cooperation with the stakeholder in the reporting year</b> is disclosed in the sections “Tariff Policy”, “Investment Activity”, “Information Disclosure, Public Relations, State Authorities and Mass Media Relations”.</p>	<p>Management decisions (assistance in consolidation of power grid assets, improvement of the payment discipline)</p>	<p>Production activities – power transmission and distribution (participate in joint inventory audit of the power grid complex to identify and register abandoned power grid assets, establish joint working groups to assess the effectiveness of territorial grid companies, develop mechanisms for consolidation of inefficient companies)</p>	<p>Budget and tax receipts for the development of the economy and the social sector</p> <p>Maintenance of the social well-being</p>
<p>Generation facilities</p>	<p>Power Supply and Capacity</p>	<p>Production activities: technical connection,</p>	<p>Provision of consumers with access to large cost-effective generators</p>

Stakeholder	Provided resources	Area of the business model affected by the stakeholder, description of the impact	Created values
<p><b>Principles of cooperation</b> are also set forth in the by-laws of Rosseti Northern Caucasus, PJSC:</p> <ul style="list-style-type: none"> <li>• Corporate Code of Ethics and Business Conduct (see the section of the website of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Policy in the field of sustainable development of Rosseti, PJSC (see the section of the website “Shareholders and investors / Charter and internal documents”);</li> <li>• Provisions of Rosseti, PJSC, “About the Unified Technical Policy in the Integrated Power Grid.</li> </ul> <p><b>Cooperation with the stakeholder in the reporting year</b> is disclosed in the sections “Investment Activity”, “Production Performance and Improving the Reliability of the Integrated Power Grid”.</p>		power transmission and distribution (apply for connection of generation facilities)	Reduction in generating capacity reserves, which consumers otherwise would have to maintain to ensure the reliability of power supply
<p>Suppliers and Contractors</p> <p><b>Principles of cooperation</b> are also set forth in the by-laws of Rosseti Northern Caucasus, PJSC:</p> <ul style="list-style-type: none"> <li>• Corporate Code of Ethics and Business Conduct (see the section of the website of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Anti-Corruption Policy (see the section of the website of Rosseti Northern Caucasus, PJSC “Company/Anti-Corruption Policy”);</li> <li>• Policy in the field of sustainable development of Rosseti, PJSC (see the section of the website “Shareholders and</li> </ul>	Equipment; maintenance, repair, construction (materials, competences, saved time and labor resources)	Resource management: logistics  Sustainability: investments and innovations, technical equipment and renovation of equipment, occupational health and safety (ensure the supply of equipment and materials, the performance of works by contract, the proper level of quality of works and materials through the fulfillment of the stated requirements of the customer)	Financial resources for business development  Maintenance of the level of employment and adequate standard of living for employees of suppliers and contractors  Improvement of competences through the implementation of new projects of the customer

Stakeholder	Provided resources	Area of the business model affected by the stakeholder, description of the impact	Created values
<p>investors / Charter and internal documents”);</p> <ul style="list-style-type: none"> <li>• Provisions of Rosseti, PJSC, “About the Unified Technical Policy in the Integrated Power Grid.</li> </ul> <p><b>Cooperation with the stakeholder in the reporting year</b> is disclosed in the sections “Procurement Activities”, “Anti-Corruption Policy and Ensuring the Security of Economic Activity”.</p>			
<p>Scientific and research centers and educational institutions</p> <p><b>Principles of cooperation</b> are also set forth in the by-laws of Rosseti Northern Caucasus, PJSC:</p> <ul style="list-style-type: none"> <li>• Corporate Code of Ethics and Business Conduct (see the section of the website of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Policy in the field of sustainable development of Rosseti, PJSC (see the section of the website “Shareholders and investors / Charter and internal documents”);</li> <li>• Provisions of Rosseti, PJSC, “About the Unified Technical Policy in the Integrated Power Grid.</li> </ul> <p><b>Cooperation with the stakeholder in the reporting year</b> is disclosed in the sections “Innovation Activities”, “Sustainable Development”.</p>	<p>Advanced technologies, human resources</p>	<p>Resource management – personnel</p> <p>Sustainability: investments and innovations, technical equipment and renovation of equipment (ensure the delivery and introduction of advanced technologies, supply of human resources)</p>	<p>Financial resources</p> <p>Improvement of competences through the development and elaboration of new projects</p> <p>Employment of graduates of educational institutions</p>
<p>General public</p> <p><b>Principles of cooperation</b> are set forth in the by-laws of Rosseti Northern Caucasus, PJSC:</p> <ul style="list-style-type: none"> <li>• Corporate Code of Ethics and Business Conduct (see the section of the website</li> </ul>	<p>Independent assessment of activities</p>	<p>Sustainability: occupational health and safety, environmental protection, social competences (carry out constant assessment of the reputation, the</p>	<p>Ensuring of the power supply reliability</p> <p>Maintenance of the level of employment of the population</p> <p>Charity and sponsorship projects</p> <p>Confidence in the environmental sustainability</p>

Stakeholder	Provided resources	Area of the business model affected by the stakeholder, description of the impact	Created values
<p>of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</p> <ul style="list-style-type: none"> <li>• Policy in the field of sustainable development of Rosseti, PJSC (see the section of the website “Shareholders and investors / Charter and internal documents”);</li> <li>• Anti-Corruption Policy (see the section of the website of Rosseti Northern Caucasus, PJSC “Company/Anti-Corruption Policy”);</li> <li>• Provisions on Information Policy of Rosseti Northern Caucasus, PJSC (see the section of the website of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Regulation on the Implementation of a Unified Communication Policy of Rosseti Northern Caucasus, PJSC.</li> </ul> <p><b>Cooperation with the stakeholder in the reporting year</b> is disclosed in the section “Information Disclosure, Public Relations, State Authorities and Mass Media Relations”.</p>		importance of projects for the regional economy, level of competence, impact on the environment of the region, social responsibility of business through the public censure or approval)	
<b>Shareholders and investors (debt investors, equity investors)</b>			
<p><b>Principles of cooperation</b> are also set forth in the by-laws of Rosseti Northern Caucasus, PJSC:</p> <ul style="list-style-type: none"> <li>• see documents in the section of the website of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Provisions on the Credit Policy.</li> </ul> <p><b>Cooperation with the stakeholder in the reporting</b></p>	<p>Money, securities, other things, ownership rights or other rights having a monetary value</p> <p>Innovations and technologies of the corporate governance</p> <p>Competences</p>	<p>Production activities – power transmission and distribution (assist in the creation of a center of responsibility for reliable power supply to consumers in the region, consolidation of grids through the contribution of electricity grid property to the authorized capital)</p>	<p>Interest (for the use of borrowed funds)</p> <p>Income from stock exchange difference</p> <p>Dividends</p> <p>Opportunity to sell shares at any time in the liquid securities market</p> <p>Absence of legal risks (violation of legal rights and interests) when investing in shares through a transparent corporate governance mechanism</p>

Stakeholder	Provided resources	Area of the business model affected by the stakeholder, description of the impact	Created values
<p><b>year</b> is disclosed in the section “Report on Corporate Governance”.</p>		<p>HR management: financial resources (ensure the cash inflow for the implementation of projects through the acquisition of the Company’s securities and granting of loans to the Company)</p> <p>Sustainability: investments and innovations, corporate governance (stimulate the introduction of advanced corporate governance practices in the Company through the requirements for the investment target)</p>	
<b>Customers and clients</b>			
<p><b>Principles of cooperation</b> are also set forth in the by-laws of Rosseti Northern Caucasus, PJSC:</p> <ul style="list-style-type: none"> <li>• Corporate Code of Ethics and Business Conduct (see the section of the website of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Policy in the field of sustainable development of Rosseti, PJSC (see the section of the website “Shareholders and investors / Charter and internal documents”);</li> <li>• Consumer Service Quality Standard of Rosseti Northern Caucasus, PJSC;</li> <li>• Unified Procurement Standard of Rosseti, PJSC, Partnership Program between Rosseti Northern Caucasus, PJSC, and small and medium-sized enterprises (see the section of the website of Rosseti Northern Caucasus, PJSC “Procurement”);</li> </ul>	Financial resources	<p>Production activities: technical connection, power transmission and distribution (determine the stability of the company's cash flow creating opportunities for planning of the activities and development of the region)</p>	Power for the operation of a production facility, business, household

Stakeholder	Provided resources	Area of the business model affected by the stakeholder, description of the impact	Created values
<ul style="list-style-type: none"> <li>• Anti-Corruption Policy (see the section of the website of Rosseti Northern Caucasus, PJSC “Company/Anti-Corruption Policy”);</li> <li>• Provisions of Rosseti, PJSC, “About the Unified Technical Policy in the Integrated Power Grid.</li> </ul> <p><b>Cooperation with the stakeholder in the reporting year</b> is disclosed in the sections “Investment Activity”, “Production Performance and Improving the Reliability of the Integrated Power Grid”, “Technical Connection”, “Anti-Corruption Policy and Ensuring the Security of Economic Activity”.</p>			
<b>Personnel</b>			
<p><b>Principles of cooperation</b> are also set forth in the by-laws of Rosseti Northern Caucasus, PJSC:</p> <ul style="list-style-type: none"> <li>• Corporate Code of Ethics and Business Conduct (see the section of the website of Rosseti Northern Caucasus, PJSC “For Shareholders and Investors/Charter and Bylaws”);</li> <li>• Collective agreement;</li> <li>• Policy in the field of sustainable development of Rosseti, PJSC (see the section of the website “Shareholders and investors / Charter and internal documents”);</li> <li>• Anti-Corruption Policy (see the section of the website of Rosseti Northern Caucasus, PJSC “Company/Anti-Corruption Policy”);</li> <li>• Provisions of Rosseti, PJSC, “About the Unified Technical Policy in the Integrated Power Grid.</li> </ul> <p><b>Cooperation with the stakeholder in the reporting</b></p>	<p>Professional competences, management decisions, ideas</p>	<p>Resource management – personnel</p> <p>Sustainability: investments and innovations, social competences (ensures the operation of the power grid complex through the attraction of human resources, ensures the development of the integrated power grid of the region through the use of new management solutions, the inflow of necessary professional competences)</p>	<p>Ensuring of the employment</p> <p>Adequate salary level</p> <p>Comfortable working conditions</p> <p>Opportunity for self-actualization</p> <p>Improvement of professional competences</p> <p>Maintenance of the adequate standard of living for employees and their families</p>

Stakeholder	Provided resources	Area of the business model affected by the stakeholder, description of the impact	Created values
year is disclosed in the sections “Innovation Activities”, “Anti-Corruption Policy and Ensuring the Security of Economic Activity”, “Sustainable Development”.			

#### 1.1.4. Key Indicators and Main Events of the Reporting Year

##### Revenue according to Russian Accounting Standards, M RUR

2023	48,501.1	2023 variation vs 2022 17.4 %
2022	41,301.7	
2021	34,598.8	

##### Net loss according to Russian Accounting Standards, M RUR

2023	-11,863.2	2023 variation vs 2022 5,3 %
2022	-11,265.9	
2021	-11,265.9	

#### Performance indicators

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021	2022	2023	
Number of substations (SS, TS, DS)	pcs.	26,455	26,497	27,225	2.75
Power of substations (SS, TS, DS)	thousand MVA	16 581,5	16,671.29	16,802	0.78
Length of PTL by circuits	km	125,341.8	124,889.4	125,615.2	0.58

#### Indicators regarding the activities of the Digital Transformation Program

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021 actual	2022 actual	2023 actual	
The amount of financing the activities of the Digital Transformation Program of subsidiaries and affiliates of Rosseti, PJSC for the reporting year	million rubles	10.25	26.13	106.2	406
Share of managers, specialists and employees trained in digital competencies in accordance with accepted corporate standards or, in their absence, in accordance with orders of the Ministry of Economic Development of Russia dd. at the end of the reporting period	%	0.27	0.50	0.56	12.0

#### Key corporate events of 2023

**On March 21**, the Bank of Russia received a Notice of the results of the additional issue of securities – ordinary shares of the Company, registration number of the additional issue: 1-01-34747-E dd. March 20, 2020. The funds raised as part of the issue of additional shares are used by the Company to implement the activities of the Development Plan.

**On June 15** Annual General Meeting of Shareholders Rosseti Northern Caucasus, PJSC was held (the annual report, the annual accounting (financial) statements of the Company for 2022 were approved, a decision was made not to pay dividends for ordinary shares of the Company based on the results of 2022, members of the Board of Directors and the Auditing Commission of the Company were elected, the audit organization of the Company was approved, the number, par value, category (type) of authorized shares of the Company and the rights granted by these shares were determined, decisions were made to amend the Charter of the Company, as well as to increase the authorized capital of the Company by placing additional shares), Minutes No. 26 dated June 19, 2023.

**On August 10**, the Bank of Russia registered an additional issue of securities of the Company – ordinary shares (registration number 1-01-34747-E-009D) in the amount of 6 565 560 627 shares. See additional information in the “Equity Capital” section of this Annual Report.

**On October 6** Expert RA (RAEX) rating agency confirmed the management quality rating of Rosseti Northern Caucasus, PJSC at the level of A++.gq (the highest level of management quality). This assessment means that the management quality system to the highest possible extent promotes the respect for and protection of the stakeholders’ rights.

### 1.1.5. Brief History

<b>Milestone summary</b>	<b>Event description</b>
<b>Creation of a vertically integrated power company</b>	<b>July 1903</b> <b>Bely Ugol HPP</b> Bely Ugol HPP, the first large hydroelectric power plant in Russia (capacity of 700 kW), was launched on the Podkumok River (Stavropol Territory). The longest (20 km) power transmission lines with 8 kV voltage at the time were outgoing from it.
	<b>1913</b> <b>Pyatigorsk TPP</b> A thermal power plant was put into operation in Pyatigorsk. Scientists headed by Mr. M. Shatelen looped the thermal power plant with Bely Ugol HPP (the prototype of the Russian Unified Energy System).
	<b>1992</b> <b>RAO UES of Russia, JSC</b> The Russian open joint stock company of power engineering and energy connectivity UES of Russia was established.
<b>Anti-crisis management</b>	<b>August 1, 2001</b> <b>KEUK OJSC</b> KEUK, OJSC, a management company, was registered for the energy systems in North Caucasus (Ingush, Kabardino-Balkar, Karachaevo-Cherkess, and North Ossetian) in Zheleznovodsk (Stavropol Territory).
	<b>March 2005</b> <b>Rehabilitation and restructuring project</b> The Rehabilitation and Restructuring Project was approved for the AO-energос managed by KEUK, OJSC.
	<b>September 2006</b> <b>AO-energo management</b> SGC OJSC received the management functions for joint-stock companies: Kabbalkenergo; Karachaevo-Cherkesskenergo; Kalmenergosbyt; Sevkavkazenergo; Dagestan Energy Supply Company; Nurenergo; Ingushenergo; KEUK; Stavropolenergo; Dagenergo.

Milestone summary	Event description
<b>Electricity power industry reform</b>	<b>April 2006 – September 2007</b> <b>Disaggregation by activity</b> The grid assets of Kabbalkenergo, OJSC; Karachaevo-Cherkesskenergo, OJSC; Sevkavkazenergo, OJSC; and Ingushenergo, OJSC were transferred as payment for additional issue of shares of Open Joint Stock Company Caucasian Power Management Organisation (KEUK, OJSC). Kabbalkenergo, OJSC; Karachaevo-Cherkesskenergo, OJSC; Sevkavkazenergo, OJSC; and Ingushenergo, OJSC became energy supply companies, and four network branches were created within the structure of KEUK, OJSC.
	<b>August 4, 2006</b> <b>SGC OJSC</b> State registration of SGC OJSC was executed (by the decision of the only founder – RAO UES of Russia, OJSC).
	<b>August 1, 2007</b> <b>IDGC of the Northern Caucasus</b> SGC OJSC was renamed as Open Joint Stock Company Interregional Distribution Grid Company of North Caucasus.
	<b>December 25, 2007 – April 1, 2008</b> <b>Consolidation</b> Reorganisation of the Company was completed by taking over Dagenergo, OJSC; KEUK, OJSC; and Stavropolenergo, OJSC. The Company became a unified operating distribution grid company in the North Caucasus.
	<b>July 1, 2008</b> <b>“IDGC Holding”, JSC</b> “IDGC Holding”, JSC was established by spinning off from the re-organised RAO UES of Russia, OJSC. It provides corporate governance for operating IDGCs. The title to batch of shares of the Company was transferred to “IDGC Holding”, JSC.
	<b>Work on the investment appeal and the management structure</b>
<b>November 30, 2010</b> <b>Transition to RAB</b> The Federal Tariff Service approved the transition to RAB tariff regulation for five branches of Rosseti Northern Caucasus, PJSC, from January 1, 2011.	
<b>January 27, 2010 – February 8, 2011</b> <b>Dagenergoset, JSC</b> A subsidiary – a grid company Dagenergoset OJSC – was established and transferred under control of the Company.	
<b>March 23, 2011</b> <b>Energoservice OJSC</b> A subsidiary, energy service company Energoservice, OJSC, was established to increase the power efficiency of grid companies in the region.	
<b>December 15, 2011</b> <b>Split-off of energy supply companies</b> The Company had its agreements on delegation of authority of a sole executive body terminated.	
<b>July 2, 2015</b> IDGC of Northern Caucasus OJSC was renamed to IDGC of Northern Caucasus PJSC.	
<b>August 21, 2015</b> <b>Energy supply companies management</b> Six power supply companies are again transferred under control of Rosseti Northern Caucasus, PJSC.	
<b>March 24, 2020</b> Amendments to the Company Charter were registered, providing for a change in its name to Rosseti Northern Caucasus, PJSC. In June 2019, at the St. Petersburg International Economic Forum, the Unified Corporate Style Standard of Rosseti Public Joint Stock Company and organizations of	

Milestone summary	Event description
	Rosseti Group of Companies approved by the Board of Directors of Rosseti, PJSC on April 29, 2019, was presented. Since then, the companies of the backbone and distribution integrated power grid, including Rosseti Northern Caucasus, PJSC, switched to a unified brand architecture in corporate and marketing communications and began using new names containing the Rosseti trademark and a regional or functional link.

## 2. Strategic Report

### 2.1. Industry Overview

The Unified Energy System Russia (UES Russia) consists of regional energy systems, which, in turn, form 7 unified energy systems: of East, Siberia, Urals, mid-Volga Region, South, Center and North-West.

As of January 1, 2024, the total installed capacity of power plants of UES Russia amounted to 248,164.88 MW. During the reporting year, the installed capacity of power plants of the UES Russia increased by 563.11 MW.

Every year, all plants generate about one trillion kWh of electricity.

In 2023, the power plants of UES Russia generated 1,134.0 billion kWh. Electricity consumption in 2023 amounted to 1,121.6 billion kWh.

In 2023, the UES Russia, six UES, 19 territorial energy systems set new values for the historical maximum power consumption, including:

Name of the energy system	Achieved historical maximum power consumption, MW	Date	Previous value of the historical maximum power consumption, MW	Increase value, MW
Republic of Dagestan	1,546	February 1, 2023	1,463	83
Stavropol Territory	1,973	August 9, 2023	1,940	33
Republic of Ingushetia	186	December 17, 2023	166	20

Control of electric power operation modes of 7 energy associations and energy systems located on the territory of constituent entities of the Russian Federation is exercised by branches of SO UES JSC – united and regional dispatching offices, respectively.

#### UES of the South

The unified energy system of the South is located on the territory of 19 constituent entities of the Russian Federation, among them: the Republic of Dagestan, the Republic of Ingushetia, the Republic of North Ossetia – Alania, Kabardino-Balkarian Republic, Karachay-Cherkess Republic, Chechen Republic, Stavropol Territory.

It includes 17 regional energy systems, including: the Republic of Dagestan, the Republic of Ingushetia, Kabardino-Balkarian Republic, Karachay-Cherkess Republic, the Republic of North Ossetia, Chechen Republic, Stavropol Territory.

The operating mode of the energy association is managed by the branch of SO UES JSC, ODU South.

The energy complex consists of 310 power plants with a total installed capacity of 42.6 thousand MW (as of January 1, 2024), of which 129 solar power plants and wind farms with an installed capacity of 5.1 thousand MW, 1,871 electrical substations of 110–500 kV and 2,236 110–500 kV power transmission lines with a total length of 65,075.85 km.

### **Actual and reduced to 2022 temperature conditions dynamics of electricity consumption in the UES of the South**

Electricity consumption, billion kWh			Consumption dynamics, %	
2023	2022	(+/-) variation vs 2022	Actual	Reduced to 2022 temperature conditions
113.5	111.0	2.5	2.2	2.9

Rosseti Northern Caucasus, PJSC is an interregional distribution grid company operating in the Russian electricity power industry and holds a leading position in the Northern Caucasus Federal District in terms of power transmission services.

The electricity power industry has a decisive influence on the conditions for the economic and social development of the region. The implementation of investment projects, the efficiency of enterprises and organizations, the improvement of the quality of life of the population, the achievement of strategic goals for the development of the economy of the Northern Caucasus Federal District depend on the reliable, balanced and safe functioning of the electricity power industry.

Sources: prepared using data from SO UES JSC website <https://www.so-ups.ru>.

## **2.2. Macroeconomic Trends of the Reporting Year, Sectoral (Market) Forecast**

Industrial output at the end of 2023 increased by 3.5% y/y, and by 4.1% compared to the level of two years ago. This is one of the highest results over the last decade (the only exception is post-Covid recovery growth in 2021). This result is an evidence of not only successful completion of enterprises' adaptation to the current foreign economic conditions, but also the availability of resources for further development.

Industries focused on domestic demand grew at a faster rate – at the end of 2023 they demonstrated growth of 9.2% y/y. However, export-oriented industries also demonstrated positive rates – output growth by 3.2% y/y.

Over the 12 months of 2023, an increase in the production index compared to January–December 2022 was demonstrated by the manufacturing sector by 7.5% and the energy sector by 0.2%. The main positive contribution at the end of 2023 was the increase in manufacturing output, which reached 7.5% y/y, which is beyond most expectations. Compared to 2021, the growth was 7.8%. Almost all industries closed the year with surplus indicators.

The largest decline in the production index was 2.5% in industries related to water supply and discharge, waste disposal and pollution control activities. The raw materials sector demonstrated a decrease in mining volumes compared to January–December 2022 by -1.3%.

Electricity generation volumes for the 12 months of 2023 increased by 0.7% compared to January–December 2022, steam and hot water production decreased by -2.5%.

The maximum growth in production in 2023 compared to January-December 2022 (more than 10%) was demonstrated by industries related to the production of computers and peripherals – 32.8%, finished metal products (except machinery and equipment) – 27.8% , production of other vehicles (including aircraft, shipbuilding, etc.) – 25.5%, manufacture of furniture – 20.7%, manufacture of electrical equipment – 19.0%, manufacture of motor vehicles, trailers and semi-trailers – 13.6%, manufacture of leather and leather products – 12.3%.

In December 2023, the index of business confidence in the raw materials sector decreased insignificantly – by 0.1 percentage points compared to November 2023, amounting to +1.1% (seasonally adjusted).

In the manufacturing industries, an even greater decline in the index was recorded – by 1.5 percentage points per month up to +5.1% (seasonally adjusted).

Sources: prepared using data from the websites of the Ministry of Economic Development of the Russian Federation <https://www.economy.gov.ru/>, Rosstat <https://rosstat.gov.ru>.

### **Regional development in 2023**

**The turnover of companies** of the federal district for all types of activity in 2023 amounted to 4.1 trillion rubles, or 105.8% as compared to the level of the corresponding period of the previous year.

Industrial production index by types of economic activity “Extraction of minerals”, “Manufacturing”, “Power, gas and steam supply; air conditioning”, “Water supply; water discharge, waste collection and disposal, pollution control activities” as compared to 2022 amounted to 106.1%.

Producer price index for industrial goods<sup>2</sup> made 115.6%.

Agricultural production index compared to 2022 made 103.0 %.

The relative share of the Northern Caucasus Federal District in the total agricultural output of all agricultural manufacturers in Russia (agricultural organizations, peasant/farm households, individual entrepreneurs, households of the population) in 2023 was 9.0%.

Producer price index for agricultural products<sup>3</sup> made 104.9 %.

The volume of work performed in the “Construction” type of activity in 2023 amounted to 610.2 billion rubles, or 107.0% compared to 2022 level. The district’s share in the all-Russian volume of work performed using own resources in construction was 4.0 %.

In 2023, enterprises and organizations of all forms of ownership commissioned 7.4 million m<sup>2</sup> of total residential space in commissioned residential and non-residential buildings, residential houses, which amounted to 123.3% as compared to the level of 2022.

Producer price index for construction products<sup>4</sup> made 105.8 %.

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<sup>2</sup> December 2023 compared to December 2022

<sup>3</sup> December 2023 compared to December 2022

<sup>4</sup> December 2023 compared to December 2022

Retail trade turnover in 2023 increased in terms of commodity weight compared to the corresponding period in 2022 by 8.2% and amounted to 2,420.8 billion rubles. Per capita, goods worth 236.6 thousand rubles were sold (on average in Russia – worth 324.0 thousand rubles).

In 2023, paid services worth 619.0 billion rubles were provided to the population, the quantity index number compared to the corresponding period in 2022 was 104.9%.

Consumer price index<sup>5</sup> made 108.1 %, including for food products – 110.3 %, non-foods products – 106.1 %, services – 106.6 %.

The wholesale trade turnover of wholesale traders in 2023 amounted to 1.4 trillion rubles and increased in comparison with 2022 by 23.5% in comparable prices.

To develop economics and social sphere of the Northern Caucasus Federal District in 2023 1,013 billion rubles of investments to the fixed capital were used or 108.0% to the respective period of the previous year.

Scope of investments to the district made 3.0% of all Russian investments. The relative share of investments on account of own resources made 34.9%, raised funds – 65.1%, including 30.0% out of the federal budget funds.

The total scope of financial investments in January – September 2023 made 454.1 billion rubles. In the structure of financial investments received by the Northern Caucasus Federal District for the expired period 93.5% are short-term financial investments.

The consolidated budget of the constituent entities<sup>6</sup> of the Northern Caucasus Federal District in 2023 was implemented with a deficit of 26.8 billion rubles. Expenses made 802.5 billion rubles, income – 775.7 billion rubles.

According to the Federal Tax Service of Russia, in the Northern Caucasus Federal District, taxes, fees and other obligatory payments received in 2023 compared to the corresponding period in 2022 increased by 7.5% and amounted to 339.0 billion rubles.

Throughout the district<sup>7</sup> the number of born children increased the number of dead by 1.8; natural increase rate amounted to 5.3 ‰. Population migration outflow made 10.3 thousand persons.

Work-force size aged 15 and more subject to the work-force sample survey in 2023 made 4.8 million persons or 61.2% of the total population in the district of a respective age group. 466.2 thousand people, or 9.7% of the total work-force, did not have an occupation, but were actively looking for one (in accordance with the methodology of the International Labor Organization, they are classified as unemployed). At the end of December 2023, 103.5 thousand people, or 2.2% of the work-force, were registered with the employment service as unemployed.

Population welfare level is first of all determined by population money income that in per capita terms<sup>8</sup> throughout the Northern Caucasus Federal District made 34,013 rubles per month (in whole within Russia – 50,265 rubles per month).

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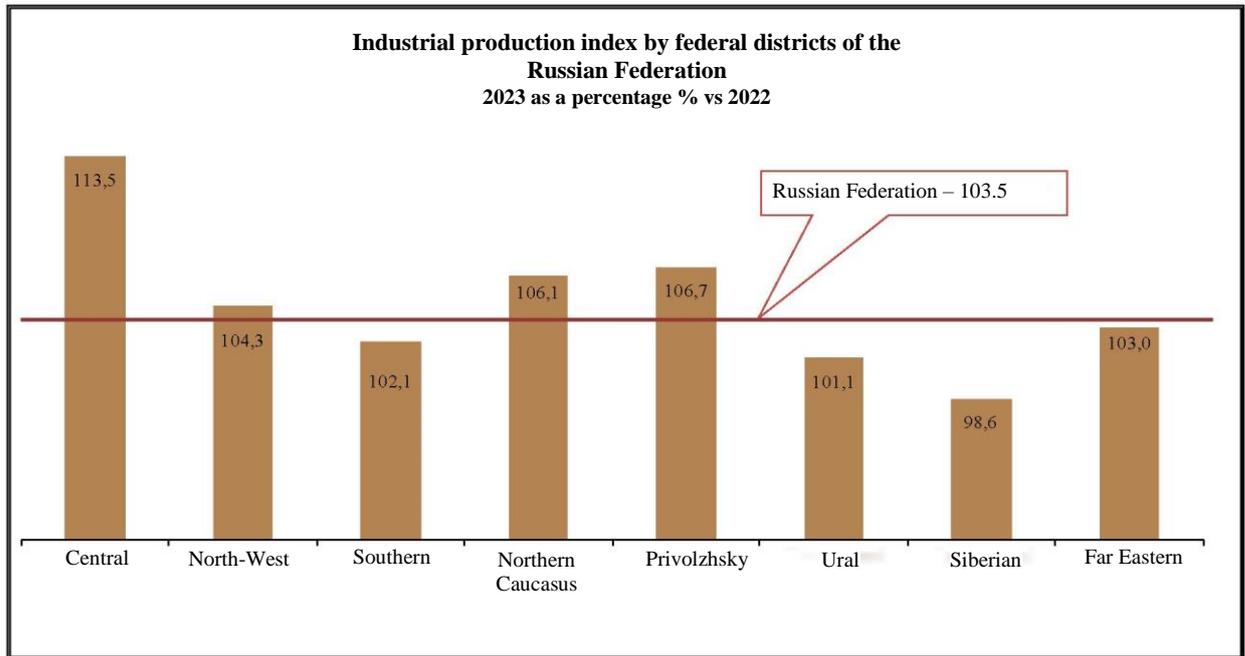
<sup>5</sup> December 2023 compared to December 2022

<sup>6</sup> According to operational data from the Federal Treasury.

<sup>7</sup> Preliminary data.

<sup>8</sup> Preliminary data.

The average monthly nominal accrued salary<sup>9</sup> of companies employees in 2023 made 41,951 rubles and increased compared to 2022 by 11.9%, actual accrued salary<sup>10</sup> increased by 5.2%.



Source: prepared using Rosstat website data <https://rosstat.gov.ru>

The electricity power industry is quite resistant to external negative factors and geopolitical risks. While, the Company continued to purposefully solve the tasks of the long run of the reliable, qualitative and affordable power supply to consumers of the Northern Caucasus Federal District at the stage of power distribution due to arrangement of the effective infrastructure.

The judgement of the Supreme Court of the Republic of North Ossetia – Alania dated July 10, 2019 in case No. 3a-5/2019, which entered into legal force, taking into account the appeal ruling of the Supreme Court of the Russian Federation dated December 25, 2019, partially sustained the administrative claim of Rosseti Northern Caucasus, PJSC against Regional Tariff Service of the Republic of North Ossetia – Alania on the invalidation of tariff and balance decisions regarding the branch of Rosseti Northern Caucasus, PJSC – Sevkavkazenergo for 2018 (unified (single pot), individual), as well as 2018–2022, according to which 4,131.8 million rubles were included in the required gross revenue of the Rosseti Northern Caucasus branch – Sevkavkazenergo. The Company is taking measures to force the Regional Tariff Service of the Republic of North Ossetia – Alania to execute the court judgement in full, including within the framework of enforcement proceedings.

By judgements of the Supreme Court of the Republic of North Ossetia – Alania dated October 5, 2022 in case No. 3a-17/2022, dated November 17, 2023 in case No. 3a-55/2023, tariff and balance decisions regarding Rosseti SK branch, Sevkavkazenergo for 2021 and 2022, were declared invalid, according to which 753 million rubles were to be included in the required gross revenue of branch of Rosseti Northern Caucasus, PJSC, Sevkavkazenergo (court judgements have not entered into legal force and are at the stage of appeal; for tariff and balance decisions of 2021, new

<sup>9</sup> Preliminary data.

<sup>10</sup> Preliminary data.

proceedings in a case are required after the Supreme Court of the Russian Federation canceled the judicial acts of the appellate and cassation instances on February 14, 2024).

### **2.3. Company Position in the Market and Competitive Environment**

Rosseti Northern Caucasus, PJSC occupies a leading position in the Northern Caucasus Federal District in terms of power transmission services.

Branches of Rosseti Northern Caucasus, PJSC transmit electric energy (power) in the territory of the Northern Caucasus Federal District. Core activities of Rosseti Northern Caucasus, PJSC (electricity transmission by distribution grids with voltage from 110 kV to 0.4 kV, technical connection of consumers to the grid infrastructure) refer to regulated activities.

Rosseti Northern Caucasus, PJSC is a natural monopoly holder. By Order of Federal Tariff Service (FTS Russia) No. 341-e dd. September 08, 2008, Rosseti Northern Caucasus, PJSC is included in the register of natural monopoly holders in the fuel and power sector, to which state regulation and control is exercised.

Rosseti Northern Caucasus, PJSC is a part of the Rosseti energy holding company and follows the overall strategy of the integrated power grid development.

In 2015, in connection with the adoption by the Supervisory Board of the Association “NP Market Council” of a decision of deprivation of Ingushenergo, JSC of the status of a participant in the wholesale market in accordance with the requirements of the applicable law, the status of last resort provider on the territory of the Republic of Ingushetia was assigned to Rosseti Northern Caucasus, PJSC from December 1, 2015 (order of the Russian Ministry of Energy No. 888 dd. November 25, 2015). The status of last resort provider for Rosseti Northern Caucasus, PJSC in the Republic of Ingushetia is extended annually, including extension for 2023 from January 1, 2023 by order of the Russian Ministry of Energy No. 1429 dated December 30, 2022 until the date of assignment of the status of last resort provider to the winner of the competition in relation to the specified area of activity, but not more than for 12 months .

In 2020, in connection with the adoption by the Supervisory Board of the Association “NP Market Council” of a decision of deprivation of Sevkavkazenergo, JSC, and Dagestan Energy Supply Company, PJSC, of the status of a participant in the wholesale market, in accordance with the requirements of the applicable law, the status of last resort provider on the territory of the Republic of North Ossetia – Alania from April 1, 2020 (order of the Russian Ministry of Energy No. 236 dd. March 24, 2020) and the Republic of Dagestan from July 1, 2020 (order of the Russian Ministry of Energy No. 494 dd. June 25, 2020) was assigned to Rosseti Northern Caucasus, PJSC. The status of last resort provider for Rosseti Northern Caucasus, PJSC in the above territories is extended annually, including extension for 2023 on the territory of the Republic of North Ossetia – Alania from April 1, 2023 (order of the Russian Ministry of Energy No. 181 dated March 21, 2023) and on the territory of the Republic of Dagestan from July 1, 2023 (order of the Russian Ministry of Energy No. 455 dd. June 28, 2023) until the date of assignment of the status of last resort provider to the winner of the competition in relation to the specified area of activity, but not more than for 12 months .

In 2021, in connection with the adoption by the Supervisory Board of the Association “NP Market Council” of a decision of deprivation of Karachaevo-Cherkessskenergo, JSC and Kabbalkenergo, JSC of the status of a participant in the wholesale market, in accordance with the requirements of the applicable law, the status of last resort providers in the territories of the Karachay-Cherkess Republic and Kabardino-Balkarian Republic was assigned to Rosseti Northern Caucasus, PJSC from August

1, 2021 (orders of the Russian Ministry of Energy No. 510 and No. 511, respectively, dd. June 29, 2021). The status of last resort provider for Rosseti Northern Caucasus, PJSC in the above territories is extended annually, including extension for 2023 from August 1, 2023 by orders of the Russian Ministry of Energy No. 563 dd. July 27, 2023 (in the territory of the Karachay-Cherkess Republic) and No. 562 (in the territory of Kabardino-Balkarian Republic), until the date of assignment of the status of last resort provider to the winner of the competition in relation to the specified area of activity, but not more than for 12 months .

In order to perform the functions of a last resort provider, Rosseti Northern Caucasus, PJSC received the status of a wholesale market entity and participates in purchase and sale relations on the wholesale market for electricity and power (WMEP).

Taking into account the status of a last resort provider, Rosseti Northern Caucasus, PJSC has no competitors in terms of functioning in the wholesale market for electricity and power.

Purchase and sale of electricity and power on WMEP was arranged within the framework of a system of contracts that are mandatory for each wholesale market entity. The terms of these contracts are governed by the applicable law on the electricity power industry. Prices for electricity and power in regulated contracts correspond to tariff rates for electricity and power approved for the suppliers of electricity (power) by the federal executive body in the field of state tariff regulation. The procedure for pricing in the free (non-regulated) sectors of the WMEP is determined by Federal Law No. 35-FZ dd. March 26, 2003 “On Electricity Power Industry” and the Rules of the Wholesale Market for Electricity and Power, approved by Decree of the Government of the Russian Federation No. 1172 dd. December 27, 2010, Agreement on accession to the wholesale market trading system.

With the assignment of the status of a wholesale market entity, Rosseti Northern Caucasus, PJSC bears obligations to fulfill current payments on the WMEP.

In connection with the need to resolve the issue of the accumulated debt on WMEP in February 2022, agreements on the procedure for fulfilling obligations (hereinafter referred to as the Agreements) were concluded between Rosseti Northern Caucasus, PJSC and generating companies – creditors (hereinafter referred to as the Agreement), which were extended to 2023 by signing of supplement Agreements in February 2023. In accordance with the terms of the Agreements, there are two options for settlements on the wholesale market for electricity and power:

- 1) by bank papers with a 17% discount and their further transfer to counterparties at face value;
- 2) in cash with a deferment of part of the payment in the amount of 17% until 2036 for obligations of 2022 and until 2037 for obligations of 2023.

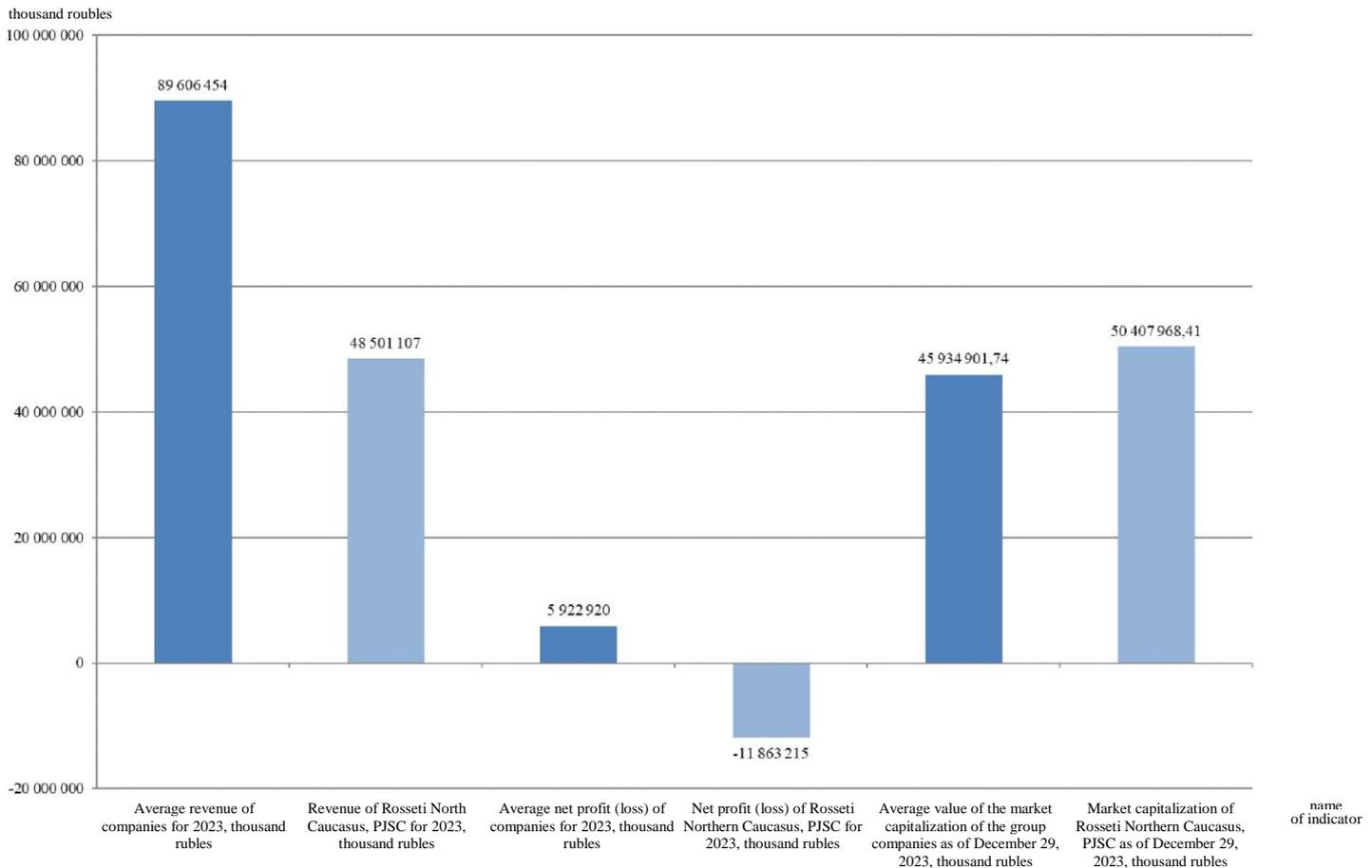
Supplement Agreements for 2023 were signed by 54 generating companies, of which 50 chose payment by bank papers. The settlement option with bank papers assumes the fulfillment of obligations in 2023 by discount (17%) notes on a quarterly basis no later than the 15th day of the second month following the settlement quarter. The settlement option is cash assumes the fulfillment of obligations in 2023 on a quarterly basis no later than the 15th day of the second month following the settlement quarter with a partial deferment of payment in the amount of 17% until 2037.

Based on the results of 2023, Rosseti Northern Caucasus, PJSC made all settlements with bank papers and fully paid the obligations on the WMEP that arose in 2023, in accordance with the terms of the Agreements in relation to generating companies that entered into the Agreements and the requirements of the Regulations on financial settlements on the wholesale market for electricity and power (Appendix No. 16 to the Agreement on Accession to the Wholesale Market Trading System)

in relation to generating companies – creditors that decided not to conclude Agreements on debt settlement.

Rosseti Northern Caucasus, PJSC, supplies power to consumers in the territory with the total area of 170.4 thousand km<sup>2</sup> (1% of the territory of Russia) with the population of 10.2 million people (around 6% of the Russian population).

### Comparison of Rosseti Northern Caucasus, PJSC with Russian peer companies<sup>11</sup>



**Additional information on the position** of Rosseti Northern Caucasus, PJSC in the industry is given in the sections of this Annual Report “About the Company”, “Strategic Report”, “Performance Results for 2023”.

## 2.4. Development Strategy

Development of Rosseti Northern Caucasus, PJSC is focused on the implementation of the tasks provided for by the Energy Strategy of the Russian Federation until 2035, the Strategy for the Social and Economic Development of the Russian Federation with Low Greenhouse Gas Emissions until 2050, approved by Order of the Government of the Russian Federation No. 3052-r dated October 29, 2021; Decree of the President of the Russian Federation No. 204 dated May 7, 2018 “On National Goals and Strategic Objectives of the Development of the Russian Federation

<sup>11</sup> Average values were calculated for the following group of companies: Rosseti Volga, PJSC, Rosseti Lenenergo, PJSC (in terms of capitalization – ordinary shares) Rosseti Yug, PJSC, Rosseti Siberia, PJSC, Rosseti Moscow Region, PJSC, Rosseti North-West, PJSC, TRK, PJSC (in terms of capitalization – ordinary shares), Rosseti Center and Volga Region, PJSC, Rosseti of Ural, PJSC, Rosseti Kuban, PJSC, Rosseti Northern Caucasus, PJSC, Rosseti Center, PJSC.

for the Period until 2024” (as amended by Decree of the President of the Russian Federation No. 474 dated July 21, 2020), forecasts of social and economic development of the Russian Federation for 2024 and for the target period of 2025 and 2026 and other documents of state strategic planning in the field of electric power industry.

**For achieving the strategic development goals, the Company needs to solve, inter alia, the following tasks:**

- **for achieving the strategic goal of ensuring the reliability and quality of power supply at a given level:**
  - implementation of the Innovative Development Program of Rosseti, PJSC, including the transition to the integrated efficiency of business processes and automation of management systems, as well as the evolution of a system for the development and implementation of innovative products and technologies;
  - implementation of the Development Plan of Rosseti Northern Caucasus, PJSC, approved by the decision of the Board of Directors of Federal Grid Company – Rosseti, Public Joint-Stock Company on December 30, 2022 (Minutes No. 2023 dated December 604, 10); (Minutes No. 604 dated December 30, 2022) and by decision of the Board of Directors of the Company dated March 10, 2023 (minutes No. 528 dated March 13, 2023 );
  - organization of the procedure for making and implementing decisions on diagnostics, testing, inspection of technical equipment used at hazardous production facilities (Order of IDGC of the Northern Caucasus, PJSC No. 761 dated November 7, 2016 );
  - effective interaction with authorities at all levels is one of the key elements to ensure sustainable, stable operation of the regional energy infrastructure, reliable energy supply to consumers, economic and social development of the regions;
  - ensuring of the accessibility of the power supply infrastructure and the quality of technical connection to power grids of Rosseti Northern Caucasus, PJSC.
  - ensuring the established level of reliability and quality of services provided;
  - implementation of investment policy within the framework of annual investment programs;
  
- **for achieving the strategic goal of increasing the total shareholder return:**
  - increasing the transparency of the Company's activities and developing corporate governance practice, taking into account the recommendations of the Corporate Governance Code of the Bank of Russia;
  - building constructive and mutually beneficial relations with each group of stakeholders, including consumers (from residents of a macroregion to a large business community and authorities);
  - improving payment discipline, preventing theft, informing the public about high-quality work aimed at enhancement of the reliability of energy supply in the Northern Caucasus Federal District;
  - implementation of anti-corruption measures in accordance with Article 13.3 of the Federal Law No. 273-FZ dd. December 25, 2008 “On Combating Corruption” in Rosseti Northern Caucasus, PJSC and the Anti-Corruption Policy of Rosseti Northern Caucasus, PJSC (Minutes No. 536 dated July 21, 2023);
  - implementation of measures to reduce electricity losses in distribution grids in the North Caucasus;
  - enhancement of the internal control and risk management system, development of internal audit function;
  - implementation of the tariff policy;

- **for achieving the strategic goal of ensuring resilience to changes in the global and local electricity markets:**
  - development of the integrated power grid based on advanced innovative technologies to meet consumer demand and solve the problems of social and economic growth of the constituent entities of the Russian Federation in their area of responsibility;
  - staff development and building partnership in the field of education;
  - implementation of the personnel and social policy of the Company, aimed to ensure the planning of the need for personnel, timely satisfaction of the Company's needs for personnel of the required qualifications, performance efficiency of personnel, and an increase in labor productivity;
  - provision of additional (non-tariff) services.

Rosseti Northern Caucasus, PJSC will never sacrifice its **values** for the sake of profit perceiving thereof as an interlink between all areas of business expecting the same attitude from its business partners.

The corporate values of Rosseti Northern Caucasus, PJSC are:

- reliability. The Company seeks to ensure the most reliable and uninterrupted power supply to satisfy the needs of the Russian Federation economy and social sector by implementing a whole range of all necessary organizational and technical activities ensuring the reliable performance of the power grid infrastructure facilities and taking necessary steps to ensure the safety of power facilities;
- human resources. The key asset of the Company is its employees, owing to whom the Company has been creating, preserving and building up its value and authority over a long span of time;
- efficiency. The Company recognizes its duties towards its shareholders, investors and partners, for which reason the efficiency of its operations is viewed as the basic value;
- safety. The Company employs a strictly regulated and balanced approach to the implementation of safety measures intended to prevent any potential offenses against law;
- social responsibility. Rosseti Northern Caucasus, PJSC is a socially responsible company paying much attention to issues of health, safety, environment protection and social programs.

Rosseti Northern Caucasus, PJSC is a fast growing company. In the future, the Company intends to direct its efforts towards the successful accomplishment of objectives within the framework of the chosen growth area, namely, to ensure in the long run the reliable, high-quality and affordable power supply to consumers in entire territory of the Northern Caucasus Federal District at the stage of power distribution by organization of the maximum effective infrastructure. Development of Rosseti Northern Caucasus, PJSC in priority business areas will make it possible, in the long term, to ensure reliable and high-quality energy supply to consumers in the Northern Caucasus Federal District and become a leader in the region's competence in terms of electricity transmission and technical connection to distribution grids.

Besides, strategic objectives of its development for the future year and longer run are seen by Rosseti Northern Caucasus, PJSC as provision of systemic reliability, safety and stable functioning of the distribution integrated power grid of Northern Caucasus Federal District, improved efficiency of Company's business, as well as subordinate power companies, upgrade of power grid assets as a result of innovative large-scale technological upgrade, development of socially responsible business practice, increase of Company's profitability, as well as generation of an investment-attractive image.

## **2.5. Key Performance Indicators**

Since 2023, the system of key performance indicators for Rosseti Group of Companies has been formed in accordance with the decree of the Government of the Russian Federation No. 3579-r dd. December 28, 2020 (hereinafter referred to as order No. 3579-r) on the basis of directives of the Government of the Russian Federation No. 991p-P13 dd. January 31, 2023.

From 2020 to 2022 inclusive, the system of key performance indicators was formed on the basis of the decree of the Government of the Russian Federation No. 1388-r dated June 27, 2019.

In accordance with Decree No. 3579-r, the system of key performance indicators is divided into two groups of indicators – key performance indicators (hereinafter referred to as KPIs) and functional key performance indicators (hereinafter referred to as FKPIs). At the same time, KPIs are indicators related to the strategic documents of the Company, on the basis of which the effectiveness of the activities of the entire management team of the Company (manager, deputy managers, chief accountant) is assessed. FKPIs are individual indicators established for the Company's officials personally, taking into account the specifics of the supervised areas of the Company's activities.

The KPIs and FKPIs system applied in the Company is interconnected with the amount of the variable part of the management remuneration (50% incentive payments for achieving KPIs, 50% incentive payments for achieving FKPIs) – for each of the indicators, a specific weight in the volume of bonuses paid is established; annual bonuses are paid subject to the fulfillment of the corresponding indicators.

Comparison of indicators for 2023 with indicators for 2022 is not made due to significant changes in the composition and procedures for calculating KPIs and FKPIs.

KPIs and FKPIs of the Company and their target values for 2023–2025 are established on the basis of a decision of the Board of Directors of the Company dated December 28, 2023 (Minutes No. 546 dated December 29, 2023).

Indicator	Procedure for calculation	Weight in the remuneration system for 2023, %	Unit of measurement	Indicator calculation feature	Target value in 2023	Minimum value	Limit value	Actual value for 2023 <sup>1</sup>	Assessment of achievement/reasons for variation	Percentage of achievement, %	Target value in 2024	Target value in 2025
<b>FINANCIAL AND ECONOMIC KEY PERFORMANCE INDICATORS</b>												
ROIC (Return on invested capital)	The ratio of operating profit adjusted for the amount of impairment/(reversal of impairment) of fixed assets, revenue from the provision of technical connection services and accrual/(recovery) of the provision for expected credit losses to the sum of average capital and long-term loans and borrowings	10	%	Increasing indicator	-6,017,568	-7,221,081	-4,814,054	1,851,401	Achieved Achievement primarily driven by operating profit growth	325 %	-2,930,150	-3,241,680
Operating profitability	The ratio of operating profit adjusted for the amount of impairment/(reversal of impairment) of fixed assets and revenue from the provision of technical connection services to revenue excluding revenue from the provision of technical connection services	20	%	Increasing indicator	-29.3	-35.1	-23.4	-17.1	Achieved	171 %	-19.1	-19.2
Net profit without impairment and TC	Profit/(loss) adjusted for the amount of impairment/(reversal of impairment) of fixed assets and revenue from the provision of technical connection services (including the corresponding income tax)	20	thous and roubles	Increasing indicator	-11,064,412	-13,277,295	-8,851,530	-8,360,203	Achieved	132 %	-8,822,224	-9,537,431
<b>SPECIALIZED INDUSTRY KEY PERFORMANCE INDICATORS</b>												
Level of power losses	Ratio of the volume of electricity losses in the Company's grid (calculated as the difference between the relation to electricity grid supply and the electricity supplied and auxiliary power consumption), increased by the amount of	15	%	Decreasing indicator	23.54	not established	not established	27.11	Not achieved Reasons: - increase in load power losses; - rescheduling the implementation of technical measures of the	85 %	21.12	20.28

<sup>1</sup> For 2023, the expected level of KPI and FKPI achievement is given, taking into account the timing and procedure for preparing reports, which are the source of information for calculating indicators. The final actual values are approved by the Board of Directors of Rosseti Northern Caucasus, PJSC.

Indicator	Procedure for calculation	Weight in the remuneration system for 2023, %	Unit of measurement	Indicator calculation feature	Target value in 2023	Minimum value	Limit value	Actual value for 2023 <sup>1</sup>	Assessment of achievement/reasons for variation	Percentage of achievement, %	Target value in 2024	Target value in 2025
	disagreements for previous periods, settled not in favor of the Company, to the relation to electricity grid supply for the reporting period								Production Structural Division; - consolidation of electric grid facilities; - significant failure of electricity account metres in the Dagenergo and Ingushenergo branches; - high level of unaccounted consumption.			
Readiness to work during the heating season	An indicator measuring readiness of the Company to work during the heating season based on monthly monitoring conducted by the Russian Ministry of Energy	20	pcs.	Increasing indicator	1	1	1	0.95	Achieved  Electric power industry entity with readiness level "Ready"	95 %	1	1
Compliance with the facility commissioning schedule	Ratio of the total actual volume of commissioning of fixed assets into operation in the reporting year, determined on the basis of the report on the implementation of the Company's investment program (in monetary terms, based on the date of signing the Acceptance Certificate for the completed construction facility by the acceptance committee) to the planned volume in accordance with the approved investment program and implementation schedule	15	%	Increasing indicator	92.0	73.6	110.4	87.9	Failure to meet/violation of deadlines for the execution of commissioning work set forth in the contract, by the contractor under the title "Organization (modernization) of the smart electricity metering system in apartment buildings, in accordance with Federal Law No. 522-FZ dd. December 27, 2018 for Dagenergo, Kabbalkenergo, Sevkvkazenergo, Ingushenergo branches.	95.5 %	93.5	95.0

**BONUS CANCELLATION INDICATORS**

Indicator	Procedure for calculation	Weight in the remuneration system for 2023, %	Unit of measurement	Indicator calculation feature	Target value in 2023	Minimum value	Limit value	Actual value for 2023 <sup>1</sup>	Assessment of achievement/reasons for variation	Percentage of achievement, %	Target value in 2024	Target value in 2025
Implementation of the Company Development Plan	Bonus deduction indicator, the amount of which is determined by calculation depending on the number of unfulfilled activities of the Company Development Plan approved by the Board of Directors of Rosseti, PJSC in the reporting period		%	Decreasing indicator	0	x	x	0	Achieved <sup>1</sup>	100 %	0	0
<b>INDICATIVE FIGURES</b>												
Achievement of factor "Efficiency of Electrical Connection Procedures" of the National Investment Climate Rating	The indicator is determined based on the degree of achievement of the benchmark indicators of the factor "Efficiency of Electrical Connection Procedures" of the National Investment Climate Rating in the constituent entities of the Russian Federation included in the area of operational responsibility of the Company	Indicative figure	%	Increasing indicator	100.0	x	x		There is no source of information available – the report of the ANO "Agency for Strategic Initiatives" with the results of the National Investment Climate Rating in the constituent entities of the Russian Federation for the reporting period in terms of factor A5 "Efficiency of Electrical Connection Procedures" (confidential internal information of ANO ASI), as well as the actual value of the indicator, and therefore summing up the results under clause 2.3.1 is not possible.		100.0	100.0

<sup>1</sup> The results of achievement of the KPI "Execution of the Company Development Plan" for 2023 will be summed up by a separate decision of the Board of Directors of Rosseti North Caucasus, PJSC based on the results of consideration by the Board of Directors of Rosseti, PJSC of reports on the implementation of development plans of subsidiaries of Rosseti, PJSC for 2023 in accordance with the Methodology for Calculating and Assessing the implementation of KPIs of the General Director of Rosseti Northern Caucasus, PJSC, approved by decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dated December 28, 2023 (Minutes No. 546 dated December 29, 2023).

Indicator	Procedure for calculation	Weight in the remuneration system for 2023, %	Unit of measurement	Indicator calculation feature	Target value in 2023	Minimum value	Limit value	Actual value for 2023 <sup>1</sup>	Assessment of achievement/reasons for variation	Percentage of achievement, %	Target value in 2024	Target value in 2025
<b>FUNCTIONAL KEY PERFORMANCE INDICATORS</b>												
EBITDA (Operating profit)	Calculated as pre-tax profit/(loss) before depreciation expenses and interest payable, adjusted for the amount of impairment/(reversal of impairment) of fixed assets and revenue from the provision of technical connection services	First DGD-25%  DGD for Economics and Finance – 33.33 %  DGD for relations with state authorities and civil society institutions - 33%  DGD – head of the integrated power grid in the Chechen Republic – 100%  DGD for interaction with electricity market entities - 50%	thous and roubles	Increasing indicator	-9,503,156	-10,453,471	-9,503,156	-4,854,688	Achieved	196 %	-8,857,027	-9,800,991
Obtaining certificate of readiness for heating season	A certificate of readiness for operation during the heating season shall be received by the Company by November 5 of the reporting year in accordance with the Rules for Assessing the Readiness of Electric Power Industry Entities for operation	First DGD – chief engineer – 33.3%  DGD for relations with state authorities	pcs	Increasing indicator	1	1	1	0.95	Achieved  Electric power industry entity with readiness level “Ready”	95 %	1	1

Indicator	Procedure for calculation	Weight in the remuneration system for 2023, %	Unit of measurement	Indicator calculation feature	Target value in 2023	Minimum value	Limit value	Actual value for 2023 <sup>1</sup>	Assessment of achievement/reasons for variation	Percentage of achievement, %	Target value in 2024	Target value in 2025
	during the heating season, approved by Decree of the Government of the Russian Federation No. 543 dated May 10, 2017	and civil society institutions - 33%										
Absence of significant accidents in electrical grids investigated by Rostekhnadzor	When calculating the indicator, accidents in the Company's electrical grids are taken into account, classified by the Rostekhnadzor commission under clause 4 of the Rules for Investigating the Causes of Accidents in the Electric Power Industry (approved by Decree of the Government of the Russian Federation No. 846 dated October 28, 2009)	First DGD – chief engineer – 33.3%	achieved / not achieved	Decreasing indicator	0	0	0	0	Achieved	100 %	0	0
Efficiency of innovative activities	The integral indicator of the innovation activity efficiency measures the degree of fulfillment of three component indicators: the indicator of R&D costs, the indicator of purchase of innovative products, the indicator of the quality of the development (updating) of design and survey work/implementation of design and survey work	First DGD – chief engineer – 33.3%	%	Increasing indicator	98.0	88.2	98.0	98.0	Achieved	100 %	98.0	98.0
Increase in the labor efficiency as compared to 2022.	Ratio of added value for all types of services to the average annual number of employees. Comparison with base 2022.	DGD – the Chief of Staff – 50% DGD for Economics and Finance – 33.33 %	%	Increasing indicator	6.0	5.4	6.0	51.5	Achieved	100%	11.0	16.0

Indicator	Procedure for calculation	Weight in the remuneration system for 2023, %	Unit of measurement	Indicator calculation feature	Target value in 2023	Minimum value	Limit value	Actual value for 2023 <sup>1</sup>	Assessment of achievement/reasons for variation	Percentage of achievement, %	Target value in 2024	Target value in 2025
		DGD for interaction with electricity market entities - 50%										
Active staff turnover	Ratio of the total number of Company employees dismissed at their own request in accordance with clauses 3 (termination of an employment contract at the initiative of the employee) and 5 (transfer of employees at their request or with their consent to work with another employer, or transfer to an elective job (position)) Article 77 of the Labor Code of the Russian Federation, to the average headcount for the reporting period	DGD – the Chief of Staff – 50%	%	Decreasing indicator	6.5	7.1	6.5	5.8	Achieved	110.7	6.5	6.5
Compliance with the timing of technical connection	An integrated indicator that measures the level of quality of technical connection to the grids, consisting of two components – the quality of consideration of applications for TC, the quality of execution of contracts for the TC of applicants	First DGD-25% DGD for Sales and Development of Services – 50%	rel. units	Decreasing indicator	1.1	1.2	1.1	1.6	Not achieved A significant number of overdue contracts due to the lack of sources of financing, as well as the lack of interaction between the regional and urban power distribution zones and the management office of the Dagenergo branch, since the majority of the overdue contracts are in the Dagenergo branch		1.1	1.1
Net raising of loans and bond issues to cover the deficit in	Calculated as the difference between borrowed funds and repaid borrowed funds (loans and bond issues)	DGD for Economics and	thous and	Decreasing indicator	-11,647,374	-10,482,637	-11,647,374	-11,647,374	Achieved	100 %	0	0

Indicator	Procedure for calculation	Weight in the remuneration system for 2023, %	Unit of measurement	Indicator calculation feature	Target value in 2023	Minimum value	Limit value	Actual value for 2023 <sup>1</sup>	Assessment of achievement/reasons for variation	Percentage of achievement, %	Target value in 2024	Target value in 2025
sources of financing the investment program		Finance – 33.33 %	roubles									
Efficiency of transition to the use of domestic software	Determined as the share (percentage) of installed Russian (domestic) software in the total volume of installed software in the Company, implementing its own plan approved by the Board of Directors of the Company for the transition to the predominant use of domestic software	DGD for special projects – 100%	%	Increasing indicator	75.0	67.5	75.0	64.7	Not achieved	86 %	84.3	88.9
Overdue receivables for power transmission services	The actual value of overdue receivables (excluding moratorium debt) at the end of the reporting period does not exceed the target value	First DGD-25% DGD for Sales and Development of Services – 50% DGD for relations with state authorities and civil society institutions - 33% DGD for Corporate Governance - 33%	thous and roubles	Decreasing indicator	7,156,259.9	7,871,885.9	7,156,259.9	5,995,925.3	Achieved	119.3 %	7,801,649.0	8,423,701.2
Implementation of the Comprehensive Security Plan	Calculated as the ratio of timely completed activities of the Comprehensive Security Plan to the total number of activities of the Comprehensive Security Plan	DGD for Security – 50%	%	Increasing indicator	100.0	90.0	100.0	100	Achieved	100 %	100.0	100.0

Indicator	Procedure for calculation	Weight in the remuneration system for 2023, %	Unit of measurement	Indicator calculation feature	Target value in 2023	Minimum value	Limit value	Actual value for 2023 <sup>1</sup>	Assessment of achievement/reasons for variation	Percentage of achievement, %	Target value in 2024	Target value in 2025
Ensuring requirements for the protection of insider information	Ensuring the Company's compliance with the requirements of the Federal Law No. 224-FZ dd. July 27, 2010 "On Combating the Misuse of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation"	DGD for Security – 50%	achieved / not achieved	Decreasing indicator	0	0	0	0	Achieved	100 %	0	0
Maintaining share listings and corporate governance ratings	An integrated indicator, the achievement of which depends on the concurrent execution of two sub-indicators: a) Maintaining the listing of the Company's shares for the calculation of this sub-indicator is considered as preventing the exclusion of the Company's shares from the list of securities admitted to trading on the Moscow Exchange PJSC. b) Maintaining the Company's corporate governance rating. The assessment is carried out according to the methodology of a third party independent expert responsible for assigning a rating in relation to the level of corporate governance of the Company with the establishment of a rating level corresponding to the developed corporate governance practice.	DGD for Corporate Governance - 33%	achieved / not achieved	Increasing indicator	Achieved	Achieved	Achieved	Achieved	Achieved	100 %	Achieved	Achieved
Control over corporate governance of Chechenenergo, JSC	An integrated indicator demonstrating the level of corporate governance in the Company, consisting of two components – the absence of penalties	DGD for Corporate Governance - 33%	achieved / not	Increasing indicator	Achieved	Achieved	Achieved	Achieved	Achieved	100 %	Achieved	Achieved



## 2.6. Key risks

As part of functioning of the RM&ICS, the Company regularly identifies, assesses and monitors risks, implements activities to reduce the likelihood and potential consequences of risk realization, and also informs shareholders and other stakeholders accordingly.

In 2023, risks inherent to the Company were assessed according to three levels of materiality, which are a generalized assessment of the likelihood and consequences of risk realization:

**Moderate** – not having a significant negative impact on financial and economic performance indicators, but requiring continuous monitoring to timely identify a possible increase in the level of risk materiality;

**Significant** – where the realization of the risk may lead to significant variations in key performance indicators, short-term suspension of activities, a decrease in independent ratings, and negative coverage of activities;

**Critical** – where the realization of the risk may lead to failure to achieve the goals established by the management bodies, long-term interruptions of activities, negative coverage of activities in the media and a decrease in the market quote of the Company's shares.

In 2023, 15 key risks were identified with a final materiality rating of “Significant” and “Critical”, which are presented in the table.

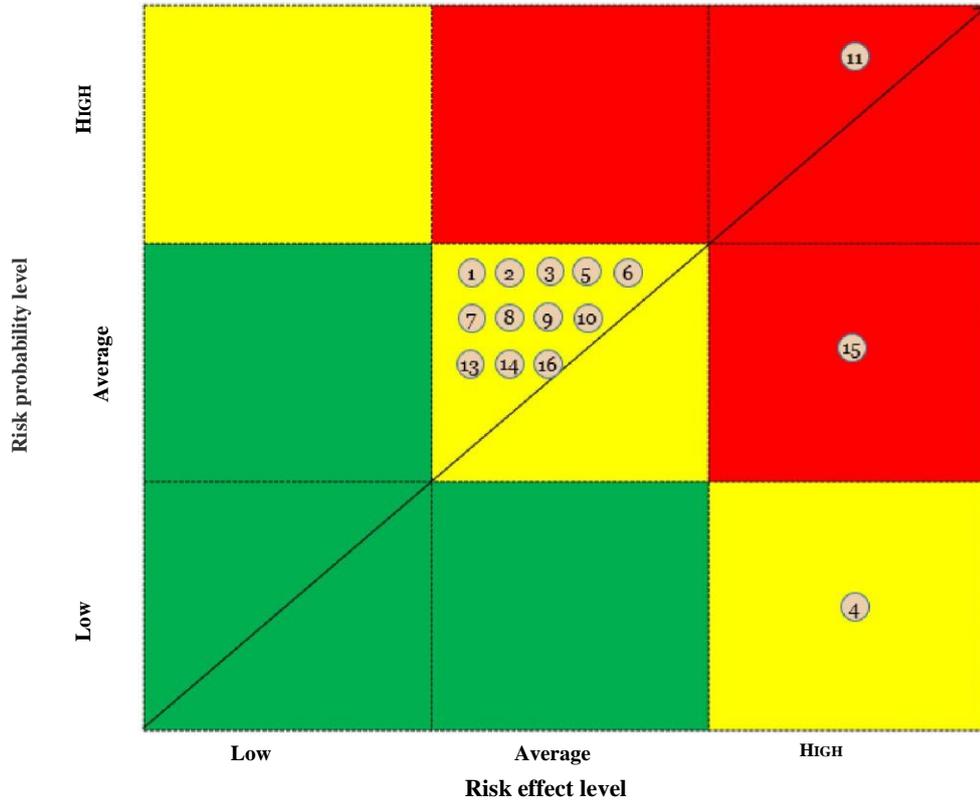
No. on the map	Risk index	Risk name	Level of risk materiality		Measures
			2022	2023	
1	<b>FR03-01</b>	Counterparties' non-fulfillment of obligations to pay for power transmission services within the time established by the agreement/contract and/or partial payment	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Claims-related work in order to reduce receivables, control over meeting the deadlines;</li> <li>– Handling dispute resolution and claims in order to reduce receivables, control over meeting the deadlines.</li> <li>– Work with consumers of power transmission services to agree on the planned volumes of services, including the contracted capacity, for inclusion in the relevant contracts for the provision of power transmission services and submission to state tariff regulation authorities.</li> <li>– Monitoring the execution of debt restructuring agreements.</li> </ul>
2	<b>FR03-02</b>	Non-enforcement of judicial acts on the collection of receivables	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Carrying out activities to study the enforcement proceedings documents, regarding the collection of debt for electricity transmission services, which are subject to compulsory execution by the enforcement authorities of the Federal Bailiff Service of Russia.</li> <li>– Sending complaints and appeals to the enforcement authorities of the Federal Bailiff Service of Russia, supervisory authorities regarding the actions/inactions of bailiffs based on the results of familiarization with the materials of enforcement proceedings, regarding the collection of debt for electricity transmission services.</li> <li>– Meetings with the enforcement authorities of the Federal Bailiff Service of Russia on issues of debt collection for electricity transmission services under writs of compulsory execution, as well as actions/inactions of bailiffs.</li> </ul>
3	<b>FR07-01</b>	Failure by contractors to meet the deadlines for the design, delivery, construction, commissioning of facilities	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Capital construction quality management;</li> <li>– Stage-wise control over compliance with the construction and installation schedule.</li> </ul>
4	<b>FR07-02</b>	Impossibility of timely execution of permits for construction	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Control over compliance with the construction and installation schedule and commissioning of facilities.</li> </ul>
5	<b>FR07-03</b>	Impossibility of timely registration of land relations	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Timely preparation of initial permits, project documentation and detailed design documentation.</li> </ul>
6	<b>FR07-04</b>	Non-provision of allowed outage time or postponing commissioning of the facilities, except for cases caused by the fact that other	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Capital construction quality management;</li> <li>– Stage-wise control over compliance with the construction and installation schedule.</li> </ul>

No. on the map	Risk index	Risk name	Level of risk materiality		Measures
			2022	2023	
		facilities of the Company are under repair			
7	<b>FR08-01</b>	Unfavorable weather conditions leading to process upsets	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Timely implementation of technical and organizational activities developed on the basis of investigation of technological faults (accidents).</li> <li>– Effective organization of emergency and recovery works to reduce duration of interruption of power supply to consumers related to technological faults (accidents)</li> <li>– Timely fulfillment of requirements set by Methodological Instructions to Calculate Level of Reliability and Quality of Supplied Goods and Provides Services for Organisation On Management of Unified National (All-Russian) Power Grid and Territorial Grid Companies approved by the Order of the Russian Ministry of Energy No. 718 dd. October 14, 2013.</li> </ul>
8	<b>FR08-02</b>	Failure of equipment with high physical wear (W=1-TCI)	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Timely implementation of technical and organizational activities developed on the basis of investigation of technological faults (accidents).</li> <li>– Effective organization of emergency and recovery works to reduce duration of interruption of power supply to consumers related to technological faults (accidents)</li> <li>– Timely fulfillment of requirements set by Methodological Instructions to Calculate Level of Reliability and Quality of Supplied Goods and Provides Services for Organisation On Management of Unified National (All-Russian) Power Grid and Territorial Grid Companies approved by the Order of the Russian Ministry of Energy No. 718 dd. October 14, 2013.</li> </ul>
9	<b>FR08-03</b>	Process upsets at the facilities of related entities of the electricity power industry sector	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Timely implementation of technical and organizational activities developed on the basis of investigation of technological faults (accidents).</li> <li>– Effective organization of emergency and recovery works to reduce duration of interruption of power supply to consumers related to technological faults (accidents)</li> <li>– Timely fulfillment of requirements set by Methodological Instructions to Calculate Level of Reliability and Quality of Supplied Goods and Provides Services for Organisation On Management of Unified National (All-Russian) Power Grid and Territorial Grid Companies approved by the Order of the Russian Ministry of Energy No. 718 dd. October 14, 2013.</li> </ul>
10	<b>FR08-04</b>	Outside influence at the at power grid facilities	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>– Timely implementation of technical and organizational activities developed on the basis of investigation of technological faults (accidents).</li> <li>– Effective organization of emergency and recovery works to reduce duration of interruption of power supply to consumers related to technological faults (accidents)</li> <li>– Timely fulfillment of requirements set by Methodological Instructions to Calculate Level of Reliability and Quality of Supplied Goods and Provides Services for Organisation On Management of Unified National (All-Russian) Power Grid and Territorial Grid Companies approved by the Order of the Russian Ministry of Energy No. 718 dd. October 14, 2013.</li> </ul>

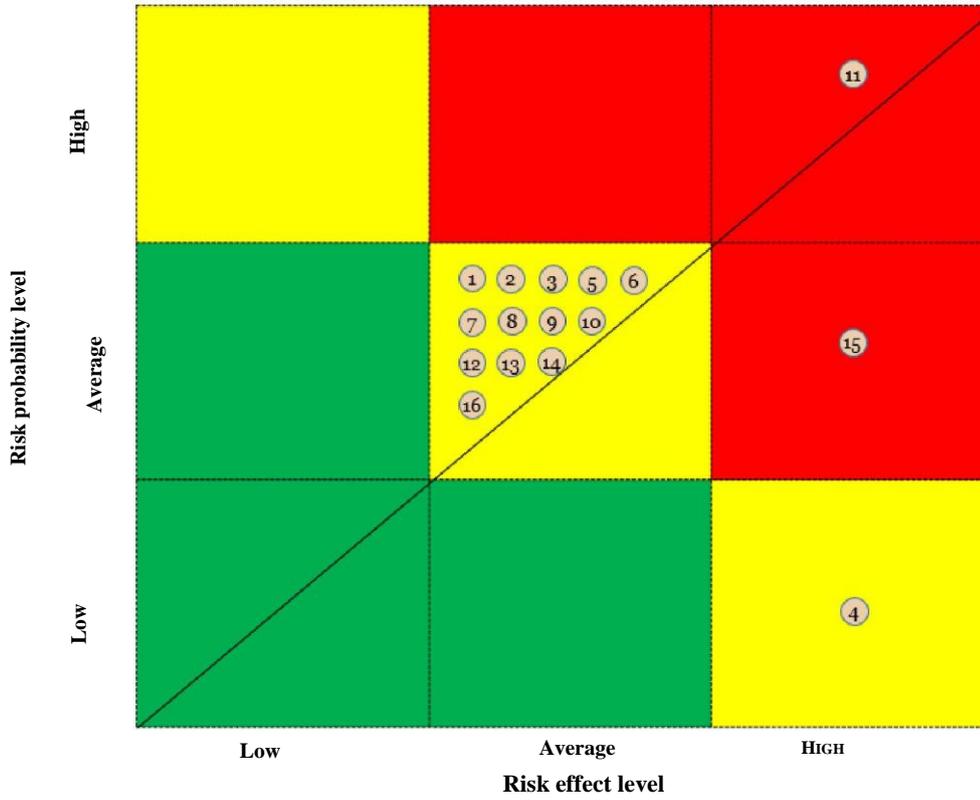
No. on the map	Risk index	Risk name	Level of risk materiality		Measures
			2022	2023	
11	<b>FR09-01</b>	Occurrence rate of work-related injuries in the Company	<b>Critical</b>	<b>Critical</b>	<ul style="list-style-type: none"> <li>– Systematic advanced training of personnel and practical training in the skills and methods of safe performance of work, inter alia aimed at the development of the employees' skills of safe behavior at work and the prevention of emergency situations.</li> <li>– Implementation of a system of employee motivation for unconditional compliance with occupational safety requirements. Functioning of the system for responding to violations of occupational safety requirements (conducting inspections of workplaces, random inspections of working teams (teams of subsidiaries and affiliates of Rosseti, PJSC and third-party organizations), including on non-working days, holidays and weekends, as well as at night), control over organization of work at facilities, ensuring the unconditional imposition of penalties on employees who violate the requirements of occupational safety.</li> <li>– Ensuring safe working conditions by means of: issuing certified, high-quality protective equipment, flushing and neutralizing agents, serviceable tools, devices and monitoring their proper use.</li> <li>– Ensuring safe working conditions through the compliance with the requirements of regulatory legal acts on technical operation, in the field of occupational safety, fire, industrial and environmental safety, including during design, construction, reconstruction, retrofitting and upgrading.</li> <li>– Monitoring the execution/implementation of programs containing occupational safety requirements and aimed at preventing injuries (programs for eliminating hazardous areas, etc.), operational activities.</li> <li>– Timely delivery of occupational safety briefings and checking the quality of learning.</li> <li>– Ensuring the completeness and quality of analysis of information materials on injuries. Performance of actions within the established time according to instruction acts and operational instructions issued based on the results of inspections by supervision and control authorities and within the framework of technical supervision, as well as actions to eliminate the causes of accidents specified in the investigation acts.</li> <li>– Ensuring road safety by: conducting inspections of occupational safety and traffic safety requirements during the operation of vehicles, including the condition of premises and vehicle parking.</li> <li>– Ensuring road safety by taking action against employees who violate traffic rules.</li> <li>– Organization of psychophysiological support for the reliability of professional activity.</li> <li>– Conducting medical examinations of employees (preliminary, periodic, pre-trip, pre-shift (at the request of employers)).</li> <li>– Ensuring the effective functioning and continuous improvement of the occupational safety management system.</li> </ul>

No. on the map	Risk index	Risk name	Level of risk materiality		Measures
			2022	2023	
12	<b>FR11-02</b>	Increase in the cost of construction due to regional factors (climate, geography, etc.), not taken into account when approving the investment program	<b>Significant</b>	<b>Risk excluded from the Register</b>	-
13	<b>FR11-03</b>	Increase in the cost of building materials, equipment and works due to objective reasons (inflation, crisis, external economic factors, etc.), not taken into account when approving the investment program	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>- Possibility of adjustment of the cost of construction of the facility in accordance with the design and estimate documentation.</li> </ul>
14	<b>FR11-05</b>	Presence in the investment program of items not covered by the aggregated price standards of standard process solutions for the capital construction of electric power facilities	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>- Control over timely adjustment of the estimated construction cost.</li> </ul>
15	<b>FR12-04</b>	Involvement of the Company / employees of the Company in corrupt activities	<b>Critical</b>	<b>Critical</b>	<ul style="list-style-type: none"> <li>- Implementation of the activities of the Anti-Corruption Plan.</li> </ul>
16	<b>FR13-07</b>	Deliberate illegal actions by both legal entities and individuals, and by employees, causing economic damage and damage to business reputation	<b>Significant</b>	<b>Significant</b>	<ul style="list-style-type: none"> <li>- Taking measures to identify the causes and conditions that contribute to causing financial damage detrimental to the Company.</li> <li>- Verification of candidates for filling vacant positions in the Company.</li> <li>- Detection of corruption violations and facts of conflict of interest.</li> </ul>

Map of key risks for 2023



Map of key risks for 2022



At the end of 2023, the following key operational risks were materialized in the Company.

Item No.	Risk name	Fact of the risk materialization at the end of 2023, the consequences of materialization	Compensatory measures to minimize the consequences of risk materialization
1.	<b>FP03-01</b> Counterparties' non-fulfillment of obligations to pay for power transmission services within the time established by the agreement/contract and/or partial payment.	Increase in overdue accounts receivable in the amount of 353.9 million rubles from the planned indicator.	Intensification of claim-related activities with respect to overdue receivables to be collected from large TGC;

In accordance with the Risk Management and Internal Control Policy, in 2023, by decision of the Board of Directors of the Company, the preferred risk (risk appetite) was updated (Minutes No. 540 dated October 11, 2023).

Preferred risk (risk appetite) shall mean the maximum permissible level of risks that Rosseti Northern Caucasus, PJSC considers acceptable in the process of achieving the Company's goals and is ready to sustain.

Target indicators of preferred risk (risk appetite):

1. Rosseti Northern Caucasus, PJSC provides reliable and high-quality power supply.
2. Rosseti Northern Caucasus, PJSC ensures the fulfillment of obligations of the Policy in the field of occupational safety, development and improvement of the occupational safety management system and safety culture.
3. Rosseti Northern Caucasus, PJSC, ensures the development and increase in the availability of the power grid infrastructure.
4. Rosseti Northern Caucasus, PJSC seeks to reduce electricity losses during its transmission and distribution.
5. Rosseti Northern Caucasus, PJSC strives to maintain a stable financial position.
6. Rosseti North Caucasus, PJSC seeks to reduce (minimize) the negative impact on the environment.
7. Rosseti North Caucasus, PJSC, ensures that the rights of shareholders are observed.
8. Rosseti North Caucasus, PJSC opposes the violation of the requirements set forth in the law of the Russian Federation.
9. Rosseti Northern Caucasus, PJSC strives to ensure technological and innovative development through the introduction of scientific research results and technologies.
10. Rosseti North Caucasus, PJSC ensures the staff development in the integrated power grid complex and maintains a consistently high level of inflow of operational staff.

The Company also takes into account the following risks in its activities:

**Risk of information security and cyber threats**

For this category, the risk associated with the distortion, theft of “sensitive” information in the process of its receipt, processing, storage, transmission, including the use of modern information technologies, is relevant. In case of risk materialization, unauthorized access to the Company's information resources is possible through hacker attacks, malicious software, distribution of malicious information and spam (use of cyber threats), as a result of which the integrity, confidentiality and availability of the Company's information resources may be violated. Which may result in failure of the hardware and software packages of the Company to perform their intended functions, causing material and reputational damage to the Company.

Cyber threats are the spread of malicious information and spam that jeopardize the information security of a person, company, or state. The most significant sources of malicious information are considered to be viruses, spyware and malware, which, in addition to spreading spam, lead to a decrease in the speed of information channels and an increase in traffic. Phishing attacks (creation of a duplicate site to obtain confidential information and use it illegally), operational failures (loss of unsaved data, equipment failure) and DDoS attacks (simultaneous hacker attack from a large number of computers with the aim of causing the operation to fail).

The most effective methods of combating cyber threats are the use of firewalls and anti-virus protection.

In order to minimize this risk, to effectively and reliably protect commercial information, personal data and other types of confidential information, the Company's information resources have the following functions, which are currently operated:

- information security systems in information systems of personal data of the Company;
- data loss prevention systems (DLP-systems) to protect, detect and prevent security leakage from corporate information systems and record the information about illegal actions of users;
- client-server system for encryption and access control to information resources of the corporate information system;
- SIEM information security event monitoring and correlation system;
- secure remote access system;
- anti-virus information protection systems.

During the reporting period, no information security risks were recorded in the Company.

### **Sustainability risks**

- **Environmental risk**

Rosseti Northern Caucasus, PJSC in its activities ensures compliance with the most advanced requirements aimed at reducing environmental impact, has all the necessary mechanisms aimed at minimizing environmental risks.

The environmental policy of the integrated power grid defines dynamic development with the most rational use of natural resources and preservation of a favorable environment as the principle of operation of Rosseti Northern Caucasus, PJSC.

The main directions of the Company environmental policy implementation are:

- compliance with the requirements and regulations established by the environmental legislation of the Russian Federation and international legal acts in the field of environmental protection;
- establishment of unified environmental requirements for the activities of the integrated power grid organizations;
- the priority of taking measures to prevent harmful effects on the environment over the implementation of measures to eliminate the environmental negative consequences of such an impact;
- implementation of a set of measures for saving energy and enhancing energy efficiency.
- use of the best available technologies and innovations in the integrated power grid, ensuring compliance with environmental requirements and minimizing the negative impact on the environment, including the use of cable lines and self-supporting insulated wires in the distribution grid complex;
- replacement of gasoline and diesel fuel with environmentally “clean” types of motor fuel and the use of electric transport in organizations of the integrated power grid;
- development of charging infrastructure and increase in the total share of electric transport in the Russian Federation;
- restriction of production and construction activities in areas of special environmental importance;
- ensuring the conservation of biological diversity and restoration of disturbed lands;
- ensuring environmentally safe handling of production waste;
- ensuring compliance by contractors with the requirements of the law of the Russian Federation and Rosseti Northern Caucasus, PJSC in the field of environmental protection and environmental safety in the process of design, construction, reconstruction and retrofitting and upgrading of electric grid facilities;
- ensuring transparency and accessibility of environmental information, informing all the parties concerned about accidents, their environmental consequences and liquidation measures;
- improvement of the system of industrial environmental control;
- active participation in the improvement of the regulatory framework in the field of environmental protection and environmental safety;
- involvement of personnel in activities aimed at ensuring environmental safety, environmental protection and rational use of natural resources;
- advanced training of personnel serving the facilities of the integrated power grid in the field of environmental protection and environmental safety;
- continuous improvement of the image of Rosseti Northern Caucasus, PJSC as an environmentally oriented company.

- **Natural and climatic risk**

The following natural hazards may occur in the areas where the issuer operates, posing a threat to power grid facilities:

1) floods, highwater:

- Stavropol Territory: Andropovsky, Mineralovodsky and Predgorny regions;
- Republic of Dagestan: Kizlyarsky, Kizilyurtovsky districts;
- Karachay-Cherkess Republic: Cherkessk, Karachayevsky, Khabezsky, Prikubansky districts;
- The Republic of North Ossetia – Alania: the valleys of the Ardon, Ursdon, Fiagdon, Terek, Uruk rivers.

2) mudflows, landslides:

Kabardino-Balkarian Republic, Tyrnyauz;

- Karachay-Cherkess Republic: Urupsky, Karachaevsky, Ust-Dzhegutinsky, Zelenchuksky, Khabezsky districts;
- 3) avalanches: Karachay-Cherkess Republic: Karachaevsky and Zelenchuksky districts;
- 4) fires: throughout the Company's service area.

During 2023, no cases of hazardous natural phenomena were recorded in the territories of the issuer's group's activity.

In order to prevent the occurrence of emergencies caused by the impact of natural factors on facilities, the Company is working to introduce an ice load monitoring system and equipment for ice melting in areas most prone to icing. Also, during the reconstruction or construction of new facilities, work is carried out to develop a project of civil defense engineering and technical measures with due account to measures aimed at prevention of the occurrence of emergencies caused by natural factors. In order to prevent the occurrence of fires under the overhead lines, vegetation is cut down on the routes of passage using the resources of task groups.

Measures to ensure the security of equipment are carried out in accordance with the work plans of the emergency and fire safety committees. The main equipment of the facilities is mainly protected from damaging factors caused by emergencies. Plans for engineering and technical measures have been developed at the facilities to ensure their sustainable operation in accordance with operational orders.

### 3. 2023 activities results

#### 3.1. Operating results

##### 3.1.1. Production activity results

##### Results of Production Activities for 2023

Name of the branch of the Company	Power supply to the grid, million kWh	Power supply from the grid to consumers and adjacent TGCs within the limits of the balance and operating responsibility, million kWh	Losses	
			mln kWh	%
Kabbalkenergo	1,754	1,394	360	20.52
Karachaevo-Cherkessenergo	1,281	1,095	185	14.46
Sevkavkazenergo	1,653	1,350	302	18.30
Stavropolenergo	7,969	7,255	714	8.96
Ingushenergo	974	464	510	52.41
Dagenergo	8,328	4,447	3,881	46.60
<b>Total for branches of Rosseti Northern Caucasus, PJSC</b>	<b>21,958</b>	<b>16,006</b>	<b>5,953</b>	<b>27.11</b>

According to business results of Rosseti Northern Caucasus, PJSC, in 2023 the volume of power output from the grid to consumers and adjacent territorial grid companies within the borders of balance and operation responsibility amounted to 16,006 million kWh, which compared to 2022 figures (15,978 million kWh) is by 28 million kWh, or 0.17% more.

### Actual power losses in 2022–2023

Name of the branch of the Company	Electric energy losses					
	2022 Actual		2023 Actual		Change, 2023/2022	
	mln kWh	%	mln kWh	%	mln kWh	pp
Kabbalkenergo	362	21.16	360	20.52	–2	–0.64
Karachaevo-Cherkesskenergo	191	15.33	185	14.46	–6	–0.87
Sevkavkazenergo	306	18.63	302	18.30	–3	–0.33
Stavropolenergo	706	9.18	714	8.96	8	–0.22
Ingushenergo	497	53.77	510	52.41	13	–1.36
Dagenergo	3,358	41.01	3,881	46.60	522	5.59
<b>Total for branches of Rosseti Northern Caucasus, PJSC</b>	<b>5,420</b>	<b>25.33</b>	<b>5,953</b>	<b>27.11</b>	<b>533</b>	<b>1.78</b>

Actual electric energy losses in grids of Rosseti Northern Caucasus, PJSC were 5,952 mln kWh or 27.11% of the grid supply. Compared to the same period of the previous year, with an increase in grid output by 2.62%, the increase in electric energy losses amounted to 533 million kWh, or 1.78 percentage points.

At the end of 2023, an increase in the level of electricity losses is noted in the Dagenergo branch.

Main reasons:

- an increase in load losses due to an increase in relation to electricity grid supply;
- consolidation of power grid facilities in Kaspiysk, as a result – an increase in the generating losses of the grids of the Dagenergo branch (impact of 40 million kWh);
- failure to implement organizational measures to reduce losses;
- failure of account metres in the Dagenergo branch;
- high level of losses in leased grids in Makhachkala and Khasavyurt;
- off-the-meter electricity consumption, incl. “mining”, construction of facilities in the absence of title documents in the Republic of Dagestan;

### 3.1.2. Technical connection

#### Information on the dynamics of volumes of demand and services rendered for technical connection and the dynamics of revenue from technical connection

In 2023, the power grid branches of Rosseti Northern Caucasus, PJSC received applications for technical connection to grids for a total capacity of 1,451.0 MW, which is 21.0% more than in 2022 (1,203.2 MW). While, the number of applications accepted in 2023 is 2.0% less (20,674 versus 21,203 applications).

At the end of 2023, compared to 2022, the number of concluded contracts decreased by 12% and amounts to 15,096 contracts (17,080 contracts in 2022). While, the volume of connected capacity under the concluded contracts increased by 30% and amounts to 936.23 MW (718.1 MW in 2022).

The number of executed contracts for 2023 amounted to 13,518, with a volume of connected capacity of 427.2 MW (-11% in terms of quantity and -29% in terms of total capacity as compared to 2022: 15,130 fulfilled contracts for a total capacity of 331.8 MW). The reason for the decrease

in the number of fulfilled contracts is the lack of funding sources for the implementation of technical connection activities. The 2023 plan was overfulfilled by 20% in terms of the number of executed contracts, while, in terms of the volume of connected capacity, the underperformance was 12%.

The increase in revenue in 2023 for technical connection services by 49% compared to 2022 is due to changes in legislation regulating tariff forming system since July 1, 2022 and an increase in the cost of technical connection services. The 2023 revenue plan was not fulfilled by 13.5%, which is due to insufficient funding for activities under preferential category contracts and the conclusion with applicants of addenda to TC contracts for rescheduling until 2024.

The 2023 plan for the “Cash Inflow” indicator was exceeded by 327%. The fast growth of cash inflow is associated with the receipt of an advance payment under the newly concluded TC contract at the Novolakskaya Wind Farm in the Republic of Dagestan in the amount of 746.5 million rubles, VAT included.

### **Information on technical connection of socially significant large and infrastructure facilities**

In 2023 experts of Rosseti Northern Caucasus, PJSC performed actions for technical connection of large facilities that are of importance for economic development of constituent entities of the Northern Caucasus Federal District. Socially important facilities were connected: kindergartens, schools, out-patient clinics, polyclinics, other institutions.

In the Stavropol Territory, the following facilities were connected to power supply networks: agricultural facilities with a total maximum capacity of 2.0 MW, energy facilities of Stavropol International Airport, JSC with a maximum capacity of 2.7 MW, generation facilities with a total maximum capacity of 176 MW (Kuzminskaya Wind Power Plant of VetroOGK2 JSC, Prosyanskaya small-scale hydropower plant and Goriko-Balkovskaya small-scale hydropower plant of EnergoMIN LLC).

In the Kabardino-Balkarian Republic, the following facilities were connected to the power supply networks: multi-apartment residential buildings with a total maximum power of 2.2 MW, an educational school (Zolsky district) for 275 students with a maximum power of 0.3 MW, agricultural facilities with a total maximum power of 4.3 MW.

In the Karachay-Cherkess Republic, the following facilities were connected to the power supply networks: generation facility ChirkeyGESstroy, JSC with a maximum capacity of 2.0 MW, sports and fitness centers, healthcare institutions and secondary schools with a total capacity of 0.6 MW.

In the Republic of North Ossetia – Alania, the following facilities were connected to the power supply networks: facilities of adjacent TGC with a total maximum capacity of 7.6 MW, the Alania Park ski resort with a total maximum capacity of 6.0 MW.

In the Republic of Ingushetia the following facilities were connected to power supply networks: 9 kindergartens (1.3 MW), an educational school (Sunzha) for 720 students (0.5 MW), sports and fitness centers (0.5 MW).

In the Republic of Dagestan, the following facilities were connected to power supply networks: healthcare facilities (38.5 MW), educational institutions (0.57 MW).

**Performance indicators in terms of technical connection services**

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021	2022	2023	
TC applications accepted	pcs.	24,549	21,203	20,674	-2
	kW	1,130,869.10	1,203,182.90	1,450,925.55	21
TC contracts concluded	pcs.	20,629	17,080	15,096	-12
	kW	513,024.00	718,091.00	936,225.19	30
TC contracts fulfilled	pcs.	18,670	15,130	13,518	-11
	kW	581,955.80	331,778.60	427,171.85	29
Valid TC contracts	pcs.	11,442	13,157	14,730	12
	kW	755,220.70	1,115,210.90	1,603,325.37	44
<b>The structure of fulfilled contracts by categories of applicants</b>					
Up to 15 kW, inclusive	pcs.	17,392	14,105	12,444	-12
Above 15 and up to 150 kW, inclusive	pcs.	1,059	847	875	3
Above 150 kW and less than 670 kW	pcs.	187	150	170	13
At least 670 kW	pcs.	28	27	24	-11
Generation	pcs.	4	1	5	400
Up to 15 kW, inclusive	kW	150,781.70	123,736.30	97,858.46	-21
Above 15 and up to 150 kW, inclusive	kW	70,412.70	57,538.60	55,343.29	-4
Above 150 kW and less than 670 kW	kW	61,633.30	47,459.80	59,381.60	25
At least 670 kW	kW	57,128.10	43,044.00	38,588.50	-10
Generation	kW	242,000.00	60,000.00	176,000.00	193
Up to 15 kW, inclusive	million rubles	19.93	45.99	137.96	200
Above 15 and up to 150 kW, inclusive	million rubles	21.28	28.34	45.17	59
Above 150 kW and less than 670 kW	million rubles	32.67	20.56	47.45	131
At least 670 kW	million rubles	9.59	145.96	30.62	-79
Generation	million rubles	83.76	21.8	129.22	493
<b>The structure of fulfilled contracts by industries</b>					
Individuals	pcs.	15,648	12,780	11,201	-12
Section A. Agriculture, Forestry, Hunting, Fishing and Fish Farming	pcs.	267	184	180	-2
Section B. Mining	pcs.	7	4	9	125
Section C. Manufacturing Sectors	pcs.	11	15	20	33
Section D. Providing electricity, gas and steam; air conditioning (35.11 Electricity generation and subsections)	pcs.	35	38	50	32
Section F. Construction	pcs.	224	163	155	-5

Section G. Wholesale and retail trade; Repair of Vehicles and Motorcycles	pcs.	154	116	107.0	-8
Section H. Transportation and Storage	pcs.	67	44	45	2
Section J. Information and Communication Activities	pcs.	268	226	278	23
Section P. Education	pcs.	45.00	37.00	32	-14
Section Q. Health and Social Services Activities	pcs.	41.00	58.00	59	2
Other	pcs.	1,903.00	1,465.00	1,382	-6
Individuals	kW	138,785.30	113,320.40	88,214.85	-22
Section A. Agriculture, Forestry, Hunting, Fishing and Fish Farming	kW	37,780.60	9,228.00	25,928.00	181
Section B. Mining	kW	962.00	135.00	1,618.00	1,099
Section C. Manufacturing Sectors	kW	1,809.50	9,093.00	3,348.00	-63
Section D. Providing electricity, gas and steam; air conditioning (35.11 Electricity generation and subsections)	kW	263,684.50	71,918.80	179,507.00	150
Section F. Construction	kW	10,049.60	13,831.00	19,880.00	44
Section G. Wholesale and retail trade; Repair of Vehicles and Motorcycles	kW	10,825.50	3,212.50	4,114.00	28
Section H. Transportation and Storage	kW	288.88	454.00	3,421.00	654
Section J. Information and Communication Activities	kW	1,155.52	1,965.00	3,098.00	58
Section P. Education	kW	4,873.80	3,808.00	3,637.00	-4
Section Q. Health and Social Services Activities	kW	2,389.00	6,407.00	1,527.00	-76
Other	kW	109,351.60	98,406.00	92,879.00	-6

### 3.1.3. Provision of additional (non-tariff) services

Based on the results of activities of Rosseti Northern Caucasus, PJSC for 2023, revenue from other types of activities according to accounting data amounted to 1,108,803 thousand rubles, with the established target indicator of 896,096 thousand rubles, including from the sale of additional (non-tariff) services. Of these, according to management accounting data:

- 6,617 thousand rubles – rental of buildings, premises, structures, except for electrical grid facilities;
- 437 thousand rubles – rental of vehicles;
- 812 thousand rubles – rent of other property;
- 108,244 thousand rubles – services for the placement of telecommunications equipment (FOCL);
- 15,421 thousand rubles – technical, repair and maintenance services;
- 2,798 thousand rubles – agency services;
- 880,537 thousand rubles – execution of construction and installation works;

- 25,880 thousand rubles – consulting and organizational and technical services;
- 68,057 thousand rubles – other services for other operating activities.

Rosseti Northern Caucasus, PJSC continues to cooperate with Rosatom State Corporation as part of the construction and installation work on the construction of wind power facilities. In 2023, the following projects for the construction of wind power plants were implemented: Kuzminskaya Wind Farm Substation Trunovskaya Wind Farm Substation

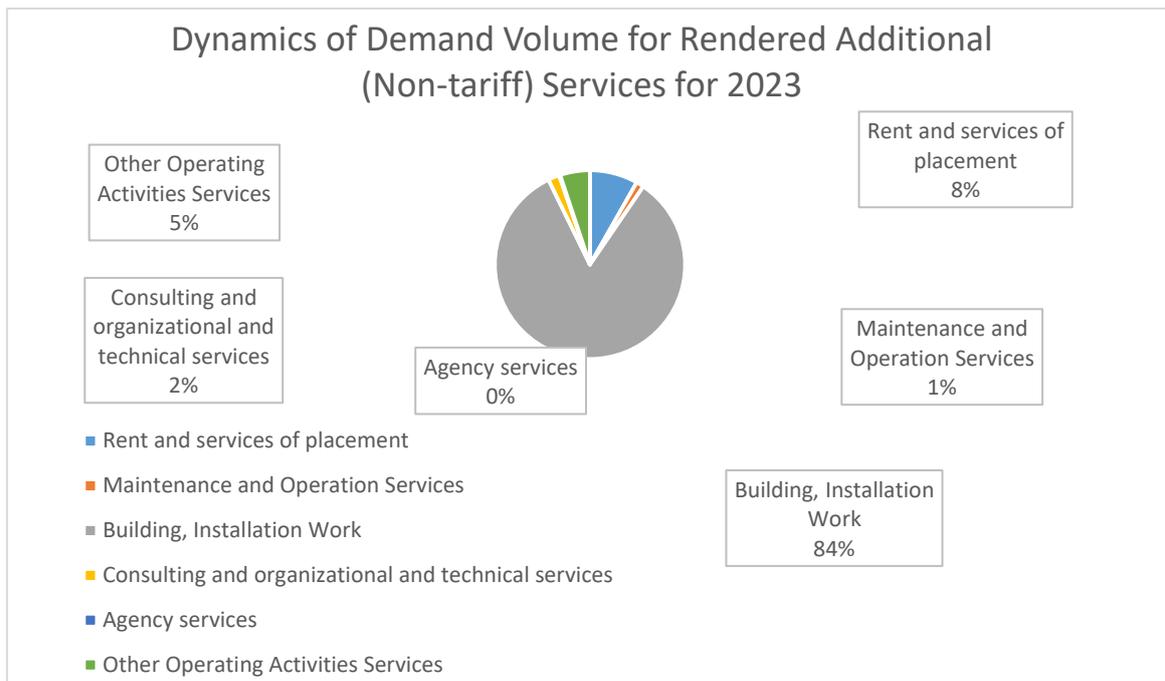
It is also planned to begin construction of the Novolaxskaya Wind Power Plant in Dagestan in 2024 together with JSC NovaWind (a division of Rosatom State Corporation).

#### **Indicators regarding the implementation of additional (non-tariff) services**

Indicator	Unit of measurement	Period			Change 2023/2022, %
		2021 actual	2022 actual	2023 actual	
Revenue from the sale of additional (non-tariff) services related to other activities	million rubles	1,267,462 <sup>1</sup>	1,102,188	1,108,803	0.6
Rent and services of placement	million rubles	98,315	63,454	116,110	82,98
Maintenance and repair services	million rubles	23,616	17,388	15,421	-11,31
Performance of construction and installation works	million rubles	1 013,899	896,483	880,537	-1,78
Consulting and organizational and technical services	million rubles	25,400	0	25,880	
Agency services	million rubles	0	0	2,798	
Communication and information technology services	million rubles	0	0	0	
Other services related to other activities	million rubles	106,232	124,863	68,057	-45.49
Other services	million rubles	0	0	0	
The amount of non-tariff revenue from other types of activities	%	12	12	12	0

The department of additional (non-tariff) services of Rosseti North Caucasus, PJSC develops the direction of client activities in the field of consumer services and offers a list of additional services of Rosseti North Caucasus, PJSC as part of servicing the electric grid.

<sup>1</sup> Revenue corresponds to the financial statements of Rosseti Northern Caucasus, PJSC for 2021 (“Profit and Loss Account”) in Form 2.



For 2024, revenue from the provision of additional (non-tariff) services is planned in the amount of 1,360.896 million rubles.

For 2024, it is planned to develop the range of services provided, according to the price list of the cost of additional (non-tariff) services of Rosseti North Caucasus, PJSC.

**Prospective projects and tasks for 2024–2028 for the Company in the area of development of additional (non-tariff) services are:**

- renewal of agreements on the placement of fiber-optic cable (FOCL-VL) at the Dagenergo branch;
- conclusion of agreements with the State Public Institution “Dagestanavtodor”, Municipal Institution “UKS” Derbent urban district, Administration of Khunzakhsky District Municipality, Administration of the City of Buinaksk Municipality, Stroygazproekt, LLC for the removal of OL from the construction zone of the applicant's facilities at the Dagenergo branch;
- connection to the Nogai solar power plant (renewable energy source – RES) through the Dagenergo branch;
- legalization of non-contractual placement of FOCL-OL as part of the quarterly inventory of all branches of the Company;
- conclusion of lease agreements for poles of the 0.4–10 kV OL in order to implement projects to create and develop a digital environment in the Northern Caucasus region;
- conclusion of agreements for the placement of equipment at the Company’s power grid facilities;
- conclusion of an agreement for the suspension of FOCL-OL on the supports of OL-110, 35 kV for the Sevkavkazenergo branch;

- construction of the Novolakskaya Wind Power Plant in the Republic of Dagestan at the Dagergo branch;
- removal of 110 kV, 35 kV OL from the reconstruction zone of the Beshtaugorskoe highway (Magistral LLC) in Pyatigorsk;
- removal of the 110 kV OL of the Vladikavkaz bypass road;
- removal of 35 kV, 10 kV, 110 kV OL from the construction zone of an apartment building (AB) in the city of Kislovodsk;
- removal of 35 kV OL from the construction zone of AB in the city of Vladikavkaz; (STK-59);
- removal of a 35 kV OL from the construction zone of a multifunctional cultural center (MCC) for 1,200 people in Kislovodsk;
- removal of the indoor transformer substation (ZTP-3/YaCh5 15) of the central power distribution station (CDS) (2/630 kVA) from the territory of the Chinara hotel in the village of Dombay.

Systematic work on accepting applications for concluding contracts for reconstruction, removal of networks from the construction zone, and construction allowed us to achieve a significant increase in revenue from the sale of value-added services.

Thanks to the work done, in 2023 it was possible to identify and “legalize”

60,534 poles with illegal placement of FOCL by third parties, which in turn is confirmed by signed certificates of the property actually used.

Since June 19, 2023, an inventory of illegally placed property at the power grid facilities of Rosseti Northern Caucasus, PJSC has been carried out. As a result of the ongoing activities, it is planned to conclude a number of agreements.

#### **3.1.4. Interaction with Customers**

1. Rosseti Northern Caucasus, PJSC has 6 branches: Stavropolenergo, Kabbalkenergo, Karachaevo-Cherkesskenegero, Sevkavkazenergo, Ingushenergo and Dagergo.

Policy pursued by Rosseti Northern Caucasus, PJSC in the field of communication with consumers of the Company's services is customer-oriented and aimed at facilitating interaction between service consumers and the Company. Customer centricity of the Company is implemented by creation and operation of the system for centralized servicing of consumers. The customer service system is based on the following guidelines.

- Territorial accessibility and comfort of the on-site service of the Company. Location of infrastructure facilities of the on-site service ensures the coverage of the responsibility area and the availability of customer service.
- Qualified service. Organization of all forms of service ensures the high level of qualification and competence of the Company's personnel.
- Availability and efficiency of correspondence and interactive services of the Company. Channels of correspondence communication with customers provide for round the clock access to correspondence service and efficiency of the Company's response to user requests.

- Transparency of the customer service business processes and objectivity of consideration of customers' complaints. The grid company provides for an objective and impartial examination of complaints in a timely manner, possibility of appealing the decisions, the procedure of which is communicated to consumers in accordance with the principle of sufficiency of information.
- Sufficient awareness of consumers about the Company and services. Complete and reliable information on all procedures of interaction with the Company is public and available in an accessible form for service consumers.

2. Interaction with consumers of Rosseti Northern Caucasus, PJSC is arranged in accordance with the requirements of the Quality Standards for Providing Services to Consumers of Rosseti Northern Caucasus, PJSC in three forms of providing services to customers: face-to-face service, distance service and interactive service, which can be classified as a form of correspondence service. Information exchange between the Company and service consumers is carried out by means of communication channels.

2.1. The face-to-face form of service involves direct address of service consumers to the consumer service offices of Rosseti Northern Caucasus, PJSC: CSC (Customer Service Center), located in Makhachkala, and Vladikavkaz, as well as in 106 customer service stations (CSS), organized on the basis of regional and urban power distribution zones of Rosseti Northern Caucasus, PJSC. This form of service was used by 28.9 thousand consumers in 2023.

2.2. Distance services to customers via telephone communication in the Company are provided through the power engineer hotline "Bright Line 220" at the federal number 8-800-220-0-220. Calling the power engineer hotline "Bright Line 220" is free. Calls to the power engineer hotline "Bright Line 220" at the federal number 8-800-220-0-220 and a single short number 220 are received 24 hours a day, seven days a week, seven days a week, 24×7×365.

In 2023, the power engineer hotline "Bright Line 220" at the federal number 8-800-220-0-220 received 266.54 thousand calls from the service consumers.

2.3. 13.91 thousand requests from service consumers were received and considered by the office of the Company.

2.4. Interactive service form

Electronic (interactive) provision of services of the Company's customers is arranged through the TC Portal, located on the Internet information telecommunications network at the address: <https://portal-tp.rf>, and MP., Bright Country Portal.

In 2023, 31.78 thousand requests from customers were received through interactive services.

In 2023, Rosseti Northern Caucasus, PJSC received 355.39 thousand requests from service consumers, the increase in the number of requests compared to 2022 was 37.3%, including:

- 43.42 – applications for the provision of services, of which 20.72 thousand are applications for technical connection, 0.14 thousand applications for extension of technical conditions, 5.67 thousand applications for provision of additional services;
- 1.3 thousand are complaints from service consumers, of which 0.19 thousand concern technical connection, 0.24 thousand are about the quality of electrical energy, 0.65 thousand are about power outages, 0.07 thousand are for maintenance of electrical grid facilities, 0.04 thousand are for

commercial metering of electricity, 0.08 thousand concern the energy sales activities and 0.03 thousand address other issues.

Changes implemented in 2023 and scheduled changes.

For improving the quality and availability of services and for analysis of the consumer satisfaction with the quality of provided services and support, in 2023 Rosseti Northern Caucasus, PJSC performed a research by surveying consumers using a questionnaire. 1,637 respondents were surveyed. 1,137 respondents expressed overall satisfaction with the activities of the grid company.

The following measures are scheduled for 2024:

- conducting service consumer surveys in writing;
- consumers informing in mass media and via online services to communicate them the required information;
- development of infrastructure for face-to-face services to consumers;
- development of infrastructure for distance services to consumers;
- development of a range of additional paid services provided by Rosseti Northern Caucasus, PJSC.

3. The quality of customers communication of Rosseti Northern Caucasus, PJSC, may be also assessed by analyzing the achievement of planned targets of the service quality established by the competent executive authorities in the field of state regulation of tariffs for 2023.

By the decision of the competent authorities in the field of state regulation of tariffs for the period of 2022–2023, the following planned values of reliability and quality of rendered services were established:

Name of the grid company in the constituent entity of the Russian Federation	year	Level of reliability of goods (services) sold			Level of quality of goods (services) sold	
		Пп, hour	Пsaidi, hour	Пsaifi, pcs.	Indicator of quality level of implemented TC	Indicator of quality level of consumer care
Stavropolenergo branch	2022	0,0126	-	-	1	0,8975
	2023	-	0,7476	0,7719	1	Not approved
Kabbalkenergo branch	2022	-	0,4610	0,6340	1	Not approved
	2023	-	0,2410	0,4230	1	Not approved
Karachaevo-Cherkessenergo branch	2022	-	2,5335	1,0348	1	Not approved
	2023	-	1,8068	1,2353		Not approved
Sevkavkazenergo branch	2022	-	0,9504	0,4676	1	Not approved
	2023	-	2,1691	1,6442	1	Not approved
Ingushenergo branch	2022	0,0070	-	-	1	0,8975
	2023	0,0069	-	-	1	0,8975
Dagenergo branch	2022	-	8,9234	1,8242	1	Not approved
	2023	-	8,7896	1,7969	1	Not approved

Based on the results of activity of Rosseti Northern Caucasus, PJSC on the achievement of the established planned indicators of reliability and quality of provided services, the following actual results were achieved in the period of 2022–2023:

Name of the grid company in the constituent entity of the Russian Federation	year	Level of reliability of goods (services) sold			Level of quality of goods (services) sold	
		Пп, hour	Пsaidi, hour	Пsaifi, pcs.	Indicator of quality level of implemented TC	Indicator of quality level of consumer care
Stavropolenergo branch	2022	0,0076	1,5796	1,8527	1,0225	0,8581
	2023	—	0,9991	1,1228	1,0146	Not approved
Kabbalkenergo branch	2022	—	0,7064	1,0960	1,0045	—
	2023	—	1,3556	1,1113	1,169	—
	2022	—	1,6483	1,3036	1,0938	—

Karachaevo-Cherkesskenergo branch	2023	—	1,6958	0,6879	1,271	—
Sevkavkazenergo branch	2022	—	3,2761	1,7453	1,7202	—
	2023	—	2,3754	1,1559	2,074	—
Ingushenergo branch	2022	—	5,1476	2,0076	1,0830	0,8426
	2023	0,0034	9,8348	3,4747	1,102	0,94681
Dagenergo branch	2022	—	16,1682	6,0200	1,0971	—
	2023	—	38,4649	12,7187	1,662	—

\* The calculations were made in accordance with the calculation procedure approved by Order of the Ministry of Energy of Russia No. 1256 dated November 29, 2016.

Based on the 2023 results, the planned values of reliability indicators established by tariff regulatory authorities were exceeded by an amount exceeding the acceptable variation in the following branches of Rosseti Northern Caucasus, PJSC:

- a) Dagenergo branch – the Пsaidi indicator was 38.4649 hours, which is 337.6% higher than the established planned value (8.7896 hours), the Пsaifi indicator was 12.7187 pcs, which is 607.8% higher than the established planned value (1.7969 pcs.);
- b) Stavropolenergo branch – the Пsaidi indicator was 0.9991 hours, which is 33.6% higher than the established planned value (0.7476 hours), the Пsaifi indicator was 1.1228 pcs, which is 45.5% higher than the established planned value (0.7719 pcs.);
- c) Kabbalkenergo branch – the Пsaidi indicator was 1.3556 hours, which is 462.5% higher than the established planned value (0.2410 hours), the Пsaifi indicator was 1.1113 pcs, which is 162.7% higher than the established planned value (0.4230 pcs.).

The reasons for failure to reach the planned indicators of the level of reliability of the services provided, established by the regional tariff regulation authorities, by the above branches was the general increase in the accident rate, the main organizational reasons being the impact of the natural environment, unsatisfactory technical condition (aging) of equipment.

The actual values of reliability indicators of Karachaevo-Cherkesskenergo, Sevkavkazenergo, Ingushenergo branches at the end of 2023 were:

- a) Karachaevo-Cherkesskenergo branch – the Пsaidi indicator was 1.6958 hours, which is 6.1% lower than the established target value for 2023 (1.80676 hours), the indicator was reached; the Пsaifi indicator amounted to 0.6879 pieces, which is 44.3% lower than the established target value for 2023 (1,2353 pcs.), the indicator was reached;
- b) Sevkavkazenergo branch – the Пsaidi indicator was 2.3754 hours, which is 7.2% higher than the established target value for 2023 (2.1691 hours), the indicator was reached taking into account the acceptable variation (30%); the Пsaifi indicator amounted to 1.1559 units, which is 31.2% lower than the established target value for 2023 (1.6442 pcs), the indicator was reached;
- c) In Ingushenergo branch – the Пп indicator was 0.0034 hours, which is 50.7% lower than the established target value for 2023 (0.0069 pcs), the indicator was reached.

The indicator of the level of quality of the technical connection for 2023 is set at the level of 1 for all branches, the actual value of the indicator for 2023 was:

- a) Stavropolenergo: 1.015, variation vs the established planned indicators is 0.15% with an acceptable variation vs the established values of 25%;
- b) Kabbalkenergo: 1.169, variation vs the established planned indicators is 16.9% with an acceptable variation vs the established values of 25%;

c) Ingushenergo: 1.102, variation vs the established planned indicators is 10.2% with an acceptable variation vs the established values of 25%.

The indicator of the level of quality of service for customers of Ingushenergo branch for 2023 was set at 0.8975, the actual indicator was 0.94681, the variation vs the established planned values was 5.5% with an acceptable variation of 25%.

d) Dagenergo: 1.662, which exceeds the established planned value by 66.2% with an established acceptable variation of 25%;

e) Sevkavkazenergo: 2.074, variation vs the established planned indicators is 100.1% with an acceptable variation vs the established values of 25%;

f) Karachaevo-Cherkesskenenergo: 1.271, variation vs the established planned indicators is 27.1% with an acceptable variation vs the established values of 25%.

### 3.2. Investment Activity

Investment planning is an integral part of the business planning and budgeting system at Rosseti Northern Caucasus, PJSC. During compilation of investment program, impact of its implementation on the Company's entire economic activity is assessed. In the pursuit of investment policy, the implementation of which is reflected in annual investment programs, the following activities are fulfilled:

- maintaining and operating equipment necessary for sufficient, reliable, and uninterrupted power supply to consumers;
- lowering production costs, in particular, through improvement of equipment efficient performance;
- upgrading fixed assets;
- ensuring safe operation of equipment;
- commissioning new capacities in case of necessity to cover load deficiency or create capacity margin.
- unconditional measures implementing in connection with consumers technological connection;
- preparation for completion passport receiving by autumn and winter period;

#### Dynamics of implementation of the investment program in 2021–2023

Indicator	Unit of measurement	Actual			Change 2023/2022, %
		2021	2022	2023	
<b>Implementation of the investment program</b>					
Amount of financing	million rubles	4,462.51	3,945.55	4,501.70	14
Amount of implementation of capital investment	million rubles	3,633.82	2,650.19	3,506.44	32
Adding to fixed assets	million rubles	2,580.91	3,070.79	3,246.35	6
Adding of transformer capacity to fixed assets	MVA	119.26	109.57	66.58	-39
Adding of power transmission lines to fixed assets	km	391.13	721.23	287.93	-60

### Major investment program indicators for 2023

Name of constituent entity of the Russian Federation	Implementation, million rubles, net of VAT	Adding to FA <sup>1</sup> , million rubles, net of VAT	Funding, mln RUB, VAT inclusive	New power	
				MVA	km
Stavropol Territory	1,514.82	1,459.41	1,592.53	25.42	152.23
Republic of Dagestan	741.92	934.14	1,389.66	30.66	16.06
Kabardino-Balkarian Republic	270.40	118.89	424.77	1.46	14.94
Republic of North Ossetia – Alania	418.08	211.63	607.10	7.04	46.09
Karachay-Cherkess Republic	344.12	419.49	367.53	1.88	57.16
Republic of Ingushetia	200.28	86.12	119.96	0.13	1.45
Chechen Republic	16.81	16.67	0.15	0.00	0.00
<b>Total for Rosseti Northern Caucasus, PJSC</b>	<b>3,506.44</b>	<b>3,246.35</b>	<b>4,501.70</b>	<b>66.58</b>	<b>287.93</b>

The investment program of Rosseti Northern Caucasus, PJSC for 2023 is approved by Order of the Russian Ministry of Energy No. 30@ dated December 22, 2023.

The amount of financing in 2023 amounted to 4,501.70 million rubles VAT inclusive, 3,506.44 million rubles of capital investments exclusive of VAT were implemented, 3,246.35 million rubles exclusive of VAT, 287.93 km of power transmission lines, 66.58 MVA of transformer capacities were added to fixed assets,

Stavropol Territory: in 2023, capital investments in the amount of 1,514.82 million rubles exclusive of VAT were implemented, 1,459.41 million rubles exclusive of VAT were added to fixed assets, 1,592.53 million rubles VAT inclusive were financed. Besides, 25.42 MVA of transformer capacities and 152.23 km of transmission lines were put into operation.

Republic of Dagestan: in 2023, capital investments in the amount of 741.92 million rubles exclusive of VAT were implemented, 934.14 million rubles exclusive of VAT were added to fixed assets, 1,389.66 million rubles inclusive of VAT were financed. Besides, 30.66 MVA of transformer capacities and 16.06 km of transmission lines were put into operation.

Kabardino-Balkarian Republic: based on the results of 2023, capital investments in the amount of 270.40 million rubles exclusive of VAT were implemented, 118.89 million rubles were added to fixed assets, 424.77 million rubles VAT inclusive were financed. Besides, 1.46 MVA of transformer capacities and 14.94 km of transmission lines were put into operation.

The Republic of North Ossetia – Alania: in 2023, capital investments in the amount of 418.08 million rubles exclusive of VAT were implemented, 211.63 million rubles exclusive of VAT, were added to fixed assets, 607.10 million rubles inclusive of VAT were financed. Besides, 7.04 MVA of transformer capacities and 46.09 km of transmission lines were put into operation.

Karachay-Cherkess Republic: in 2023, capital investments in the amount of 344.12 million rubles exclusive of VAT were implemented, 419.49 million rubles were added to fixed assets, 367.53 million rubles inclusive of VAT were financed. Besides, 1.88 MVA of transformer capacities and 57.16 km of transmission lines were put into operation.

The Republic of Ingushetia: in 2023, capital investments in the amount of 200.28 million rubles exclusive of VAT were implemented, 86.12 million rubles exclusive of VAT were added to fixed

<sup>1</sup> Without taking into account ownerless facilities recognized as fixed assets.

assets, 119.96 million rubles inclusive of VAT were financed. Besides, 0.13 MVA of transformer capacities and 1.45 km of transmission lines were put into operation.

Chechen Republic: based on the results of 2023, capital investments in the amount of 16.81 million rubles exclusive of VAT were implemented, 16.67 million rubles exclusive of VAT were added to fixed assets, 0.15 million rubles VAT inclusive were financed.

### **Pattern and structure of funding for capital investments**

In 2023, Rosseti of Northern Caucasus, PJSC, carried out activities targeted at enhancing reliability and non-interruption of electric energy supply to consumers, as well as at increasing installed capacity to enable connection of additional loads and prolonging operation term of power facilities.

The amount of investments by areas, including:

- for technological connection in 2023, the actual financing amounted to 1,844.63 million rubles VAT inclusive;
- for the reconstruction, modernization, technical retrofitting of facilities in 2023, the actual financing amounted to 1,529.49 million rubles, VAT inclusive;
- for investment projects, the implementation of which is conditioned by schemes and programs for future development of the electricity power industry sector in 2023, the actual financing amounted to 0.03 million rubles VAT inclusive;
- for other newly constructed power grid facilities in 2023, the actual financing amounted to 99.79 million rubles, VAT inclusive;
- for investment projects necessary for carrying out the operational dispatch control in the electricity power industry and the purchase and sale of electric energy, in 2023 the actual financing amounted to 9.19 million rubles, VAT inclusive;
- for other investment projects in 2023, the actual financing amounted to 1,018.56 million rubles, VAT inclusive.

**Stavropol Territory:** financing amounted to 1,592.53 million rubles, of which technical connection – 962.51 million rubles, technical re-equipping and reconstruction – 267.49 million rubles, other activities – 362.53 million rubles.

Among the major facilities put in operation in 2023 the following activities shall be noted:

- ✓ construction of 110 kV incoming OL from the 110 kV OL HPP-4 – Yuzhnaya (L-64) to the 110 kV switchgear of the Kuzminskaya WPP with a length of 8.8 km, including the reconstruction of the 110 kV Yuzhnaya substation, Nevinnomysskaya SDPP, HPP-3 and HPP-4, for technical connection of electrical energy production facilities of Joint Stock Company “Wind Energy Separate Generating Company-2”. The facility was put into operation. The introduced length of the overhead line is 8.98 km;
- ✓ construction of a branch line of 110 kV overhead line from 110 kV overhead line NPS-5 – Besopasnaya, to the 110 kV switchgear of the Trunovskaya WPP for the technical connection of electrical energy production facilities of Joint Stock Company “Wind Energy Separate Generating Company-2”. The facility was put into operation. The introduced length of the overhead line is 5.61 km;
- ✓ creation of smart electrical energy (power) metering systems at the facilities of Stavropolenergo, Branch of Rosseti Northern Caucasus, PJSC.

**Republic of Dagestan:** capital investment financing amounted to 1,389.66 million rubles, of which technical connection – 244.15 million rubles, technical re-equipping and reconstruction –

650.10 million rubles, other new construction of power grid facilities – 99.65 million rubles, other activities – 395.77 million rubles.

Among the most important facilities implemented in 2023, the following should be noted:

- ✓ construction of two 6 kV cable lines from the 110/6 kV Derbent-Zapadnaya substation to the land plot border (sports palace) with an approximate length of 1.8 km and construction of two 6 kV overhead lines from the land plot border (sports palace) to the land plot border of the applicant's water treatment plant for technical connection of power receivers of water treatment plant (agreement No. 16688/2019/DG/DERBGES dated June 29, 2020). The facility was put into operation. The introduced length of OL is 0.03 km and CL – 3.79 km;
- ✓ reconstruction of the 110/6 kV Derbent-Zapadnaya substation with the replacement of the T-1 6.3 MVA power transformer for 16 MVA with an AVR device, expansion of I and II busbar section 6 kV switchgear of 110/6 kV Derbent-Zapadnaya substation with the installation of additional linear cells with a vacuum circuit breaker for technical connection of energy receivers of treatment facilities (agreement No. 16688/2019/DG/DERBGES dated June 29, 2020). Commissioned transformer capacity is 16 MVA;
- ✓ creation of electricity metering systems within the framework of the Plan (program) for reducing losses of electric energy in the electric grids of the Akhtynsky and Kaitagsky Distribution Zones of Dagenergo, Branch of IDGC of Northern Caucasus PJSC.

**Kabardino-Balkarian Republic:** capital investment financing amounted to 424.77 million rubles, of which technical connection – 202.92 million rubles, technical re-equipping and reconstruction – 41.81 million rubles, other activities – 180.04 million rubles.

Among the largest events in 2023, the following shall be noted:

- ✓ purchase of off-road trucks;
- ✓ purchase of cars.

**Republic of North Ossetia – Alania:** capital investment financing amounted to 607.10 million rubles, of which technical connection – 328.23 million rubles, technical re-equipping and reconstruction – 231.90 million rubles, other activities – 46.97 million rubles.

Among the major facilities put in operation in 2023 the following activities shall be noted:

- ✓ removal of sections of 10-110 kV OL falling within the construction zone of the Vladikavkaz – Ardon – Chikola – Lesken-II highway (bypass road from the village of Michurino). The facility was put into operation. The introduced length of the OL is 1.71 km;

**Karachay-Cherkess Republic:** capital investment financing amounted to 367.53 million rubles, of which technical connection – 93.28 million rubles, technical re-equipping and reconstruction – 270.26 million rubles, other activities – 3.99 million rubles.

Among the major facilities put in operation in 2023 the following activities shall be noted:

- ✓ reconstruction of 35 kV OL L-328 “Bichesyn – Polyana” 15.98 km. The facility was put into operation. The introduced length of the OL is 15.98 km;
- ✓ organization of the smart electricity metering system in apartment buildings, in accordance with Federal Law No. 522-FZ dd. December 27, 2018, in the area of activity of the last resort provider Karachaev-Cherkessenergo, Branch of Rosseti Northern Caucasus, PJSC.

**The Republic of Ingushetia:** capital investment financing amounted to 119.96 million rubles, of which technical connection – 13.55 million rubles, technical re-equipping and reconstruction – 67.93 million rubles, investment projects, the implementation of which is conditioned by schemes

and programs for future development of the electricity power industry – 0.03 million rubles, other activities – 29.27 million rubles. Investment projects in the areas of operational dispatch control in the electricity power industry and the sale and purchase of electric energy – 9.19 million rubles.

Among the major facilities put in operation in 2023 the following activities shall be noted:

- ✓ carrying out reconstruction and construction of a 10-0.4 kV grid in order to reduce losses of electrical energy in the electrical grids of Ingushenergo, Branch of Rosseti Northern Caucasus, PJSC;
- ✓ organization (modernization) of the smart electricity metering system in apartment buildings, in accordance with Federal Law No. 522-FZ dd. December 27, 2018, in the area of activity of the last resort provider Ingushenergo, Branch of Rosseti Northern Caucasus, PJSC.

**Chechen Republic:** capital investment financing amounted to 0.15 million rubles for other new construction of power grid facilities.

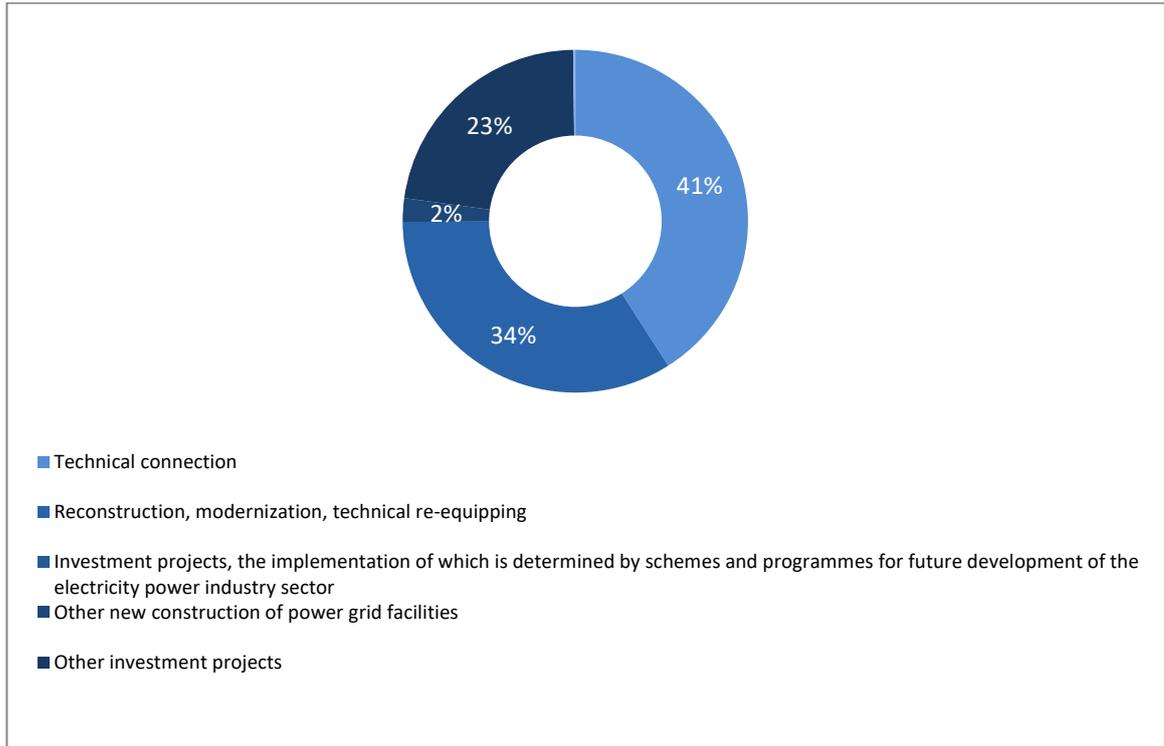
Among the major facilities put in operation in 2023 the following activities shall be noted:

- ✓ purchase of equipment for the formation of an exchange pool of an integrated electricity metering system in the territory of the Chechen Republic.

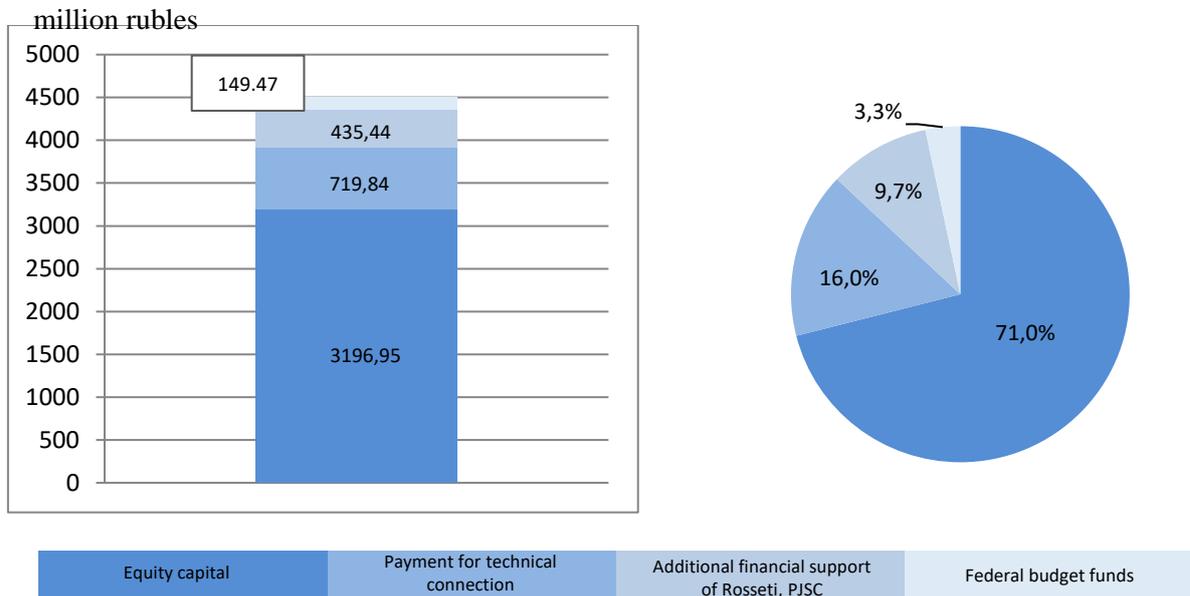
**Structure of capital investment financing, RUB mln, including VAT**

Indicator	2021	2022	2023
<b>Total</b>	4,462.50	3,945.55	4,501.70
Technical connection	1,535.13	1,262.19	1 844.63
Reconstruction, modernization, technical re-equipping	1,611.36	1,614.22	1 529.49
Investment projects, the implementation of which is determined by schemes and programs for future development of the electricity power industry sector	4.84	159.07	0.03
Other new construction of power grid facilities	190.41	70.00	99.79
Purchase of land plots for the implementation of investment projects	0.00	0.00	0.00
Other investment projects	1,115.49	797.94	1,018.56
For investment projects necessary for carrying out the operational dispatch control in the electricity power industry and the purchase and sale of electric energy	5.28	42.13	9.19

### Financing structure of Rosseti Northern Caucasus, PJSC for 2023, in %



### Structure of funding sources for capital investments in 2023



The financing of Rosseti Northern Caucasus, PJSC in 2023 amounted to 4,501.70 million rubles. Financing in 2023 was provided:

- out of the Company's own funds – 3,196.95 million rubles;
- out of proceeds for technical connection in the amount of 719.84 million rubles;
- using funds of additional financial support from Rosseti, PJSC in the amount of 435.44 million rubles;
- out of federal budget funds in the amount of 149.47 million rubles.

### Results of investment program implementation in 2023

Information on the results achieved in 2023 through the implementation of activities included in the investment program, in accordance with Order of the Russian Ministry of Energy No. 177 dated March 14, 2017:

- facilities influencing the transformer substation loading efficiency indicator – 33 facilities;
- no facilities that affect the indicator assessing the change in the share of the productive power supply generated by power meters included in the data collection and transmission system;
- facilities that affect the indicator assessing the change in the average duration of interruption in the power transmission to service consumers – 3 facilities;
- facilities that affect the indicator assessing the change in the average duration of interruption in the power transmission to service consumers – 3 facilities;
- indicator of the total number of obligations fulfilled by the grid company within the investment program for the implementation of technological connection made – 6,811 pcs.;
- indicator of the maximum capacity of the connected power consumers, power generation facilities, power grid facilities owned by other grid companies or other individuals – 471.53 MW.

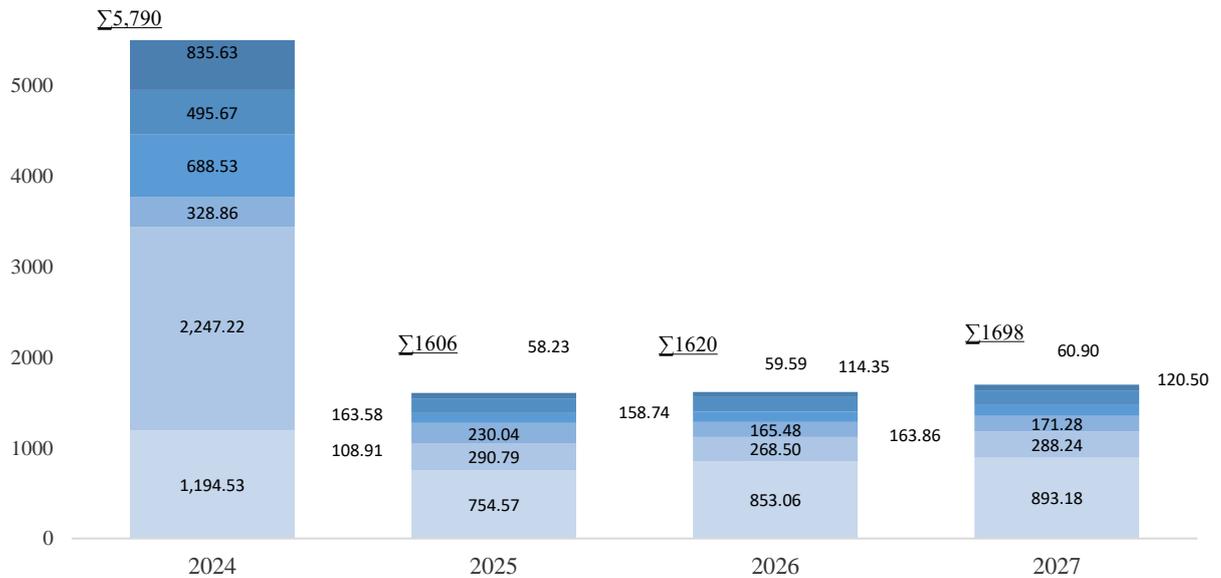
### Long-Term Investment Program

The draft investment program of Rosseti Northern Caucasus, PJSC was approved by the decision of the Board of Directors of Rosseti Northern Caucasus on February 27, 2023 (Minutes No. 525 dated February 27, 2023) and submitted for approval to the Russian Ministry of Energy. The long-term Investment Program of Rosseti Northern Caucasus, PJSC, for 2024–2027 was approved by Order No. 30@ made by the Russian Ministry of Energy on December 22, 2023 “On Approval of Amendments to the Investment Program of Rosseti Northern Caucasus, PJSC for 2023–2027” approved by Order No. 33@ made by the Russian Ministry of Energy on November 25, 2022”.

### Main parameters of the long-term Investment Program of Rosseti Northern Caucasus, PJSC for 2024–2027

Indicator	Unit of measurement	Plan			
		2024	2025	2026	2027
Amount of financing	million rubles	5,790.44	1,606.11	1,619.72	1,697.94
Amount of implementation of capital investment	million rubles	4,921.59	1,292.41	1,237.71	1,321.14
Adding to fixed assets	million rubles	5,819.20	1,261.54	960.82	1,257.24
Adding of transformer capacity to fixed assets	MVA	163.37	33.31	14.17	7.04
Adding of power transmission lines to fixed assets	km	856.47	108.56	133.18	138.65

### Amount of financing for the Investment Program for 2024–2027, million rubles, VAT inclusive



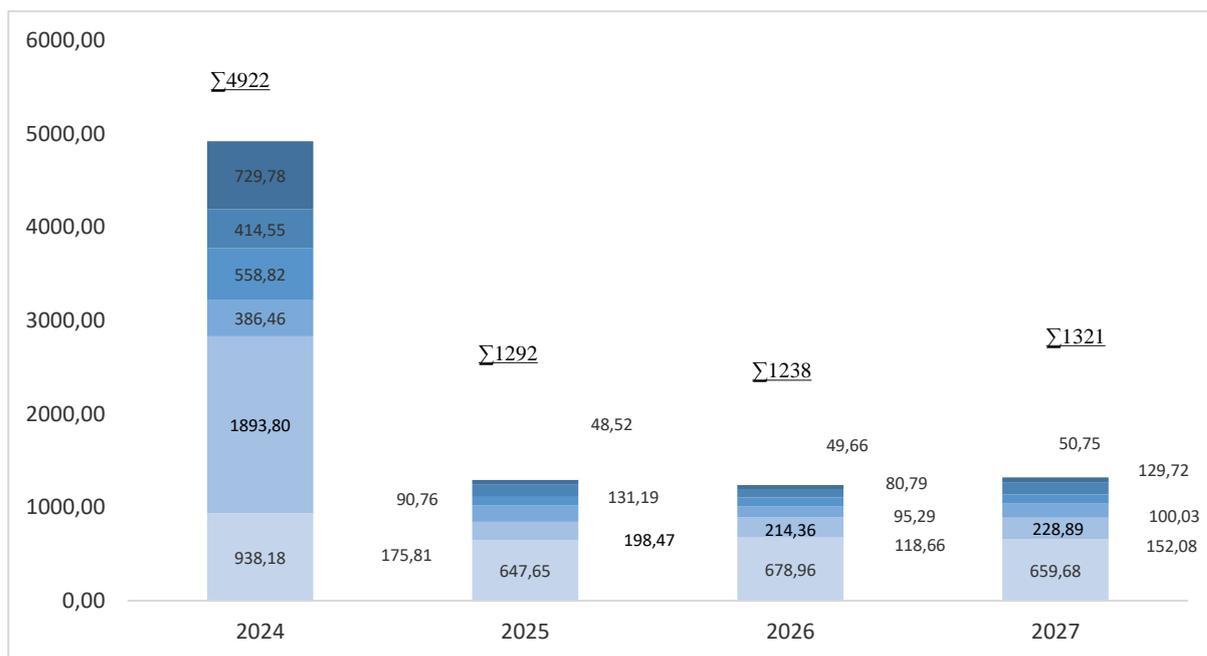
Stavropol Territory	1,194.53	754.57	853.06	893.18
Republic of Dagestan	2,247.22	290.79	268.50	288.24
Kabardino-Balkarian Republic	328.86	230.04	165.48	171.28
Republic of North Ossetia – Alania	688.53	108.91	114.35	120.49
Karachay-Cherkess Republic	495.67	163.58	158.74	163.86
Republic of Ingushetia	835.63	58.23	59.59	60.90

Due to the limited capacities for planning activities aimed at technical connection of applicants for a long period, the planned structure of financing in terms of technical connection from 2024 to 2027 is to some extent volatile. The sharp decrease in funding since 2025 is due to the completion of activities financed out of the financial support of Rosseti, PJSC. Costs in 2025–2027 are planned on account of own sources of funding.

The Investment Program of Rosseti Northern Caucasus, PJSC for 2024–2027 was developed taking into account the plans for the development of the territories, the technical condition of the power grids, the importance of power supply facilities, the current economic situation in the Russian economy.

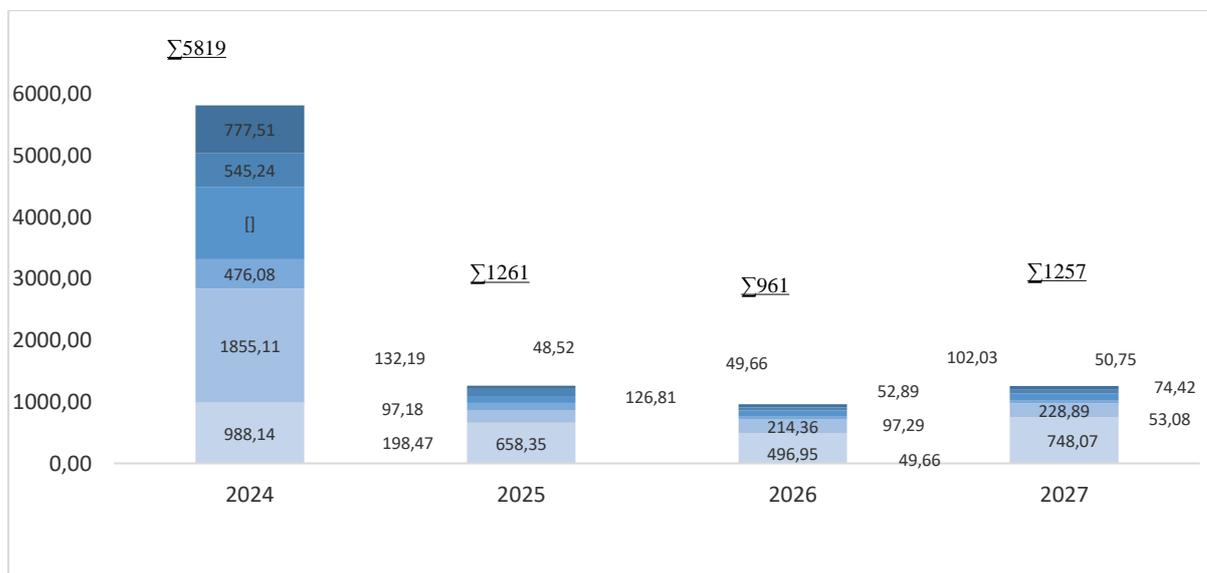
The decisions made in the development of the investment program are consistent with the goals and objectives of the Unified Technical Policy in the distribution power grid complex and the provisions of the current law.

### Amount of planned capital investments in accordance with the Investment Program for 2024–2027, million rubles, VAT exclusive



Stavropol Territory	938.18	647.65	678.96	659.68
Republic of Dagestan	1,893.80	198.47	214.36	228.89
Kabardino-Balkarian Republic	386.46	175.81	118.66	152.08
Republic of North Ossetia – Alania	558.82	90.76	95.29	100.03
Karachay-Cherkess Republic	414.55	131.19	80.79	129.72
Republic of Ingushetia	729.78	48.52	49.66	50.75

### Amount of planned adding to fixed assets in accordance with the Investment Program for 2024–2027, million rubles, VAT exclusive

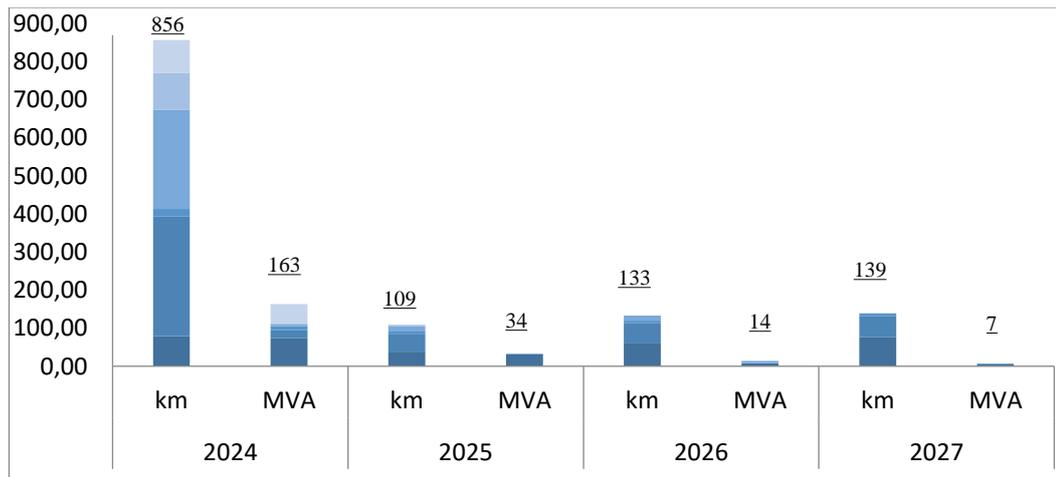


Stavropol Territory	988.14	658.35	496.95	748.07
Republic of Dagestan Kabardino-Balkarian Republic	1,855.11	198.47	214.36	228.89
Republic of North Ossetia – Alania	476.08	126.81	49.66	53.08
Karachay-Cherkess Republic	1,177.12	97.18	97.29	102.03
Republic of Ingushetia	545.24	132.19	52.89	74.42
	777.51	48.52	49.66	50.75

In 2024, the implementation of capital investments and adding to fixed assets is planned in the amount of 4,921.59 million rubles, VAT exclusive and 5,819.20 million rubles, VAT exclusive, respectively. Among the significant activities planned to be implemented in 2024 are activities within the framework of the Plan (program) to reduce electrical energy losses in the electrical grids as well as within the framework of the program for modernizing and increasing the reliability of the electrical grid system of Rosseti Northern Caucasus, PJSC.

From 2025 to 2027, a decrease in the volume of implementation of capital investments and adding to fixed assets will be observed due to the completion of the activities financed out of the financial support of Rosseti, PJSC. Costs in 2025–2027 are planned on account of own sources of funding.

### Dynamics of new power in 2024–2027, MVA and km



	2024		2025		2026		2027	
	km	MVA	km	MVA	km	MVA	km	MVA
Stavropol Territory	79.01	73.30	38.20	31.47	61.63	7.04	75.95	5.59
Republic of Dagestan	313.62	20.81	47.00	0.00	52.00	0.00	56.00	0.00
Kabardino-Balkarian Republic	20.36	11.52	6.00	1.25	6.20	1.25	6.20	1.45
Republic of North Ossetia – Alania	259.81	5.45	13.36	0.59	13.36	5.88	0.00	0.00
Karachay-Cherkess Republic	97.90	0.00	4.00	0.00	0.00	0.00	0.00	0.00
Republic of Ingushetia	85.77	52.29	0.00	0.00	0.00	0.00	0.00	0.00
Total	856.47	163.37	108.56	33.31	133.18	14.17	138.65	7.04

### 3.3. Innovation Activities

The Innovation Development Program of Rosseti Northern Caucasus, PJSC (hereinafter referred to as IDP NC) was developed in 2011 in accordance with decision of the Board of Directors of the

Company (Minutes No. 78 dated August 1, 2011). In 2023, the IDP NC was updated taking into account the new conditions, in accordance with the target model of innovative development and the requirements for innovative development programs. Due to the lack of funding, the IDP NC was not approved by the Board of Directors of the Company.

In view of the above, the innovation activity of Rosseti Northern Caucasus, PJSC is carried out in accordance with the Innovation Development Program of Rosseti Northern Caucasus, PJSC (approved by decision of the Board of Directors of Rosseti, PJSC dated February 8, 2021, Minutes No. 447 dated February 8, 2021, hereinafter referred to as the Program, IDP) designed to create effective mechanisms aimed at modernizing the integrated power grid, enhancing scientific and technical and inventive activities, adapting to introduction of innovations, improvement and development of the innovation system.

The Program defines and systematizes the innovative and scientific and technical activities of Rosseti Northern Caucasus, PJSC and its structural divisions, establishes measures in the field of scientific, technical, technological and innovative development. The IDP requirements are mandatory for all structural divisions of the Company that carry out activities in the field of organization, execution and control of technological development, innovation, modernization of the integrated power grid, development and automation of control systems.

The purpose of innovation development is the transition to a power grid of a new technological structure with qualitatively new characteristics of reliability, efficiency, accessibility, manageability and customer-orientation of the integrated power grid in general. A power grid of the new technological order is an electricity power system characterized by the following basic properties:

- automatic control of the power grid based on the principles of distributed (multi-agent) control;
- real-time self-diagnostics of parameters and modes of operation of the power system, individual facilities and units of equipment in order to increase the system and consumer reliability, reduce transaction costs, etc.;
- flexible automatic reconfiguration of the grid in response to changing its parameters and topology (including prevention of accidents/self-recovery of the grid after accidents);
- providing specialized services and services to various categories of consumers.

The implementation of the Program is aimed at creating effective conditions for ensuring the following:

- achievement of target indicators of labor productivity and creation of high-productive workplaces provided for in the Decree of the President of the Russian Federation of May 7, 2012, No. 2012 “On Long-Term State Economic Policy”;
- development and implementation of a set of measures aimed at refusing to use obsolete and inefficient technologies and introducing modern Russian technologies;
- leadership of the Company in its industry in relation to similar companies, including foreign ones;
- growth of long-term investment in basic and applied research and development;
- linking the innovative development program to approved long-term development programs, the investment program, other documents of the Company, as well as documents of state strategic planning.

## **Key Areas of Innovation Development**

In the field of technological innovation:

- new technologies and solutions – activities in the field of creating new types of materials, insulation, equipment involved in the company's core business processes (isolators, materials based on high-temperature superconductivity, new methods of arc suppression, new types of insulation, power electronics, etc.);
- digitization of control and technological processes – transition from analogue to digital control principle of relay protection and emergency automatics, automated process control system, power metering and communication (application of digital metering transformers); digital modeling and design; digitalization of production assets management; introduction of digital systems for monitoring technological processes;
- development of multi-agent systems -development of the principles of interaction in peer-to-peer<sup>1</sup> control systems between power grid elements and systems (introduction of distributed intelligent control systems);
- increase in the performance and adaptability of power grids – development of grid properties for increasing the stability for disturbances in the grid and automatic restoration of the normal operation mode (adaptive elements of relay protection and automatics, control systems, logic automatics, digital online grid model).

In the field of organizational and marketing innovations:

- design of new business processes and systemic reengineering of the existing business processes in terms of end-to-end performance – production assets management, management systems, client services, system life cycle management;
- innovations in HR management – introduction of advanced technologies for human resource management;
- creation of an innovative environment – promotion of creating a wide range of innovative companies, scientific organizations and educational institutions.

## **Activities within the Innovation Development Program:**

- transition to integrated effectiveness of business processes and automation of management systems;
- development of a system for design and implementation of innovative products and technologies.
- staff development and building partnership in the field of education.

The Company's activities on innovation and scientific and technical development in 2023 were carried out in accordance with the Innovation Development Policy of Rosseti Northern Caucasus, PJSC (approved by decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dated June 14, 2022, Minutes No. 503 dated June 17, 2022).

## **List of implemented activities under the Innovation Development Program:**

1. Development of a Production Asset Management System (PAMS)

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<sup>1</sup> Peer-to-peer or decentralized (from English word peer-to-peer, P2P – face-to-face, in private) grids.

The principal goal for PAMS is raising the company management efficiency. The amount of funding in 2023 was 30.80 million rubles.

The objectives of PAMS development:

- creating the company's common information space enabling to use all the stored information about the manufacturing process course to make management decisions;
- creating the complex system of maintenance control, diagnostics and technical inspection of power grid equipment;
- arranging the swift and reliable mechanism for document flow;
- maximal automation of routine accounting procedures.

PAMS shall be an integrated software and hardware complex assisting to meet both current and future Company's demands as to data processing. As the typical configuration to create and implement thereof application solutions are used.

In accordance with the Plan for the Development of Production Asset Management System of Rosseti Northern Caucasus, PJSC for 2022–2024, approved by decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dd. October 09, 2023 (Minutes No. 540 dd. October 11, 2023), in 2023, measures were taken to improve the PAMS:

- measures were taken to integrate PAMS with an automated control system for repairs of power equipment (PC Application, PC Repair);
- measures were taken to eliminate defects in the operation of the information systems of ACS TRE&R, ACS MRO and related functional modules of PAMS, which impede the correct formation of production programs and network reporting;
- measures are being taken to improve the functional features of PAMS for certification of secondary equipment and planning maintenance and repair activities for secondary equipment;
- Measures are being taken to centralize the PAMS information databases on a new platform.

## 2. Knowledge management system development

As part of the development of the knowledge management system, the Company implements measures to adapt to innovations, as well as to train and upgrade the Company's employees in the field of high-technology equipment and intellectual energy.

For the information awareness of personnel of the profile services of the branches and managed companies of Rosseti Northern Caucasus, PJSC in the field of innovation developments of equipment, materials and technologies in 2023 the Technological Development and Innovation Department of the Executive Staff arranged awareness-raising and technical training workshops for the personnel of Stavropolenergo, Kabbalkenergo, Dagenergo, Karachaevo-Cherkesskenegero, SevKavkazenergo, Ingushenergo, as well as Chechenenergo, JSC with the following companies:

- JSC ChEAZ;
- LLC Tavrida Electric.

In addition to the regular seminars, meetings, the branches and managed companies of Rosseti Northern Caucasus, PJSC, were provided with distribution materials containing information on new technologies and modern developments of the main manufacturers of electrical equipment and materials.

### 3. Cooperation with scientific organizations and innovative companies

The company cooperates in educational, scientific and scientific and practical fields, as well as in the field of development of the electric power industry from the point of view of innovation with institutions of higher education.

In 2023, with the participation of the Autonomous Non-Profit Organization of Higher Education “Innopolis University” and the Federal State Budgetary Educational Institution of Higher Education “Omsk State Transport University” the following works were implemented for a total amount of 11.65 million rubles.

- R&D “Digital system for monitoring ice on lightning protection cables and phase wires of 110–220 kV power transmission lines” (agreement No. 127/2023 dated October 25, 2023).

The goal of the project is to reduce the undersupply of electricity to industrial and household consumers.

The purpose of implementing the System is to ensure:

- energy-efficient melting of ice and frost deposits on overhead line wires;
- digital control of the maximum mechanical stress of wires and lightning protection cables of the overhead line;
- determination of the nature and degree of impact of external climatic factors on wires and lightning protection cables of overhead lines.

In 2023, an analysis of the current state of the issue was carried out.

1.1. Performing a review and analysis of modern scientific, technical, regulatory, and methodological literature relating to technical solutions in the field of System development.

1.2. Conducting patent research in the field of System development.

1.3. Conducting a pre-project inspection (including radio inspection) of the customer’s facilities selected for the pilot operation of the System and working out the issues of placement of elements of the experimental System, as well as the method of organizing communication between them.

1.4. Developing a methodology for determining the critical parameters of wires and lightning protection cables of overhead lines.

The contract is in effect until Q2 2025.

- Research work “Development of smart methods for identifying consumers affecting power quality indicators based on metering systems” (agreement No. 510/23 dated May 22, 2023).

The goal of introducing research work is to develop smart methods for identifying consumers affecting power quality indicators, based on metering systems. The results of the work are planned to be used in the electrical distribution grids of Rosseti, PJSC.

In 2023, work was carried out under stage I “Comprehensive analysis of scientific and technical literature. Development and testing of methods for identifying consumers affecting power quality indicators based on metering systems data” The contract is in effect until Q3 2024.

### Indicators for innovation activity of Rosseti Northern Caucasus, PJSC

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021 actual	2022 actual	2023 actual	
Amount of innovations	million rubles	0	0	0	0
Amount of R&D	million rubles	11.34	11.3	11.28	-0.1

### 3.4. Financial Performance

The revenue of Rosseti Northern Caucasus, PJSC from the sale of products (services) at the end of 2023 amounted to 48,501.11 million rubles, which is 7,199.39 million rubles, or 17.4%, higher than the volume of 2022. Revenue from power transmission services amounted to 13,283.96 million rubles, by 1,587.38 million rubles, or 13.6%, higher than the level of 2022, revenue from the sale of electricity at the end of 2023 – 33,717.91 million rubles, by 5,477.62 million rubles, or 19.4%, higher than the level of 2022. The increase in revenue from sales of products (services) in 2023 vs. 2022 is due to the indexation of the tariff for power transmission services, an increase in the average daily rate, as well as an increase in sales volumes on WMEP.

The net cost (taking into consideration commercial and management expenses) amounted to 53,310.07 million rubles which is 6,944.67 million rubles or 15% higher than the level of 2022. The main factors for increasing costs are the increase in the cost of purchased electricity for sales and compensation of losses, the increase in the cost of services of distribution companies, and the increase in labor costs.

Following the results of 2023 the balance of miscellaneous income and expenses amounted to (-7,673.68) million rubles that is 273.19 million rubles or 3.4% higher than the actual 2022 figures.

The profit or loss of Rosseti Northern Caucasus, PJSC based on the results of operations for 2023 amounted to (-11,863.22) million rubles. The net loss increased compared to 2022 by 597.34 million rubles, or 5.3%.

#### Basic financial and economic indicators, million rubles\*

Indicator	Period			Change 2023/2022, %
	2021	2022	2023	
Proceeds from sales of products (services), including:	<b>34,598.78</b>	<b>41,301.72</b>	<b>48,501.11</b>	17.4
- from power transmission	12,653.27	11,696.58	13,283.96	13.6
- from technological connection	167.22	262.65	390.43	48.6
- from power sales	20,510.83	28,240.30	33,717.91	19.4
- from other activities	1,267.46	1,102.19	1,108.80	0.6
Net cost of products (services)	<b>32,653.26</b>	<b>35,224.21</b>	<b>41,406.77</b>	17.6
Gross profit	1,945.53	6,077.51	7,094.34	16.7
Business expenses	8,725.55	11,096.44	11,876.37	7.0
Managerial expenses	64.59	44.76	26.93	-39.8

Indicator	Period			
	2021	2022	2023	Change 2023/2022, %
Profit (loss) from sales	- 6,844.62	-5,063.69	-4,808.97	-5.0
Interest receivable	504.08	354.26	542.39	53.1
Interest payable	976.19	1,320.54	1,590.16	20.4
Income gained from participation in other organizations	0.010	0.008	0.006	-25.0
Other revenues	6,613.35	13,446.46	14,671.45	9.1
Other expenses	16,964.62	20,427.05	21,297.35	4.3
Profit (loss) before taxation	-17,667.98	-13,010.55	-12,482.64	-4.1
Profit tax and other payments	3,426.69	1,744.68	619.43	-64.5
Net profit (loss)	-14,241.29	-11,265.87	-11,863.22	5.3
EBITDA**	-14,548.8	-10,139.2	-5,856.1	-42.2

\* In accordance with the indicators of the accounting (financial) statements of Rosseti Northern Caucasus, PJSC for 2023.

\*\* EBITDA is calculated as follows: profit before tax free of interest expense, depreciation and amortization and net accrual/(reversal) of impairment losses on property, plant and equipment, construction in progress rights and rights of use of assets.

#### Basic financial and economic indicators\*

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021	2022	2023	
Net debt	million rubles	6,508.29	7,102.22	-3,557.70	-150.09
Current ratio	-	0.14	0.36	0.69	94.25
Share of long-term borrowings	-	0.62	0.38	0.49	29.32
Net cash flow	million rubles	-3,183	-21,449	-23,294	-8.60

\* In accordance with the indicators of the annual consolidated financial statements of Rosseti Northern Caucasus, PJSC for 2023 prepared in accordance with IFRS.

#### Financial indicators regarding the level of collection of funds for the power transmission services and electricity supplied to the retail market, settlements with grid operators and electricity suppliers

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021 actual	2022 actual	2023 actual	
Level of collection of funds for the power transmission services	%	99.1	95.3	94.2	-1.2
Level of settlements with grid operators	%	91.6	105.5	101.4	-3.6
The level of collection of funds for electricity supplied on the retail market	%	75.8	79.5	82.5	3.7
Level of settlements with electricity suppliers	%	62.7	121.2	93.4	-22.9

Decrease in the level of settlements with electricity suppliers in 2023 relative to the actual 2022 figures by 22.9% is due to the payment in Q1 2022 of overdue debt from previous years, which arose as of January 1, 2022.

### Status of net assets, million rubles

Indicator	As of the end of 2023	As of the end of 2022	As of the end of 2021
Net assets	16,889.0	-7,479.0	-2,518.4
Authorized capital amount	2,093.4	889.3	889.3

The net assets of Rosseti Northern Caucasus, PJSC at the end of 2023 are higher than the authorized capital of the Company.

The increase in net assets in 2023 relative to 2022 is due to a significant decrease in the Company's long-term liabilities and accounts payable.

### 3.5. Tariff Policy

Core activities of Rosseti Northern Caucasus, PJSC (electricity transmission by distribution grids with voltage from 110 kV to 0.4 kV, technical connection of consumers to the grid infrastructure) refer to regulated activities.

Regulation is carried out in accordance with:

- Federal Law No. 35-FZ dated March 26, 2003 “On Electricity Power Industry”;
- Federal Law No. 522-FZ dated December 27, 2018 “On Amending Certain Legislative Acts of the Russian Federation in Connection with the development of electric energy (power) metering systems in the Russian Federation”;
- Decree of the Government of the Russian Federation No. 1178 dated December 29, 2011 “On pricing in the field of regulated prices (tariffs) in the electricity power industry” (together with the “Basics of pricing in the field of regulated prices (tariffs) in the electricity power industry”, “Rules for state regulation (revision, application) of prices (tariffs) in the electricity power industry”);
- Decree of the Government of the Russian Federation No. 184 dated February 28, 2015 “On Classifying Owners of Electric Grid Facilities as Territorial Grid Organizations”;
- Decree of the Government of the Russian Federation No. 861 dd. December 27, 2004 “On approval of the Rules for the technical connection of power receivers of electric power consumers, facilities for the production of electric power, as well as power supply network facilities owned by grid organizations and other parties, to electric grids”;
- decree of the Government of the Russian Federation No. 24 dated January 21, 2004 “On the Approval of Information Disclosure Standards by Wholesale and Retail Power Market Entities”;
- decree of the Government of the Russian Federation No. 442 dated May 4, 2012 “On the Operation of Retail Power Markets, Full and/or Partial Limitation of the Power Consumption Mode”;
- decree of the Government of the Russian Federation No. 534 dd. April 30, 2018 “About Amendments Making to Certain Decrees Adopted by the Government of the Russian Federation Due to Prolonging the Performance Features of Wholesale and Retail Markets within Separate Pricing Zones of the Wholesale Market”;

- Decree of the Government of the Russian Federation No. 1172 dated December 27, 2010 “On Approval of the Rules of the Wholesale Market for Electricity and Power and on Amendments to Certain Acts of the Government of the Russian Federation Concerning the Organization of the Operation of the Wholesale Market for Electricity and Power”;
- Decree of the Government of the Russian Federation No. 1179 dated December 29, 2011 “On the Determination and Application of Non-regulated Prices for Electricity (Power) by Providers of Last Resort” (together with the “Rules for Determining and Applying Non-regulated Prices for Electricity (Power) by Providers of Last Resort”);
- Decree of the Government of the Russian Federation No. 533 dd. April 30, 2018 “On approval of the Rules for the Consideration (Settlement) of Disputes and Disagreements Related to the Establishment and (or) Application of Prices (Tariffs), on amendments to the Decree of the Government of the Russian Federation No. 14 dd. January 9, 2009 and the invalidation of certain acts of the Government of the Russian Federation”;
- Decree of the Government of the Russian Federation No. 1220 dated December 31, 2009 “On Determining the Indicators of Reliability and Quality of Supplied Goods and Services used when Setting Long-term Tariffs”;
- Order of the Russian Ministry of Energy No. 1256 dated November 29, 2016 “On the Approval of Methodological Guidelines for Calculation of the Level of Reliability and Quality of Supplied Goods and Provided Services for the Company Related to Management of the Unified National (All-Russian) Power Grid and Territorial Grid Companies”;
- Order of the Russian Ministry of Energy No. 585 dated December 13, 2011 “On Approval of the Procedure for Maintaining Separate Accounting for Income and Expenses by Natural Monopoly Entities in the Field of Electricity Transmission Services and Operational Dispatching Control in the Electricity Power Industry”
- Order of FTS Russia No. 98-e dated February 17, 2012 “On the Approval of Methodological Guidelines for Calculation of Tariffs for Power Transmission Services Established Using the Method of Long-Term Indexation of the Required Gross Proceeds”;
- Order of FTS Russia No. 228-e “On approval of Methodical Guidelines for tariff regulation using RAB method of return on invested capital” dated March 30, 2012;
- Order of FTS Russia No. 20-e/2 dated August 6, 2004 “On the Approval of Methodological Guidelines for Calculation of Regulated Tariffs and Prices for Electricity and Heat in the Retail (Consumer) Market”;
- Order of FTS Russia No. 215-e/1 dated September 11, 2014 “On the Approval of Methodological Guidelines for Determination of the Shortfall in Income Related to Technological Connection to Power Grids”;
- Order of FTS Russia No. 254-e/1 dated October 26, 2010 “On Approval of Guidelines for the Calculation and Application of Decreasing (Increasing) Coefficients to Ensure Compliance of the Level of Tariffs Set for Organizations Carrying out Regulated Activities with the Level of Reliability and Quality of Delivered Goods and Rendered Services”.

- Order of the FTS Russia No. 421-e dated March 18, 2015, “On the Approval of the Methodological Guidelines for Determination of the Basic Level of Controlled Operating Expenses of Territorial Grid Companies Required for the Implementation of Regulated Activities and the Efficiency Index of Controlled Operating Expenses Using the Comparative Method”;
- Order of FTS Russia No. 53-e/1 dated April 12, 2012 “On Approval of the Procedure for Preparation of the Consolidated Forecast Balance of Production and Supply of Electricity (Power) within the Unified Energy System of Russia by the Constituent Entities of the Russian Federation and the Procedure for Determining the Ratio of the Total Yearly Forecast Volume of Electricity Consumption by the Population and Similar Categories of Consumers to the Volume of Electric Energy Corresponding to the Annual Average Value of Forecast Volume of Power Determined In Relation to these Categories of Consumers”;
- Order of FTS Russia No. 1554/17 dated November 21, 2017 “On Approval of Guidelines for Calculating Selling Margins of Suppliers of Last Resort Using the Comparative Method”.

### **Tariffs for power transmission services**

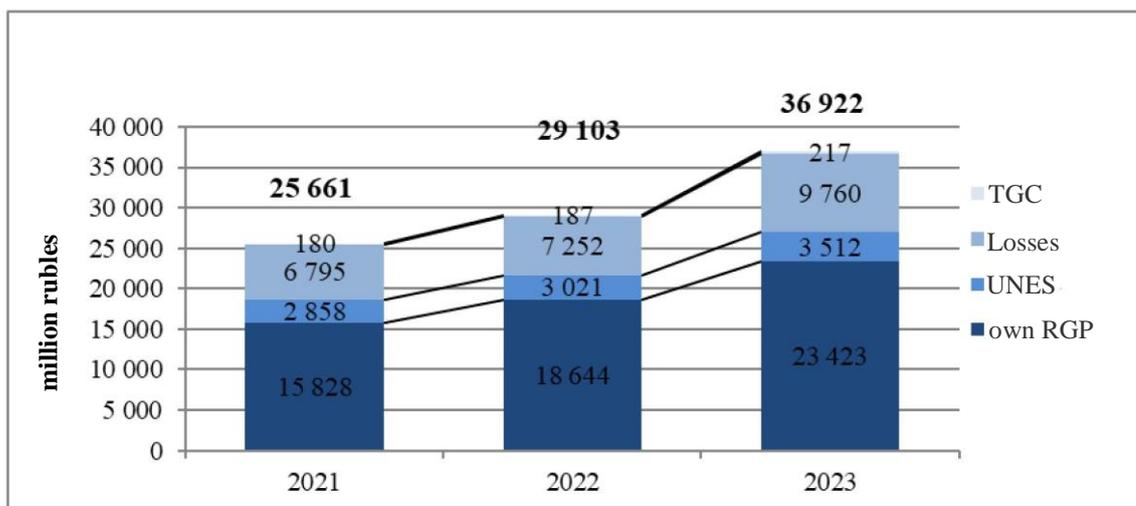
Regulation of activities of Rosseti Northern Caucasus, PJSC, branches (Kabbalkenergo, Karachaevo-Cherkesskenegero, Sevkavkazenergo, Stavropolenergo), from 2011 to 2017, was carried out using the return on investment method (RAB). As for Stavropolenergo branch the period was prolonged up to 2022. The activities of Kabbalkenergo, Karachaevo-Cherkesskenegero, Sevkavkazenergo branches from 2018 to 2022 are regulated using the method of long-term indexation of required gross proceeds. From 2023 to 2027, a new long-term regulation period has been established for branches of Rosseti Northern Caucasus, PJSC – Kabbalkenergo, Karachaevo-Cherkesskenegero, Sevkavkazenergo, Stavropolenergo using the method of long-term indexation of the required gross revenue.

As from 2014, the activities of Ingushenergo, branch of Rosseti Northern Caucasus, PJSC, have been regulated using the method of long-term indexation of the required gross proceeds. The first period of regulation was from 2014 to 2016. As from 2017 the second long-term period of regulation started to last till 2027.

In 2020, in accordance with the decision of the Board of Directors of Rosseti Northern Caucasus, PJSC, on the issue of the further functioning of the local grid operator in the Republic of Dagestan (Minutes No. 421 dd. May 12, 2020) the Company implemented measures aimed at ensuring the continuous operation of the local grid operator in the Republic of Dagestan and the start of operating activities in the territory of the Republic of Dagestan by branch of Rosseti Northern Caucasus, PJSC, Dagenegero, since June 25, 2020, and also provided support for the application of tariffs established for Dagestan Grid Company, JSC for 2020 in the manner prescribed by paragraph 36 of the Rules of state regulation and adoption of tariff balance decisions for 2021 in relation to the Dagenegero branch using the Cost+ method. As from 2022, the activities of Dagenegero branch are regulated using the method of long-term indexation of the required gross proceeds. Regulation period is from 2022 to 2026.

Approved required gross proceeds of Rosseti Northern Caucasus, PJSC, in 2023 increased by 26.8% compared to 2022.

### Dynamics of the structure of the RGP for power transmission of Rosseti Northern Caucasus, PJSC



2023 – reporting year

Own RGP of Rosseti Northern Caucasus, PJSC in 2023 increased by 25.6% compared to 2022.

### Indicators of tariffs for services for the transmission of electrical energy by branches of Rosseti Northern Caucasus, PJSC

Branch of Rosseti North Caucasus, PJSC – Kabbalkenergo:		Unit of measurement	2021	2022	2023	Change, 2023/2022, %
1.	RGP for the transmission of electrical energy, approved within the framework of tariff and balance decisions, including:	million rubles	3,191	3,372	4,050	120.1
1.1.	own RGP	million rubles	2,447	2,605	3,199	122.8
1.2.	UNES services	million rubles	310	313	365	116.3
1.3.	Costs for the purchase of electrical energy losses	million rubles	434	454	487	107.1
1.4.	Costs of TGC services (in accordance with the current contractual scheme)	million rubles	0	0	0	
2.	Single pot productive supply of electrical energy	million kWh	1,353	1,378	1,619	117.4
3.	Average tariff for electricity transmission services by branch	RUB/kW	2.36	2.45	2.50	102.3

Branch of Rosseti North Caucasus, PJSC – Karachaevo-Cherkesskenegero:		Unit of measurement	2021	2022	2023	Change, 2023/2022, %
1.	RGP for the transmission of electrical energy, approved within the framework of tariff and balance decisions, including:	million rubles	1,723	1,892	2,493	131.8
1.1.	own RGP	million rubles	1,205	1,356	1,857	136.9
1.2.	UNES services	million rubles	184	175	182	103.5
1.3.	Costs for the purchase of electrical energy losses	million rubles	334	360	455	126.4

1.4.	Costs of TGC services (in accordance with the current contractual scheme)	million rubles	0	0	0	
2.	Single pot productive supply of electrical energy	million kWh	981	1,116	1,144	102.6
3.	Average tariff for electricity transmission services by branch	RUB/kWh	1.76	1.70	2.18	128.5

<b>Branch of Rosseti Northern Caucasus, PJSC – Sevkavkazenergo:</b>		Unit of measurement	2021	2022	2023	Change, 2023/2022, %
1.	RGP for the transmission of electrical energy, approved within the framework of tariff and balance decisions, including:	million rubles	2,948	3,132	3,502	111.8
1.1.	own RGP	million rubles	2,155	2,290	2,455	107.2
1.2.	UNES services	million rubles	278	288	340	118.0
1.3.	Costs for the purchase of electrical energy losses	million rubles	515	554	707	127.7
1.4.	Costs of TGC services (in accordance with the current contractual scheme)	million rubles	0	0	0	
2.	Single pot productive supply of electrical energy	million kWh	1,286	1,328	1,418	106.8
3.	Average tariff for electricity transmission services by branch	RUB/kWh	2.29	2.36	2.47	104.7

<b>Branch of Rosseti Northern Caucasus, PJSC – Dagenergo</b>		Unit of measurement	2021	2022	2023	Change, 2023/2022, %
1.	RGP for the transmission of electrical energy, approved within the framework of tariff and balance decisions, including:	million rubles	6,908	9,215	13,087	142.0
1.1.	own RGP	million rubles	3,039	4,982	6,600	132.5
1.2.	UNES services	million rubles	1,097	1,202	1,522	126.6
1.3.	Costs for the purchase of electrical energy losses	million rubles	2,772	3,031	4,965	163.8
1.4.	Costs of TGC services (in accordance with the current contractual scheme)	million rubles	0	0	0	
2.	Single pot productive supply of electrical energy	million kWh	5,099	5,353	6,736	125.8
3.	Average tariff for electricity transmission services by branch	RUB/kWh	1.35	1.72	1.94	112.9

<b>Branch of Rosseti North Caucasus, PJSC – Ingushenergo</b>		Unit of measurement	2021	2022	2023	Change, 2023/2022, %
1.	RGP for the transmission of electrical energy, approved within the framework of tariff and balance decisions, including:	million rubles	2,070	2,280	2,856	125.3
1.1.	own RGP	million rubles	1,526	1,697	2,197	129.5
1.2.	UNES services	million rubles	213	225	242	108.0
1.3.	Costs for the purchase of electrical energy losses	million rubles	313	344	401	116.5
1.4.	Costs of TGC services (in accordance with the current contractual scheme)	million rubles	18	15	15	

2.	Single pot productive supply of electrical energy	million kWh	722	751	815	108,5
3.	Average tariff for electricity transmission services by branch	RUB/kW	2.87	3.04	3.50	115.4

<b>Branch of Rosseti Northern Caucasus, PJSC – Stavropolenergo:</b>		Unit of measurement	2021	2022	2023	Change, 2023/2022, %
1.	RGP for the transmission of electrical energy, approved within the framework of tariff and balance decisions, including:	million rubles	8,823	9,212	10,925	118.6
1.1.	own RGP	million rubles	5,456	5,714	7,115	124.5
1.2.	UNES services	million rubles	777	817	862	105.5
1.3.	Costs for the purchase of electrical energy losses	million rubles	2,428	2,509	2,746	109.5
1.4.	Costs of TGC services (in accordance with the current contractual scheme)	million rubles	162	172	202	
2.	Single pot productive supply of electrical energy	million kWh	6,789	6,759	6,996	103.5
3.	Average tariff for electricity transmission services by branch	RUB/kW	1.30	1.36	1.56	114.6

2023 – reporting year

Uniform (single pot) tariffs for electricity transmission services provided to consumers in the Northern Caucasus Federal District were established from January 1, 2023 to December 31, 2023 with an increase from the 2022 tariffs at the level of 9%, provided for by the parameters of the Government Decree of the Russian Federation No. 2053 dd. November 14, 2022. In the Republic of Dagestan, tariff for supply services for consumers not classified as “residential” are set with an increase of 15% vs. 2022 tariffs.

### Technical Connection Fee

For 2023, in accordance with the Guidelines for determining the amount of fee for technical connection to electrical grids, approved by Order of the FAS Russia No. 490/22 dated June 30, 2022, (hereinafter referred to as Guidelines 490/22), standardized tariff rates have been established, preferential rates per 1 kW of the requested full power, provided for in paragraph eight of clause 87 of the Basics of pricing in the field of regulated prices (tariffs) in the electric power industry, approved by Decree of the Government of the Russian Federation No. 1178 dd. December 29, 2011, and the formula for calculating the amount of fee for the technical connection of power receivers:

- by Order of the State Committee for Tariffs and Housing Supervision of the Kabardino-Balkarian Republic No. 248 dated November 28, 2022 “On the Approval of Standardized Tariff Rates, Formulae for Calculation of the Fee for Technical Connection to Distribution Power Grids of Grid Companies within the Territory of the Kabardino-Balkarian Republic for 2023” (as amended);

- by Resolution of the Main Directorate for Tariffs and Prices of the Karachay-Cherkess Republic No. 130 dated December 28, 2022 “On the Approval of Standardized Tariff Rates and Formulae for Calculation of the Fee for Technical Connection to Power Grids of Local Grid Operators of Karachay-Cherkess Republic for 2023” (as amended);

- by Decree of the Regional Tariff Service of the Republic of North Ossetia – Alania No. 91 dated November 29, 2022 “On the Establishment of the Amount of Fee for Technical Connection of Power Receivers of Power Consumers to Power Grid Facilities of Local Grid Operators of the Republic of North Ossetia – Alania for 2023” (as amended);

- by Order of the State Housing Inspectorate of Ingushetia No. 57-p dated November 25, 2022 “On the Approval of Standardized Tariff Rates for Calculating the Fee to Technical Connection of the Applicant’s Power Receivers to the Power Grid Facilities of Local Grid Operators of the Republic of Ingushetia”;

- by Decree of the Regional Tariff Commission of the Stavropol Territory No. 84/1 dated November 25, 2022 “On the Approval of Standardized Tariff Rates and Formulae for Calculation of the Fee for Technical Connection of Applicants’ Power Receivers to Power Grid Facilities of Local Grid Operators of the Stavropol Territory for the period from December 1, 2022 to December 31, 2023” (as amended);

- by order of the Ministry of Energy and Tariffs of the Republic of Dagestan No. 45-OD-206/22 dated November 25, 2022 ”On the Approval of the Fee and Formulae for Calculating the Fee for Technical Connection to Electric Grids of Local Grid Operators of the Republic of Dagestan, in respect of which state regulation of tariffs is carried out”.

Preferential rates for applicants are established for 1 kW of connected power:

- by Order of the State Committee for Tariffs and Housing Supervision of the Kabardino-Balkarian Republic No. 248 dated November 28, 2022 “On the Approval of Standardized Tariff Rates, Formulae for Calculation of the Fee for Technical Connection to Distribution Power Grids of Grid Companies within the Territory of the Kabardino-Balkarian Republic for 2023”

- from January 1, 2023 in the amount of 3,192 rubles (VAT inclusive);

- from July 1, 2023 in the amount of 4,256 rubles (VAT inclusive);

- Resolution of the Main Directorate of the Karachay-Cherkess Republic for Tariffs and Prices No. 136 dated December 19, 2022 “On Establishing a Preferential Rate for 1 kW of the Requested Full Power to Calculate the Fee for Technical Connection of Applicants’ Power Receivers to the Power Grid Facilities of Local Grid Operators of Karachay-Cherkess Republic for 2023”:

- from January 1, 2023 in the amount of 3,192 rubles (VAT inclusive);

- from July 1, 2023 in the amount of 4,256 rubles (VAT inclusive);

- Resolution of the Regional Tariff Service of the Republic of North Ossetia – Alania No. 104 dated December 30, 2022 “On Approval of Preferential Rates for 1 kW of the Requested Full Power for Calculating Fees for Technical Connection to Electrical Grids in the Territory of the Republic of North Ossetia – Alania, for 2023”:

- from January 1, 2023 in the amount of 3,192 rubles (VAT inclusive);

- from July 1, 2023 in the amount of 4,256 rubles (VAT inclusive);

- by Order of the State Housing Inspectorate of Republic of Ingushetia No. 57-p dated November 25, 2022 “On the Approval of Standardized Tariff Rates for Calculating the Fee to Technical Connection of the Applicant’s Power Receivers to the Power Grid Facilities of Local Grid Operators of the Republic of Ingushetia”:

- from January 1, 2023 in the amount of 3,192 rubles (VAT inclusive);

- from July 1, 2023 in the amount of 4,256 rubles (VAT inclusive);

- by Decree of the Regional Tariff Commission of the Stavropol Territory No. 84/2 dd. July 25, 2023 “On the Establishment of the Fee of a Preferential Rate for 1 kW of the Requested Maximum Capacity for Calculating the Amount of Payment for Technical Connection of Applicants’ Power Receivers to Power Grid Facilities of Territorial Grid Companies of the Stavropol Territory for 2023”;

- from January 1, 2023 in the amount of 4,000 rubles (VAT inclusive);

- from July 1, 2023 in the amount of 4,256 rubles (VAT inclusive);

- by order of the Ministry of Energy and Tariffs of the Republic of Dagestan No. 45-OD-206/22 dated November 25, 2022 ”On the Approval of the Fee and Formulae for Calculating the Fee for Technical Connection to Electric Grids of Local Grid Operators of the Republic of Dagestan, in Respect of Which State Regulation of Tariffs is Carried Out”.

- from January 1, 2023 in the amount of 3,192 rubles (VAT inclusive);

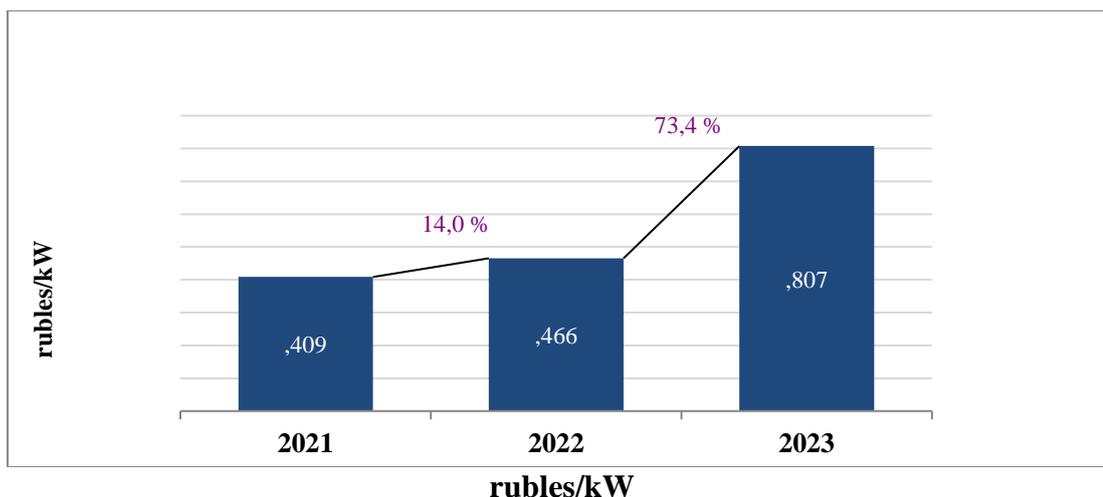
- from July 1, 2023 in the amount of 4,256 rubles (VAT inclusive);

While, for individuals belonging to socially disadvantaged categories (low-income families, veterans, disabled people, Chernobyl victims, families with many children), the fee for connecting facilities with a capacity of up to 15 kW is set at 1,064 rubles per 1 kW (VAT inclusive) of requested power.

In accordance with Guidelines No. 490/22, the fee was set depending on the type of material used and (or) the method of performing work at the prices of the regulation period, which are the same for all local grid operators in the constituent entity of the Russian Federation.

The chart displays the dynamics of changes in the average fees per unit of capacity in total in the Company in the power range from 15 kW to 670 kW.

### Dynamics of the Average Amount of Fee for TC



2023 – reporting year

Information on **standardized** tariff rates:

Indicator	Unit of measurement	Period			
		2021	2022	2023	Change, 2023/2022, %
<b>Kabbalkenergo branch</b>					
Standardized tariff rates for covering the costs of technical connection of power receivers of consumers of electric energy, power grid facilities owned by grid operators and other persons, for the activities specified in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	per connection	3,764.56	3,979.31	4,353.04	9
Rates per unit of maximum capacity (rubles/kW) to determine the fee for technical connection to electric grids at a voltage level of 20 kV or less and a power of less than 670 kW for the implementation of activities provided for in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	RUB/kW	239.93	221.36	N/A	–
<b>Karachaevo-Cherkesskenergo branch</b>					
Standardized tariff rates for covering the costs of technical connection of power receivers of consumers of electric energy, power grid facilities owned by grid operators and other persons, for the activities specified in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	per connection	6,447.00	8,194.00	8,769.00	7
Rates per unit of maximum capacity (rubles/kW) to determine the fee for technical connection to electric grids at a voltage level of 20 kV or less and a power of less than 670 kW for the implementation of activities provided for in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	RUB/kW	441.00	302.00	N/A	–
<b>Sevkavkazenergo branch</b>					
Standardized tariff rates for covering the costs of technical connection of power receivers of consumers of electric energy, power grid facilities owned by grid operators and other persons, for the activities specified in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	per connection	6,096.61	5,640.94	5,372.41	-5

Rates per unit of maximum capacity (rubles/kW) to determine the fee for technical connection to electric grids at a voltage level of 20 kV or less and a power of less than 670 kW for the implementation of activities provided for in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	RUB/kW	329.88	149.59	N/A	–
<b>Ingushenergo branch</b>					
Standardized tariff rates for covering the costs of technical connection of power receivers of consumers of electric energy, power grid facilities owned by grid operators and other persons, for the activities specified in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	per connection	7,599.07	7,680.43	8,373.40	9
Rates per unit of maximum capacity (rubles/kW) to determine the fee for technical connection to electric grids at a voltage level of 20 kV or less and a power of less than 670 kW for the implementation of activities provided for in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	RUB/kW	290.40	188.14	N/A	–
<b>Stavropolenergo branch</b>					
Standardized tariff rates for covering the costs of technical connection of power receivers of consumers of electric energy, power grid facilities owned by grid operators and other persons, for the activities specified in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	per connection	8,997.67	9,425.76	10,117.92	7
Rates per unit of maximum capacity (rubles/kW) to determine the fee for technical connection to electric grids at a voltage level of 20 kV or less and a power of less than 670 kW for the implementation of activities provided for in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	RUB/kW	300.44	313.54	N/A	–
<b>Dagenergo branch</b>					
Standardized tariff rates for covering the costs of technical connection of power receivers of consumers of electric energy, power grid facilities owned by grid operators and other persons, for the activities specified in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	per connection	2,633.85	3,787.79	8,196.20	116
Rates per unit of maximum capacity (rubles/kW) to determine the fee for technical connection to electric grids at a voltage level of 20 kV or less and a power of less than 670 kW for the implementation of activities provided for in paragraphs “a” and “b” of clause 16 of the Guidelines of the FAS Russia	RUB/kW	N/A	N/A	N/A	–

### Information on fee for individual project

In 2023, individual fee amounts are set:

- to the electrical grids of the Dagenergo branch for the facility “Second Stage of Reconstruction of Makhachkala Airport” (applicant – Makhachkala International Airport, JSC) in the amount of 84.6 million rubles;
- to the electrical grids of the Dagenergo branch for the Novolakskaya WPP (electric power generation – 300,000 kW (applicant – VetroOGK-3 JSC) in the amount of 888.7 million rubles.

### 3.6. Import substitution and interaction with equipment manufacturers

As a result of the activities carried out by Rosseti Northern Caucasus, PJSC, conditions have been created for the implementation of projects in sections of the investment program: new construction, reconstruction and technical re-equipment in accordance with the requirements of clause 1.3.2 of the Corporate Plan, approved by order of Rosseti, PJSC No. 466 dated October 24, 2023.

The standard forms of terms of reference for the development of design and detailed design documentation, approved by order of Rosseti Northern Caucasus, PJSC No. 779 dated November 23, 2017 as amended by order No. 885 dated December 29, 2017, include the requirements to use equipment and materials from the relevant lists of certified equipment approved for use at the facilities of Rosseti, PJSC, when developing the above documentation.

The standard contracts for design and survey works and the standard package contracts for construction and installation work, approved by order of Rosseti Northern Caucasus, PJSC No. 171 dated April 26, 2023, include the following requirements for contractors:

- the design organizations, when developing design documentation for a facility, shall provide for minimizing the use of imported equipment/goods/products/materials to the maximum extent possible, without deteriorating the quality of the facility;

- contractors engaged for construction and installation work are required to minimize the use of imported products, provided that the domestic similar products with equivalent technical and economic indicators are available.

As a result of the analysis of the forecast demand and the share of imports in the purchase of equipment and materials by contractors during the implementation of the investment program, the following was revealed:

- when designing facilities, domestic equipment is used; when choosing design solutions, imported equipment is not considered;

- for primary and secondary electrical equipment there is no need to use the imported equipment.

The operation of domestic equipment, materials and systems meets all modern standards and requirements. The best available solution.

For information awareness of personnel of the profile services of the branches and managed companies of Rosseti Northern Caucasus, PJSC in the field of innovative developments of equipment, materials and technologies in 2023, it was arranged to conduct review and training technical workshops with the following companies:

- JSC ChEAZ (Cheboksary);
- LLC Tavrida Electric (Moscow).

In addition to the regular seminars, meetings, the personnel of branches and managed companies of Rosseti Northern Caucasus, PJSC, were provided with distribution materials containing information on new technologies and modern developments of the main domestic manufacturers of electrical equipment and materials.

The share of imports in purchases of equipment and materials for 2023 was 1%.

### **3.7. Power grid assets consolidation**

#### **Description of the general principles of work organization**

Implementation of the strategy for power property consolidation located within the constituent units of the Northern Caucasus Federal District shall be made by Rosseti Northern Caucasus, PJSC, in the following directions:

- consolidation of property of TGC debtors (acquisition / lease of power grid assets to repay debts, recovery of debtors' property by enforcement proceedings, bankruptcy and acquisition of their property at tenders held by authorized organizations);
- consolidation of property of third parties (administrations of local self-government, non-profit organizations (gardeners' non-commercial partnerships, market-gardening non-profit partnerships, cottage settlements, other non-profit associations of citizens who own or otherwise legally possess power grid facilities), legal entities and individuals);
- consolidation of ownerless power grid property (carried out in accordance with the local regulations of the Company in cooperation with municipal authorities).

Since the entry into force of Decree No. 184 of the Government of the Russian Federation dd. February 28, 2015, within the territory of the NCFD 41 TGCs have been deprived of the status.

#### **Scope of the power grid assets consolidation**

Rosseti Northern Caucasus, PJSC, organized joint work with the republican/ municipal authorities to identify power grid facilities, identify unregistered property and register title thereto.

A search is underway for possible owners of ownerless facilities, their inspection to determine the technical condition with the execution of bilateral acts with local governments, materials are being prepared to recognize the title of Rosseti Northern Caucasus, PJSC, to facilities in a judicial proceeding or register the title by municipalities.

Based on the results of inventory-taking in the territory of operation of Rosseti Northern Caucasus, PJSC at the end of 2023, 13,400 electric grid facilities were identified that have signs of ownerless, including: the owner was established for 355 facilities or it was established that the facility was dismantled; title of Rosseti Northern Caucasus Group of Companies in relation to 12,194 facilities was recognized; title of local self-government administrations to 549 facilities was recognized; for 302 facilities, work is underway to recognize the ownership of the Rosseti Northern Caucasus Group of Companies.

In 2023, the following results were achieved.

Rosseti Northern Caucasus, PJSC concluded:

1) lease agreements with:

- local administrations of the Maysky and Chereksky districts of the Kabardino-Balkarian Republic – 379.82 c.u.;
- Ministry of Land and Property Relations of the Kabardino-Balkarian Republic – 425.12 c.u.;
- MKU “Department of City Property and Land Relations of the Local Administration of the Nalchik Urban District” of the Kabardino-Balkarian Republic – 16,383.71 c.u.;

- administration of the Ust-Dzhegutinsky urban settlement of the Karachay-Cherkess Republic – 118.80 c.u.;
- EnergoSeti KGO, LLC, Karachay-Cherkess Republic – 773.48 c.u.;
- Kristall-K, LLC, Republic of North Ossetia – Alania – 292.30 c.u.;
- SMK Housing, LLC, Republic of Dagestan – 6.20 c.u.;
- MUP IES “Kaspenergo”, Republic of Dagestan – 2,008.87 c.u.

2) agreement for free use with the Territorial Administration of the Federal Agency for State Property Management in the Republic of Dagestan – 9,096.54 c.u.

The total volume of the consolidated power grid in 2023 (rental/free use) is 29,484.84 c.u., including:

- 37,25 km of 110 kV power transmission lines;
- 5,813.72 km of 0.4–20 kV power transmission lines;
- 1 110/10/6 kV substation with a total capacity of 50 MVA;
- 1,240 6–10/0.4 kV transformer substations with a total capacity of 660.79 MVA.

### Monitoring of the scope of the power grid assets consolidation

#### Electric grid assets leased at the end of the reporting period

Rosseti Northern Caucasus, PJSC	Actual volume as of the end of 2021			Actual volume as of the end of 2022			Actual volume as of the end of 2023		
	MVA	km	C.u.	MVA	km	C.u.	MVA	km	C.u.
1	2	3	4	5	6	7	8	9	10
Lease of power grid assets	1,344.26	9,712.68	51,959.37	1,437.66	9,978.37	53,877.44	1,058.59	8,653.61	40,276.04

\* Indicators for 2021–2022. taking into account Dagestan Grid Company, JSC and the Dagenegero branch.

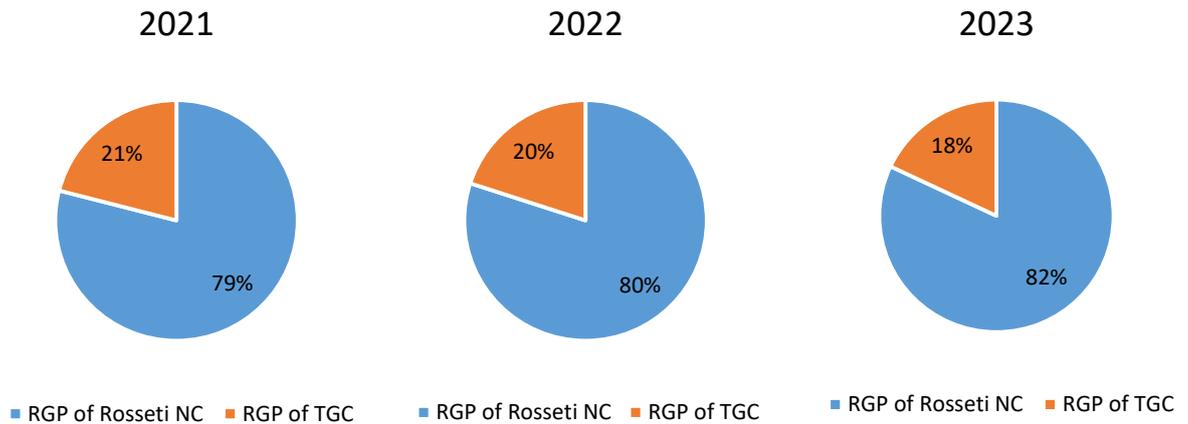
#### Identified ownerless power grid assets for which ownership was recognized in court in the reporting period:

Rosseti Northern Caucasus, PJSC	for 2021			for 2022			for 2023		
	MVA	km	C.u.	MVA	km	C.u.	MVA	km	C.u.
1	2	3	4	5	6	7	8	9	10
Other (permanent ownership and usage)	0.00	0.00	0.00	213.51	801.96	3,999.17	1,221.47	4,673.00	24,126.76

#### Electric grid assets in free use as of the end of the reporting period:

Rosseti Northern Caucasus, PJSC	Actual volume as of the end of 2021			Actual volume as of the end of 2022			Actual volume as of the end of 2023		
	MVA	km	C.u.	MVA	km	C.u.	MVA	km	C.u.
1	2	3	4	5	6	7	8	9	10
Other (temporary ownership and usage)	249.75	425.94	3,682.34	243.20	372.97	3,510.33	516.74	1,734.35	11,203.99

**Estimation of the share of Rosseti Northern Caucasus, PJSC in the required gross proceeds (RGP) of the service regions for the last 3 years, factors that influenced the change.**



Change in the share of RGP of Rosseti Northern Caucasus, PJSC in the structure of RGP of NCFD for 2021–2023 is associated with the implemented consolidation strategy, and is also a consequence of tariff and balance decisions adopted in the constituent entities of the NCFD.

### 3.8. Assets Management

In pursuance of Decree of the President of the Russian Federation No. 596 dated May 7, 2012, Directives of the Government of the Russian Federation No. 894-r dated May 10, 2017 (as amended by Order of the Government of the Russian Federation No. 985-r dd. April 19, 2023) decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dated November 13, 2023 (Minutes No. 543 dated November 14, 2023) approved the Program for the Disposal of Non-Core Assets of Rosseti Northern Caucasus, PJSC, as amended (the – Program). Before the adoption of the above resolution, the Company had a Program approved by the decision of the Board of Directors of the Company dated December 29, 2021 (Minutes No. 482 dated December 30, 2021).

The program incorporates the principles and mechanism for identifying and disposing the Company's non-core assets, and also establishes the criteria for classifying the Company's assets as non-core assets, the procedure for creating and approving a register of non-core assets and an action plan for the alienation of non-core assets.

By decision of the Board of Directors of the Company dated February 28, 2023 (Minutes No. 526 dated March 3, 2023), the register of non-core assets of the Company (hereinafter referred to as the Register) and the Company's action plan for the sale of non-core assets (hereinafter referred to as the Plan) were approved as of December 31, 2022.

By decisions of the Board of Directors of the Company dated August 22, 2023 (Minutes No. 538 dated August 24, 2023) and November 13, 2023 (Minutes No. 543 dated November 14, 2023), amendments were made to the Register and Plan.

During the reporting period, the Company sold the property complex of the Essentuki HPP.

Disclosure Link:

[https://www.rossetisk.ru/shareholders\\_and\\_investors/korporativnoe\\_upravlenie/obyavleniya/upravlenie\\_sobstvennostyu/](https://www.rossetisk.ru/shareholders_and_investors/korporativnoe_upravlenie/obyavleniya/upravlenie_sobstvennostyu/).

Information on the sale of non-core assets for 2023 is given in the table and is disclosed in Appendix 5 to this Annual Report.

### **3.9 Management Systems**

The quality management system (QMS) is a part of the overall management system of the Company, which is designed to ensure the high quality of services provided in accordance with the requirements of regulatory documents, the needs and expectations of consumers and the satisfaction of all stakeholders, including employees, shareholders, investors and partners of the Company.

By the decision of the Management Board of Rosseti Northern Caucasus, PJSC, dated December 6, 2022 (Minutes No. 319 dated December 7, 2022), the Comprehensive Action Plan for Improving the Company's Management System (hereinafter referred to as the Plan) was approved. The plan includes such sections as "Strategic Management", "Updating Business Processes for Compliance with Goals", "Business Process Reengineering", "Development of the Company's Process Model", "Implementation of ISO 9001:2015 Standards", "Staffing and Organization of Training", "Creation of the Knowledge Database Information System", "Information Resources", "Integration of Efficiency and Effectiveness Indicators into a Single System", "Accounting and Systematization of Information about the Collective Working Bodies of the Company", "A Set of Measures Aimed at Optimizing Costs", "TC Business Process Reengineering", "Integrated System of Organization Management Support".

## **4. Sustainable development**

Rosseti Northern Caucasus, JSC is a socially responsible company and pays a great deal of attention to issues concerning labour protection, the environment and the development of social programs. One of the priority activity areas of the Company is preservation and development of the personnel pool, creation of a consolidated, socially protected, creative and economically motivated team of employees, improvement of labor and leisure conditions, promotion of employees' occupational safety in accordance with the best practices.

The relevance of taking into account ESG factors in the activities of Rosseti Northern Caucasus, PJSC, is enshrined in the Charter of the Company, according to which the goals of the Company's activities are not only to make a profit, but also to create value for all stakeholders, namely: ensuring the efficient and reliable operation of distribution power grid facilities, ensuring the sustainable development of the distribution integrated power grid, ensuring reliable and high-quality energy supply to consumers in terms of the supply and transmission of electricity.

Individual aspects of taking into account ESG factors in the activities of Rosseti Northern Caucasus, PJSC, as well as information on sustainable development management of integrated power grid in these areas are included in the sections of this Annual Report of the Company.

### **Policies and procedures for sustainable development management**

Restated Environmental Policy of the Power Grid Complex was approved by decision of the Board of Directors of Rosseti, PJSC dated July 17, 2020 (Minutes No. 422 dated July 20, 2020). By decision of the Board of Directors of Rosseti Northern Caucasus, PJSC, dd. October 5, 2020 (Minutes No. 437 dd. October 8, 2020), the Company joined the implementation of the Environmental Policy and approved it as an internal document. For more information, see the Environmental Protection section.

The key objectives of the HR and social policy of the Company (hereinafter referred to as the “Policy”) aimed at achievement of target benchmarks of the Integrated Power Grid Development Strategy are as follows:

- planning staffing needs—ensuring availability of accurate information on the operational and predictive numerical and qualitative needs in the labor force, necessary and sufficient to perform the tasks assigned by the Company;
- timely provision of the Company's staffing needs with required qualifications;
- ensuring of the effectiveness of the personnel;
- increase in the labor efficiency.

Social benefits and guarantees are provided to the Company's employees in accordance with the Collective Agreement for 2019–2024, concluded in accordance with the provisions of the Labor Code of the Russian Federation and the Industry Tariff Agreement in the electricity power industry of the Russian Federation, as well as the Company's internal organizational and administrative documents.

For more information, see the Human Resources section.

By decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dated December 28, 2023 (Minutes No. 546 dated December 29, 2023), the Sustainable Development Policy of Rosseti, PJSC and the Climate Policy of Rosseti, PJSC were approved as internal documents of Rosseti Northern Caucasus, JSC. Texts of these policies are available on the Company’s corporate website in the section “Shareholders and Investors / Charter and Internal Documents” at: [https://www.rossetisk.ru/shareholders\\_and\\_investors/dokumenty/politiki-v-oblasti-ustoychivogo-razvitiya-i-izmeneniya-klimata/](https://www.rossetisk.ru/shareholders_and_investors/dokumenty/politiki-v-oblasti-ustoychivogo-razvitiya-i-izmeneniya-klimata/).

The sustainable development policy of Rosseti, PJSC is the fundamental document defining the sustainable development agenda of the Company. The purpose of the Policy is to define common principles and approaches to activities in the field of sustainable development. The area of sustainable development of the Company means the Company’s activities to maximize its contribution to the achievement of the UN Sustainable Development Goals (hereinafter referred to as the UN SDGs) in connection with national and global objectives in this area.

The objectives of the Sustainable Development Policy include:

- determination of the Company’s obligations to comply with the principles of sustainable development, supported practices, and areas of activity in the field of sustainable development;
- developing framework for the preparation and updating of profile documents and business processes in accordance with the designated goals and objectives in the field of sustainable development;
- generating a uniform understanding of the Company’s approach to conducting activities in the field of sustainable development among the stakeholders.

The Climate Policy of Rosseti, PJSC is the fundamental document identifying the climate agenda for the Company. The Policy complements the Company's Environmental Policy.

The purpose of the Policy is to systematize approaches to climate change in the process of carrying out the Company’s activities.

The objectives of the Climate Policy include:

- identification of the main risks and opportunities relevant to the Company related to climate change;
- developing activities to reduce the negative impact of the Company's activities on the climate and adapting the network infrastructure to the negative impact of climate change;
- developing framework for the preparation and updating of profile documents and business processes in accordance with the designated goals and objectives in the field of climate change;

The Company has not approved the Sustainable Development Strategy as an independent, separate document. While, Rosseti Northern Caucasus, PJSC follows the general strategy of the Rosseti Group. Particular attention is paid to maintaining a balance of interests of all parties, including the government, consumers, shareholders, investors, as well as the development of new business areas (non-tariff services). For more details, see the Development Strategy section.

Principles of the Company's activities in the field of sustainable development:

- operational safety;
- careful attitude to environment;
- taking into account the expectations and interests of stakeholders;
- consistency and transparency;
- ethical business conduct, built on the principle of mutual respect;
- risk management.

Assignment of responsibility for sustainable development issues among management bodies, members of the executive bodies of the Company, as well as within the organizational structure and their accountability on such issues

Taking into account the ESG factors in the Company's activities is a complex task, its solution requires a coordinated approach and active participation of all the Company's management bodies within their competence.

Participation of the Board of Directors of the Company in the ESG agenda of the Company is characterized to a greater extent by the control and strategic functions. The Company's management is responsible for developing and submitting for consideration by the Board of Directors

of Rosseti Northern Caucasus, PJSC of relevant documents related to the ESG agenda. In addition, the Company has formed and operates the Strategy Committee, the Committee for Reliability, the Committee for Technical Connection, the Personnel and Remuneration Committee, the Audit Committee, responsible for certain issues in the field of sustainable development.

Management of current activities in the field of sustainable development is carried out by the General Director of the Company.

The main participants in the Company's sustainable development activities are:

The Board of Directors of the Company:

- Executive bodies (Management Board and the General Director) of the Company;
- Deputy General Directors of the Company in functional areas;
- structural divisions of the Company;

- a structural division of the Company that discloses information in the field of sustainable development.

The procedure for the preparation, approval and submission by management of materials for meetings of the Board of Directors of Rosseti Northern Caucasus, PJSC, is determined by the Standard for Organizing the Adoption and Execution of Decisions of the Management Board, Committees under the Board of Directors, the Board of Directors of Rosseti Northern Caucasus, PJSC, and the Boards of Directors of managed Companies, approved by the order of the Company.

The implementation of the Company's policies implies a clear and timely provision and exchange of information, which is also regulated by the Company's internal documents in the relevant areas of the Company's activities. In accordance with sub-cl. 35 of cl. 15.1 of Article 15 of the Charter of Rosseti Northern Caucasus, PJSC, the competence of the Board of Directors of the Company includes consideration of the reports of the General Director on the activities of the Company, on the implementation of decisions of the General Meeting of Shareholders and the Board of Directors of the Company.

Consideration of issues of sustainable development and ESG factors, risks and opportunities associated with these factors, by special committees under the Board of Directors of the Company

Rosseti Northern Caucasus, PJSC, does not have a Committee for Sustainable Development. While, the Company has formed and operates the Strategy Committee, the Committee for Reliability, the Committee for Technical Connection, the Personnel and Remuneration Committee, the Audit Committee, responsible for certain issues in the field of sustainable development.

Thus, the tasks of the Strategy Committee is to develop and submit recommendations (conclusions) to the Board of Directors of the Company on areas of activity of the Board of Directors that are within the competence of the Committee, in particular: strategic development and priority areas of activity, innovation development, organization of business processes, business planning, dividend policy, risk management, assessment of the performance of the Company and its subsidiaries, as well as other tasks and areas defined by the Corporate Governance Code recommended for use by the letter of the Bank of Russia No. 06-52/2463 dated April 10, 2014 "On the Corporate Governance Code".

The main goals of establishing the Committee for Technological Connection to Electric Power are to ensure transparency of activities and non-discriminatory access to services for the technical connection of consumers to the Company's electric grids, increase the efficiency of the Company's activities in the provision of additional (non-tariff) services and ensure the profitability of additional (non-tariff) services of the Company, i.a. taking into account the 2030 Digital Transformation Concept.

The objectives of the Personnel and Remuneration Committee are to develop and submit recommendations (conclusions) in the following areas of activity: development of recommendations on the amount of remuneration to members of the Board of Directors of the Company; development of principles and criteria for determining the amount of remuneration for members of the Board of Directors of the Company, the Management Board and the sole executive body of the Company; development of proposals for determining the material terms of contracts with the specified persons; determination of criteria for the selection of nominees to the Company's Board of Directors, the Management Board and for the position of the sole executive body of the Company, preliminary assessment of candidates; regular assessment of the activities of the sole

executive body and members of the Management Board of the Company and preparation of proposals for the Board of Directors of the Company on their reappointment.

The main objectives of the Audit Committee: consideration of accounting (financial) statements and supervision over the process of their preparation; control over the reliability and efficiency of the internal control system, risk management system, corporate governance practices; control over the conduct of an external audit and the selection of an auditor; ensuring the independence and objectivity of the internal audit function; supervision over the effectiveness of functioning of the system for countering unfair actions of the Company's employees and third parties.

The objectives of the Committee for Reliability include development and submission of recommendations (opinions) to the Company Board of Directors in the following business lines of the Board of Directors:

- 1) expert evaluation of production programs, plans for technical re-equipment, reconstruction, new construction and repair of electrical power grid complex facilities, analysis of their elaboration and execution from the point of view of ensuring satisfaction of the requirements to the reliability of functioning and technical condition of electric power grids;
- 2) assessment of the completeness and sufficiency of measures taken based on the results of accident investigation in accordance with the Rules for Investigation into the Causes of Accidents in Power Industry (approved by Decree of the Government of the Russian Federation dated October 2, 28 No. 2009), and their implementation control;
- 3) expert evaluation of the quality of investigation into causes of technological failures (accidents);
- 4) expert evaluation of the Company's activities in the field of accident prevention work (ensuring preparedness, organization and conductance of emergency recovery works at electric power industry facilities);
- 5) expert assessment of the programs for prevention of the injury risks the Company's personnel and third parties are exposed to at the Company's power units, as well as control over their implementation;
- 6) control and evaluation of the Company's technical services activities to the extent of ensuring reliable functioning of electric power grids and production safety;
- 7) expert assessment of the internal control system within the Company;
- 8) expert assessment of the occupational health and safety management system within the Company;
- 9) expert evaluation of the environmental policy implementation program;
- 10) expert assessment of fire and industrial safety.

#### Taking into account issues of sustainable development, ESG factors in the Company's information policy

One of the principles of the Company's activities in the field of sustainable development is consistency and transparency.

By decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dated June 14, 2022 (Minutes No. 503 dated June 17, 2022), a restated Resolution on Information Policy of the Company was approved.

The Resolution establishes the principles of disclosure of mandatory and additional information contributing to strengthening the publicity and transparency of relations between the Company and shareholders, creditors, potential investors of the Company, professional securities traders, government bodies, as well as other stakeholders; as well as the procedure for communication

between members of the management bodies, officials and employees of the Company with shareholders and investors, media representatives and other stakeholders.

Besides, the Resolution defines the list of information disclosed on the Company's website in addition to the information required to be disclosed in accordance with the law of the Russian Federation on the securities market.

As per the Resolution, in accordance with the requirements of the law of the Russian Federation and the recommendations of the Bank of Russia Corporate Governance Code, the Company ensures the preparation and disclosure of the annual report, which provides shareholders and investors with a complete picture of the Company's activities and development for the reporting year. For this purpose, the Company seeks, in addition to the information provided for by the law of the Russian Federation, to include additional information in the annual report, taking into account the recommendations of the Bank of Russia, as well as material non-financial information that makes it possible to have an unbiased and comprehensive view of the Company's environmental impact (including climatic effect), social sector (including observance of human rights) and the economy, as well of the Company's accounting for ESG factors, risks and opportunities associated with such factors that have a significant impact on the development of the Company. The list of additional information included in the annual report is also defined by this Resolution.

In 2023, the Board of Directors of the Company considered the issue of compliance with the Resolution on Information Policy of the Company for 2022 (Minutes No. 530 dated April 20, 2023).

The list of essential topics related to the Company's activities shall be determined by the Company on an annual basis during the preparation of the Company's Annual Report, including through the questionnaire survey of the stakeholders.

In the reporting 2023 year, the Company did not prepare reports in the field of sustainable development and environmental reports as a separate type of reporting. At the same time, in order to demonstrate commitment to the principles of sustainable development, the annual reports of the Company submitted to shareholders as part of the preparation and holding of the annual General Meeting of Shareholders include detailed information on staff management, occupational safety and environmental protection, energy consumption and energy saving, procurement activities, anti-corruption policy and ensuring the security of economic activity, information disclosure, public relations, relations with public authorities and the media, etc. In the structure of this Annual Report, there is also a separate section titled "Sustainable Development".

### **Contribution to the achievement of the UN Sustainable Development Goals**

The key goal of the Company in the field of sustainable development is to maximize the contribution to the achievement of the UN SDGs in the implementation of its activities and to create additional value for stakeholders in connection with national and global objectives in this direction.

The concept of sustainable development appeared in the process of combining three main components: economic, social and environmental – and involves the adoption of measures aimed at the optimal use of scarce resources and the use of environmentally friendly – nature, energy and material-saving technologies, at maintaining the stability of social and cultural systems, at ensuring the integrity of biological and physical natural systems.

The Sustainable Development Goals (SDGs) are a set of 17 interrelated goals developed in 2015 by the UN General Assembly as “a blueprint for a better and more sustainable future for all”.

According to the stated goals of the UN, power industry is a key factor contributing to the solution of current problems.

Lack of access to energy could hinder efforts to contain COVID-19 in many parts of the world, according to the UN. Energy services play a key role in disease prevention and pandemic control, from providing health care facilities with electricity and clean water for essential hygiene, to providing communications and information technology services to keep people connected while maintaining social distancing.

To achieve the SDGs, the joint efforts of governments, the private sector, civil society and the inhabitants of the Earth are required.

In June 2020, the first Voluntary National Review of the Achievement of the SDGs by the Russian Federation and the Implementation of the 2030 Agenda for Sustainable Development was published on the UN website. The review reflects the achievements of the Russian Federation in all 17 SDGs and contains the results of a comprehensive monitoring of social and economic development and development of the strategic planning system for the period from 2015.

The Russian Review was prepared by the Analytical Center under the Government of the Russian Federation in cooperation with the Ministry of Economic Development of Russia, the Russian Ministry of Foreign Affairs, Rosstat and other departments, organizations and companies. The work was carried out by topic-specific groups for each SDG.

Prepared based on data from Websites <https://ru.wikipedia.org>, <https://www.un.org>, <https://rosstat.gov.ru>.

According to the Voluntary National Review of the Implementation of the 2030 Agenda for Sustainable Development, Russia has a rich resource base and a developed energy infrastructure. In 2018, 100% of the country's population had access to electricity, and 86% of the available housing stock was provided with heating. In the Doing Business 2020 rating, Russia entered the top ten in terms of ease of connecting to the power supply system, taking the 7th place among 190 countries. In order to ensure universal access to sustainable and state-of-the-art energy sources for everyone in Russia, a set of state policy measures is being implemented, including the Doctrine of Ensuring the Energy Security of the Russian Federation, the Energy Development governmental program. The management system in the field of energy conservation and energy efficiency is being improved by including target indicators in sectoral strategic planning documents at all levels. In 2007–2018 with the growth of Russia's GDP by 14%, its energy intensity decreased by 12%.

Prepared using data from Website <https://sustainabledevelopment.un.org>.

Rosseti Northern Caucasus, PJSC, being an interregional distribution grid company operating in the Russian electricity power industry sector, a natural monopoly, also contributes and facilitates the achievement of the above SDGs.

Information on the contribution of Rosseti Northern Caucasus, PJSC to the achievement of the UN SDGs is reflected in the topic-related sections of this Annual Report of the Company.

### **Good health and well-being, end poverty, end hunger (Goals 1–3)**

The key asset of the Company is its employees, owing to whom the Company has been creating, preserving and building up its value and authority over a long span of time. Accomplishment of strategic tasks and goals set to the Company by the government largely depends on the professional competence, diligence and safety of labour practices of its employees.

In the reporting period, Rosseti Northern Caucasus, PJSC carried out work to implement measures aimed at improving the occupational health and safety. Social benefits and guarantees are provided to the Company's employees in accordance with the Collective Agreement for 2019–2024, concluded in accordance with the provisions of the Labor Code of the Russian Federation and the Industry Tariff Agreement in the electricity power industry of the Russian Federation, as well as the Company's internal organizational and administrative documents and provide additional benefits, guarantees and compensations. In order to improve the social protection of employees, the Company has entered into voluntary medical insurance contracts.

Additional information is provided in the sections of this Annual Report “Development Strategy” and “Human Resource Management”.

### **Quality education (goal 4)**

Training is one of the priorities of the HR and Social Policy of the Company and is regulated by the Rules for Work with Personnel in the Organizations of the Electricity Power Industry of the Russian Federation.

The introduction of state-of-the-art technologies and innovative development of the Company increase the requirements for the level of personnel qualification. The training system is aimed at advanced training of personnel required to work at newly commissioned facilities, at mastering new technology, as well as at integrating scientific activity into the educational process.

One of the largest professional industrial educational institutions is located in the Northern Caucasus Federal District – Private Educational Institution of Further Professional Education “Corporate Institute of Energy” (Essentuki), the founder of which is Rosseti Northern Caucasus, PJSC.

See additional information in the “HR Management” section of this Annual Report.

### **Gender equality (goal 5)**

The gender composition of the Company's employees corresponds to the ratio of personnel typical for power grid companies. As of December 31, 2023, the share of men working in the Company is 76%, women – 24%, respectively. See additional information in the “HR Management” section of this Annual Report.

### **Affordable and clean energy (Goal 7)**

Core activities of Rosseti Northern Caucasus, PJSC (electricity transmission by distribution grids with voltage from 110 kV to 0.4 kV, technical connection of consumers to the grid infrastructure) refer to regulated activities.

Energy saving and energy efficiency improvement activities of Rosseti Northern Caucasus, PJSC in 2023 were arranged in accordance with Federal Law of the Russian Federation dated November 23, 2009 No. 261-FZ “On Energy Saving and Improving Energy Efficiency ...”, orders of the Ministry of Energy of Russia, Regulation on the Preparation of Energy Saving and Energy Efficiency Improvement Programs of Subsidiaries and Affiliates of Rosseti PJSC (approved by decision of the Board of Directors of Rosseti OJSC dd. May 29, 2014 (Minutes No. 156 dated June 2, 2014), as well as in accordance with the Energy Saving and Energy Efficiency Improvement Program of Rosseti Northern Caucasus, PJSC for 2022–2027. (Program) approved by the decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dd. August 2022 (Minutes No. 509 dated August 29, 2022).

Additional information is provided in the sections of this Annual Report “Tariff Policy” and “Energy Consumption and Energy Saving”.

### **Decent work and economic growth (Goal 8)**

Rosseti Northern Caucasus, PJSC, being a distribution grid company, contributes to the development of the constituent entities of the Russian Federation that are within the Company's area of responsibility. The Company is one of the largest taxpayers and employers in the region, as well as a procurement entity. Rosseti Northern Caucasus, PJSC, as one of the largest employers in the Northern Caucasus Federal District, also sees its role in supporting a stable high economic growth and increased employment in the region. To achieve and maintain the status of a modern highly efficient company the strategic development of the Company is based on implementation of the social policy measures. See additional information in the “Human Resource Management” and “Regional Development” section of this Annual Report.

### **Industrialization, innovation and infrastructure (Goal 9)**

Innovative activity of Rosseti Northern Caucasus, PJSC is carried out in accordance with the Innovative Development Program of Rosseti Northern Caucasus, PJSC (approved by the Board of Directors of Rosseti, PJSC, Minutes No. 447 dd. February 8, 2021) designed to create effective mechanisms aimed at modernizing the integrated power grid, enhancing scientific and technical and inventive activities, adapting to introduction of innovations, improvement and development of the innovation system. The purpose of innovation development is the transition to a power grid of a new technological structure with qualitatively new characteristics of reliability, efficiency, accessibility, manageability and customer-orientation of the integrated power grid in general.

Investment planning is an integral part of the business planning and budgeting system at Rosseti Northern Caucasus, PJSC. During compilation of investment program, impact of its implementation on the Company's entire economic activity is assessed. The investment program of Rosseti Northern Caucasus, PJSC for 2023 is approved by Order of the Russian Ministry of Energy No. 30@ dated December 22, 2023.

Additional information is provided in the sections of this Annual Report “Innovation Activity”, “Investment Activity”.

### **Reducing inequalities (Goal 10)**

The Company values every employee, regardless of the employee's gender, age, skin color, nationality or job title. For that reason all employees are offered equal opportunities for successful and efficient performance, professional development and career advancement.

The Company relies on the principles of honesty and objectiveness when staffing the Company (including managerial positions). The employees are appointed and promoted only based on their competencies and professional qualities.

Labour dynasties are welcomed in the Company. Favorable conditions are created for their development. The Company encourages the succession of generations by promoting respect to the experience of veterans and ensuring knowledge and tradition transfer to the young employees, including within the labour dynasties.

Additional information is provided in the sections of this Annual Report “Development Strategy” and “Human Resource Management”.

### **Sustainable cities and communities (Goal 11)**

Rosseti Northern Caucasus, PJSC, as one of the largest employers in the Northern Caucasus Federal District, also sees its role in supporting a stable high economic growth and increased employment in the region. To achieve and maintain the status of a modern highly efficient company the strategic development of the Company is based on implementation of the social policy measures. See additional information in the “Regional Development” section of this Annual Report.

### **Responsible consumption and production (Goal 12)**

Energy saving and energy efficiency improvement activities of Rosseti Northern Caucasus, PJSC in 2023 were arranged in accordance with Federal Law of the Russian Federation dated November 23, 2009 No. 261-FZ “On Energy Saving and Improving Energy Efficiency ...”, orders of the Ministry of Energy of Russia, Regulation on the Preparation of Energy Saving and Energy Efficiency Improvement Programs of Subsidiaries and Affiliates of Rosseti PJSC (approved by decision of the Board of Directors of Rosseti OJSC dd. May 29, 2014 (Minutes No. 156 dated June 2, 2014), as well as in accordance with the Energy Saving and Energy Efficiency Improvement Program of Rosseti Northern Caucasus, PJSC for 2022–2027. (Program) approved by the decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dd. August 2022 (Minutes No. 509 dated August 29, 2022).

Restated Environmental Policy of the Power Grid Complex was approved by decision of the Board of Directors of Rosseti, PJSC dated July 17, 2020 (Minutes No. 422 dated July 20, 2020). By decision of the Board of Directors of Rosseti Northern Caucasus, PJSC, dd. October 5, 2020 (Minutes No. 437 dd. October 8, 2020), the Company joined the implementation of the Environmental Policy and approved it as an internal document.

Additional information is provided in the sections of this Annual Report “Energy Consumption and Energy Saving” and “Environmental Protection”.

### **Combating climate change, preservation of marine ecosystems, preservation of terrestrial ecosystems (goals 6, 13–15)**

Restated Environmental Policy of the Power Grid Complex was approved by decision of the Board of Directors of Rosseti, PJSC dated July 17, 2020 (Minutes No. 422 dated July 20, 2020). By decision of the Board of Directors of Rosseti Northern Caucasus, PJSC, dd. October 5, 2020 (Minutes No. 437 dd. October 8, 2020), the Company joined the implementation of the Environmental Policy and approved it as an internal document.

Additional information is provided in the “Environmental Protection” section of this Annual Report.

### **Peace, justice and strong institutions (Goal 16)**

Interaction with business partners is based on a long-term cooperation in full compliance with the corporate rules. The Company is interested in mutually beneficial cooperation. In interactions with the Company the abuse of dominant position or unfair competition is unacceptable. The Company does not accept corruption in any form and expects that its business partners adhere to the same principles.

Subject to Clause 13.3 of Federal Law No. 273-FZ dd. December 25, 2008 “About Fighting against Corruption” in Rosseti Northern Caucasus, PJSC a set of measures and goals was being implemented aimed to prevent and fight corruption.

Rosseti Northern Caucasus, PJSC conducts ongoing control and regular monitoring of the efficiency of implemented anti-corruption standards and procedures and controls implementing thereof.

By decision of the Board of Directors of the Company dated July 19, 2023 (Minutes No. 536 dated July 21, 2023), Rosseti North Caucasus, PJSC approved a restated Anti-Corruption Policy of Rosseti Northern Caucasus, PJSC.

The electricity grid industry of the Northern Caucasus Federal District is the focus of constant attention of government agencies. The interaction with authorities at all levels is one of the key elements to ensure sustainable, stable operation of the regional energy infrastructure, reliable energy supply to consumers, economic and social development of the regions.

Additional information is provided in the sections of this Annual Report “Anti-Corruption Policy and Ensuring the Security of Economic Activities” and “Information Disclosure, Public Relations, Relations with Public Authorities and Mass Media”.

### **Partnerships for sustainable development (Goal 17)**

Business of Rosseti Northern Caucasus, PJSC is arranged in such a manner as to meet the needs of stakeholders to the maximum possible extent. The Company is open to a productive dialogue with stakeholders. The process of transforming resources into value for stakeholders of Rosseti Northern Caucasus, PJSC, is described in the Stakeholder Engagement section of this Annual Report.

#### **4.1. HR Management**

The key objectives of the HR and social policy of the Company (hereinafter referred to as the “Policy”) aimed at achievement of target benchmarks of the Integrated Power Grid Development Strategy are as follows:

- planning staffing needs—ensuring availability of accurate information on the operational and predictive numerical and qualitative needs in the labor force, necessary and sufficient to perform the tasks assigned by the Company;
- timely provision of the Company's staffing needs with required qualifications;
- ensuring of the effectiveness of the personnel;
- increase in the labor efficiency.

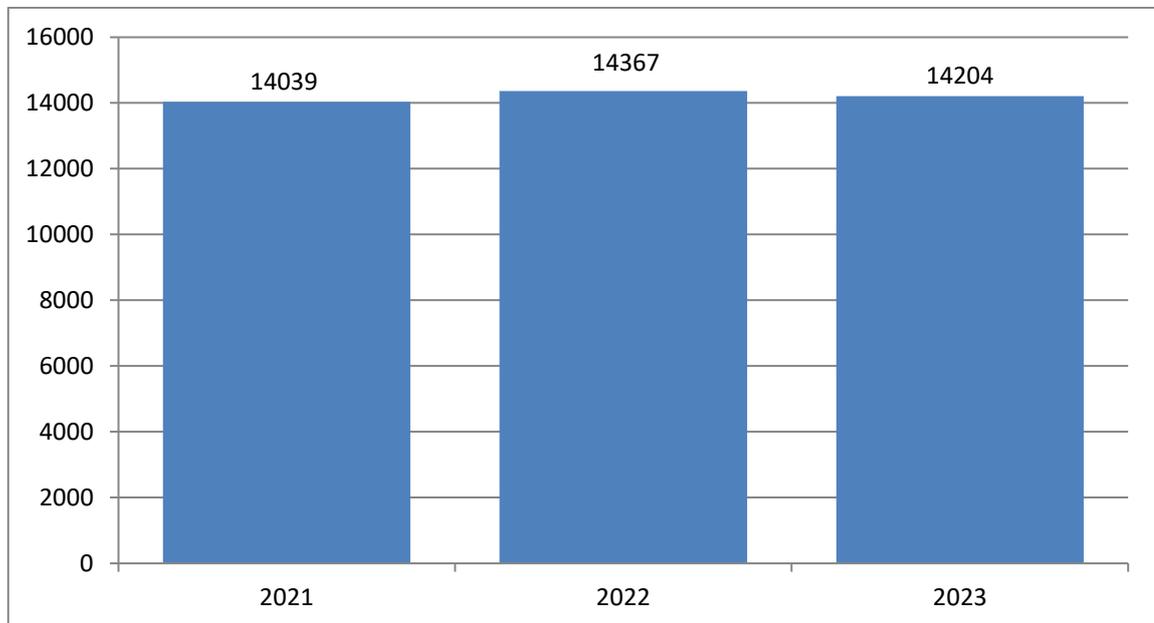
These key objectives of the HR and social policy are achieved by implementing a set of measures in various areas of activities and achievement of the target benchmarks:

- in the field of organizational design;
- in the field of staffing and development of human resources;
- in the field of personnel efficiency management (personnel motivation);
- in the field of social benefits and guarantees;
- in the field of youth policy;
- in the field of safety of the personnel and the labour culture.

### **Number and quality of personnel**

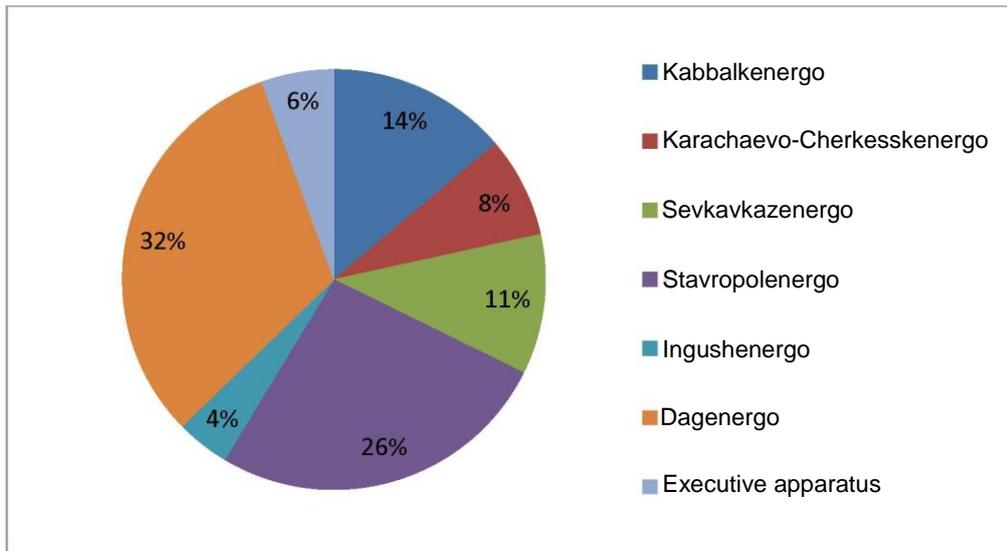
The average number of employees of Rosseti Northern Caucasus, PJSC, in 2023 amounted to 14,204 persons, which is lower than for the same period of 2022 by 1.14% .

#### **The average number of employees of Rosseti Northern Caucasus, PJSC for 2021–2023, persons**



The decrease in the average number of employees in 2023 is due to the unfilled production personnel vacancies in the branches of Rosseti Northern Caucasus, PJSC.

**Distribution of the average staffing number of Rosseti Northern Caucasus, PJSC for 2023, %**

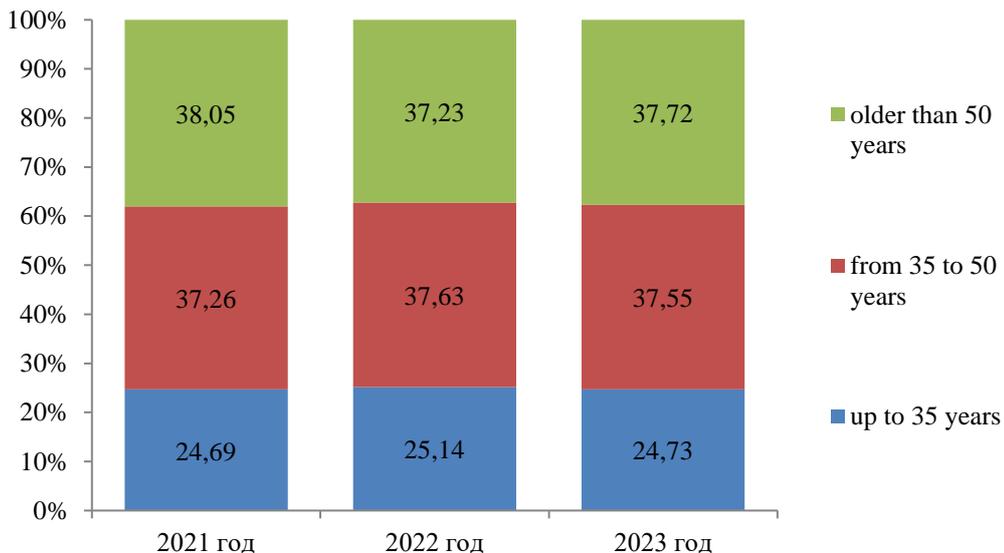


The level of staffing in the Company at the end of 2023 was 96,6%. The level of provision with the production personnel of the Company amounted to 96,4%. In general, the Company's staffing for three years has been at a fairly high level.

The level of active turnover in the Company at the end of 2023 amounted to 5.8%.

The average age of the Company's employees in 2023 remained at the level of 2022 and was 46 years.

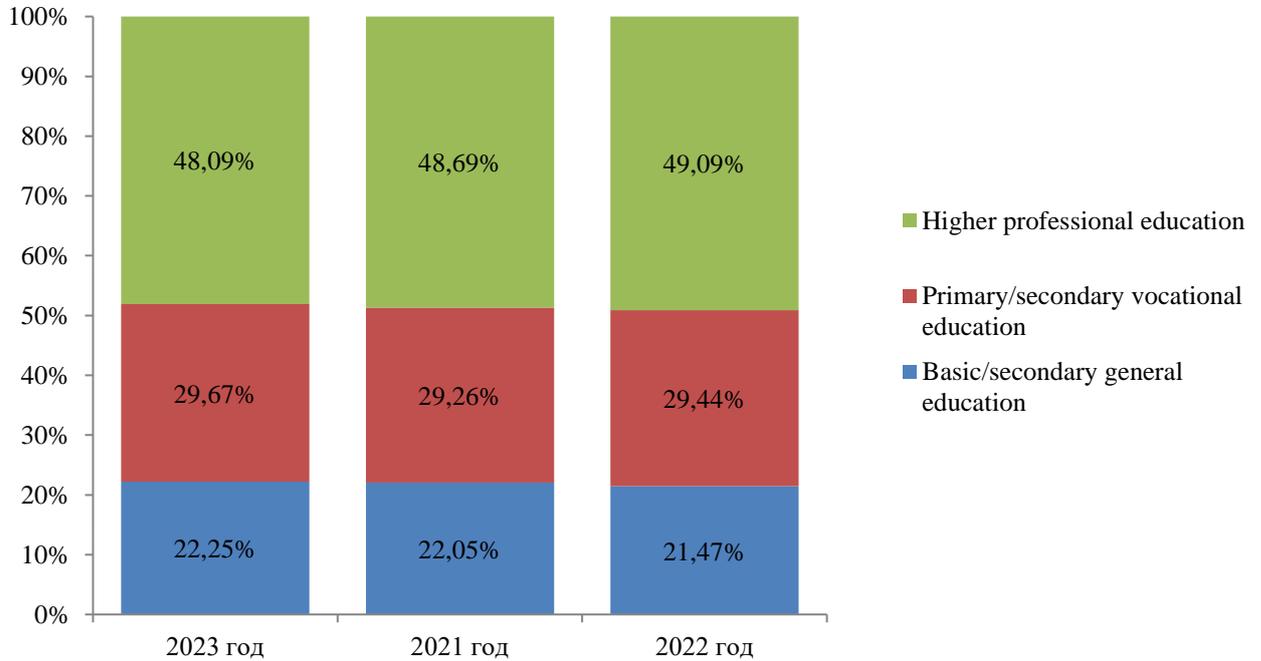
**Personnel structure by age over time for 2021–2023**



The personnel of the Company is characterized by a rather high level of qualification of its employees. As of December 31, 2023, about 78.53% of the Company's employees have professional education. Including 28 employees have a PhD degree. Analysis of the personnel

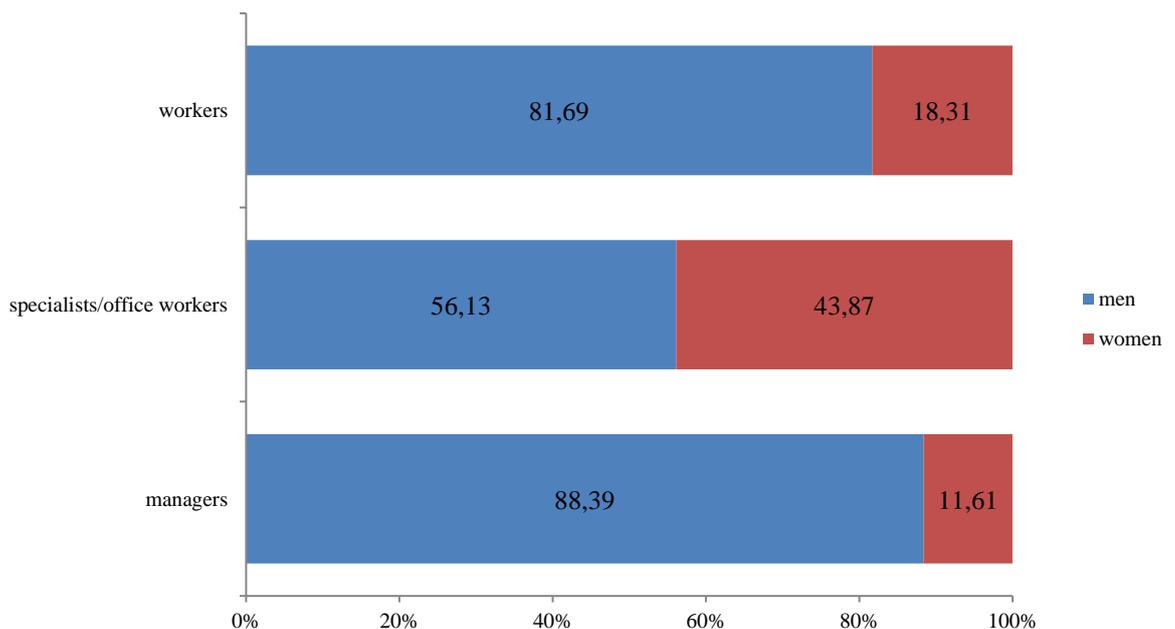
composition by level of education makes it possible to conclude that over the past three years the share of personnel without professional degree has been systematically decreasing from 22.25% in 2021 to 21.47% in 2023 (a decrease of 0.78 p.p.).

### Personnel structure by level of education over time for 2021–2023



The gender composition of the Company's employees corresponds to the ratio of personnel typical for power grid companies. As of December 31, 2023, the share of men working in the Company is 76%, women – 24%, respectively, analysis by categories is given in the chart:

### Share of men and women by employee category in 2023, %



## Personnel training and development

Training is one of the priorities of the HR and Social Policy of the Company and is regulated by the Rules for Work with Personnel in the Organizations of the Electricity Power Industry of the Russian Federation.

The introduction of state-of-the-art technologies and innovative development of the Company increase the requirements for the level of personnel qualification. The training system is aimed at advanced training of personnel required to work at newly commissioned facilities, at mastering new technology, as well as at integrating scientific activity into the educational process.

In the reporting year, 23,257 people (124.8% of the average number of personnel), including 22,454 production staff (96.5% of the total number of trainees) took part in training sessions. The distribution of employees who took part in off-the-job educational programs in 2023 by category was as follows: managers – 3,600 people (15.5% of the total number of trainees), specialists – 3,146 people (13.5%), workers – 16,511 people (71.0%).

In 2023, 10,332 people were trained using distant learning format (44.4% of the total number of trainees). The average number of training hours per employee in 2023 was 49.5 hours, including: men – 61.8 hours, women – 9.4 hours.

One of the largest professional industrial educational institutions is located in the Northern Caucasus Federal District – Private Educational Institution of Further Professional Education “Corporate Institute of Energy” (Essentuki), the founder of which is Rosseti Northern Caucasus, PJSC. The corporate training center is designed for 278 people. Among the facilities there is a training building with classrooms, laboratories for training electric power personnel, a library, a training ground, and a dormitory for 104 people. On the basis of corporate off-the-job training centers in 2023 professional training, retraining and upgrade was provided to 22,319 persons, which amounts to 96.0% of the total number of trainees.

### Dynamics of personnel training indicators

Indicator	Unit of measurement	Period			Change 2023/2022, %
		2021	2022	2023	
Number of employees who took part in off-the-job training programs / relative to average number of personnel	persons; %	13,440; 90.8	14,476; 100.8	23,257 124.8	60.6; 24.0
- including employees trained on the basis of their own training centers / ratio to the total number of employees undergoing off-the-job training	persons; %	12,231; 91.0	12,852; 88.8	22,319; 96.0	73.7; 7.2
The number of production personnel who completed off-the-job training, including on the basis of their own training centers	persons; persons.	12,742; 11,643	13,692; 12,490	22,454 21,634	64.0; 73.2
Distribution of the number of employees who took part in off-the job training programs by category (managers, specialists and other employees, workers)	%; %; %	8.2; 15.9; 75.8	13.6; 11.8; 74.6	15.5; 13.5; 71.0	1.9; 1.7; -3.6
Number of employees who took part in training programs implemented using distant learning format	persons	2,321	4,804	10,332	115.1

Average hours of training per employee by gender (male; female)	person – hour;	76.8;	42.2;	61.8;	46.4;
	person – hour	4.0	10.6	9.4	–11.3

Key suppliers of educational services, apart from internal training center, are the following: Federal State-Funded Institution “Educational and Methodological Office of Rostechnadzor”, Moscow, Local branch of DOSAAF of Russia in Budennovsk, etc.

Such cooperation allows the Company's managers and specialists to undergo advanced training in the main areas with the necessary frequency, as well as to study under further professional education programs in the electrical engineering areas of specialization.

In 2023, as part of the implementation of plans to bring the qualification level of the Company's employees in line with the requirements established by professional standards, 368 employees of the Company (or 1.6% of the total number of those undergoing off-the-job training) took part in professional training, retraining and advanced training.

The number of personnel who underwent assessment procedures as part of the assessment of corporate and managerial competencies (at the time of hiring, being selected to the talent pool, psychophysiological examination) amounted to 2,023 people (14.2% of the average number of personnel).

In 2023, an independent assessment of qualifications of 20 employees of the Company was carried out on the basis of the certified qualification assessment center of the Autonomous Non-Commercial Organization Southern Interregional Center for Qualifications of the Electric Power Industry.

### **Personnel remuneration system**

In accordance with the current Regulations on the remuneration of executives and employees of branches of the Company, monthly (current) bonuses are provided to employees for the achievement of key performance indicators. In addition, additional bonuses may be paid to the Company's employees:

- based on the results of work for the quarter, year;
- for fulfillment of especially important tasks (works);
- for revealing facts of non-contractual and unaccounted electricity consumption.

### **Dynamics of indicators of the average number of employees and average salary of employees**

Indicator	Unit of measurement	Period			Change 2023/2022, %
		2021	2022	2023	
Average number of employees	persons	14,038.6	14,367.1	14,204.0	
Average salary of employees	thousand roubles	44.508	49.637	58.312	17.5
Average salary of administrative and management personnel	thousand roubles	77.851	83.312	98.232	17.9
Average salary of production personnel	thousand roubles	41.023	45.716	53.756	17.6

## Youth policy

The power company has set off on the road to provide active, motivated to develop and work in the electricity power industry sector young people of the Northern Caucasus, with the ability for exact sciences, the opportunity to become part of the largest electric grid company in the region.

Since 2018, in order to develop talented schoolchildren, increase their motivation to study under energy-oriented programs and for the purpose of their subsequent employment, the Company has been participating in the organization and holding of the All-Russian Olympiad for schoolchildren of the Rosseti Group of Companies. Thus, in 2023, 167 schoolchildren from the Northern Caucasus took part in the subject olympiad.

In order to ensure practice-oriented training of personnel, the Company actively cooperates with educational institutions of higher and secondary vocational education in the following areas:

- targeted training of students in areas that are in demand in the power grid complex, taking into account the long-term need for young specialists; currently, 23 students are enrolled in higher education institutions on a targeted basis, including 5 students in the “Electric Power and Electrical Engineering” area of specialization in 2023;
- organization of the work of student teams – from July 3 to July 31, 2023, the work of the Vysota and Tesla construction teams was organized, 30 university students, members of the construction team, performed work as part of a repair program carried out using own resources. 10 students took part in the closing ceremony of the construction teams of Rosseti, PJSC, which took place from December 3 to December 6, 2023 in Moscow.
- organization of internships and pre-graduation practical training for students, in 2023, 529 students of universities and colleges completed internships in the structural divisions of the Company;
- employment of graduates – in 2023, 23 young specialists were employed by the company.

For the purpose of professional adaptation of young specialists – former graduates, the Company uses a mentoring system.

In order to develop intellectual and creative potential, acquire new knowledge, young specialists of the Company actively participate in various all-Russian and international events:

- 1 employee of the Company took part in the Youth Day of the St. Petersburg International Economic Forum as part of a group of young specialists from Rosseti, PJSC in June 2023;
- 3 employees of the Company took part in the forum of communities of young professionals “Forsazh-2023”, which took place from July 8 to July 15, 2023 in the Kaluga region;
- in October 2023, the Chairman of the Youth Council of Rosseti Northern Caucasus, PJSC took part in the Youth Day of the Russian Energy Week 2023 as part of the delegation of Rosseti, PJSC;
- from December 7 to 9, 2023, 2 employees of the Company took part in an educational program for the Coordination Council of Working Youth of the South, organized in Rostov-on-Don.

In order to involve employees in the implementation of the corporate youth policy in Rosseti Northern Caucasus, PJSC and managed Companies, personnel and social policy of Rosseti Northern Caucasus, PJSC, in February 2021, the Youth Council of Rosseti Northern Caucasus group of companies was established with the following main areas of work:

- assistance to the moral, professional, intellectual and physical development of young specialists of the Company;
- assistance in the orientation of young specialists;
- assistance to young professionals in solving social problems;
- prevention of negative phenomena among the young people;

- education of young specialists in the spirit of patriotism and respect for other peoples. During 2023, the Youth Council organized the following events:
- corporate intellectual game among the employees of the Company;
- a charity event for children of sponsored orphanages “Special Wish Christmas Tree”.

### **Social benefits and guarantees**

Social benefits and guarantees are provided to the Company's employees in accordance with the Collective Agreement for 2019–2024, concluded in accordance with the provisions of the Labor Code of the Russian Federation and the Industry Tariff Agreement in the electricity power industry of the Russian Federation, as well as the Company's internal organizational and administrative documents and provide additional benefits, guarantees and compensations.

- financial assistance for anniversaries;
- financial assistance for registering a marriage and the birth of a child;
- monthly compensation payment to women on leave to care for a child up to three years;
- financial assistance in case of dismissal in connection with a call for military service;
- financial assistance in connection with the death of employees and members of their families;
- financial assistance in case of annual leave (once a year);
- financial assistance in case of a serious illness requiring long-term treatment or surgical intervention;
- additional leave without pay (in connection with the marriage of an employee or his/her children, the death of relatives or family members, the birth of a child, moving to a new place of residence);
- other benefits and payments.

In addition, the Company provides support to non-working pensioners. In 2023, material assistance was provided to former employees of the Company – participants in the Great Patriotic War and home front workers on the anniversary of the Victory in the Great Patriotic War. Employees of the Company, being combat veterans, were provided with material assistance in connection with the celebration of Defender of the Fatherland Day.

Within celebration of the New Year, employees' children aged from 0 to 14 years were given Christmas gifts.

In order to increase the social security of employees in 2023, the Company concluded a voluntary medical insurance agreement No. 0221 LM 0027 dated July 5, 2021 with SOGAZ JSC, and an agreement dated April 10, 2023 No. 0223 LM 0028 for new period – from April 10, 2023 to April 9, 2024. The agreement provides for outpatient services, planned and emergency hospitalization, dentistry, rehabilitation and recovery treatment. Each Company's employee may have a medical advise of highly specialized doctors or have laboratory tests, receive treatment and diagnostic procedures. In case of emergency, power engineers can receive emergency medical care in medical institutions throughout the Russian Federation.

In the Company, in addition to the voluntary medical insurance contract, in order to increase the social protection of employees, an insurance contract against accidents and illnesses was concluded with ENERGOGARANT insurance PJSC dated November 26, 2020 No. 200005-700-000841 with a validity period from January 1, 2021 until December 31, 2023. Insurance coverage allows for the payment of additional material compensation to employees (beneficiaries) in connection with disability, health problems or death due to an accident.

## Corporate and sports events

Promoting a healthy lifestyle is one of the important areas of the Company's social policy.

In accordance with the plan for holding sports events in 2023, the Company's employees took part in the following sports events, both online and offline:

- in February 2023, a billiards tournament was organized and held among employees of the executive office, a volleyball tournament among employees of the Stavropolenergo branch, dedicated to the celebration of Defender of the Fatherland Day;
- in March 2023, a table tennis tournament took place in Stavropol;
- in April 2023, in Svetlograd, a mini-football tournament "Energy of the Great Victory" was held among the employees of Stavropolenergo, Branch of Rosseti Northern Caucasus, PJSC, dedicated to the celebration of the 78th anniversary of the Great Victory;
- in May 2023, a mini-football tournament "Energy of the Great Victory" was organized among employees of Rosseti Northern Caucasus, PJSC and Chechenenergo, JSC together with the municipal budgetary institution "Center for Physical Culture and Sports of the City of Pyatigorsk" in Pyatigorsk. Team – the winner of the qualifying stage of the mini-football tournament "Energy of the Great Victory" took part in the final, which took place in Moscow in June 2023;
- in May 2023, a team of athletes was formed, consisting of employees of Rosseti Northern Caucasus, PJSC which took part in the All-Russian half marathon "Zabeg.RF" in Stavropol;
- in August 2023, a team of Rosseti Northern Caucasus, PJSC was formed, which took part in the all-Russian inter-corporate walking challenge as part of the "Walking Man" program to increase physical activity (team competition in the number of steps in a certain period of time). The goal of each participant was to gain victory for their team in the competition, which significantly united the employees and improved the psychological climate in the team;
- in September 2023, on the occasion of the 87th anniversary of the foundation of Stavropolenergo, Branch of Rosseti Northern Caucasus, PJSC, a bicycle ride was held around Mount Beshtau;
- in September 2023, a Spartakiad was held among the employees of Rosseti Northern Caucasus, PJSC and Chechenenergo, JSC at the facilities of the Lermontov sports school, which included competitions in table tennis, mini-football, swimming, chess and athletics;
- in September 2023, employees of the executive office, together with children and family members, took part in a corporate climb to Mount Yutsu;
- in September 2023, a team of athletes from the executive office took part in the "Pyatigorsk Ring" competition for running enthusiasts on Mount Mashuk in Pyatigorsk;
- in October 2023, employees of the Stavropolenergo branch with children and family members took part in a corporate climb to Mount Beshtau;
- in October 2023, in order to foster interest and respect for the history and traditions of the national electric power industry, as well as to continue the tradition of holding a chess tournament

established in 2011, the Company's team took online participation in the XIII Open Chess Tournament of power engineers in memory of M.M. Botvinnik;

- in December 2023, the Spartakiad was organized and held in Nevinnomyssk, dedicated to the professional holiday Power Engineer's Day. Competitions took place in such athletic disciplines as table tennis, chess, air rifle shooting, hitting a mini-football goal, throwing a ball into a rim, darts, relay race, standing long-jump, billiards.

In April and October 2023, the Company's employees took an active part in the city-wide subbotniks (Saturday voluntary work day).

In November 2023, 200 employees of the Company took part in a cultural event – the intellectual Quiz.

In April 2023, the children of the Company's employees took part in the children's drawing competition "Rosseti: children draw!", held by Rosseti, PJSC, and in November, on the occasion of the professional holiday – Power Engineer's Day, Rosseti Northern Caucasus, PJSC held a competition of children's drawings "I draw this world", based on the results of which all participants were awarded diplomas, and the winners were given valuable gifts.

During the period from August 1 to October 15, 2023, the Company's employees took part in the "Lines of Light" photo competition.

### **Rewards campaign**

In total, 945 employees of the Rosseti Northern Caucasus Group received awards in 2023, including:

The number of employees who received incentives from the President of the Russian Federation and incentives from the Government of the Russian Federation	–
The number of employees given departmental awards of the Russian Ministry of Energy	47
The number of employees given industry-specific awards	34
The number of employees given corporate awards, including:	864
- Rosseti, PJSC	83
- Rosseti Northern Caucasus, PJSC	246
The number of employees given other awards	535

### **4.2. Occupational and industrial safety**

Expenses on occupational safety in Rosseti Northern Caucasus, PJSC amounted to:

- 2021 – 177.6 million rubles;
- 2022 – 132.3 million rubles;
- 2023 – 135.2 million rubles.

In order to establish a unified system for organizing labor management in the Company and ensure safe and normal working conditions for employees at all stages of production, control compliance with occupational safety requirements at all levels of management in accordance with the requirements of order of Rosseti, PJSC No. 334r dated July 27, 2018 the Regulations on the Occupational Health Management System in the Rosseti, PJSC Group of Companies (OHMS Regulations) were put into effect.

Among the executive staff and in the subdivisions of the branches, work was organized and carried out to bring the regulations on subdivisions and job descriptions of the Company's employees in line with the OHMS Regulations.

There are no significant violations in the field of occupational safety in Rosseti Northern Caucasus, PJSC.

In order to ensure safe and normal working conditions for employees at all stages of production, monitor compliance with occupational safety requirements at all levels of management, increase the efficiency and responsibility of officials organizing and monitoring the effectiveness of the Occupational Health Management System (OHMS) during the OS Days (Occupational Safety Days) inspections of compliance with the requirements of the current OHMS were carried out, including by officials of the Company's divisions responsible for their organization. Based on the identified violations, the directors of the Company's branches were given ordinances, the execution of which was monitored by specialists from the Department of Industrial Safety and Industrial Control of Rosseti Northern Caucasus, PJSC.

Identification of hazards and risk assessment in the field of occupational safety in Rosseti Northern Caucasus, PJSC, branches of Rosseti Northern Caucasus, PJSC is carried out on the basis of the standard of the Rosseti Group STO 34.01-30-001.2-2020 "Identification and Assessment of Professional Risks. Risk Control and Occupational Risk Management".

Identification and assessment is carried out by a team of specialists who perform hazard identification and risk assessment.

An employee who is part of the hazard identification and risk assessment team must have sufficient competence to carry out the work and meet the following minimum requirements:

- know and be able to apply the principles, procedures and methods for identifying hazards and assessing occupational risk levels;
- know and understand:
  - regulatory legal acts in the field of occupational safety;
  - local regulations and other internal documents in the field of occupational safety in force in Rosseti, PJSC;
  - structure, type of activity, functions and tasks of structural divisions (production structural divisions) (SD (PSD)), at the workplaces of which hazard identification and risk assessment are carried out;
  - production equipment (machines, mechanisms, tools and devices) used by employees of (SD (PSD));
- possess personal qualities and skills that include the following:
  - the ability to clearly formulate concepts and express ideas orally or in writing;
  - interpersonal skills (diplomacy, tactfulness and ability to listen);
  - the ability to be unbiased in the process of performing work;
  - the ability to make sound judgments based on objective data.

The investigation of occupational accidents is carried out on the basis of the Regulations on the specifics of the investigation of occupational accidents in certain industries and organizations, the forms of documents, the relevant classifiers necessary for the investigation of occupational accidents, approved by order of the Ministry of Labor and Social Protection of the Russian Federation No. 223n dd. April 20, 2022.

Investigation and record of minor incidents are carried out on the basis of the local regulations of Rosseti Northern Caucasus, PJSC, branches of Rosseti Northern Caucasus, PJSC.

Occupational safety training for employees at Rosseti Northern Caucasus, PJSC in accordance with the requirements of Decree of the Government of the Russian Federation No. 2464 dd. December 24, 2021 is a large complex that includes briefings on occupational safety, internships at the workplace, training in first aid, training in the use and application of personal protective equipment and training in occupational safety requirements, safe methods and techniques for performing work.

In the reporting year, work was carried out (within the framework of the VHI) on an in-depth examination of the state of the cardiovascular system of production personnel, as well as additional measures for the purpose of more detailed and early identification of diseases of the cardiovascular system of employees.

Rosseti Northern Caucasus, PJSC operates various hazardous production facilities (hereinafter referred to as HPF), which include:

- transport areas (truck cranes, car lifts);
- gas consumption network of the enterprise (gas distribution plant);
- air intake platform (use of equipment operating under excess pressure of more than 0.07 MPa).

**In accordance with the requirements of Federal Law No. 116-FZ dd. July 21, 1997 “On Industrial Safety of Hazardous Production Facilities”, Decree of the Government of the Russian Federation No. 263 dd. March 10, 1999 “On the organization and exercise of production control over compliance with industrial safety requirements at hazardous production facility”,** by order of Rosseti Northern Caucasus, PJSC No. 104 dated March 27, 2023 “On the organization of production control over compliance with industrial safety requirements at hazardous production facilities”, the Regulations on the organization of production control over compliance with industrial safety requirements at hazardous production facilities of Rosseti Northern Caucasus, PJSC and Chechenenergo, PJSC, were approved, the goals of which are to ensure compliance with industrial safety requirements at HPF, safe operation, prevent accidents and ensure the readiness of the Company's divisions to localize and eliminate the consequences of accidents at HPF through the implementation of a set of organizational and technical measures, and introduced the procedure for making and implementing decisions on diagnostics, testing, and certification of technical equipment used at HPF.

By Order of Rosseti Northern Caucasus, PJSC No. 542 dated November 8, 2023 (Order of Rosseti, PJSC No. 412 dated September 21, 2023) the Policy of the Rosseti Group of Companies in the field of occupational safety was approved, the main goals of which are:

- creating healthy and safe working conditions;
- consistent and continuous reduction of the rate of work-related injuries and the number of occupational diseases;
- creating and maintaining a positive image of the employer in the labor market, strengthening the confidence of shareholders, investors, creditors and other stakeholders;
- ensuring a high level of corporate safety culture.

No occupational diseases of employees were registered in the Company in 2023.

In order to improve the level of production discipline, solve problems of electrical safety, as well as introduce new principles of an effective occupational safety management system, the Company is implementing the concept of “zero accidents” (Order No. 39 dated February 7, 2023).

A program of measures (road map) for the implementation of this concept has been developed and approved.

The roadmap activities planned for 2023 were implemented in full volume:

- meetings of the Company were held in the format of strategic sessions with the involvement of employees of Technical Supervision Center, Branch of Rosseti, PJSC;
- as part of the implementation of the “zero accident” concept technical supervisors visit divisions of the Company and meet with teams of employees in branches;
- the “key safety rules” are disseminated and promoted, which are the rules of the top importance that determine the basic model of behavior of employees when performing work associated with a high risk of injury, strict adherence to these rules is ensured;
- the Action Plan for the development and implementation of elements of a system of financial and non-financial motivation of employees is being implemented;
- training of occupational safety coaches from among the company's employees takes place as part of the implementation of the “zero accident” concept;
- other events.

In order to ensure the priority of preserving health and life of employees of the Company relative to any other results of labor activity during 2023, in accordance with the requirements of the Labor Code of the Russian Federation (Federal Law no. 197-FZ dd. December 30, 2001), work was carried out to ensure safe working conditions at workplaces and to prevent work-related injuries and injuries of third parties at the Company's facilities, namely:

- the annual activities determined by the order of the Ministry of Labor and Social Development of the Russian Federation No. 771n dated October 29, 2021, the activities of the Comprehensive Program to reduce the risk of injury to personnel of Rosseti Northern Caucasus, PJSC and third parties at the facilities of Rosseti Northern Caucasus, PJSC (Comprehensive Program), approved by order of Rosseti North Caucasus, PJSC No. 378 dated August 30, 2022 “On approval of programs to reduce the risk of injury”, were fulfilled;
- to control the state of working conditions, means of protection, provision of personnel with special clothing, footwear, sanitary and living conditions in all branches of the Company, the OS Day was held monthly, in the work of the commissions for which the members of the Central Commission of the executive staff of the Company on organization of the OS Day took an active part;
- to control the state of health and maintain the functional activity of the personnel, the Companies carried out preliminary, periodic, pre-trip and post-trip medical examinations, psychiatric examination of the personnel, work was carried out to ensure the psychological and physiological safety of professional activities;
- to control the state of occupational safety in the divisions of the Companies, employees of the occupational safety and production control department provided methodological assistance on occupational safety issues;
- on the basis of the requirements of Article 224 of the Labor Code of the Russian Federation (Federal Law No. 197-FZ dd. December 30, 2001), in order to organize joint actions of the employer and employees to ensure fulfillment of occupational safety requirements, prevent work-

related injuries, occupational diseases and maintain the health of employees, the Occupational Safety Committees worked in the executive office and branches of the Company;

- to promote occupational safety, eliminate work-related injuries and increase the responsibility of employees of the Company's branches for their personal safety and the safety of their subordinate personnel, the Company holds meetings in the work teams of all branches of the Company on prevention and non-admission of accidents;
- the reasons and circumstances of accidents that occurred with employees of subsidiaries and affiliates of Rosseti, PJSC were discussed and analyzed with the personnel of the Company. The issues of checking the fact of analyzing the causes and circumstances of accidents and bringing to the attention of the personnel of operational and information reports about accidents that occurred in 2023 are monthly included in the programs for holding the OS Days;
- to prevent work-related injuries, improve the state of safety and workplace hygiene, improve the culture of production, establish an integrated approach to eliminate identified violations and eliminate the causes of their occurrence, promptly eliminate shortcomings in the structural divisions of Rosseti Northern Caucasus, PJSC, the OS Days are usually carried out in an integrated way.

During the OS Day, highly qualified employees of the branch and the executive office of the Company conducted classes with the operating personnel of the network sections of the Distribution Zone. The causes and circumstances of accidents that occurred in the integrated power grid of Rosseti, PJSC, were analyzed during the training sessions, the reasons for violations by personnel of the requirements of operational dispatch discipline were analyzed, psychological tests, lectures, etc. were conducted, the possible consequences and responsibility of personnel for violations of the requirements of OS rules, including criminal one, were discussed. This work is very effective in terms of improving the skills of operating personnel and increasing their responsibility for compliance with the requirements of the Rules.

Demonstrative work authorizations are arranged in all branches of electric grid of Rosseti Northern Caucasus on a quarterly basis (during the OS Day).

Conducting demonstrative work authorizations is one of the forms of personnel training and is aimed at solving the following tasks:

- checking the ability of operational personnel to prepare the workplace in accordance with the measures specified in the work permit (order), the nature and place of work, to conduct briefing of members of the work team at the time of authorization;
- checking the ability of responsible supervisors, employees responsible to accept the workplace with due quality and instruct the team on the technology of performing work and safety measures when performing the work;
- interaction of operational, maintenance personnel and engineering and technical employees in carrying out the necessary measures to prepare the workplace and conduct targeted briefings upon authorization;
- analysis of errors arising in the process of implementation of organizational and technical measures for the preparation of the workplace and admission to work;
- a comprehensive assessment of readiness of operational and repair teams.

Analysis of assessment of the quality of organization of OS Days is carried out at conference calls with the participation of members of the Central Committee of the executive office of the Company.

When holding OS Day during the year, the specific features of its organization were taken into account:

- before the start of the repair campaign;
- during the repair campaign;
- during the period from November to December, special attention is paid to the analysis of the effectiveness of occupational safety measures taken during the year.

### Indicators in terms of occupational safety management

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021 actual	2022 actual	2023 actual	
<i>Occupational accidents</i>					
For employees:					
The number of persons injured during occupational accidents with a fatal outcome, the number of occupational accidents with a fatal outcome	persons/ pcs.	3/3	2/2	2/2	0
The number of persons injured during occupational accidents with severe injuries, the number of occupational accidents with severe injuries	persons/ pcs.	0/0	1/1	4/4	400
For persons who are not employees, but whose work and (or) workplace is controlled by the Company					
The number of persons injured during occupational accidents with a fatal outcome, the number of occupational accidents with a fatal outcome	persons/ pcs.	0/0	0/0	0/0	0
The number of persons injured during occupational accidents with severe injuries, the number of occupational accidents with severe injuries	persons/ pcs.	0/0	0/0	0/0	0
<i>Occupational diseases and work associated with increased danger</i>					
For employees:					
The number of occupational diseases that caused the death of an employee in the reporting year	pcs.	0	0	0	0
The number of employees recognized as disabled as a result of an occupational disease in the reporting year	persons	0	0	0	0
The number of persons with an occupational disease identified in the reporting period	persons	0	0	0	0

### Fire safety and occupational safety

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021 actual	2022 actual	2023 actual	
Number of fires	pcs	6	14	7	-50

### 4.3. Environmental protection

Restated Environmental Policy of the Power Grid Complex was approved by decision of the Board of Directors of Rosseti, PJSC dated July 17, 2020 (Minutes No. 422 dated July 20, 2020). By decision of the Board of Directors of Rosseti Northern Caucasus, PJSC, dd. October 5, 2020 (Minutes No. 437 dd. October 8, 2020), the Company joined the implementation of the Environmental Policy and approved it as an internal document.

According to the category of Negative Environmental Impact of facilities (NEI facilities) the divisions of Rosseti Northern Caucasus, PJSC were assigned categories III and IV.

Name of the branch of the Company	Number of category III NEI facilities	Number of category IV NEI facilities	Total number of NEI facilities registered
Stavropolenergo	32	3	35
Karachaevo-Cherkesskenenergo	23	-	23
Sevkavkazenergo	4	-	4
Kabbalkenergo	12	-	12
Ingushenergo	8	-	8
Dagenergo	2	2	4
Total	81	5	86

In accordance with the requirements for category III NEI facilities in terms of compliance with the requirements of environmental legislation, the following documentation has been developed and is timely updated in the branches of Rosseti Northern Caucasus, PJSC:

1. Inventory of emission sources.
2. Draft standards for permissible emissions (calculation for pollutants of hazard class I, II).
3. Industrial environmental control programs.
4. Waste certificates.
5. Waste transportation logs.
6. Projects of sanitary protection zones.
7. Decisions on the establishment of sanitary protection zones.

Annual reporting forms are submitted to authorized government bodies:

1. No. 2 TP – waste.
2. No. 2 TP – air.
3. No. 2 TP – water management.
4. No. 4 – OS.
5. Reports using forms 6.1, 6.2, 6.3.
6. Declaration of payment for negative impact on the environment.
7. Report on the organization and results of industrial environmental control (IEC).

The main sources of air pollution in the branches of Rosseti Northern Caucasus, PJSC are garage units, namely: workshops, repair bays, and parking lots. In accordance with IEC programs, measurements of pollutants in the atmospheric air from the source of pollution are made. No exceedances of the maximum permissible concentration were recorded. Since the concentrations of pollutants caused by emissions from the facilities on the borders of the nearest residential areas and adjacent territories do not exceed the established standards for atmospheric air pollution in the current situation, no measures are provided to reduce emissions of pollutants. Noise screens not required to be installed.

Rosseti Northern Caucasus, PJSC does not have a license to carry out activities for the management of waste of hazard classes I–IV. In this regard, for the disposal of waste of hazard classes III–IV, agreements have been concluded with organizations that have licenses for waste management. For the disposal and neutralization of waste of hazard classes I–II, a centralized agreement was concluded with the Federal State Unitary Enterprise “Federal Environmental Operator” (hereinafter referred to as the Federal State Unitary Enterprise “FEO”).

Waste is accumulated in equipped places that meet the requirements of the law in the field of sanitary and epidemiological welfare of the population in compliance with the guidelines for arrangement of accumulation.

The municipal solid waste is accumulated in accordance with the rules for handling solid municipal waste approved by the Government of the Russian Federation.

In 2023, an increase in the volume of waste generation vs the 2022 indicators was recorded for the actual generation and transfer of waste of hazard classes I–V to specialized enterprises. The increase in the volume of waste generation is due to the revision of the terms of the contract for the removal of SMW by regional operators (the volume of waste generation is calculated based on the area of operating departments).

In 2023, FSUE “FEO” processed 2022 applications for the removal of hazardous waste of hazard classes I and II for neutralization. Fulfillment of applications under the contract concluded in 2023 was completed in 2024. The accumulation period of generated waste does not exceed 11 months.

Last year, the branches of Rosseti Northern Caucasus, PJSC continued to equip power grid facilities with bird protection systems (35–110 kV OL). The bare wire was replaced with SSIC.

All transformer substations are fenced and equipped with protective covers, which prevents animals from entering the substation territory and getting into components and mechanisms.

Expenditures on environmental protection in 2023 amounted to 24,299.67 thousand rubles.

### Environmental performance

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021 actual	2022 actual	2023 actual	
Gross emissions of pollutants into the atmosphere, total	t	18.469	23.307	18.90	-18.9
Water consumption volume	m <sup>3</sup>	186.167	135.07	154.07	-12
Waste generated	t	2,419.667	3,019.056	5,008.32	65
The volume of waste transferred for recycling and neutralization	t	127.732	213.744	631.23	195
Fee for adverse environmental impacts	thousand roubles	188.689	93.651	100.58	7.4

### 4.4. Energy consumption and energy saving

Energy saving and energy efficiency improvement activities of Rosseti Northern Caucasus, PJSC in 2023 were arranged in accordance with Federal Law of the Russian Federation dated November 23, 2009 No. 261-FZ “On Energy Saving and Improving Energy Efficiency ...”, orders of the Ministry of Energy of Russia, Regulation on the Preparation of Energy Saving and Energy Efficiency Improvement Programs of Subsidiaries and Affiliates of Rosseti PJSC (approved by decision of the Board of Directors of Rosseti OJSC dd. May 29, 2014 (Minutes No. 156 dated June 2, 2014), as well as in accordance with the Energy Saving and Energy Efficiency Improvement Program of Rosseti Northern Caucasus, PJSC for 2022–2027. (Program) approved by the decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dd. August 26, 2022 (Minutes No. 509 dated August 29, 2022).

For ensuring the implementation of the Program in the executive office and branches of Rosseti Northern Caucasus, PJSC, in accordance with Order of Rosseti, PJSC dated September 9, 2013 No. 561 “On the Arrangement of Energy Saving and Energy Efficiency Improvement Activities in Rosseti PJSC”, executives responsible for monitoring of the Program implementation were appointed, working groups were established to analyze the implementation of Programs (Order of

IDGC of North Caucasus, OJSC dated October 7, 2013 No. 518 “On the Arrangement of Energy Saving and Energy Efficiency Improvement Activities in IDGC of North Caucasus, JSC”, Order of Kabbalkenergo branch of IDGC of North Caucasus, PJSC, dated April 26, 2018 No. 145, Order of Karachaevo-Cherkessia branch of IDGC of North Caucasus, OJSC dated October 14, 2013 No. 290 “On the Arrangement of Energy Saving and Energy Efficiency Improvement Activities in Karachaevo Cherkessia branch of IDGC of North Caucasus, OJSC”, Order of North Ossetian branch of IDGC of North Caucasus, OJSC, dated October 15, 2013 No. 595, Order of Sevkavkazenergo branch of the IDGC of North Caucasus, PJSC, No. SOF/7r dated January 25, 2018, “On the Arrangement of Energy Saving and Energy Efficiency Improvement Activities”, Order of Stavropolenergo branch of IDGC of North Caucasus, PJSC, dated November 01, 2017 No. 259 “On the Arrangement of Energy Saving and Energy Efficiency Improvement Activities”, Order of Ingushenergo branch of IDGC of North Caucasus, PJSC, on February 01, 2018, No. 16 “On the Arrangement of Energy Saving and Energy Efficiency Improvement Activities”, order of Dagenergo, Branch of Rosseti Northern Caucasus, PJSC No. 1.1/157-r dated September 13, 2021 “On Approval of the Power Grid Reporting Regulations”).

### Energy consumption and energy saving indicators

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021	2022	2023 actual	
Consumption of fuel and energy resources (FER)	thousand toe	15.3	16.4	15.62	-4.76
	million rubles	485.94	503.42	531.88	5.65

### Amount of energy resources used in 2023

Item No.	Type of resources	Unit of measurement	2023 Plan	2023 Actual	Variation, %
1.	Thermal energy	Gcal	6,674.54	7,168.81	7.41
		thousand toe	0.95	1.02	7.37
		million rubles, net of VAT	14.74	16.59	12.55
2.	Electric energy	mln kWh	48.19	46.04	-4.46
		thousand toe	5.78	5.52	-4.5
		million rubles, net of VAT	206.36	178.43	-13.53
3.	Motor gasoline	thousand l	4,989.31	5,332.70	6.88
		thousand toe	5.65	6.04	6.9
		million rubles, net of VAT	214.02	228.23	6.64
4.	Diesel fuel	thousand l	1,639.98	2,048.55	24.91
		thousand toe	2.02	2.52	24.75
		million rubles, net of VAT	80.66	102.84	27.5
5.	Natural gas*	thousand m3	359.38	446.84	24.34
		thousand toe	0.41	0.52	26.83
		million rubles, net of VAT	5.69	5.79	1.76

Item No.	Type of resources	Unit of measurement	2023 Plan	2023 Actual	Variation, %
* Including gas used as a motor fuel in the amount of 0.12 thousand m <sup>3</sup> (2.36 million rubles VAT exclusive), as well as gas used for the needs of administrative and industrial buildings, in the amount of 446.72 thousand m <sup>3</sup> 3.43 million rubles VAT exclusive).					

Other types of energy resources in 2023 were not consumed by the Company.

#### 4.5. Regional development

Rosseti Northern Caucasus, PJSC, operates throughout the Northern Caucasus Federal District. The district was created by Decree of the President of the Russian Federation dated January 19, 2010. The district's territory makes 170.4 thousand sq. km. (1% of the whole Russian territory).

The region has specific social and economic, political and natural characteristics, which may pose threats for formation and operation of economically stable and investment-attractive entities of the power markets. However, we believe that the mentioned features of the district are the opportunities of the Company, making it possible to acquire a unique experience in solving issues of the power industry. The main conditions for turning threats into opportunities may include persistent pursuing of the strategic benchmark for achievement and maintenance of operating efficiency, as well as responsible and honest Company management.

##### Factors of region investment attractiveness:

- special governmental support measures;
- special institutes of development for the district;
- opportunity to develop any types of tourism;
- transport accessibility;
- wide opportunities for industrial complex development;
- unique natural and climatic conditions.

##### District geography

The district has borders with:

- by land – with the South Federal District, Abkhazia, Azerbaijan, Georgia and South Ossetia;
- by water borders – Iran, Kazakhstan and Turkmenistan;
- it is bound by the Caspian Sea in the east, the Greater Caucasus Range and Georgian and Azerbaijani borders in the south, and Russian internal political borders in the west and north.

The district enjoys a unique combination of balneological resources – mineral drinking waters, thermal waters and therapeutic muds (about 30% of mineral water resources and over 70% of thermal water resources of Russia are concentrated here). The Greater Caucasus mountain range occupies about 50% of the area of the Northern Caucasus Federal District.

Constituent entities of the Russian Federation included into the area of responsibility of Rosseti Northern Caucasus, PJSC, are characterized by rather weak development of the territory. However, the developed infrastructure, including power engineering, is the necessary condition for territory development and the city growth. Understanding our responsibility in this area, the company applies every effort to build a high-technology, reliable and safe grid infrastructure.

Rosseti Northern Caucasus, PJSC makes the following contribution to the economic development of the constituent entities of the Russian Federation included in the Company's area of responsibility:

- infrastructural basis of the economy. Ensuring reliable, quality and affordable electric power supply for consumers is the strategic task of the Company. By improving the process infrastructure and expanding mechanisms for interaction with consumers, the Company strives to constantly improve the efficiency of its activities, the availability and quality of services provided, and the trouble-free operation of the energy system in its area of responsibility;
- investments for infrastructure development for the benefit of consumers. The Company is implementing an investment program aimed at ensuring the development of the electrical grid infrastructure, retrofitting fixed assets, increasing the availability of the electrical grid infrastructure, and expanding the service area;
- creation of jobs and tax revenues. The Company is one of the largest employers in the Northern Caucasus Federal District. The Company strives to create and provide comfortable and safe working conditions and competitive wages for its employees;
- introduction of innovations and support of technological development. The Company is trying to introduce advanced technological and scientific developments;
- support for domestic manufacturers. The Company is trying to reduce the share of imports in the procurement structure and support domestic manufacturers and suppliers;
- increasing the share in the power supply market. In order to create a single center of responsibility for ensuring reliable, high-quality and affordable power supply, the Company is consolidating power grid assets used in the process of electric power transmission on the territory of the Russian Federation. Unified management principles and technical policy requirements are aimed at ensuring reliable power supply to consumers and security of energy supply of the regions in the area of responsibility.

Rosseti Northern Caucasus, PJSC, as one of the largest employers in the Northern Caucasus Federal District, also sees its role in supporting a stable high economic growth and increased employment in the region. To achieve and maintain the status of a modern highly efficient company the strategic development of the Company is based on implementation of the social policy measures.

#### **4.6. Procurement Activities**

Procurement activity of Rosseti Northern Caucasus, PJSC, is governed by the Common Standard for Procurement Activity adopted by Rosseti, PJSC (Regulations about Procurement) approved by decision of the Board of Directors of Rosseti, PJSC dd. December 14, 2018 (Minutes No. 334 dd. December 17, 2018), Order No. 330 made by IDGC of Northern Caucasus PJSC, on June 17, 2019 "About Procurement Activity Arranging".

Procurements procedural regulation is applied to ensure the intended and effective expenditure of the Company's monetary funds and to receive economically feasible costs and prevent any possible improper use by the Customer (Procurements Organizer).

The main principals for procurement activity arranging shall be:

- a) proper (long-term and short-term) planning of procurement activity, making it possible to draw fast decisions to adjust procurements parameters (where applicable);
- b) equality, justice, nondiscrimination and absence of any other unwarranted competition restrictions as to procurement participants;
- c) targeted and cost-effective expenditure of funds for acquisition of goods, works, services and implementation of measures aimed at reducing customer costs;
- d) no limitation of admission to participate in the procurement by establishing unmeasured requirements to the participants of purchase;
- e) ensuring the procurement activity transparency;
- f) honest and reasoned choice of the most preferential offers upon the comprehensive review of benefits and costs (first of all, products prices and quality);
- g) complying with the applicable law standards governing the procurement activity arrangement.

The procurement procedure may be held in several ways:

- **competition** is a procedure that is carried out to attract applications and choose the most appropriate way to meet the needs of the customer;
- **auction** is held in the procurement of products for which there is a competitive market of manufacturers and with respect to which the initiator of procurement provides detailed requirements in the form of a terms of reference. The central procurement body of Rosseti PJSC has the right to determine the list of products purchased only based on the results of the auction;
- **request for proposals** is arranged if there is no need to immediately conduct the procurement procedure from a single source and the complexity of the product or the conditions for its delivery do not allow an auction, a request for prices; in the event that the customer needs to have an option to withdraw from the procurement or conclude a contract and if the initial (maximum) price of the contract does not exceed 10 million rubles (VAT inclusive);
- **request for quotations** – the request for quotations can be carried out when purchasing simple products where there is a functioning market, the only criterion is the price, and provided that the contract price does not exceed 5 million rubles for a public price inquiry (VAT inclusive);
- **relative assessments of prices** is carried out when there are clearly formulated technical specifications for the purchased products, including when the functional characteristics (consumer properties) of the goods, dimensions, packaging, shipment of goods are determined, specific requirements for the deliverables of work (services) are established in the form of a technical assignment, there is no time to conduct another competitive bidding (procurements with the relative assessment of prices are carried out with an amount of up to 100 000 rubles VAT inclusive.);
- **procurement from the sole supplier** is used if it is necessary to purchase unique goods; if the products can be received from only one supplier and no equivalent replacement option is available; in the event that there is a need for additional procurement by renewal of contracts; in the case when the contract was concluded based on the results of a competitive bidding and the possibility of renewal was provided for in the procurement documentation; in the event that, by decision of the CPB of the customer, the procurement can be made through the participation of the customer in auctions, tenders or other procedures organized by sellers of products.

Subject to cl. 3 of the Procurements Common Standard the information about regulated procedures held and the report about the results thereof are posted at the official web-site [www.zakupki.gov.ru](http://www.zakupki.gov.ru).

In fact, for the period, 510 procurements were made for a total amount of 8,357,218.03 thousand rubles, VAT exclusive.

Also by types of procurements:

- 132 procurements – tender (public tender, tender in electronic form, non-public tender in electronic form, non-public tender in non-electronic form) in the amount of 5,793,497.24 thousand rubles, VAT inclusive (10.8% the total procurement amount, 35.3% of the total procurement volume in terms of value);

- 16 procurements – request for quotations based on the results of a competitive shortlisting in the amount of 97,240.76 thousand rubles, VAT inclusive (19.6% the total procurement amount, 11.0% of the total procurement volume in terms of value);

- 37 procurements – request for proposals (request for proposals in electronic form, non-public request for proposals in electronic form, non-public request for proposals in non-electronic form) in the amount of 144,228.93 thousand rubles, VAT inclusive (5.4% the total procurement amount, 2.1% of the total procurement volume in terms of value);

- 68 procurements – request for quotations (request for quotations in electronic form, non-public request for quotations in electronic form, non-public request for quotations in non-electronic form) in the amount of 116,470.14 thousand rubles, VAT inclusive (1.9% the total procurement amount, 0.4% of the total procurement volume in terms of value);

- 36 procurements from the sole supplier in the amount of 123,370.75 thousand rubles, VAT exclusive (13% of the total procurement amount, 8.90% of the total procurement volume in terms of value);

- 146 procurements from the sole supplier based on the results of failed public procedures in the amount of 2,699,071.26 thousand rubles, VAT exclusive (23.6% of the total procurement amount, 39.1 % of the total procurement volume in terms of value);

of them are procedures with the only participant (one submitted application) for the amount of 809,721.38 thousand rubles, VAT exclusive (49.8% of the procurement amount based on the results of failed open procedures in monetary terms):

of them are procedures with the only qualified participant (one application satisfies TOR, applications of other participants are refused) for the amount of 1,889,349.88 thousand rubles, VAT exclusive (50.2% of the procurement amount based on the results of failed open procedures in monetary terms):

Also by types of activity:

Reconstruction and technical re-equipment of power grid facilities – 113 procurements for the amount of 3,271,092.56 thousand rubles, VAT inclusive (27.9% of the total procurement amount, 20.9% of the total procurement volume in terms of value);

“Power repair production, maintenance – 167 procurements for the amount of 4,262,865.33 thousand rubles, VAT inclusive (15.5% of the total procurement amount, 11.8% of the total procurement volume in terms of value);

IT-procurement – 35 procurements for the amount of 137,695.85 thousand rubles, VAT inclusive (3.7% of the total procurement amount, 3.1% of the total procurement volume in terms of value);

Other procurement – 100 procurements for the amount of 685,564.29 thousand rubles, VAT inclusive (33.9% of the total procurement amount, 50.6% of the total procurement volume in terms of value);

104 procurements using the “Relative Assessments of Prices” method in the amount of 36,940.65 thousand rubles, VAT inclusive, using the electronic trading system.

474 procurements were made using e-commerce in the amount of 7,376,085.85 thousand rubles, VAT exclusive (88,00% of the total procurement scope, 91,10% of the total procurement amount (excluding purchases from a single source) in monetary terms).

**Information on the number and total cost of contracts concluded as a result of procurement from SMEs for the reporting period:**

Indicator	Number of contracts	Contract value (thousand rubles, VAT inclusive)	Total amount of payment under concluded contracts (thousand rubles, VAT inclusive)*	Share of concluded and paid contracts*, %
Procurement from SMEs*	345	6,532,123.33	2,064,235.08	209
including procurements only among SMEs (“special auctions”)	229	1,792,539.69	675,236.23	139

\* The data are generated in accordance with the requirements of Decree of the Government of the Russian Federation No. 1352 dd. December 11, 2014.

The economic effect based on the results of the procurement procedures for the period amounted to 321,554.97 million rubles, VAT inclusive, or 4% of the declared planned value of procurements.

**4.7. Anti-corruption policy and ensuring the security of economic activity**

Subject to Clause 13.3 of Federal Law No. 273-FZ dd. December 25, 2008 “About Fighting against Corruption” in Rosseti Northern Caucasus, PJSC a set of measures and goals was being implemented aimed to prevent and fight corruption.

Rosseti Northern Caucasus, PJSC conducts ongoing control and regular monitoring of the efficiency of implemented anti-corruption standards and procedures and controls implementing thereof.

On July 19, 2023, the Board of Directors of Rosseti Northern Caucasus, PJSC approved a new version of the Anti-Corruption Policy of Rosseti Northern Caucasus, PJSC (Anti-Corruption Policy) (Minutes No. 536 dated July 21, 2023).

The adopted Anti-Corruption Policy is a strategic document of Rosseti Northern Caucasus, PJSC, which defines the unified approach of the Rosseti Group of Companies to the implementation of the requirements of Article 13 of Federal Law No. 273-FZ dd. December 25, 2008 “On Combating Corruption”, concerning the development and adoption of measures to prevent and combat corruption.

This Anti-Corruption Policy is aimed at solving the following tasks: development and implementation of a set of organizational, explanatory and other measures to ensure that employees comply with prohibitions, restrictions and requirements established for combating corruption, unification of anti-corruption standards for employees of the Company and its managed companies, ensuring control over the imposition of the statutory legal liability in each case of non-compliance with prohibitions, restrictions and requirements established for the purpose of combating corruption, including measures to prevent and (or) resolve conflicts of interest, ongoing work aimed at development of negative attitude towards corruption among employees.

The full text of the Anti-Corruption Policy of Rosseti, PJSC and subsidiaries and affiliates of Rosseti, PJSC is presented in the Anti-Corruption Policy section on the official website of Rosseti Northern Caucasus, PJSC at: <http://www.rossetisk.ru/about/antikorrupsionnaya-politika/>.

Implementation of regulations and anti-corruption policy requirements was carried out in the reporting period in the context of the List of Anti-corruption Activities in Rosseti Northern Caucasus, PJSC (Appendix No. 1 to the Anti-Corruption Policy) and the Actions Plan for prevention and combating corruption in Rosseti Northern Caucasus, PJSC, in 2023.

In order to improve the legal regulation of anti-corruption activities of the Company and the managed Companies, to form a common approach to work on prevention and combating corruption in 2023, a number of organizational and administrative documents governing the main areas of work were developed, implemented and updated:

- Order No. 47 dd. February 13, 2023 “About Approving the Plan of Corruption-Fighting Measures in Rosseti Northern Caucasus, PJSC, and Managed Companies for 2023”;
- Order No. 49 dd. February 14, 2023 “On the Implementation of the Code of Corporate Ethics”;
- Order No. 150 dd. April 11, 2023 “On Amendments to Order No. 334 dated August 6, 2021”;
- Order No. 247 dd. June 16, 2023 “On approval of the Regulations on the notification by employees of Rosseti Northern Caucasus, PJSC and Managed Companies about the receipt of business gifts and the Rules for the exchange of business gifts and signs of business entertainment in Rosseti Northern Caucasus, PJSC and Managed Companies”;
- Order No. 292 dd. July 7, 2023 “On approval of the Procedure for organizing control, including anti-corruption control, procurement activities and the Procedure for organizing anti-corruption examination of the organizational and administrative documents of Rosseti Northern Caucasus, PJSC”;
- Order No. 378 dd. August 29, 2023 “On approval of the Procedure for organizing risk management and internal control in the field of preventing corruption and misconduct in Rosseti Northern Caucasus, PJSC and Managed Companies”;

- Order No. 508 dd. October 24, 2023 “On Conducting an Anonymous Survey”.

Such organizational and administrative documents to an adequate degree enable the Company to perform anti-corruption operations, to estimate the state of work, to correct and improve in day-to-day operations in the context of the Russian law.

In accordance with the requirements of the Anti-Corruption Policy, the Company and Managed Companies took part in collective initiatives to combat and prevent corruption (Rosseti Northern Caucasus, PJSC is a member of the Anti-Corruption Charter – certificate No. 2071 dated May 25, 2015).

The Company is carrying out work to prevent and resolve conflicts of interest, organized the annual declaration of the conflict of interest of the Company's employees and the declaration of the conflict of interest of candidates for vacant positions in Rosseti Northern Caucasus, PJSC and managed companies when hiring, as well as when transferring employees. Analysis of the information obtained in the course of declaring a conflict of interest of employees is carried out. The report on declaring the conflict of interest of employees of Rosseti Northern Caucasus, PJSC, in accordance with the current organizational and administrative documents, is submitted to Rosseti, PJSC on a timely basis.

Within the task of the annual declaration of conflict of interest, in the first quarter of 2023 the campaign was carried out on the annual declaration of conflict of interest of employees of administrative personnel of the executive office of the Company and managed companies for 2022 in accordance with Order of Rosseti Northern Caucasus, PJSC, No. 268 dd. June 30, 2021 “On measures to prevent corruption – to prevent and settle the conflict of interest in Rosseti Northern Caucasus, PJSC, and Managed Companies”. A total of 2,038 employees was declared. During the inspection of employee conflict of interest declarations, 1 case of a pre-conflict situation related to the fulfillment of certain functions of an employee of the Company in relation to relatives was identified, 7 cases related to the participation of an employee in a legal entity which was not indicated in the declaration, the deficiencies were eliminated, 1 case of a pre-conflict situation related with part-time work as an employee in a legal entity being a counterparty of the Company. All pre-conflict situations were resolved in the ordinary course of business.

In order to exclude any personal interests of employees (candidates) in the course of their employment duties implementing and business decisions making, and identification, prevention and resolution of the conflict of interest in the reporting period, the work was undertaken to verify the declarations of conflict of interest of applicants for work in the Company and its managed companies. 2,869 declarations of candidates for the job were checked in 2023, the corresponding conclusions were prepared. 34 opinion are executed and submitted to the structural subdivisions of the Company's and its managed companies' HR Department and organization design having influenced making the decisions to refuse to make a labor contract with an applicant for any vacancy (inaccurate information provided by the applicant in the declaration of such applicant's conflict of interests, received information about an applicant's unreliability, etc.).

As part of the implementation of standards and procedures designed to ensure diligent work, in order to identify facts of affiliation and other abuse in Q1 in 2023, measures were performed to verify information on income, property and obligations of property nature for 2022 in respect of employees, holding positions in Rosseti Northern Caucasus PJSC and their close relatives for 2022. In total, the data of 21 declarants and 60 of their close relatives was verified. The identified deficiencies that were not related to pre-conflict situations were eliminated promptly.

The Company has Order No. 334 dd. August 6, 2021, in effect approving the Procedure for accepting, reviewing and handling requests of filers (employees, contractors of Rosseti Northern Caucasus, PJSC, and managed companies, other individuals and legal entities) of any possible corruption facts (Procedure). The Procedure provides for a consolidated mechanism to arrange accepting, reviewing and handling appeals filed by the employees of Rosseti Northern Caucasus, PJSC, and managed companies, contractors and other natural and legal persons about any possible corruption facts and governs settling the goals of any possible corruption facts checking and respective measures elaborating to suppress corruption offences. Such Procedure provides for available for all parties means of appeals sending and preliminary consideration, terms and such consideration control, the form of keeping the Log of Registering and Recording Filers' Appeals in connection with possible corruption facts in all the Company's branches and managed companies. In 2023 in accordance with the established procedure 22 appeals were registered about possible corruption facts in the Company and its managed companies. As a result of the internal investigations carried out, based on the facts stated in the appeals, no violations with a corruption component were identified.

As part of implementing requirements of a common Corruption Fighting Standard in conducting corruption fighting control in the procurement, Security Unit employees carried out 1,303 inspections of procurement documentation and participants in the procurement/contracting parties in order to assess their level of reliability and integrity, affiliation excluding, conflict of interest and other abuses discovering, associated with the positions held in the Company. Active work is underway to reduce the initial (maximum) price of procurement procedures. In 2023, the IMP was reduced by a total amount of 36.32 million rubles.

On a permanent basis, work is carried out to form list of Company's insiders, on timely notification of persons included/excluded in/from the list of insiders, transmission of information about insiders to securities trade organisers (stock exchanges), preparation and direction of the relevant statements, as well as to verify the chain of owners of procurement participants, compilation and checking information about the concluded agreements with counterparties of the Company, managed Companies, beneficiaries, entering data into the Automated System for Analysis and Collection of Information on Beneficiaries (AS ACIB) of Rosseti, PJSC.

### Safety assurance indicators

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021 actual	2022 actual	2023 actual	
The number of inspection activities carried out with the participation of SD of branches in the field of financial and economic activities to identify, prevent and compensate (repay) damage	pcs.	3,784	7,319	8,788	20.07
Anti-corruption control of procurement activities stages (consideration of analytical notes, issues submitted for consideration at the meetings of the Central Procurement Body (Central Tender Committee), anti-corruption examination of draft contracts, verification of procurement participants for possible affiliation with the Company's employees	pcs.	3,619	4,094	3,662	-10.56
Considered appeals to the hotline about possible facts of corruption and fraud	pcs.	45	27	22	-18.52
Prevented material damage based on the results of the work performed	million rubles	37.2	241.08	42.6	-82.33

Percentage of security personnel trained in the Company's human rights policies or specific procedures and their application in the field of security	%	100	100	100	0
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#### **4.8. Information disclosure, public relations, relations with public authorities and mass media**

##### Disclosure of information on the securities market

Information disclosure is an important element of the Company's corporate governance, providing an opportunity for the Company's shareholders, investors and other stakeholders to get an objective idea of the results of the Company's activities, its plans and development directions.

The Company policy of Company information disclosure is aimed at providing the high degree of confidence from shareholders, potential investors, contractors and other stakeholders. This aspect is implemented by providing the said persons with information about themselves, their activities and the Company's securities in an amount sufficient for the said persons to make reasonable and informed decisions regarding Rosseti Northern Caucasus, PJSC and its securities.

In 2023 the Company disclosed information in compliance with the requirements set forth in the Russian Federation law for issuers, who place and/or trade securities in the Russian Federation: Federal Law No. 208-FZ dd. December 26, 1995 “On Joint Stock Companies” (hereinafter referred to as the Federal Law “On Joint Stock Companies”), Federal Law No. 39-FZ dd. April 22, 1996 “On the Securities Market”, Bank of Russia Regulation No. 714-P dated March 27, 2020 “On Disclosure of Information by Issuers of Issue-grade Securities” and other regulatory legal acts of the Russian Federation, as well as additionally disclosed other information. In 2022, by decision of the Board of Directors of the Company dated June 14, 2022 (Minutes No. 503 dated June 17, 2022), a new Resolution on Information Policy of Rosseti North Caucasus, PJSC was approved. In 2023, for the purpose of monitoring compliance with information policy, the Board of Directors of the Company considered the issue of compliance with the Resolution on Information Policy of the Company for 2022 (Minutes No. 530 dated April 20, 2023).

Rosseti Northern Caucasus, PJSC discloses the information, inter alia, on the basis of the relevant plan, which is published on the corporate [website](#) of the Company in the section “To Shareholders and Investors / Investor Calendar”.

Key events are covered on the website <http://www.rossetisk.ru>, information is published about the main production and financial and economic indicators of the Company, the implementation of the investment program, as well as data for customers and other information about the Company.

The activities of the Company in the disclosure of material information is based on the principles of regularity, consistency and efficiency, accessibility, completeness, reliability and comparability.

Due to the fact that on March 20, 2008 the Federal Financial Markets Service registered a share issue prospectus of IDGC of Northern Caucasus OJSC, placed by converting shares of Stavropolenergo, JSC, Dagenergo, JSC, KEUK, JSC into additional shares of IDGC of Northern Caucasus OJSC upon merger, and in accordance with Article 30 of Federal Law “On the Securities Market”, from Q1 2008 the Company discloses information in the form of quarterly reports (issuer reports), notices of material facts, data that may have a significant impact on the value of securities of a joint-stock company. The Company publishes information on the information resource – in

the news feed of SCREEN, LLC information agency at: <http://disclosure.skrin.ru/disclosure/2632082033>, on the Company's website: <http://www.rossetisk.ru> (<http://www.mrsk-sk.ru>), and in printed media.

Besides, in pursuance of cl. 5.4.2 of the Resolution on Information Policy of the Company, approved by the Board of Directors of the Company on March 30, 2018 (Minutes No. 339 dated March 30, 2018), in 2018 the English version of the corporate website of Rosseti North Caucasus, PJSC became available. On this web page the Company publishes general information about its activities, management and control bodies, its mission and strategy, the registrar, the authorized capital, the largest shareholder, the structure of the Company by branches and managed companies, dividend history, the auditor, the procedure for providing information upon request, determining principles and approaches to the organization of the risk management and internal control system in the Company, material risks that may affect the Company's activities, bond issues, the annual reports, contact data for all stakeholders, etc. Expert RA Rating Agency (RAEX) as part of an analysis of the quality of management of Rosseti Northern Caucasus, PJSC in 2023, noted that the Company's information transparency is assessed at a high level, and the presence of an English-language website makes an additional contribution to the rating assessment.

As part of the XX anniversary Annual Practical Conference “Annual Report: Leaders' Experience”, organized by RAEX rating agency (RAEX-Analytics), a rating of annual reports of profit-making organizations for 2022 was prepared. The annual report of Rosseti Northern Caucasus, PJSC (for shareholders and investors) was assigned a 4-star rating, which is assessed by the competition experts as a very high quality of the Annual Report. Rosseti Northern Caucasus, PJSC considers the annual report as an important source of information disclosure and a communication tool with shareholders, stock exchanges, potential investors, authorities and consumers, which performs informational, public relations and image-making functions.

The Company also strives to restrict the possibility of conflicts of interest arising and to prevent misuse of insider information. The procedure for using insider information is established by the Regulations on Insider Information approved by decision of the Board of Directors of the Company on June 21, 2019 (Minutes No. 384 dated June 24, 2019).

#### Public relations and relations with public authorities

The electricity grid industry of the Northern Caucasus Federal District is the focus of constant attention of government agencies. The interaction with authorities at all levels is one of the key elements to ensure sustainable, stable operation of the regional energy infrastructure, reliable energy supply to consumers, economic and social development of the regions.

In 2023, the joint activities of Rosseti Northern Caucasus, PJSC with federal and regional authorities, relevant departments and development institutions were aimed at improving industry specific legislation, ensuring the safety, reliability and stability of the NCFD energy system, coordinating investments and developing the infrastructure of the macroregion.

The economic potential of the NCFD and the full reset of the region have identified additional vectors of interaction, based on the priority areas of social and economic growth of the entities. Development of tourism infrastructure, agriculture and processing, new logistics solutions and, as a result, an increase in energy consumption has given impetus to the modernization of the grid infrastructure, the introduction of new technologies and methods for increasing the energy efficiency of production facilities, and the creation of a favorable investment environment to attract private and public investment in the development of the macroregion as a whole.

During the reporting period, systematic communication was ensured at the federal level with the Office of the Plenipotentiary Representative of the President of the Russian Federation in the NCFD, the Ministry of Energy of the Russian Federation, the Ministry of Economic Development of the Russian Federation, the Ministry of Emergency Situations of Russia, the Office of the Federal Service for State Registration, Cadastre and Cartography for the Northern Caucasus Federal District.

Rosseti Northern Caucasus, PJSC took part in organizing and conducting more than 25 working meetings and conferences, including:

- with Deputy Prime Minister of the Russian Federation A.V. Novak on the development of the All-Season Tourist and Recreational Resort Arkhyz (March 18, 2023), the development of the energy sector of the Republic of North Ossetia – Alania (November 9, 2023, November 16, 2023), as well as on the development of the All-Season Tourist and Recreational Resort Caspian Coastal Cluster (November 10, 2023);

- with Deputy Minister of Economic Development of the Russian Federation S.M. Nazarov and the Head of the Republic of Dagestan S.A. Melikov on the construction of SEZ infrastructure within the boundaries of the Derbent municipal district of the Republic of Dagestan and the creation of the All-Russian Children's Center “Dagestan”, as well as the development of the coastal zone of the Republic of Dagestan (May 26, 2023);

- with Deputy Minister of Economic Development of the Russian Federation S.M. Nazarov (February 17, 2023, March 10, 2023, March 22, 2023, April 12, 2023, May 26, 2023, June 8, 2023, July 3, 2023, December 14, 2023).

The participation of the General Director of Rosseti Northern Caucasusk, PJSC R.A. Levchenko at an on-site meeting of the Government Commission for Ensuring the Security of Electricity Supply (Federal Headquarters) under the leadership of the Minister of Energy of the Russian Federation N.G. Shulginov, was organized (January 17, 2023, September 29, 2023), at meetings of the Federal Headquarters for stabilizing the situation in the integrated power grid and reliable energy supply to consumers of the Republic of Dagestan under the leadership of Deputy Minister of Energy of the Russian Federation E.P. Grabchak (October 10, 2023, October 27, 2023, December 8, 2023), at meetings of the Working Group on reducing the share of the off-the-books economy of the NCFD under the Government Commission on Social and Economic Development of the NCFD, chaired by the Deputy Minister of Economic Development of the Russian Federation S.M. Nazarov (January 31, 2023), at an on-site of the Working Group on the issue of consolidation of the integrated power grid in the Republic of North Ossetia – Alania under the leadership of the Director of the Department of Operational Management in the Fuel and Energy Complex of the Russian Ministry of Energy E.A. Medvedeva (February 1–2, 2023), at a meeting of the Working Group on the Prevention of Crimes in the Field of Economic Security of the Fuel and Energy Complex (October 5, 2023), participation in these events contributed to the prompt solution of current issues.

In accordance with the instructions of the Chairman of the Government of the Russian Federation M.V. Mishustin, in three pilot regions (the Republic of Dagestan, the Republic of Ingushetia and the Republic of North Ossetia – Alania), Programs were approved to ensure sustainable economic development of energy and housing and utilities enterprises. Rosseti Northern Caucasus, PJSC took an active part in the development of these documents. A mechanism for establishing unified operators and information and settlement centers was also worked out jointly with relevant agencies.

At the initiative of Northern Caucasus Federal District, PJSC, 6 working meetings were held with heads of regions of the NCFD, more than 70 meetings with regional governments, 25 meetings with heads of municipalities were also organized. Work was continued to develop partnerships with regional administrations, as well as to conduct consultations and discuss issues of modernization and expansion of municipal power grids.

There was active interaction with the Office of the Plenipotentiary Representative of the President of the Russian Federation in the NCFD regarding the implementation of priority measures to improve the payment discipline of electricity consumers, as well as the repayment of receivables by regional housing and utilities enterprises and electricity consumers financed from regional and local budgets. It should be noted that this interaction contributed to ensuring positive dynamics of current payments and repayment of receivables.

At the initiative of Rosseti Northern Caucasus, PJSC on June 6, 2023, June 22, 2023, the Office of the Plenipotentiary Representative of the President of the Russian Federation in the NCFD held meetings with the participation of heads of executive governmental bodies of constituent entities within the NCFD on the issues of repayment of receivables and ensuring 100% level of current payments.

Based on the results of these meetings with the governments of the Karachay-Cherkess Republic and Kabardino-Balkarian Republic in Q3 2023, road maps were signed to normalize the situation in the integrated power grid, inter alia a coordinated decision was made to strengthen work to pay off accumulated receivables and ensure 100% payments for energy resources by budget-dependent consumers.

Considering the increased role of the NCFD in the structural transformation of the Russian economy, the availability of an approved long-term development strategy for the macroregion, the basis of which is increasing the investment potential of the regions and the creation of special economic zones (SEZ), interaction with the Ministry of Economic Development of the Russian Federation and the largest development institution in the NCFD – KAVKAZ.RF, JSC – has become a separate backbone area.

In view of the above, an important component was the synchronization of activities and investments to ensure the coordinated development of the electricity supply system, increasing its reliability and efficiency and adapting to changing needs.

Thus, in accordance with the order of the Government of the Russian Federation No. AN-P47-140pr dated November 23, 2021, representatives of Rosseti Northern Caucasus, PJSC took part in the quarterly meetings of the Working Group on the development of electrical power infrastructure of the Elbrus and Veduchi All-Season Tourist and Recreational Resorts under Chairmanship of the Deputy Minister of Economic Development of the Russian Federation S.M. Nazarov (March 22, 2023, June 20, 2023, July 6, 2023).

Based on the results of the decisions made, on December 26, 2023, the Ministry of Economic Development of the Russian Federation, KAVKAZ.RF JSC and Rosseti Northern Caucasus, PJSC approved a Roadmap was approved for the implementation of technological connection of power receivers of Veduchi All-Season Tourist and Recreational Resort.

In accordance with the minutes of the meeting with Deputy Prime Minister of the Russian Federation A.V. Novak dated April 7, 2023 No. AN-P47-39pr (clause 1) representatives of Rosseti

Northern Caucasus, PJSC became members of the Working Group for the development of All-Season Tourist and Recreational Resort and participate in its activities.

In cooperation with the Ministry of Economic Development of Russia and the authorized government bodies of the Republic of Dagestan, Rosseti Northern Caucasus, PJSC has organized work on preparation, in accordance with the order of the Government of the Russian Federation dated November 10, 2023 No. 72pr-P47-AN (clause 1), of a roadmap for the development of tourist and recreational SEZ located in the territories of the Karabudakhkent, Kayakent, Derbent and Magaramkent regions of the Republic of Dagestan until 2027, as well as for the development of engineering and transport infrastructure of the Caspian Coastal Cluster All-Season Tourist and Recreational Resort.

One of the main goals of joint activities to improve the investment climate in the NCFD was the creation of a favorable legal and regulatory environment in the energy sector. Development of the investment potential of the district, an increase in production volume, expansion of enterprises and population growth, in turn, require an increase in capacity and expansion of the existing power grid infrastructure to provide new enterprises and residents with electricity, which is an incentive for the development and modernization of the integrated power grid of the NCFD.

Based on the results of the decisions made at the meeting of the Headquarters of Rosseti, PJSC on project communication (Minutes dd. October 10, 2022), as well as in order to fulfill the instructions of the First Deputy Chairman of the Government of the Russian Federation A.R. Belousov (Minutes No. AB-P13-161pr dd. July 5, 2022), in 2023, Rosseti Northern Caucasus, PJSC signed agreements on the implementation of the Regional Investment Standard (RIS) with all constituent entities of the NCFD.

The subject matter of the agreements is the interaction of the parties within the framework of the implementation of the RIS, which is a support system for new investment projects in the constituent entities of the Russian Federation, approved by Order of the Ministry of Economic Development of Russia No. 591 dated September 30, 2021.

In order to implement best practices, joint on-site meetings were held in September 2023 in the Stavropol Territory and the Republic of Dagestan with the heads of relevant ministries and regional investment development agencies on the implementation of investment projects in the constituent entities of the Russian Federation and the introduction of RIS.

For systemic interaction and development of the necessary strategic decisions for the development of the electric power industry, on the initiative of Rosseti Northern Caucasus, PJSC, representatives of the Company became members of the regional advisory bodies:

- Headquarters for ensuring the safety of power supply in the Stavropol Territory, the Republic of Ingushetia, the Republic of Dagestan, the Kabardino-Balkarian Republic;
- Committees for the Prevention and Elimination of Emergency Situations and Ensuring Fire Safety of the Regions, the District Committee for the Northern Caucasus Federal District, chaired by the Deputy Plenipotentiary Representative of the President of the Russian Federation in the Northern Caucasus Federal District;
- Interdepartmental working groups on issues of the fuel and energy complex.

In 2023, in order to unconditionally and timely implement the priority measures of the Programs for increasing the reliability of the integrated power grid of the Republic of Dagestan, the Chechen Republic and the Republic of Ingushetia, Rosseti North Caucasus, PJSC initiated monthly meetings of regional headquarters to ensure the security of power supply, within the framework of which the amount of co-financing of the Program activities was determined for 2024–2026 on the part of the constituent entities, repayment of receivables by housing and utility enterprises, strengthening control over the implementation of the mechanism for limiting the consumption of electrical energy for mala fide consumers, as well as inventory-taking and updating of subscriber databases to form a unified approach to working with consumers for all types of communal public services.

In 2023, Rosseti Northern Caucasus, PJSC actively participated in socially significant events, interacting with people of influence and political elites.

For the business positioning of the Company in its area of responsibility, on June 29–30, 2023, Rosseti Northern Caucasus, PJSC took part in the Third North Caucasus Energy Forum in the status of “partner”. At the Forum, a round table was held by the Rosseti North Caucasus Group of Companies “Electricity Grid Industry of the Northern Caucasus Federal District: Current Status and Development Prospects” with the participation of representatives of the executive authorities of the NCFD, large manufacturers of energy equipment, and heads of specialized universities.

In August 2023, Rosseti Northern Caucasus, PJSC traditionally acted as a partner of the All-Russian Youth Forum “Mashuk-2023”, which has been held annually since 2011 under the auspices of the Plenipotentiary Representative of the President of the Russian Federation in the NCFD and is a tool for the development of an ongoing communication and educational platform to introduce new methods of self-development of the youth.

On October 20, 2023, the delegation of Rosseti Northern Caucasus, PJSC took part in the annual business conference “Revaluation of the NCFD: Points of Growth Through the Eyes of Business” (“Expert South”), session “Revaluation of the NCFD: Prospects and Difficulties of Growth.”

In order to encourage business activity, develop communications with public organizations, civil society institutions, strengthen interregional ties, the Company took part in leading industry events, including the following:

- Caucasian Investment Exhibition – 2023 (May 2–4, 2023, Mineralnye Vody, MinvodyEXPO International Exhibition Center);
- XI St. Petersburg International Legal Forum (May 11–13, 2023, Expoforum Convention and Exhibition Center, St. Petersburg);
- All-Russian Practical Forum “Effective Operation and Management of Russian Electric Power Enterprises” (June 28–30, 2023, Krasnodar Territory, Sochi);
- VII All-Russian Occupational Safety Week (September 26–29, 2023, Sochi, Federal Territory “Sirius”);
- All-Russian Tariff Conference (October 26–27, 2023, Sochi).
- International Business Conference “InRussia-2023” (October 26–27, 2023, Mineralnye Vody, MinvodyEXPO International Exhibition Center).

In 2023, Rosseti Northern Caucasus, PJSC continued to interact with institutions of secondary and higher education, youth educational centers to participate in professional initiatives in the region and develop talent capacity in the NCFD.

In September 2023, a cooperation agreement was signed between Stavropolenergo, Branch of Rosseti Northern Caucasus, PJSC – and the Regional Center for Identifying, Supporting and Developing the Abilities and Talents of Children and Youth of the Stavropol Territory “Sirius 26” aimed at improving the conditions for identifying gifted children, joint implementation of projects to improve the methodology and practical project activities.

The interaction with the largest Northern Caucasus Federal University in the district was an individual area of activity. In 2023, joint goals and objectives were enshrined in a signed cooperation agreement, the subject matter of which was the coordination of training of students at NCFU to satisfy the needs of the Rosseti Northern Caucasus Group of Companies, including targeted training of specialists, professional training, retraining and advanced training of employees of Rosseti Northern Caucasus, PJSC, conducting comprehensive expert and analytical assessments of the needs of companies, organizing systematic work on personnel training, comprehensive assessment of the quality of training of specialists, organizing a dialogue at the NCFU venue with the participation of representatives of electric power industry organizations, government bodies, scientific institutions, public organizations, and other stakeholders to develop joint positions on topical issues of the functioning and development of the integrated power grid.

From July 19 to July 21, 2023 (Arkhyz village, Karachay-Cherkess Republic), Rosseti Northern Caucasus, PJSC, together with NCFU, held a district case championship “Social and Economic Development of the Northern Caucasus Federal District-2023”.

Thanks to partnerships with government authorities, the Company is able to effectively coop with the challenges of the time, ensuring the improvement and modernization of the integrated power grid as a driver of economic development.

#### Interaction with the media and external communications

The Media Relations Department of Rosseti Northern Caucasus, PJSC interacts with the communication environment, guided by order of Rosseti Northern Caucasus, PJSC dated December 2, 2022 No. 581 “On the Unified Communication Policy of Rosseti Northern Caucasus PJSC Group of Companies”.

In 2023, the Media Relations Department significantly increased the Company’s qualitative and quantitative presence in federal media and social media, which had a positive impact on the Company’s business reputation.

According to the SCAN analytical system, in 2023, 14,355 information messages were published in the media and social media about the activities of the energy company. This figure is 10% higher than similar figures for the previous year.

In social media, the Company’s PR specialists continued personal, confidential communications with consumers. Feedback was provided for more than 2,210 appeals, information and explanatory work was carried out, and assistance was provided in resolving issues raised by consumers related to the Company’s activities.

In addition to macro-regional and regional media resources, the Media Relations Department actively cooperates with leading federal media. Among them are TASS, Interfax, State Television and Radio Broadcasting Company “Rossiiskaya Gazeta”, “Argumenty i Fakty”, “Komsomolskaya Pravda”, “Moskovsky Komsomolets”. In the structure of publications about the activities of the Company, federal media account for 23%.

### **Key communication projects implemented in 2023**

#### ***“Youth Choose Power Industry” – a project to commemorate the Youth Day***

A special project of Rosseti Northern Caucasus was aimed at providing information support to the youngest specialists of the group, responsible for the future development of the district’s electric power industry.

Active and open to everything new, non-indifferent, striving for self-development, capable of achieving results on the chosen path in conditions of multitasking – these are the qualities that distinguish young power industry workers, about whom the Media Relations Department prepared special material posted on information resources on the Internet. On Youth Day, specialists from various fields spoke about their professional achievements, plans and ideals.

#### ***“TALK-LESSON” – social and educational project on electrical safety***

“Talk Lesson” is a new macro-regional communication project of the Rosseti Northern Caucasus Group with an updated thematic information campaign on the prevention of electrical injuries among children. Teen thought leaders were involved in promoting vital rules for handling electricity.

At joint lessons with Company specialists, respected peers called on schoolchildren to unconditionally comply with electrical safety rules and held thematic quizzes, during which the children tested their knowledge.

The winners of the intellectual competitions were awarded memorable prizes and diplomas from Rosseti Northern Caucasus. In addition, educational institutions and attracted teen thought leaders were awarded letters of gratitude from the Company.

In total, about 600 students from schools in all regions of the NCFD became participants in the Talk-Lesson project.

40 publications were made in federal and regional media.

#### ***“Winning Energy Dynasties” – a special project to commemorate May 9 Day***

Family dynasties are the backbone of labor and a source of special pride for power engineers. Love for one's occupation, responsibility and dedication are carefully passed down through generations. Lives of many families, are infused with the history of the industry, reflect dedication to the profession and testify to cohesion, corporate spirit and high social responsibility.

The special project “Rosseti Northern Caucasus”, implemented on information platforms on the Internet, is a chronicle of heroic power engineers, those who defended the country during the Great Patriotic War, and the dynasties of which they became the founders.

***“Teachers of Light” is a social and communication project in the Year of the Teacher and Mentor***

People have always been considered the main value in the electric power industry. The industry is actively developing the institution of mentoring, the importance of which is difficult to overestimate. Nowadays, hundreds of power engineers successfully combine their main activities with training of personnel for the integrated power grid, shaping the attitude of young specialists to their profession.

Sophisticated equipment and technological processes, increased safety requirements, the understanding of the responsibility for operation of the entire system and often the lives of colleagues, – all the above factors stress the importance of providing assistance to young specialists, ensuring that they have in-depth knowledge, sharing the accumulated experience and introducing them to the corporate culture and the team.

On Labor Day, as part of the Year of the Teacher and Mentor, on information platforms on the Internet, the project introduced residents of the NCFD regions to professional power engineers – mentors of Rosseti Northern Caucasus.

Communication projects to improve payment discipline.

Taking into account the current production tasks of the Company in 2023, special attention was paid to the information campaign to increase the level of payment discipline of electricity consumers. 781 publications were placed in the federal and regional media and on media resources on the Internet, including 137 in federal media.

During the reporting year, the Media Relations Department implemented special communication projects on this topic:

***“Pay for the Light”*** is about the activities carried out by the Company to reduce consumer receivables.

Materials were published monthly on the repayment of consumer debt, the results of claim-related work, targeted work and public awareness efforts to notify consumers of the existence of a debt that must be repaid in order to avoid restrictions on electricity supply, the accrual of penalties for late payments, etc.

***“Leaders”*** is about energy sales departments (ESDs) that have achieved the best performance indicators.

Every month, after summing up the results of the energy sales activities of the Company's branches for the next reporting period, materials about ESD leaders who achieved better results in collecting payments were posted on the media scene.

***“We Work to Make Your Life Brighter”*** is about the implementation of the customer-oriented policy of the Rosseti Northern Caucasus Group

In the federal and regional media and media resources on the Internet publications were posted about Centers for Clients Service, where in a comfortable environment you can make payments not only for electricity, but also in a “single point of contact” mode for other utilities.

Electricity consumers were regularly informed about alternative payment methods for used energy resources, the advantages of non-cash payment, online services, the Light Online mobile application, and the possibility of online services using a personal account.

**“Light Online”:** **“Pay without leaving home!”** is to promote the “Light Online” mobile application.

As part of the communication project, electricity consumers were provided with information about the convenience and reliability of the “Light Online” mobile application. Publications were posted on the media scene with statistics on payment for consumed energy resources using a mobile application.

A video was created about the advantages of using the “Light Online” mobile application, which was broadcast on the TV channels “Arkhyz 24” in the Karachay-Cherkess Republic, State Television and Radio Broadcasting Company “Kabardino-Balkaria”, National Television and Radio Broadcasting Company “Magas” in the Republic of Ingushetia, “Russia 1” in the Republic of Dagestan, on Telegram channel platforms.

40 thousand leaflets about the “Light Online” mobile application were produced, which were distributed among the branches that implemented this online service.

**“Reliable Partner”** is to inform about the bona fide subscribers who are an example of high payment discipline.

With the help of federal and regional media resources, residents of the regions of the NCFD were introduced to subscribers who substantiated the need for strict adherence to payment discipline. The information was presented not from the point of view of a representative of the energy company, but from the point of view of an ordinary electrical energy user, that is from electricity consumers to electricity consumers, therefore the given arguments were more easy to understand and more clear.

**“Consumer Awareness Promotion”** is the publication of information materials about the most important areas of work of the last resort provider.

In the reporting year, the Media Relations Department continued to implement traditional communication projects: “High Voltage”; “Stop, Energy Thief!” (prevention of electricity theft, including by mining farms); “Let there be light!”; “Energy Marathon”; “PTL – STOP!”; “Focus on Power Engineer”; “Beware of Electricity”.

Rosseti Northern Caucasus, PJSC has established work with citizens’ appeals filed through Regional Management Centers (RMCs). In 2023, 30,161 requests were processed through RMCs regarding the activities of the Rosseti Northern Caucasus Group of Companies.

At the site of the Regional Management Center of the Republic of Dagestan, a “direct line” was held dedicated to improving the quality and reliability of power supply in the region, including in the city of Makhachkala, with the participation of the management of Dagenergo, Branch of Rosseti Northern Caucasus, PJSC.

The media covered a press conference at the site of RIA “Dagestan” with the participation of the Minister of Energy and Tariffs of the Republic of Dagestan Marat Shikhaliev, Chief Engineer of Dagenergo, Branch of Rosseti Northern Caucasus, PJSC Gadzhi Gadzhiev on the issues of

stabilizing the situation in the integrated power grid of the Republic of Dagestan. 30 publications were posted on regional information resources, in social media, inter alia the resources of RIA “Dagestan”, “Dagestanskaya Pravda”, etc.

Materials prepared by the Media Relations Department on key financial and production events of the Company were widely covered.

### ***Objectives for 2024***

In 2024, the Media Relations Department will continue to hold events within the framework of the unified communication policy of Rosseti Northern Caucasus.

Using non-standard approaches, new projects will be implemented aimed at informing consumers about the most significant aspects of the Company’s activities, and work will also continue to foster the positive image of Rosseti Northern Caucasus, PJSC.

The plans of the communication block include:

- measures aimed at strengthening the payment discipline of electricity consumers through online services;
- media relations in the fight against theft of energy resources;
- assistance to the divisions of the Company’s HR and technical units in the work to prevent electrical injuries;
- implementation of special projects aimed at fostering the Company’s positive image as a socially oriented company;
- popularization of the power engineer profession and the prestige of work in the industry.

## **5. Corporate Governance Report**

### **5.1. Controlling Shareholder Memorandum**

As of December 31, 2023, the largest shareholder is Rosseti, PJSC with 98.23% stake in the authorized capital of Rosseti Northern Caucasus, PJSC (taking into account the actually placed shares of the current issue as of the end of 2023). Based on the recommendations of the Corporate Governance Code of the Bank of Russia and in order to further implement its principles in the activities of controlled electric grid companies of Rosseti, PJSC, including Rosseti Northern Caucasus, PJSC, Rosseti, PJSC prepared and the Company published a controlling shareholder (Rosseti, PJSC) memorandum in relation to controlled electric grid companies, including Rosseti Northern Caucasus, PJSC. The text of the memorandum is posted on the website of Rosseti Northern Caucasus, PJSC in the “Mission and Strategy” section at: [https://www.rossetisk.ru/about/mission\\_and\\_strategy/](https://www.rossetisk.ru/about/mission_and_strategy/).

Rosseti, PJSC owns controlling stakes in 19 electric grid companies, including Rosseti Northern Caucasus, PJSC. Rosseti, PJSC considers these controlled equity stake as strategic assets, the alienation of which is not planned. The key task of PJSC Rosseti in the field of management of these subsidiaries is the development of the integrated power grid based on advanced innovative technologies to meet consumer demand and solve the problems of social and economic growth of the Russian Federation.

Rosseti, PJSC manages the Group companies in accordance with common corporate standards aimed at ensuring the efficiency of business processes, controlling their quality, minimizing all types of corporate risks.

Additional information on key tasks in relation to assets and principles of corporate governance is set out in the Controlling Shareholder (Rosseti, PJSC) Memorandum in relation to controlled electric grid companies, which is posted [on the corporate website](https://www.rossetisk.ru/about/mission_and_strategy/) of Rosseti Northern Caucasus, PJSC at the address: [https://www.rossetisk.ru/about/mission\\_and\\_strategy/](https://www.rossetisk.ru/about/mission_and_strategy/).

**5.2. General information on corporate governance in the Company**

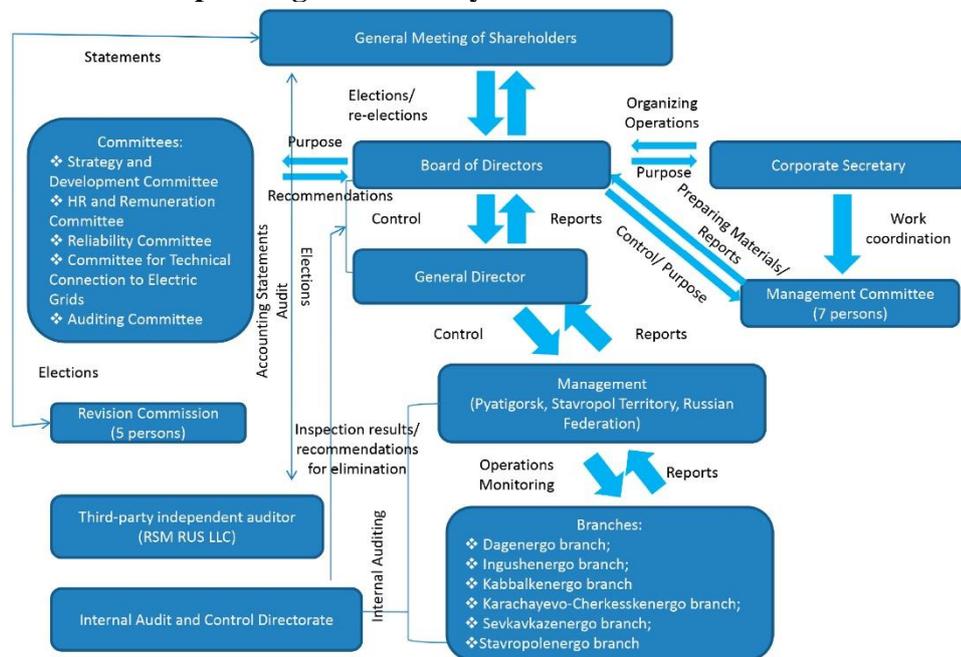
Corporate Governance is the system of relations between the Company’s executive officers, its Board of Directors, shareholders and other stakeholders being the instrument of the Company’s goals setting and the means for such goals achieving and of effective control ensuring for the Company’s operations by its shareholders and other stakeholders.

The Company recognizes the rights of all stakeholders provided for by the Russian law, and strives to establish the constructive cooperation with such persons.

Rosseti Northern Caucasus, PJSC, performs the corporate governance guided by the principles of accountability, justice, transparency and responsibility. The Company strives to comply to the fullest extent with the advanced principles of corporate governance set forth in the Corporate Governance Code of the Bank of Russia.

The basic principles of corporate governance as enshrined in the Charter of Rosseti Northern Caucasus, PJSC, are detailed in the internal documents of the Company and are based on the provisions of the Russian law, as well as recommendations of the Code of Corporate Governance of the Bank of Russia. The texts of local regulatory documents of Rosseti Northern Caucasus, PJSC are available on the Company’s website in the section “For Shareholders and Investors / Charter and Bylaws” at: [https://www.rossetisk.ru/shareholders\\_and\\_investors/dokumenty/ustav/](https://www.rossetisk.ru/shareholders_and_investors/dokumenty/ustav/).

**Structure of the corporate governance system of Rosseti Northern Caucasus, PJSC**



In general, the corporate governance system in Rosseti Northern Caucasus, PJSC, in many ways complies with the best practices.

Thus, the Company has a rather high level of organization of work of management and control bodies and Committees of the Board of Directors. Appropriate documents were adopted to regulate their activities, as well as issues of remuneration for members of the management and control bodies and Committees of the Board of Directors of the Company.

A Corporate Secretary was elected, ensuring the proper compliance with the procedure for preparation and holding the General Meeting of Shareholders and operations of the Board of Directors. The activities of the Corporate Secretary are regulated by the relevant regulation.

The Board of Directors is responsible for making decisions related to the appointment and dismissal of the executive bodies of the Company. During 2023, no relevant decisions were made by the Board of Directors. There were no changes in the composition of the executive bodies during 2023. Issues regarding the approval of nominees for certain positions of the executive staff of the Company, determined by the Board of Directors of the Company, were considered; persons authorized to exercise the rights and obligations of the employer in relation to the General Director of the Company and members of the Management Board of the Company were identified.

In addition, the Board of Directors plays a key role in controlling the activities of the Company's executive bodies, as well as ensuring that the Company's executive bodies act in accordance with the strategic development guidelines and the main areas of the Company's activities. In 2023, the Board of Directors regularly reviewed reports on various areas of the Company's activities.

All most important matters the Board of Directors strives to consider in the course of in-person meetings. The form of holding a meeting of the Board of Directors is determined taking into account the importance of the agenda items and recommendations provided for by the Corporate Governance Code of the Bank of Russia. In addition, the form of holding meetings of the Board of Directors in 2023 was determined taking into account the need to prevent the seasonal spread of acute respiratory viral diseases.

The Board of Directors of Rosseti Northern Caucasus, PJSC pays special attention to corporate governance practices. In this case, the guidelines are the principles and recommendations specified in the Corporate Governance Code of the Bank of Russia. Rosseti Northern Caucasus, PJSC is carrying out focused work aimed at maintenance of the accumulated positive experience in this area of activity and best practices of corporate governance implemented in the Company, as well as at their development.

On a regular basis, the Company analyzes the compliance of the corporate governance system with the goals and objectives of the Company. The Company strives for the results of such an analysis to be sufficiently objective. The study of corporate governance practices is carried out in various ways: independently (to present information as part of the Annual Report according to the forms recommended by the Bank of Russia), in the course of an internal audit of the Company in accordance with the methodology approved by the Company (with subsequent consideration of the results at meetings of the Board of Directors and the Audit Committee of the Board of Directors).

Besides, the Board of Directors plays an integral part in preventing, discovering and settling any internal conflicts among the Company's bodies, its shareholders and employees. A set of measures is being implemented to prevent corruption and reduce reputational risks. Thus, the Company has an Anti-Corruption Policy and the Employee Corporate Code of Ethics and Business Conduct, as well as the Resolution on Insider Information.

The implementation of the information policy by the Company is carried out by the executive bodies, while the control over compliance with the information policy is carried out by the Board of Directors.

The structure of the share capital of the Company determines the composition of its Board of Directors, which is formed taking into account the proposals of the main shareholder. The number of members of the Board of Directors of the Company is 11, with one director in 2023 meeting the criteria of independence in accordance with the Corporate Governance Code of the Bank of Russia. As of the end of 2023, N.I. Sasin did not hold the position of a member of the Board of Directors of the Company for more than seven years in total. In this case, the Bank of Russia Corporate Governance Code recommends that such a member of the Board of Directors be recognized as a person associated with the company. At the same time, the Corporate Governance Code of the Bank of Russia recommends that the independent directors make at least one third of the elected composition of the Board of Directors. It means that the number of independent directors is not sufficient among the members of the Committees of the Board of Directors during the reporting year compared to the recommendations of the Corporate Governance Code of the Bank of Russia. However, Rosseti Northern Caucasus, PJSC, and its corporate bodies strive to elect as members to the Board of Directors persons with professional competence, experience and independence, capable of making objective judgments, independent of the influence of the Company's executive officers, certain groups of shareholders or other parties concerned, that is deemed as the status of an independent director as defined by the Corporate Governance Code of the Bank of Russia.

Rosseti Northern Caucasus, PJSC, pays special attention to the matters dealing with the arrangement of risks management and internal control system as well as the internal audit. The Internal Audit and Control Directorate (IA&CD) administratively subordinate to the General Director and functionally subordinate to the Board of Directors through its Audit Committee operates in the company. In the reporting year of 2023, the Board of Directors of Rosseti Northern Caucasus, PJSC, periodically considered the issues of organizing a risk management and internal control system, as well as internal audit system.

Rosseti Northern Caucasus, PJSC has a Resolution on Dividend Policy approved by the decision of the Board of Directors of the Company on February 5, 2018 (Minutes No. 330 dated February 6, 2018). The Company's dividend policy is based on strict observation of shareholders' rights stipulated by laws of the Russian Federation, the Articles of Association and internal documents of the Company, and is aimed to improve investment potential of the Company and to increase its market capitalization.

The Company is aware that its activities in the field of achieving sustainable development goals are important for a wide range of stakeholders (shareholders, consumers of products and services, local communities, labor teams, state bodies, local governments, etc.), who can also provide significant impact on the creation of long-term value by the Company. In view of the above, the governing bodies and management of Rosseti Northern Caucasus, PJSC pay special attention to the issues of the Company's impact on the environment, social matters and the economy.

In particular, in the reporting year 2023, the Company's Board of Directors regularly considered issues related to the Company's ESG- agenda, namely:

- ✓ it was decided to join the restated Unified Procurement Standard of Rosseti, PJSC (Procurement Regulations), approved by the decision of the Board of Directors of Rosseti, PJSC on December 29, 2022, Minutes No. 604/6 dd. December 30, 2022 (Minutes No. 524 dd. February 6, 2023);
- ✓ approved:

- Program for guaranteeing and improving the quality of internal audit in the Company (Minutes No. 526 dated March 3, 2023), restated Internal Audit Policy of the Company (Minutes No. 535 dated July 10, 2023), Risk Management and Internal Control Policy of the Company (Minutes No. 535 dated July 10, 2023);
- Anti-corruption Policy of the Company (Minutes No. 536 dated July 21, 2023);
- Regulation on Remuneration and Material Incentives for Senior Managers of the Company (Minutes No. 537 dd. August 7, 2023);
- Development Plan of the Company (Minutes No. 528 dated March 13, 2023);
- Plan (Program) for Reducing Electrical Energy Losses in the Electric Grids of the Company for 2023–2027 (Minutes No. 524 dd. February 6, 2023 and No. 542 dd. October 30, 2023);
- Program for Modernization (Renovation) of the Power Grid Assets of the Company for 2023–2027 (Minutes No. 532 dd. May 22, 2023);
- Action Plan for Professional Development of Internal Auditors at the Company (Minutes No. 540 dd. October 11, 2023);
- Company’s Consumers Service Quality Standards (Minutes No. 540 dd. October 11, 2023);
- restated Regulations on Company’s Corporate Identity Management (Minutes No. 541 dd. October 13, 2023);
- Sustainable Development Policy of Rosseti, PJSC and Climate Policy of Rosseti, PJSC, being the internal documents of of Rosseti Northern Caucasus, PJSC (Minutes No. 546 dd. December 29, 2023);
- ✓ approved:
  - the draft amendments to the Investment Program of the Company for 2023–2027, approved by the Order of the Russian Ministry of Energy No. 33@ dd. November 25, 2022 (Minutes No. 525 dated February 27, 2023);
  - Agreement to amend the Collective Agreement of the Company for 2019–2021 subject to an extension for a period until December 31, 2024 (Minutes No. 525 dd. February 27, 2023 and No. 537 dd. August 7, 2023);
- ✓ the following reports were considered:
  - on compliance with the Resolution on Information Policy of the Company for 2022 (Minutes No. 530 dated April 20, 2023);
  - on assessment of the efficiency of the internal control system and the risk management system of the Company for 2022 (Minutes No. 530 dated April 20, 2023);
  - on the organization, functioning and efficiency of the internal control system and the risk management system of the Company for 2022 (Minutes No. 534 dated May 31, 2023);
  - on execution of the business plan (Minutes No. 523 dated January 30, 2023, No. 545 dated December 12, 2023 and No. 546 dated December 29, 2023);
  - on the effective, targeted and timely use of financial support for the Company’s Development Plan (Minutes No. 529 dated April 13, 2023, No. 536 dated July 21, 2023, No. 541 dated October 13, 2023, No. 546 dated December 29, 2023);
  - on the progress of implementation of the Company's investment program (Minutes No. 522 dated January 30, 2023, No. 535 dated July 10, 2023, No. 536 dated July 21, 2023 and No. 540 dated October 11, 2023);
  - on consideration of the results of anti-corruption monitoring in the Company based on the results of 2022 (Minutes No. 526 dated March 3, 2023);
  - on the progress of the Company’s preparation for work in the autumn-winter period of 2022–2023, including readiness to organize and carry out emergency recovery work in the autumn-winter period of 2022–2023 (Minutes No. 522 dd. January 30, 2023);

- on implementation of the Plan (Program) for reducing electrical energy losses in the electric grids of the Company (Minutes No. 532 dated May 22, 2023, No. 537 dated August 7, 2023 and No. 541 dated October 13, 2023);
- on implementation of the Company's Smart Metering Development Program for 2022 (Minutes No. 533 dd. May 23, 2023);
- on the state of reliability (according to reliability indicators, including indicative ones) in 2022 (Minutes No. 534 dated May 31, 2023);
- on the fulfilment of established personal tasks to achieve planned indicators for the level of electricity losses for the directors of Dagergo branch of the Company and Ingushenergo branch of the Company (Minutes No. 529 dated April 13, 2023) and others.

The Company strives to ensure a high level of openness and transparency of its activities, implementing the principle of active dialogue with all stakeholders.

The Company's corporate governance priorities are:

- respect and guarantees of the rights and legitimate interests of shareholders, investors, as well as stakeholders of the Company;
- ensuring information and financial transparency of the Company's activities;
- predictable dividend policy of the Company, taking into account the reasonable expectations of investors;
- an effective and professional Board of Directors, accountable to the Company's shareholders, and its active participation in strategic planning, management and control of business processes.

## **Main changes in corporate governance**

### Changes in the composition of management and control bodies

On June 15, 2023, the annual General Meeting of Shareholders of Rosseti Northern Caucasus, PJSC was held, at which a decision was made to elect members of the Board of Directors and the Auditing Commission of the Company (Minutes No. 26 dated June 19, 2023). The members are set forth below.

### Governance quality rating

In 2023 Expert RA (RAEX) rating agency confirmed the management quality rating of Rosseti Northern Caucasus, PJSC at the level of A++.gq (the highest level of management quality).

### Increase the authorized capital

On March 21, 2023, a Notification on the results of the additional issue of securities of Rosseti Northern Caucasus, PJSC – ordinary shares, registration number 1-01-34747-E was submitted to the Bank of Russia, the date of registration of the additional issue by the Bank of Russia is March 20, 2020. Corresponding amendments to the Charter of the Company were registered on July 10, 2023.

Also, on June 15, 2023, the annual General Meeting of Shareholders of Rosseti Northern Caucasus, PJSC decided to increase the authorized capital of the Company by placing additional shares (Minutes No. 26 dated June 19, 2023). On August 10, 2023, the Bank of Russia registered an additional issue of ordinary shares of the Company, registration number 1-01-34747-E-009D.

## **Analysis of the state and assessment of the level of corporate governance**

The Company continues to solve the task of adaptation and acceptable implementation of recommendations of the Code of Corporate Governance of the Bank of Russia into the corporate governance system of Rosseti Northern Caucasus, PJSC. A special methodology for assessing by the Company the compliance with the principles of corporate governance enshrined in the Code of Corporate Governance of the Bank of Russia has not been approved by the Company. However, since 2016, the corporate governance practice of Rosseti Northern Caucasus, PJSC has been annually analyzed for compliance with the provisions of the Corporate Governance Code of the Bank of Russia using the recommendations of the Bank of Russia. As part of the preparation of the Annual Report for 2023, the Recommendations on Compiling a Report on Compliance with the Principles and Recommendations of the Corporate Governance Code of the Bank of Russia (Letter of the Bank of Russia No. IN-06-28/102 dated December 27, 2021) were used. The analysis showed that Rosseti Northern Caucasus, PJSC complies with 57% of such principles, partially complies with 28% principles, and does not comply with 16% principles. Therefore, in many cases, we use alternative mechanisms and corporate governance tools (see Appendix 1 to the Annual Report).

In addition, in 2023, the Company's IA&CD conducted an assessment of the efficiency of the Company's corporate governance as a whole. The relevant report was preliminary reviewed by the Audit Committee of the Board of Directors at a meeting held on October 2, 2023 (Minutes No. 177 dated October 3, 2023). The specified report was considered by the Board of Directors of the Company on October 9, 2023 (Minutes No. 540 dated October 11, 2023). The methodology for assessing the efficiency of corporate governance in Rosseti Northern Caucasus, PJSC and controlled energy sales companies was approved by order of the Company No. 52 dd. February 6, 2019 "On Approval of the Corporate Governance Assessment Methodology". Subject to the Methods such corporate governance assessment purposes include submitting to the Company's Board of Directors, Audit Committee of the Board of Directors, Company's sole executive body / Management of the Company of unbiased and independent information about the state of the corporate governance in the Company and drafting recommendations aimed to raise the efficiency of the corporate governance in the Company.

Compliance of corporate governance with the principles and recommendations laid down in the Corporate Governance Code and/or the Listing Rules, and/or best corporate practices is the criterion for assessing corporate governance.

The corporate governance assessment includes the following principal fields:

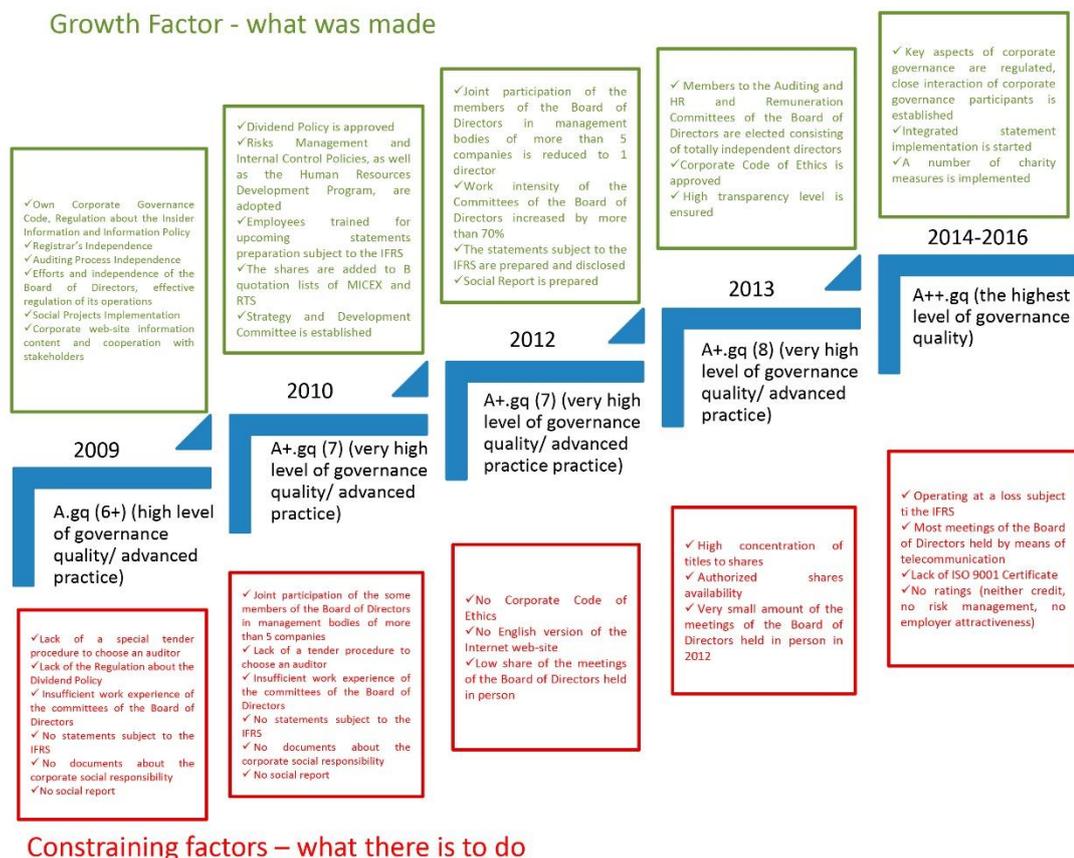
- review for compliance with the ethical principles and corporate value of the Company;
- review of the procedure of the Company setting goals and monitoring/controlling their achievement;
- checking the level of available standards and information counteractions procedures (including as to the matters of risks management and internal control) at all levels of the Company's governance including counteraction with stakeholders;
- review for ensuring the rights of shareholders inclusive of managed companies and efficiency of interaction with stakeholders;
- checking the procedure of information disclosing about the Company's operations.

The corporate governance is assessed by means of ensuring its components compliance with the criteria defined in the Questionnaire for Corporate Governance Assessment. The criteria are disclosed via the answers to the questions for each corporate governance component including shareholders rights, Board of Directors, executive offices, information transparency and disclosure, risks management, internal control and audit, corporate social responsibility, business ethics, compliance.

Based on the results of the corporate governance assessment, the internal auditor generates a report. The Report discloses in detail the evidence substantiating the assessment assigned by the internal audit (with an indication of the Company's local regulations and quoting the relevant clauses thereof). The assessment for each component of corporate governance and the general assessment of such corporate governance shall be disclosed in the Report in percentage terms. The Company corporate governance assessment results shall be reviewed by the Company's Board of Directors upon preliminary reviewing thereof by the Audit Committee of the Company's Board of Directors.

In addition, in 2023, an annual **third party independent audit** of the governance quality in Rosseti Northern Caucasus, PJSC, was carried out by Expert RA (RAEX) rating agency. The analysis was performed on the main factors, such as the rights of owners, management and control bodies, information transparency, corporate social responsibility, operational efficiency and market position. Methodology is available on the rating agency website. When preparing its report, the rating agency makes an opinion on the extent, to which the quality management system promotes respect for and protection of the rights of stakeholders. Comments of independent experts help us to identify areas of corporate governance. As part of this analysis, the rating agency paid special attention to taking into account ESG factors in the activities of Rosseti Northern Caucasus, PJSC, in particular, the following was analyzed: whether the Company has relevant documents and policies; practical issues of preparing reports in the field of sustainable development; delineation of powers and responsibilities of management bodies; availability of KPIs related to sustainable development within the framework of the Company's operations; implementation of social projects by the Company; assessment of non-financial risks by the Company, including ESG risks, partners and customers, etc.

**Demonstration of management quality of Rosseti Northern Caucasus, PJSC in independent ratings according to version of Expert RA rating agency**



Sources: Expert RA, Rosseti Northern Caucasus, PJSC

**In 2017–2023 Expert RA (RAEX) rating agency confirmed the management quality rating of Rosseti Northern Caucasus, PJSC at the level of A++.gq (the highest level of management quality). This assessment means that the management quality system to the highest possible extent promotes the respect for and protection of the stakeholders' rights.**

## Plans

Our major plans in terms of corporate governance best practices in the Company in the medium term (next 5 years) are as follows:

- maintain existing compliance (presented in Appendix No. 1 to the Annual Report);
- continue conducting an annual independent comprehensive analysis of the compliance of practices of Rosseti Northern Caucasus, PJSC with the principles set forth in the Corporate Governance Code of the Bank of Russia;
- continue the assessment of corporate governance in accordance with the approved methodology;
- submit to the Board of Directors a report on complying with the Resolution on Information Policy of the Company on an annual basis;
- continue work on the analysis of the internal documents of the Company and their updating and modification as necessary.

The planned activities in relation to the implementation of certain principles of corporate governance are set out in Appendix 1 to the Annual Report.

### 5.3. Governing bodies, Committees of the Board of Directors, Corporate Secretary

Management bodies of Rosseti Northern Caucasus, PJSC:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board;
- General Director.

#### 5.3.1. General Meeting of Shareholders

The General Meeting of Shareholders shall be the supreme governance body of Rosseti Northern Caucasus, PJSC. In accordance with Article 47 of the Federal Law “On Joint Stock Companies”, the Company is obliged to hold an annual General Meeting of Shareholders annually.

**On June 15, 2023, the annual General Meeting of Shareholders of Rosseti Northern Caucasus, PJSC was held.** There was a quorum for holding the above mentioned annual General Meeting of Shareholders of the Company.

Decisions made (Minutes No. 26 dated June 19, 2023):

- the Company’s Annual Report, annual Accounting (Financial) Statement for 2022 were approved;
- it was decided not to pay dividend on ordinary shares of the Company following the 2022 results;
- members to the Board of Directors and the Auditing Commission were elected;
- an audit organization of the Company was appointed;

- the number, par value, category (type) of authorized shares of Rosseti Northern Caucasus, PJSC and the rights granted by these shares were determined;
- introduce amendments to the Charter of Rosseti Northern Caucasus, PJSC;
- increase the authorized capital of Rosseti Northern Caucasus, PJSC by issuing additional ordinary shares.

The competence of the General Meeting of Shareholders is established by Article 48 of Federal Law “On Joint Stock Companies” and Article 10 of the Charter of Rosseti Northern Caucasus, PJSC.

Matters assigned to the responsibility of the General Meeting of Shareholders may not be delegated to the Board of Directors or executive bodies. The General Meeting of Shareholders does not have the right to take decisions on matters not reserved to them by the Federal Law On Joint Stock Companies.

### **5.3.2. Report of the Board of Directors of the Company**

The Board of Directors is a collegial management body that controls the activities of the executive bodies of the Company and performs other functions assigned to it by law or the Charter of the Company. The Company’s Board of Directors shall perform general management of the Company’s activities, except for addressing the issues referred to the competence of the General Meeting of Shareholders by the Federal Law “On Joint Stock Companies” and the Charter. Board of Directors – governing body that determines the Company's development strategy

Decisions at the meeting of the Board of Directors of Rosseti Northern Caucasus, PJSC are passed by a majority of votes of members of the Board of Directors taking part in the voting, with the exception of cases provided for by the law of the Russian Federation and the company’s Charter. The quorum required for arrangement of sessions is at least one half of the elected members of the Board of Directors.

The competence of the Board of Directors is established by Article 65 of Federal Law “On Joint Stock Companies” and Article 15 of the Charter of Rosseti Northern Caucasus, PJSC.

Matters assigned to the responsibility of the Board of Directors may not be delegated to the General Director or the Management Board of Rosseti Northern Caucasus, PJSC.

In 2023, 25 meetings of the Board of Directors of Rosseti Northern Caucasus, PJSC, were held (all of which in absentia). In 2022, 39 meetings of the Board of Directors of Rosseti Northern Caucasus, PJSC, were held (1 of which in presentia and in absentia). In 2021, 36 meetings of the Board of Directors of Rosseti Northern Caucasus, PJSC, were held (1 of which in presentia and in absentia).

During 2023, the Board of Directors considered 155 issues (in 2022 – 157, in 2021 – 125) and made the following core resolutions:

#### **in the field of development of the corporate governance system and interaction with shareholders, the securities market:**

- the budgets of the Committees of the Board of Directors of the Company were approved (Minutes No. 523 dated January 30, 2023, No. 529 dated April 13, 2023, No. 541 dated October 13, 2023);

- proposals of the Company's shareholders on the inclusion of issues in the agenda of the Company's Annual General Meeting of Shareholders and nomination of candidates for membership in the management and control bodies of the Company were considered (Minutes No. 527 dated March 9, 2023);
- the annual General Meeting of Shareholders of the Company was convened in the form of absentee voting and other resolutions were adopted related to the preparation and holding of the annual General Meeting of Shareholders of the Company (Minutes No. 527 dated March 9, 2023, No. 531 dated May 12, 2023, No. 533 dated May 22, 2023);
- the placement price of one additional ordinary share of the Company was determined in accordance with Article 36 and Article 77 of the Federal Law "On Joint-Stock Companies" (Minutes No. 533 dd. May 23, 2023);
- A.V. Molsky, Deputy General Director for Investments and Capital Construction of Rosseti, PJSC was elected Chairman of the Board of Directors of the Company (Minutes No. 535 dated July 10, 2023);
- a document was approved containing the conditions for the placement of the Company's securities – ordinary shares placed by private subscription (Minutes No. 536 dated July 21, 2023);
- members of the committees of the Company's Board of Directors were elected: Audit Committee of the Board of Directors of the Company (Minutes No. 537 dated August 7, 2023), Personnel and Remuneration Committee of the Board of Directors of the Company, Committee for Technological Connection to Electric Power of the Board of Directors of the Company, Committee for Reliability of the Board of Directors of the Company (Minutes No. 538 dated August 24 2023), Strategy Committee of the Board of Directors of the Company (Minutes No. 539 dated September 14, 2023);
- the action plan of the Company's Board of Directors for 2023–2024 corporate year was approved (Minutes No. 540 dd. October 11, 2023);

**in the field of procurement activities:**

- the Company's procurement plan for 2023 was approved (Minutes No. 522 dated January 30, 2023);
- it was decided to join the restated Unified Procurement Standard of Rosseti, PJSC (Procurement Regulations), approved by the decision of the Board of Directors of Rosseti, PJSC dated December 29, 2022 (Minutes No. 604/6 dated December 30, 2022), (Minutes No. 524 dd. February 6, 2023);

**in the field of internal audit, internal control, risk management:**

- target KPI values for CEO and employees of IA&CD of the Company were determined (Minutes No. 522 dated January 30, 2023, No. 546 dated December 29, 2023);
- the Procedure for calculating and evaluating the implementation of functional key performance indicators of the Head and employees of the Company's IA&CD was approved (Minutes No. 546 dd. December 29, 2023);
- the following documents were approved:
  - The Internal Audit Quality Assurance and Improvement Program of the Company (Minutes No. 526 dd. March 3, 2023);
  - The Company's restated Internal Audit Policy (Minutes no. 535 dd. July 10, 2023);
  - Risk Management and Internal Control Policy of the Company (Minutes No. 535 dd. July 10, 2023);
  - changes to the Company's IA&CD Work Plan for 2023 (Minutes No. 539 dated September 14, 2023);

- Action Plan for Professional Development of Internal Auditors at the Company (Minutes No. 540 dd. October 11, 2023);
- the preferred risk (risk appetite) of the Company (Minutes No. 540 dated October 11, 2023);
- work plan and budget of the Company's IA&CD for 2024 (Minutes No. 546 dated December 29, 2023);

**in the field of implementation of the anti-corruption policy:**

- Anti-corruption Policy of the Company was approved (Minutes No. 536 dated July 21, 2023);

**in the field of investment activity:**

- the draft amendments to the Investment Program of the Company for 2023–2027, approved by Order of the Russian Ministry of Energy No. 33@ dd. November 25, 2022 was approved (Minutes No. 525 dd. February 27, 2023);

**in the field of property management:**

- the Regulations for the reconstruction of the Company's facilities, carried out at the initiative of third parties was approved (Minutes No. 536 dated July 21, 2023);
- the restated Program of Alienation of Non-Core Assets of the Company was approved (Minutes No. 543 dd. November 14, 2023);

**in the field of implementation of personnel policy, changes in composition:**

- Agreement to amend the Collective Agreement of the Company for 2019–2021 subject to an extension for a period until December 31, 2024 were approved (Minutes No. 525 dd. February 27, 2023 and No. 537 dd. August 7, 2023);
- the terms of remuneration and the amount of the annual maximum possible total personal remuneration of officials of the management staff of the Company were approved (Minutes No. 535 dd. July 10, 2023);
- the following nominees were approved:
  - R.A. Levchenko for the position of part-time director of Dagenengo, Branch of the Company (Minutes No. 531 dd. May 12, 2023);
  - A.N. Goncharova for the position of Deputy General Director for Sales and Development of the Company's Services (Minutes No. 536 dated July 21, 2023);
  - M.M. Mukhumaeva for the position of Director of Dagenengo, Branch of the Company (Minutes No. 542 dated October 30, 2023);
  - I.N. Khrykina for the position of Deputy General Director for Economics and Finance of the Company (Minutes No. 545 dd. December 12, 2023);
- the following documents were approved:
  - Regulation on Remuneration and Material Incentives for Senior Managers of the Company (Minutes No. 537 dd. August 7, 2023);
  - List of positions in the executive apparatus of the Company, the approval of candidates for which falls within the competence of the Board of Directors of the Company (Minutes No. 546 dated December 29, 2023);
  - list of key performance indicators and functional key performance indicators of the Company and their target values for 2023, 2024 and 2025 (Minutes No. 546 dd. December 29, 2023);

**in the field of economics and finance:**

- the following documents were approved:
  - the Company's credit plan (Minutes No. 522 dated January 30, 2023, No. 529 dated April 13, 2023, No. 535 dated July 10, 2023, No. 540 dated October 11, 2023);
  - cost estimate of the Company (Minutes No. 523 dated January 30, 2023, No. 534 dated May 31, 2023, No. 537 dated August 7, 2023);
  - the Company's Insurance Protection Program for 2023 (Minutes No. 523 dated January 30, 2023);
  - Development Plan of the Company (Minutes No. 528 dated March 13, 2023);
  - candidacies of the Company's insurers (Minutes No. 530 dated April 20, 2023, No. 535 dated July 10, 2023, No. 538 dated August 24, 2023);
  - restated Regulations on Investment of Temporarily Available Funds of the Company (Minutes No. 530 dd. April 20, 2023);
  - the Company's business plan for 2023 was approved and the forecast indicators for 2024–2027 were taken under advisement (Minutes No. 538 dd. August 24, 2023);

The business plan of the Company for 2023, consolidated based on IFRS principles, and the forecast indicators for 2024 – 2027 (Minutes No. 545 dd. December 12, 2023);
- the amount of fee for the auditor's services for the audit of the Company's accounting (financial) statements and consolidated financial statements for 2023 was determined (Minutes No. 535 dated July 10, 2023);

**in the field of sales of services, energy saving, ensuring reliability of power supply:**

- the following documents were approved:
  - Plan (Program) for Reducing Electrical Energy Losses in the Electric Grids for 2023–2027 (Minutes No. 524 dd. February 6, 2023 and No. 542 dd. October 30, 2023);
  - the action plan for reducing the overdue accounts receivable for electricity transmission services and dispute settlement (Minutes No. 529 dated April 13, 2023, No. 535 dated July 10, 2023, No. 542 dated October 30, 2023, No. 542 dated December 12, 2023);
  - updated Program for Modernization (Renovation) of the Power Grid Assets for 2023 – 2027 (Minutes No. 532 dd. May 22, 2023);
  - Consumers Service Quality Standards (Minutes No. 540 dd. October 11, 2023);

updated Development Plan for the Production Asset Management System and the Resource Plan for 2022–2024 (Minutes No. 540 dd. October 11, 2023);

  - Roadmap for the implementation of Consumer Service Quality Standards (Minutes No. 544 dated November 29, 2023);
  - Quality Policy (Minutes No. 545 dd. December 12, 2023);
  - Sustainable Development Policy of Rosseti, PJSC and Climate Policy of Rosseti, PJSC, being the internal documents of the Company (Minutes No. 546 dd. December 29, 2023);

**in the field of interaction with Mass Media:**

- the restated Regulations on Company's Corporate Identity Management was approved (Minutes No. 541 dd. October 13, 2023);

**Reports on various areas of activity were considered:**

**in the field of development of corporate governance system:**

- on implementation of decisions taken at meetings of the Board of Directors of the Company (Minutes No. 529 dated April 13, 2023, No. 536 dated July 21, 2023, No. 540 dated October 11, 2023);
- on compliance with the Resolution on Information Policy of the Company for 2022 (Minutes No. 530 dated April 20, 2023);
- on the functions of the Company's Corporate Secretary (Minutes No. 533 dated May 23, 2023);
- report of the Audit Committee of the Board of Directors of the Company on the work done in 2022–2023 (Minutes No. 536 dd. July 21, 2023);
- on expenditure for the preparation and holding of the annual General Meeting of Shareholders of the Company (Minutes No. 538 dated August 24, 2023);

**in the field of internal audit, internal control, risk management:**

- on the assessment of the efficiency of the internal control system, risk management system of the Company for 2022 and the conclusion of the internal auditor of the Company based on the results of assessing the reliability and efficiency of the internal control system and the risk management system, the efficiency of the Company's corporate governance (Minutes No. 530 dd. April 20, 2023);
- on compliance with the plan of work and internal audit activities, including the results of self-assessment of internal audit quality as of the end of 2022, the results of fulfillment in 2022 of the plan of activities to develop and improve the internal audit of the Company for the period from 2020 until 2024 and the plan of activities aimed at professional development of internal auditors in the Company (Minutes No. 532 dd. May 22, 2023);
- on the organization, functioning and efficiency of the internal control system and the risk management system of the Company for 2022 (Minutes No. 534 dated May 31, 2023);
- on assessment of the efficiency of the corporate governance system in the 2022–2023 corporate year (Minutes No. 540 dd. October 11, 2023);

**in the field of economics and finance:**

- on execution of the Company's business plan (Minutes No. 523 dated January 30, 2023, No. 523 dated January 30, 2023 and No. 545 dated December 12, 2023, No. 546 dd. December 29, 2023);
- on the effective, targeted and timely use of financial support for the Company's Development Plan (Minutes No. 529 dated April 13, 2023, No. 536 dated July 21, 2023, No. 541 dated October 13, 2023, No. 546 dated December 29, 2023);
- on the credit policy of the Company (Minutes No. 532 dated May 22, 2023, No. 534 dated May 31, 2023, No. 538 dated August 24, 2023, No. 545 dd. December 12, 2023);
- on providing insurance coverage for 2022 (Minutes No. 534 dd. May 31, 2023);
- on the implementation of the Company Development Plan for 2022 (Minutes No. 540 dd. October 11, 2023, No. 542 dd. October 30, 2023);
- on the utilization of the Company's cost estimates, including a report on financial and economic activities (Minutes No. 541 dd. October 13, 2023);

- on execution of the Rosseti Northern Caucasus, PJSC Group business plans aggregated based on RAS principles and consolidated based on IFRS principles (Minutes No. 545 dd. December 12, 2023);

**in the field of investment activity:**

- on the progress of implementation of the Company's Investment Program (Minutes No. 522 dated January 30, 2023, No. 535 dated July 10, 2023, No. 536 dated July 21, 2023 and No. 540 dated October 11, 2023);
- on approval of the Company's Investment Program for 2023–2027 and amendments made to the Company's Investment Program, approved by Order No. 34@ of the Russian Ministry of Energy dated December 27, 2021 (Minutes No. 522 dated January 30, 2023);
- on the progress of implementation of the Company's investment projects included in the list of priority facilities (Minutes No. 528 dated March 13, 2023, No. 535 dated July 10, 2023, No. 539 dated September 14, 2023, No. 546 dated December 29, 2023);

**in the field of implementation of the anti-corruption policy:**

- on consideration of the results of anti-corruption monitoring in the Company based on the results of 2022 (Minutes No. 526 dated March 3, 2023);

**in the field of property management:**

- on the progress of execution of the register of non-core assets of the Company (Minutes No. 526 dated March 3, 2023, No. 536 dated July 21, 2023, No. 538 dated August 24, 2023, No. 543 dated November 14, 2023);
- on the results of assessment of progress in identifying and selling the Company's non-core assets in 2022 (Minutes No. 532 dated May 22, 2023);

**in the field of sales of services, energy sales activities, increasing energy efficiency, technical connection, ensuring the reliability of power supply:**

- on the progress of the Company's preparation for work in the autumn-winter period of 2022–2023, including readiness to organize and carry out emergency recovery work in the autumn-winter period of 2022–2023 (Minutes No. 522 dd. January 30, 2023);
- on the current situation in the activities of the Company for the technical connection of consumers to electric grids (Minutes No. 522 dated January 30, 2023, No. 530 dated April 20, 2023, No. 535 dated July 10, 2023, No. 540 dated October 11, 2023, No. 546 dated December 29, 2023);
- on the results of the Company's energy sales activities, including a report on work with accounts receivable (Minutes No. 524 dated February 6, 2023);
- on the progress of implementation of the approved Company Production Asset Management System Development Plan for 2022–2024 over 2022 (Minutes No. 525 dated February 27, 2023);
- on fulfilment of action plan for reducing the overdue accounts receivable for electricity transmission services and dispute settlement (Minutes No. 529 dated April 13, 2023, No. 535 dated July 10, 2023, No. 542 dated October 30, 2023, No. 545 dated December 12, 2023);
- on the work carried out in relation to overdue debts at the beginning of the reporting period and newly formed overdue receivables for electricity transmission services (Minutes

No. 529 dated April 13, 2023, No. 535 dated July 10, 2023, No. 542 dated October 30, 2023, No. 545 dated December 12, 2023);

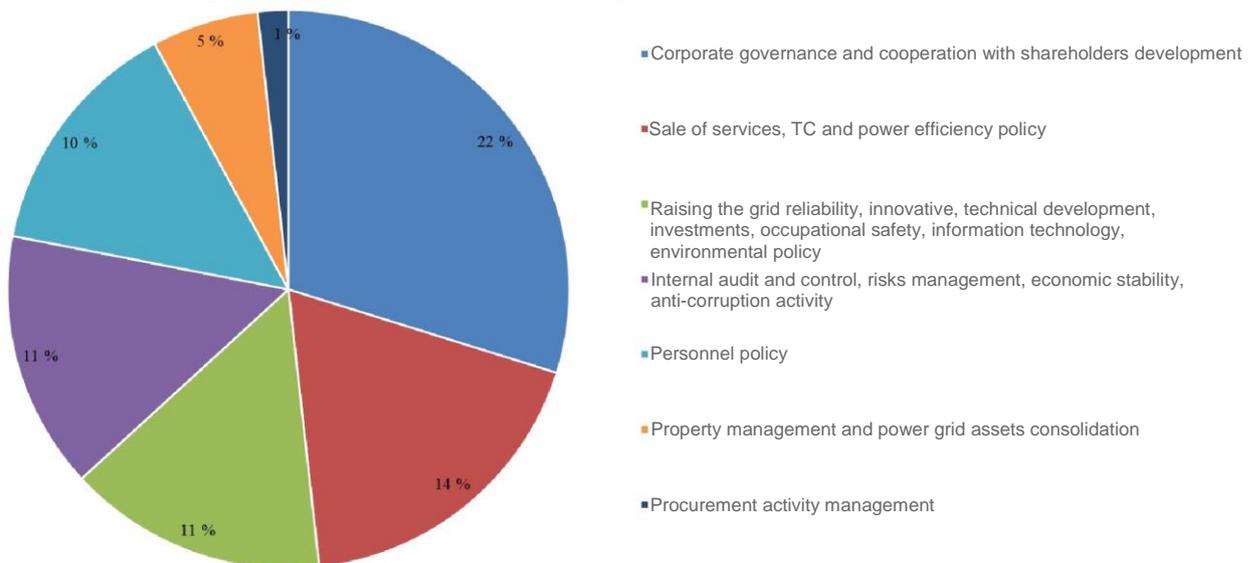
- on implementation of the Plan (Program) for reducing electrical energy losses in the electric grids of the Company for 2022–2026 (Minutes No. 532 dd. May 22, 2023);
- On progress of Company preparation for operation during floods in 2023 (Minutes No. 532 dd. May 22, 2023);
- on implementation of the Company's Smart Metering Development Program for 2022 (Minutes No. 533 dd. May 23, 2023);
- on the state of reliability (according to reliability indicators, including indicative ones) in 2022 (Minutes No. 534 dated May 31, 2023);
- on repayment of overdue accounts receivable (Minutes No. 529 dated April 13, 2023, No. 535 dated July 10, 2023, No. 542 dated October 30, 2023, No. 545 dated December 12, 2023);
- on implementation of the Plan (Program) for reducing electrical energy losses in the electric grids of the Company for 2023 – 2027 (Minutes No. 537 dated August 7, 2023, No. 541 dated October 13, 2023);

**in the field of fulfilling KPIs and assessing the performance of the General Director of the Company fulfilling the set personal goals:**

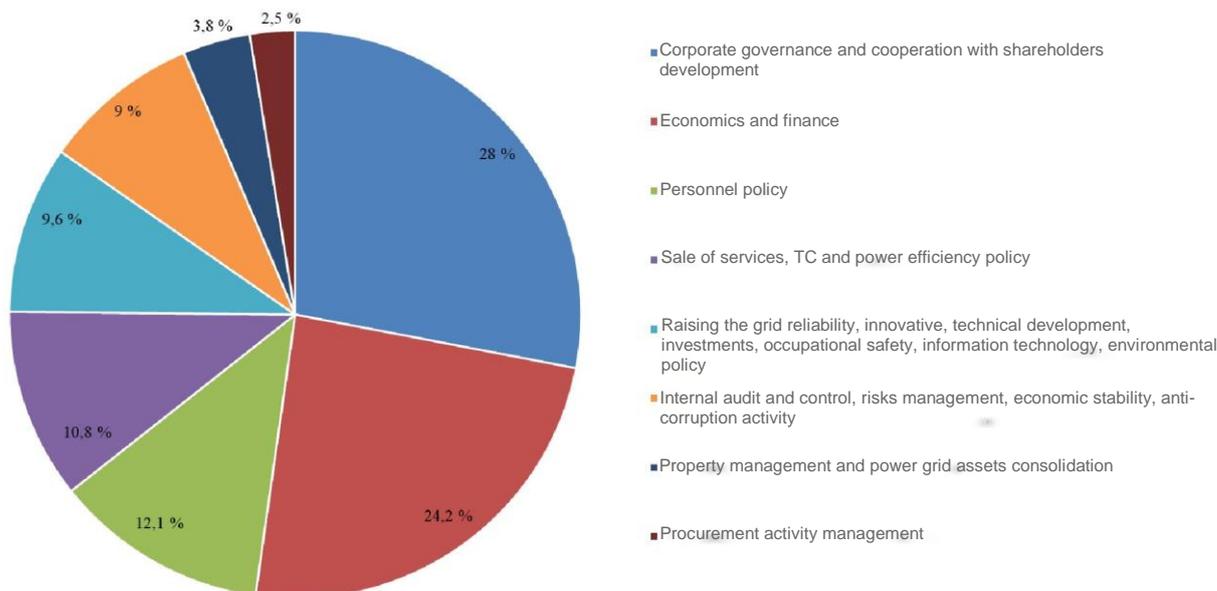
- on the fulfilment of established personal goals to achieve planned indicators for the level of electricity losses for the directors of Dagenergo branch of the Company and Ingushenergo branch of the Company (Minutes No. 529 dated April 13, 2023);
- on the fulfillment of the KPIs of the General Director of the Company for 2022 (Minutes No. 544 dated November 29, 2023).

During 2023, the Board of Directors issued 63 orders to the Company's management (in 2022 – 42, in 2021 – 48).

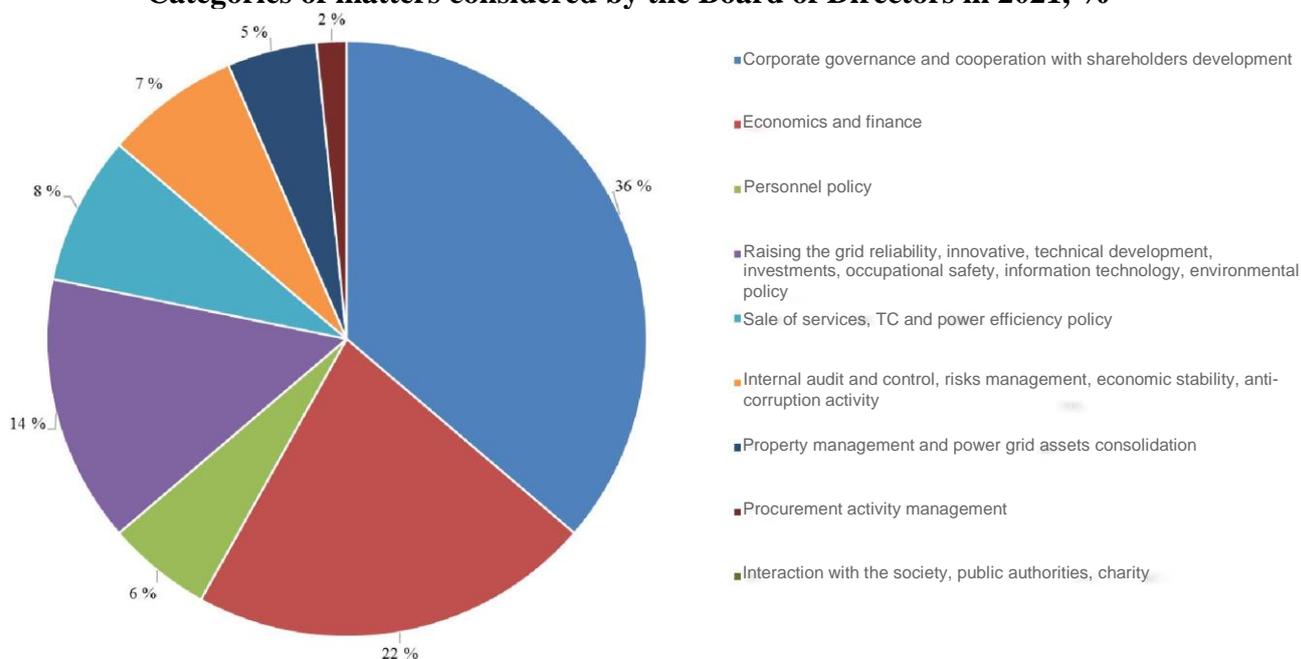
**Categories of matters considered by the Board of Directors in 2023, %**



**Categories of matters considered by the Board of Directors in 2022, %**



### Categories of matters considered by the Board of Directors in 2021, %



Details of the decisions made by the Board of Directors in 2023 are provided on the Company's website in the section "For Shareholders and Investors/Corporate Governance/Board of Directors" at [https://www.rossetisk.ru/shareholders\\_and\\_investors/korporativnoe\\_upravlenie/sovet\\_direktorov/](https://www.rossetisk.ru/shareholders_and_investors/korporativnoe_upravlenie/sovet_direktorov/).

### Involvement of directors in the work of the Board of Directors in 2023\*

Full name of Director	Resolution of the General Meeting of Shareholders on the election of the Board of Directors	Corporate year when the person was a member of the Board of Directors	Number of meetings, pcs.
<b>Total meetings held in 2023</b>			<b>25</b>
including meetings in presentia (in presentia/absentia)			<b>0</b>
<b>Yelena Victorovna Andreeva</b>		<b>2023–2024</b>	<b>11/12</b>

Full name of Director	Resolution of the General Meeting of Shareholders on the election of the Board of Directors	Corporate year when the person was a member of the Board of Directors	Number of meetings, pcs.
including in presentia	June 15, 2023, Minutes No. 26 dd. June 19, 2023		0/0
<b>Nataliya Nikolaevna Baranyuk</b>	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023	<b>2023–2024</b>	<b>12/12</b>
including in presentia			0/0
<b>Yury Vladimirovich Goncharov</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>13/13</b>
including in presentia			0/0
<b>Aleksander Petrovich Kamyshnikov</b>	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023	<b>2023–2024</b>	<b>4/12</b>
including in presentia			0/0
<b>Daniil Vladimirovich Krainsky</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>13/13</b>
including in presentia			0/0
<b>Roman Alekseevich Levchenko</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>25/25</b>
including in presentia	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023;	<b>2023–2024</b>	<b>0/0</b>
<b>Yulia Aleksandrovna Leshchevskaya</b>	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023	<b>2023–2024</b>	<b>5/12</b>
including in presentia			0/0
<b>Yevgeny Viktorovich Lyapunov</b>	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023	<b>2023–2024</b>	<b>11/12</b>
including in presentia			0/0
<b>Andrey Vladimirovich Mayorov</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>13/13</b>
including in presentia			0/0
<b>Vladimir Aleksandrovich Makarov</b>	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023	<b>2023–2024</b>	<b>11/12</b>
including in presentia			0/0
<b>Aleksey Valeryevich Molsky</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>25/25</b>
including in presentia	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023;	<b>2023–2024</b>	<b>0/0</b>
<b>Nataliya Vladimirovna Paramonova</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>25/25</b>
including in presentia	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023;	<b>2023–2024</b>	<b>0/0</b>
<b>Vladimir Yuryevich Platonov</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>0/13</b>
including in presentia			0/0
<b>Aleksey Aleksandrovich Polinov</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>11/13</b>
including in presentia			0/0
<b>Egor Vyacheslavovich Prokhorov</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>0/13</b>
including in presentia			0/0
<b>Nikolay Ivanovich Sasin</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>25/25</b>
including in presentia	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023;	<b>2023–2024</b>	<b>0/0</b>
<b>Anton Sergeevich Ulyanov</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>0/13</b>
including in presentia			0/0
<b>Dmitry Vladimirovich Ustyugov</b>	Dd. June 15, 2023, Minutes No. 26 dd. June 19, 2023	<b>2023–2024</b>	<b>12/12</b>
including in presentia			0/0

\* In presentia – meetings that the director attended in the form of joint presence. A/B – A – number of meetings that the director attended; B – number of meetings held for the period, when the person was a member of the Board of Directors.

**Involvement of directors in the work of the Board of Directors in 2022\***

Full name of Director	Resolution of the General Meeting of Shareholders on the election of the Board of Directors	Corporate year when the person was a member of the Board of Directors	Number of meetings, pcs.
<b>Total meetings held in 2022</b>			<b>39</b>
including meetings in presentia (in presentia/absentia)			<b>1</b>
<b>Yury Vladimirovich Goncharov</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021;	<b>2021–2022 2022–2023</b>	<b>39/39</b>
including in presentia	June 16, 2022, Minutes No. 25 dd. June 17, 2022;		<b>1/1</b>
<b>Pavel Vladimirovich Grebtsov</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>21/21</b>
including in presentia			<b>0/1</b>
<b>Vladislav Albertovich Kapitonov</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>21/21</b>
including in presentia			<b>1/1</b>
<b>Daniil Vladimirovich Krainsky</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021;	<b>2021–2022 2022–2023</b>	<b>37/39</b>
including in presentia	June 16, 2022, Minutes No. 25 dd. June 17, 2022;		<b>0/1</b>
<b>Roman Alekseevich Levchenko</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021;	<b>2021–2022 2022–2023</b>	<b>39/39</b>
including in presentia	June 16, 2022, Minutes No. 25 dd. June 17, 2022;		<b>1/1</b>
<b>Andrey Vladimirovich Mayorov</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021;	<b>2021–2022 2022–2023</b>	<b>39/39</b>
including in presentia	June 16, 2022, Minutes No. 25 dd. June 17, 2022;		<b>1/1</b>
<b>Aleksey Valeryevich Molsky</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021;	<b>2021–2022 2022–2023</b>	<b>39/39</b>
including in presentia	June 16, 2022, Minutes No. 25 dd. June 17, 2022;		<b>1/1</b>
<b>Viktor Nikolaevich Palagin</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>21/21</b>
including in presentia			<b>0/1</b>
<b>Nataliya Vladimirovna Paramonova</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>18/18</b>
including in presentia			<b>0/0</b>
<b>Aleksey Aleksandrovich Polinov</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>14/18</b>
including in presentia			<b>0/0</b>
<b>Egor Vyacheslavovich Prokhorov</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021;	<b>2021–2022 2022–2023</b>	<b>34/39</b>
including in presentia	June 16, 2022, Minutes No. 25 dd. June 17, 2022;		<b>1/1</b>
<b>Nikolay Ivanovich Sasin</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021;	<b>2021–2022 2022–2023</b>	<b>39/39</b>
including in presentia	June 16, 2022, Minutes No. 25 dd. June 17, 2022;		<b>1/1</b>
<b>Anton Sergeevich Ulyanov</b>	Dd. June 16, 2022, Minutes No. 25 dd. June 17, 2022;	<b>2022–2023</b>	<b>17/18</b>
including in presentia			<b>0/0</b>
<b>Igor Vladimirovich Feoktistov</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>0/21</b>
including in presentia			<b>0/1</b>

\* In presentia – meetings that the director attended in the form of joint presence. A/B – A – number of meetings that the director attended; B – number of meetings held for the period, when the person was a member of the Board of Directors.

### Involvement of directors in the work of the Board of Directors in 2021\*

Full name of Director	Resolution of the General Meeting of Shareholders on the election of the Board of Directors	Corporate year when the person was a member of the Board of Directors	Number of meetings, pcs.
<b>Total meetings held in 2021</b>			<b>36</b>
including meetings in presentia (in presentia/absentia)			<b>1</b>
<b>Yury Vladimirovich Goncharov</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020	<b>2020–2021</b>	<b>36/36</b>
including in presentia	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>1/1</b>
<b>Pavel Vladimirovich Grebtsov</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>16/16</b>
including in presentia			<b>1/1</b>
<b>Vitaly Valeryevich Ivanov</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020	<b>2020–2021</b>	<b>10/20</b>
including in presentia			<b>0/0</b>
<b>Vladislav Albertovich Kapitonov</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020;	<b>2020–2021</b>	<b>36/36</b>
including in presentia	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>1/1</b>
<b>Daniil Vladimirovich Krainsky</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020;	<b>2020–2021</b>	<b>36/36</b>
including in presentia	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>1/1</b>
<b>Marina Aleksandrovna Lavrova</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020	<b>2020–2021</b>	<b>20/20</b>
including in presentia			<b>0/0</b>
<b>Roman Alekseevich Levchenko</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>16/16</b>
including in presentia			<b>1/1</b>
<b>Andrey Vladimirovich Mayorov</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>16/16</b>
including in presentia			<b>0/1</b>
<b>Aleksey Valeryevich Molsky</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>16/16</b>
including in presentia			<b>1/1</b>
<b>Viktor Nikolaevich Palagin</b>	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>13/16</b>
including in presentia			<b>1/1</b>
<b>Aleksander Viktorovich Peshkov</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020	<b>2020–2021</b>	<b>20/20</b>
including in presentia			<b>0/0</b>
<b>Egor Vyacheslavovich Prokhorov</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020	<b>2020–2021</b>	<b>36/36</b>
including in presentia	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>0/1</b>
<b>Vasily Vladimirovich Rozhkov</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020	<b>2020–2021</b>	<b>20/20</b>
including in presentia			<b>0/0</b>
<b>Nikolay Ivanovich Sasin</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020	<b>2020–2021</b>	<b>36/36</b>
including in presentia	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>1/1</b>
<b>Igor Vladimirovich Feoktistov</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020	<b>2020–2021</b>	<b>30/36</b>
including in presentia	May 31, 2021, Minutes No. 24 dd. June 2, 2021	<b>2021–2022</b>	<b>0/1</b>
<b>Dmitry Aleksandrovich Chevkin</b>	November 23, 2020, Minutes No. 23 dd. November 27, 2020	<b>2020–2021</b>	<b>20/20</b>
including in presentia			<b>0/0</b>

\* In presentia – meetings that the director attended in the form of joint presence. A/B – A – number of meetings that the director attended; B – number of meetings held for the period, when the person was a member of the Board of Directors.

### Assessment of the Board of Directors performance

In 2023, no special assessment of performance of the Board of Directors of Rosseti Northern Caucasus, PJSC was carried out. The Company has not approved the corresponding assessment methodology. While, in 2023, an assessment of the Company's corporate governance efficiency as a whole was made, including for the Board of Directors component. The relevant report was preliminary reviewed by the Audit Committee of the Board of Directors at a meeting held on October 2, 2023 (Minutes No. 177 dated October 3, 2023). The specified report was considered by the Board of Directors of the Company on October 9, 2023 (Minutes No. 540 dated October 11, 2023). Also in 2023, an annual analysis of the quality of the Company's management was carried out by Expert RA rating agency (RAEX). The analysis was carried out, i.a. by factor "Management and Control Bodies".

### Composition of the Board of Directors

The professional Board of Directors is a key element of the corporate governance system of Rosseti Northern Caucasus, PJSC, affecting the performance of the Company and providing strategic governance and supervision of the executive bodies in the interests of shareholders and the Company itself.

In its activities, the Board of Directors is governed by Federal Law "On Joint Stock Companies", other regulations of the Russian Federation, the Charter of Rosseti Northern Caucasus, PJSC, the Regulation on the Board of Directors, the principles and recommendations of the Corporate Governance Code of Bank of Russia, as well as the Employee Corporate Code of Ethics and Business Conduct of Rosseti Northern Caucasus, PJSC.

We rigorously strive to ensure that a candidate for the Board of Directors of Rosseti Northern Caucasus, PJSC is a person who has an impeccable business and personal reputation, having the knowledge, skills and experience required for decision-making and effective management.

Election of the Board of Directors of Rosseti Northern Caucasus, PJSC members is carried out by transparent procedure (in accordance with the Charter of the Company), allowing the shareholders to get information about the candidates, sufficient to understand their personal and professional qualities. Information on the candidates, as well as shareholders proposing candidates for inclusion in the voting list for election to the Board of Directors are posted on the website of Rosseti Northern Caucasus, PJSC in the sections "For Shareholders and Investors/Corporate Governance/Materials for General Meetings of Shareholders" at: [https://www.rossetisk.ru/shareholders\\_and\\_investors/korporativnoe\\_upravlenie/materialy-k-obshchim-sobraniyam-aktsionerov/](https://www.rossetisk.ru/shareholders_and_investors/korporativnoe_upravlenie/materialy-k-obshchim-sobraniyam-aktsionerov/).

According to the Corporate Governance Code of the Bank of Russia, under the normal circumstances, a member of the Board of Directors associated with the Company, its major shareholder, material counterparties, competitors or the government may not be considered an independent member. Also, a person shall be recognized as a person associated with the company if he/she held the position of a member of the Board of Directors of the company for a total of more than seven years. In a strict sense of the specified criteria in 2016–2023 one independent director was a member of the Board of Directors of Rosseti Northern Caucasus, PJSC, namely N.I. Sasin, head of the representative office of OPORA RUSSIA in the Northern Caucasus Federal District, member of the Management Board of OPORA RUSSIA, first elected to the Board of Directors of the Company in 2016. As of the end of 2023, N.I. Sasin had served as a member of the Company's Board of Directors for a total of more than seven years. In this case, the Bank of

Russia Corporate Governance Code recommends that such a member of the Board of Directors be recognized as a person associated with the company. However, Rosseti Northern Caucasus, PJSC believes that all persons elected to the Board of Directors of Rosseti Northern Caucasus, PJSC, have sufficient professionalism, experience and independence to form their own position, and the ability to make objective and conscientious decisions. The number of members of the Board of Directors of Rosseti Northern Caucasus, PJSC: 11 persons.

**Current Board of Directors** elected by the resolution of the Annual General Meeting of Shareholders on June 15, 2023 (Minutes No. 26 dd. June 19, 2023). In accordance with Article 65 of the Federal Law “On Joint Stock Companies”, the annual General Meeting of Shareholders was held by decision of the Board of Directors of the Company.

**Aleksey Valeryevich Molsky**  
**Chairman of the Board of Directors**  
**Non-executive Director**

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on May 31, 2021.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>			
<b>Year of Birth</b>		1980	
<b>Information on education</b>		2004, Moscow Power Engineering Institute, “Electric Power Systems and Grids, Economics and Management at the Enterprise”, engineer.	
<b>Principal place of employment, position</b>		Deputy General Director for Investments and Capital Construction of Federal Grid Company – Rosseti, Public Joint-Stock Company;	
<b>Information on positions held:</b>			
<b>Period</b>		<b>Name of organization</b>	<b>Position</b>
<b>from</b>	<b>to</b>		
2012	2020	Federal Grid Company of Unified Energy System Public Joint Stock Company	Deputy Chairman of the Management Board, First Deputy Chairman of the Management Board, Deputy Chairman of the Management Board for Investments, Capital Construction and Sales of Services
2013	2023	Association “NP Market Council”	Member of the Supervisory Board
2016	2020	Federal Grid Company of Unified Energy System Public Joint Stock Company	member of the Management Board
2020	as of the end of 2023	Federal Grid Company – Rosseti, Public Joint-Stock Company	Deputy General Director for Investment and Capital Construction
2020	2023	Rosseti Public Joint Stock Company	Deputy General Director for Investments, Capital Construction and Sales of Services (concurrently), member of the Management Board
<b>Participation in management and control bodies</b>			
Also, as of the end of 2023 – member of the Boards of Directors of Rosseti Moscow Region, PJSC, Rosseti Kuban, PJSC, JSC Scientific and Technical Center FGC UES, Rosseti Lenenergo, PJSC, CIUS UES, JSC, Energocenter, PJSC, Rosseti Volga, PJSC, Rosseti Northern Caucasus, JSC, Mobile			

GTPP, JSC, TaigaEnergostroy, JSC, Chairman of the Supervisory Board of JSC UES SAKRUSENERGO, member of the Presidium of the Association “Russian National Committee of the International Council on Large Electrical Systems of High Voltage” (RNC CIGRE), member of the Management Board of Federal Grid Company – Rosseti, Public Joint-Stock Company.
Does not own shares of Rosseti Northern Caucasus, PJSC.
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.

**Yelena Victorovna Andreeva**

**Non-executive Director**

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on June 15, 2023.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>			
<b>Year of Birth</b>		1974	
<b>Information on education</b>		1997, Ivanovo State Energy University, “Economics and Management at Energy Enterprises”, economist-manager.	
<b>Principal place of employment, position</b>		Deputy General Director for Sales of Services and Electricity Transport of Federal Grid Company – Rosseti, Public Joint-Stock Company	
<b>Information on positions held:</b>			
<b>Period</b>		<b>Name of organization</b>	<b>Position</b>
<b>from</b>	<b>to</b>		
2008	2022	Mosenergo, OJSC	Deputy General Director for Sales
2014	2022	Gazprom Energoholding, OJSC	Deputy General Director for Regional Development (concurrently)
2022	2023	Rosseti Public Joint Stock Company	Chief Advisor (concurrently)
2022	as of the end of 2023	Federal Grid Company – Rosseti, Public Joint-Stock Company	Deputy General Director for Sales of Services and Electricity Transmission
<b>Participation in management and control bodies</b>			
As of the end of 2023, member of the Boards of Directors of Rosseti Center PJSC, Rosseti Center and Volga Region, PJSC, Rosseti Siberia, PJSC, IDGC of the Ural, OJSC, Yantarenergosbyt, JSC, Rosseti Northern Caucasus, PJSC.			
Does not own shares of Rosseti Northern Caucasus, PJSC.			
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.			
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.			

**Nataliya Nikolaevna Baranyuk**

**Non-executive Director**

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on June 15, 2023.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>	
<b>Year of Birth</b>	1978
<b>Information on education</b>	2000, Krasnoyarsk State University, jurisprudence, lawyer;

	2022, Moscow State University n.a. M.V. Lomonosov	
<b>Principal place of employment, position</b>	Corporate Secretary – Head of the Office of the Chairman of the Board of Directors of Federal Grid Company – Rosseti, Public Joint-Stock Company	
<b>Information on positions held:</b>		
<b>Period</b>		<b>Name of organization</b>
<b>from</b>	<b>to</b>	
2015	2023	Rosseti Public Joint Stock Company
2023	as of the end of 2023	Federal Grid Company – Rosseti, Public Joint-Stock Company
<b>Participation in management and control bodies</b>		
As of the end of 2023 – a member of the Boards of Directors of Rosseti Volga, PJSC, Rosseti Northern Caucasus, PJSC.		
Does not own shares of Rosseti Northern Caucasus, PJSC.		
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.		
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.		

#### Aleksander Petrovich Kamyshnikov

##### Non-executive Director

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on June 15, 2023.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>		
<b>Year of Birth</b>	1959	
<b>Information on education</b>	1984, Higher Red Banner School of the KGB of the USSR named after F. E. Dzerzhinsky, lawyer with knowledge of English	
<b>Principal place of employment, position</b>	No data available	
<b>Information on positions held:</b>		
<b>Period</b>		<b>Name of organization</b>
<b>from</b>	<b>to</b>	
2009	2021	Rosnanotech Group of Companies – Rosnano Management Company, LLC
2021	2022	Russian Helicopters, JSC
2022	2023	Federal Grid Company – Rosseti, Public Joint-Stock Company
<b>Participation in management and control bodies</b>		
As of the end of 2023, member of the board of directors of JSC CIUS UES, of Rosseti Northern Caucasus, PJSC;		
Does not own shares of Rosseti Northern Caucasus, PJSC.		
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.		

Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.
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**Roman Alekseevich Levchenko**

**Executive Director**

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on May 31, 2021.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>			
<b>Year of Birth</b>		1979	
<b>Information on education</b>		1997, Pyatigorsk Trade and Economic College, degree in Accounting, Control and Analysis of Economic Activity; 2000, North Caucasian State University, Jurisprudence, lawyer	
<b>Principal place of employment, position</b>		General Director, Chairman of the Management Board of Rosseti Northern Caucasus, PJSC	
<b>Information on positions held:</b>			
<b>Period</b>		<b>Name of organization</b>	<b>Position</b>
<b>from</b>	<b>to</b>		
2017	2021	A group Engineering, LLC	General Director
2021	2022	Rosseti Northern Caucasus, PJSC	Deputy General Director for Interaction with Electricity Market Entities
2021	2022	Rosseti Northern Caucasus, PJSC	Acting General Director
2021	as of the end of 2023	Rosseti Northern Caucasus, PJSC	member of the Management Board
2021	2022	Rosseti Northern Caucasus, PJSC	Acting Chairman of the Management Board
2022	as of the end of 2023	Rosseti Northern Caucasus, PJSC	General Director, Chairman of the Management Board
<b>Participation in management and control bodies</b>			
As of the end of 2023 – a member of the Board of Directors of Rosseti Northern Caucasus, PJSC.			
Does not own shares of Rosseti Northern Caucasus, PJSC.			
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.			
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.			

**Yulia Aleksandrovna Leshchevskaya**

**Non-executive Director**

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on June 15, 2023.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>	
<b>Year of Birth</b>	Year of birth: 1977
<b>Information on education</b>	1998, Griboedov Institute of International Law and Economics, Bachelor of Management; 2000, Financial Academy under the Government of the Russian Federation, Master of Economics in “Economics”
<b>Principal place of employment, position</b>	Deputy General Director for Strategy of Federal Grid Company – Rosseti, Public Joint-Stock Company

<b>Information on positions held:</b>			
<b>Period</b>		<b>Name of organization</b>	<b>Position</b>
<b>from</b>	<b>to</b>		
2017	2021	FGUP “Pochta Rossii”	Deputy General Director – Executive Director
2021	2022	ANO Analytical Center under the Government of the Russian Federation	Deputy Head – Head of Development Center
2022	2022	Rosseti Public Joint Stock Company	Chief Advisor (concurrently)
2022	as of the end of 2023	Federal Grid Company – Rosseti, Public Joint-Stock Company	Deputy General Director for Strategy
<b>Participation in management and control bodies</b>			
As of the end of 2023 – a member of the Boards of Directors of TRK, PJSC, Rosseti Tyumen, JSC, Rosseti of Centre, PJSC, Rosseti Northern Caucasus, PJSC.			
Does not own shares of Rosseti Northern Caucasus, PJSC.			
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.			
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.			

### **Yevgeny Viktorovich Lyapunov**

#### **Non-executive Director**

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on June 15, 2023.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>			
<b>Year of Birth</b>	1981		
<b>Information on education</b>	2003, Ivanovo Power Engineering University, “Electrical Power Systems and Grids”, electrical engineer		
<b>Principal place of employment, position</b>	Deputy General Director – chief engineer of Federal Grid Company – Rosseti, Public Joint-Stock Company		
<b>Information on positions held:</b>			
<b>Period</b>		<b>Name of organization</b>	<b>Position</b>
<b>from</b>	<b>to</b>		
2015	2022	Branch of FGC UES, PJSC – MES Center	Deputy General Director, Chief Engineer, First Deputy General Director
2019	2020	Branch of FGC UES, PJSC – MES of Western Siberia	General Director
2021	2022	FGC UES, PJSC	Advisor to the First Deputy General Director – Chief Engineer
2022	2023	Rosseti Public Joint Stock Company	Chief Advisor
2022	as of the end of 2023	Federal Grid Company – Rosseti, Public Joint-Stock Company	Deputy General Director – Chief Engineer
<b>Participation in management and control bodies</b>			
As of the end of 2022 – member of the Management Board of Federal Grid Company – Rosseti, Public Joint-Stock Company, member of the Boards of Directors			

Rosseti Moscow Region, PJSC, Rosseti Lenenergo, PJSC, Rosseti Northern Caucasus, JSC, Rosseti Digital, JSC, Rosseti Tyumen, JSC, Elektromagistral, JSC, Rosseti Moscow Region, PJSC, Chairman of the Boards of Directors of Rosseti Center, PJSC, Rosseti Center and Volga Region, JSC, Mobile GTPP, Electrosetservice UNEG, JSC, Energetik, JSC.
Does not own shares of Rosseti Northern Caucasus, PJSC.
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.

### Vladimir Aleksandrovich Makarov

#### Non-executive Director

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on June 15, 2023.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>			
<b>Year of Birth</b>		1968	
<b>Information on education</b>		1994, Moscow State Law Academy, Jurisprudence, lawyer	
<b>Principal place of employment, position</b>		Director for Internal Control and Risk Management – Head of the Department for Internal Control and Risk Management of Federal Grid Company – Rosseti, Public Joint-Stock Company	
<b>Information on positions held:</b>			
<b>Period</b>		<b>Name of organization</b>	<b>Position</b>
<b>from</b>	<b>to</b>		
2018	2022	The Prosecutor General's Office of the Russian Federation	Head of the Department
2022	2023	Rosseti Public Joint Stock Company	Head of the Department for Prevention of Corruption and Internal Inspections (concurrent)
2022	2023	Federal Grid Company – Rosseti, Public Joint-Stock Company	Head of the Department for Prevention of Corruption and Internal Inspections
2023	as of the end of 2023	Federal Grid Company – Rosseti, Public Joint-Stock Company	Director for Internal Control and Risk Management – Head of the Internal Control and Risk Management Department
<b>Participation in management and control bodies, as well as committees</b>			
As of the end of 2023 – member of the Board of Directors, Audit Committee under the Board of Directors of Rosseti Northern Caucasus, PJSC; member of the auditing commissions of Rosseti Lenenergo, PJSC, Inter RAO, PJSC, Rosseti Moscow Region, PJSC.			
Does not own shares of Rosseti Northern Caucasus, PJSC.			
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.			
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.			

### Nataliya Vladimirovna Paramonova

#### Non-executive Director

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on June 16, 2022.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>			
<b>Year of Birth</b>		1970	
<b>Information on education</b>		1995, I.M. Gubkin State Academy of Oil and Gas process automation engineer; 2005 Institute of Business and Politics, economist with a degree in Accounting, Analysis and Audit.	
<b>Principal place of employment, position</b>		First Deputy Head of the Department of Economics of Federal Grid Company – Rosseti, Public Joint Stock Company	
<b>Information on positions held:</b>			
<b>Period</b>		<b>Name of organization</b>	<b>Position</b>
<b>from</b>	<b>to</b>		
2018	2023	Rosseti Public Joint Stock Company	Head of the Planning and Economic Division of the Tariff Policy Department; Director of the Department of Economy, Head of the Department of Economy
2023	as of the end of 2023	Federal Grid Company – Rosseti, Public Joint-Stock Company	First Deputy Head of the Department of Economy
<b>Participation in management and control bodies</b>			
As of the end of 2023 – a member of the Boards of Directors of Rosseti North-West, PJSC, Rosseti Yug, PJSC, Rosseti Northern Caucasus, PJSC.			
Does not own shares of Rosseti Northern Caucasus, PJSC.			
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.			
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.			

### **Nikolay Ivanovich Sasin**

#### **Non-executive Director**

**(2016–2023 – independent member of the Board of Directors <sup>1</sup>)**

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on June 20, 2016.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>	
<b>Year of Birth</b>	1969
<b>Information on education</b>	Volsk Higher Military Base School of Red Star Order of Lenin Komsomol, engineer-economist; Federal State-Funded Educational Institution of Higher Professional Education Moscow State University of Economics, Statistics and Informatics, degree in “Business Valuation”; Federal State-Funded Educational Institution of Higher Professional Education Moscow Aviation Institute (NRU), Presidential program for managerial personnel “Management”; Federal State-Funded Educational Institution of Higher Professional Education Stavropol State Agrarian University, “Anti-crisis Management” economist-manager

<sup>1</sup> As of the end of 2023, N.I. Sasin did not hold the position of a member of the Board of Directors of the Company for more than seven years in total. In this case, the Bank of Russia Corporate Governance Code recommends that such a member of the Board of Directors be recognized as a person associated with the company.

<b>Principal place of employment, position</b>		Chairman of the Stavropol regional branch of OPORA RUSSIA	
<b>Information on positions held:</b>			
<b>Period</b>		<b>Name of organization</b>	<b>Position</b>
<b>from</b>	<b>to</b>		
from 2010	as of the end of 2023	Stavropol regional branch of the All-Russian Non-Governmental Organization of Small and Medium Business "OPORA RUSSIA"	Chairman of the Board
2014	as of the end of 2023	All-Russian Non-Governmental Organization of Small and Medium Business "OPORA RUSSIA"	Coordinator in the Northern Caucasus Federal District, member of the Management Board
2015	2020	Goryachevodsky APC	Director for Investments
2016	as of the end of 2023	Regional branch in the Stavropol Territory of the All-Russia Political Party "PARTY OF GROWTH"	Chairman
2017	2020	Market Line LLC	Deputy General Director
2020	as of the end of 2023	Market Line LLC	General Director
2022	as of the end of 2023	SAS GROUP LLC	General Director
<b>Participation in management and control bodies, as well as committees</b>			
As of the end of 2023 – member of the Audit Committee of the Board of Directors, Board of Directors of Rosseti Northern Caucasus, PJSC.			
Does not own shares of Rosseti Northern Caucasus, PJSC.			
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.			
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.			

### **Dmitry Vladimirovich Ustyugov**

#### **Non-executive Director**

First elected to the Board of Directors of Rosseti Northern Caucasus, PJSC on June 15, 2023.

<b>General information about the member of the Board of Directors of Rosseti Northern Caucasus, PJSC</b>			
<b>Year of Birth</b>		1976	
<b>Information on education</b>		1999, Omsk State University, Jurisprudence, lawyer	
<b>Principal place of employment, position</b>		Director for Legal Affairs of Federal Grid Company – Rosseti, Public Joint Stock Company	
<b>Period</b>		<b>Name of organization</b>	<b>Position</b>
<b>from</b>	<b>to</b>		
2015	2020	FGC UES, PJSC	Director for Legal Issues
2020	2021	FGC UES, PJSC	Head of Legal Department

2020	2021	Rosseti Public Joint Stock Company	Head of Legal Department
2021	2022	Federal Grid Company – Rosseti, Public Joint-Stock Company	Director for Legal Issues
2021	2023	Rosseti Public Joint Stock Company	Director for Legal Issues
2023	as of the end of 2023	Federal Grid Company – Rosseti, Public Joint-Stock Company	Director for Legal Issues
<b>Participation in management and control bodies</b>			
As of the end of 2023 – a member of the Boards of Directors of Rosseti Siberia, PJSC, Rosseti Northern Caucasus, PJSC.			
Does not own shares of Rosseti Northern Caucasus, PJSC.			
Has no participation interest in the authorized capital of Rosseti Northern Caucasus, PJSC.			
Did not enter into any transactions to acquire or dispose of shares of Rosseti Northern Caucasus, PJSC during the reporting year.			

### Current Board of Directors as of the end of 2023

Criteria description	Indicator value
<b>Total number</b>	<b>11 directors</b>
Status, including	
Independent directors	0 % (0 directors)
Executive directors	9 % (1 director)
Non-executive directors	91 % (10 directors)
Age, including	
Under 35 years old, inclusive	0 % (0 directors)
From 36 to 65 years old inclusive	100 % (11 directors)
66 years and older	0 % (0 directors)
<b>Length of service as a member of the Board of Directors of the Company*, including</b>	
1 year	64 % (7 directors)
2–6 years	27% (3 directors)
7 years and older	9 % (1 director)

\* The corporate year is taken as the year. The total length of service in the Company's Board of Directors is indicated.

**Members of the Board of Directors elected by the annual General Meeting of Shareholders on June 16, 2022 (Minutes No. 25 dated June 17, 2022) and exercising powers until the election of new members of the Board of Directors in accordance with the resolution of the annual General Meeting of Shareholders dd. June 15, 2023 (Minutes No. 26 dated June 19, 2023)**

No.	Candidate's full name	Status of director during the period of exercise of powers of a member of the Board of Directors of this composition	Position (as of the candidate nomination)
1.	Yury Vladimirovich Goncharov	Non executive	Chief Advisor to Rosseti, PJSC

2.	Daniil Vladimirovich Krainsky	Non executive	Deputy General Director for Legal Support of Rosseti, PJSC
3.	Roman Alekseevich Levchenko	Executive	General Director Rosseti Northern Caucasus, PJSC
4.	Andrey Vladimirovich Mayorov	Non executive	First Deputy General Director – Chief Engineer of Rosseti, PJSC
5.	Aleksey Valeryevich Molsky	Non executive	Deputy Director General for Investment, Capital Construction and Sales of Services of Rosseti, PJSC
6.	Nataliya Vladimirovna Paramonova	Non executive	Head of the Department of Economy of Rosseti, PJSC
7.	Vladimir Yuryevich Platonov	Non executive	Deputy General Director for Security of Rosseti, PJSC
8.	Aleksey Aleksandrovich Polinov	Non executive	Acting Deputy General Director for Economics and Finance of Rosseti, PJSC
9.	Egor Vyacheslavovich Prokhorov	Non executive	Deputy General Director for Strategy of Rosseti, PJSC
10.	Nikolay Ivanovich Sasin	Independent	Chairman of the Stavropol Regional Office of the All-Russian Public Organization of Small and Medium-Sized Enterprises NP OPORA RUSSIA
11.	Anton Sergeevich Ulyanov	Non executive	Director for Internal Control and Risk Management – Head of the Internal Control and Risk Management Department of Rosseti, PJSC

Based on the information available, members of the Board of Directors of Rosseti Northern Caucasus, PJSC do not have participatory interest in the authorized capital of Rosseti Northern Caucasus, PJSC and its subsidiaries, do not own ordinary shares of Rosseti Northern Caucasus and its subsidiaries, and also in 2023 did not make transactions for the acquisition and (or) alienation of the Company's shares.

In the reporting year, the Company had a liability insurance agreement for directors and officials (D&O) dated September 19, 2022 No. 2200RB20R5214, concluded with VSK JSIC, providing for insurance of the insured for liability arising from the infliction of losses/damage to third parties of the managed companies of Rosseti Northern Caucasus, PJSC as a result of unintentional/erroneous actions/omissions of the insured in the course of their performance of relevant obligations. In connection with the end of the Insurance Period on June 30, 2023, the Company acquired a Discovery Period for the period from July 1, 2023 to June 30, 2024, during which the insurer may be notified of any claim first made during such period or during Insurance Period in connection with any wrongful act that occurred before the expiration of the Insurance Period.

This type of insurance was provided as part of the Insurance Coverage Program approved by the decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dd. January 26, 2023 (Minutes No. 523 dated January 30, 2023), the total insurance premium for this type of insurance in 2023 amounted to 49,99 thousand rubles.

### 5.3.3. Committees of the Board of Directors

**Committees of the Board of Directors of Rosseti Northern Caucasus, PJSC** were established to improve the efficiency of the Board of Directors, develop recommendations for the Board of Directors and executive bodies of Rosseti Northern Caucasus, PJSC.

In Rosseti Northern Caucasus, PJSC the following committees are established and operate:

- Audit Committee;
- Personnel and Remuneration Committee;
- Reliability Committee;
- Strategy Committee;
- Committee for Technological Connection to Electric Power

In their activities, members of the Committees of the Board of Directors of the Company are guided by:

- Russian law;
- the Company Charter;
- - Regulations on the Committees and bylaws of the Company;
- action plans for the Committees.

### Regulations on Committees

Committee name	Information on the approval by the Board of Directors of the Regulation on the Committee as amended
Reliability Committee	Minutes No. 310 dated July 31, 2017
Audit Committee	Minutes No. 518 dd. December 8, 2022
Personnel and Remuneration Committee	Minutes No. 172 dated August 4, 2014
Strategy Committee	Minutes No. 395 dd. October 31, 2019
Committee for Technological Connection to Electric Power	Minutes No 417 dd. April 10, 2020

Texts of the Regulations on the Committees are available on the website of Rosseti Northern Caucasus, PJSC in “For Shareholders and Investors/Charter and Bylaws / Documents of Corporate Governance Procedures” at:  
[https://www.rossetisk.ru/shareholders\\_and\\_investors/dokumenty/dokumenty\\_protседur\\_upravleniya/](https://www.rossetisk.ru/shareholders_and_investors/dokumenty/dokumenty_protседur_upravleniya/).

### Audit Committee

In order to assist the efficient discharge of the functions of the Board of Directors of the Company to the extent of preliminary consideration of issues related to control over the financial and economic activities of the Company, the Audit Committee of the Board of Directors of the Company was established under the Board of Directors of the Company.

Key tasks of the Committee:

- Consideration of accounting (financial) statements of the Company and supervision over the process of their preparation;
- Control over the functional reliability and efficiency of internal control system, the risk management system and the corporate governance practices;
- Control over conductance of external audit and selection of the auditor;
- ensuring of the independence and objectivity in the performance of the internal audit function;
- Supervision over the functional efficiency of the system for non-admittance of fraudulent actions of the Company's workers and third parties.

The number of the Committee members shall be no less than three (3) members. Members of the Committee are elected by the Board of Directors of the Company from among the candidates presented to members of the Board of Directors of the Company. During nomination of members of the Audit Committee, it is recommended that the following candidates have preferential treatment:

- those having a higher education in the field of finance, law, economics or management;
- those having experience of work in the field of internal audit, internal control and risk management, accounting (financial) statements, financial management (the candidates must understand the principles of preparation of accounting (financial) statements and be capable to "read" accounting (financial) statements), those having comparison and analysis skills;
- those having basic knowledge in the internal audit and control field;
- those having knowledge of the Company's activities (branch, characteristics of the products produced, market position, competitive advantages etc.) and understanding the general regularities of business conductance.

Additionally, members of the Committee shall have a reputation giving rise to no doubts as to whether they will discharge the obligations of members of the Committee in a conscientious way and act in the interests of the Company.

### Compositions of the Audit Committee in 2023

<b>Elected by the resolution of the Board of Directors dated August 26, 2022 (Minutes No. 509 dated August 29, 2022)</b>	<b>Elected by the resolution of the Board of Directors dated August 4, 2023 (Minutes No. 537 dated August 7, 2023)</b>
<ul style="list-style-type: none"> <li>• Yury Vladimirovich Goncharov, Chief Advisor of Rosseti, PJSC (Chairman).</li> <li>• Anton Sergeevich Ulyanov, Director for Internal Control and Risk Management – Head of the Internal Control and Risk Management Department of Rosseti, PJSC</li> <li>• Nikolay Ivanovich Sasin, Coordinator of OPORA RUSSIA in the North Caucasus Federal District, member of the Management Board of OPORA RUSSIA</li> </ul>	<ul style="list-style-type: none"> <li>• Anton Sergeevich Ulyanov, Internal Audit Director, Head of Department of Internal Audit (Chairman)</li> <li>• Vladimir Aleksandrovich Makarov, Director for Internal Control – Head of the Department of Internal Control and Risk Management of Rosseti, PJSC</li> <li>• Nikolay Ivanovich Sasin, Chairman of the Stavropol regional branch of OPORA RUSSIA</li> </ul>

*Comment.* The positions are specified as of the date of approval of the Committee composition.

### Report on the Committee's activity in 2023

17 meetings were held (in 2022 – 17, in 2021 – 18), of which three were held in the form of joint presence (in 2022 – two, in 2021 – three). At the meetings of the Committee in 2023, 43 issues were considered, including the following.

#### Individual decisions and issued recommendations

**The nominated third party auditor of the Company to conduct an audit of the accounting (financial) statements for 2023 was preliminary reviewed, and the amount of payment for the services of an auditor and the tendering procedures conditions to select an external auditor to audit the Company's accounting (financial) statements were determined.**

- Preliminary conditions of the procurement procedure for the right to conclude a contract for conduction of audit of the accounting statements of the Company in accordance with RAS and IFRS for 2023 were approved (Minutes No. 165 dd. February 16, 2023, meeting date – February 16, 2023).
- It was recommended that the Board of Directors:
  - propose to the annual General Meeting of Shareholders of the Company to appoint as the audit organization of the Company a joint tenderer consisting of TSATR – Audit Services LLC (leader of the joint tenderer) and ACC Crow Audex LLC (member of the joint tenderer) (Minutes No. 172 dated May 16, 2023, meeting date – May 16, 2023);
- subject to the appointment at the annual General Meeting of Shareholders of the Company as the audit organization of the Company of a joint tenderer as part of TSATR – Audit Services LLC (leader of the joint tenderer) and ACC Crow Audex LLC (member of the joint tenderer), determine the amount of payment to the Company's audit organization for conducting an audit of the Company's accounting (financial) statements for 2023, in the amount of 4,629,591.42 rubles, including VAT (20%) (Minutes No. 175 dd. June 13, 2023 , meeting date – June 13, 2023).

**The Company's restated Internal Audit Policy, the Risk Management and Internal Control Policy of the Company, and the restated Action Plan for the Professional Development of Internal Auditors in the Company have been preliminary reviewed.**

- It was recommended that the Board of Directors approve:
  - The Company's restated Internal Audit Policy and the Risk Management and Internal Control Policy of the Company (Minutes No. 175 dated June 13, 2023, meeting date – June 13, 2023);
  - a restated Action Plan for Professional Development of Internal Auditors at the Company (Minutes No. 177 dd. October 3, 2023, meeting date – October 2, 2023);

**An assessment of the effectiveness of the external audit of the accounting (financial) statements of the Company for 2022 is given.**

- Opinion of the Audit Committee of the Board of Directors of the Company on the results of the assessment of the quality of the audit, opinions of auditors and the effectiveness of the process of conducting an external audit of the financial (accounting) statements of the Company for 2022 issued by TSATR – Audit Services LLC, was approved;
- It was recommended that the sole executive body of the Company include an opinion on assessing the quality of the audit, the auditor's opinions and the efficiency of the process

of conducting an external audit of the accounting (financial) statements of the Company for 2022 in the list of materials provided to persons entitled to participate in the annual General Meeting of Shareholders of the Company (Minutes No. 170 dd. May 10, 2023, meeting date – May 5, 2023).

**Written information provided by the third party auditor on the main problems of the accounting and reporting of the Company was reviewed.**

- The written information (audit report) of the external auditor on the main problems of accounting and reporting of the Company was taken into account:
  - accounting (financial) statements of the Company prepared in accordance with RAS (Minutes No. 164 dated February 10, 2023, meeting date – February 10, 2023; No. 171 dated May 15, 2023, meeting date – May 15, 2023);
  - consolidated financial statements prepared in accordance with IFRS for the 12 months of 2022 (Minutes No. 171 dated May 15, 2023, meeting date – May 15, 2023).

**The information was discussed on non-standard operations and events of the Company, as well as the formation of a reserve for doubtful debts and estimated liabilities.**

- The information of the Company's management on non-standard operations and events, as well as on the formation of a reserve for doubtful debts and estimated liabilities based on the results of 2022 (Minutes No. 171 dd. May 15, 2023, meeting date – May 15, 2023)

**RAS accounting (financial) statements of the Company, as well as IFRS consolidated financial statements were reviewed on a regular basis.**

- It is recommended that the Board of Directors of the Company preliminarily approve and submit for approval to the annual General Meeting of Shareholders of the Company the annual accounting (financial) statements of the Company for 2022, prepared in accordance with RAS (Minutes No. 170 dated May 10, 2023, meeting date – May 5, 2023).
- The following was taken into advisement:
  - consolidated financial statements of the Company for 2022, prepared in accordance with IFRS (minutes No. 171 dated May 15, 2023, meeting date – May 15, 2023);
  - accounting (financial) statements of the Company prepared in accordance with RAS (Minutes No. 175 dated June 13, 2023, meeting date – June 13, 2023; Minutes No. 176 dated August 30, 2023, meeting date – August 30, 2023; Minutes No. 179 dd. December 20, 2023, meeting date – December 20, 2023).

**The reports were considered on execution of action plan and internal audit activities results on a regular basis.**

- A report of IA&CD of the Company on compliance with the plan of work and internal audit activities, including the results of self-assessment of internal audit quality as of the end of 2022, the results of fulfillment in 2022 of the plan of activities to develop and improve the internal audit of the Company for the period from 2020 until 2024 and the plan of activities aimed at professional development of internal auditors in the Company;
- It was recommended that the Board of Directors of the Company approve the specified report and the results of the implementation of the action plan (Minutes No. 167 dated March 17, 2023, meeting date – March 17, 2023).
- The reports of IA&CD of the Company on the implementation of work plans and performance results were taken into account (Minutes No. 174 dd. May 26, 2023, meeting

date – May 26, 2023; No. 176 dd. August 30, 2023, meeting date – August 30, 2023; No. 179 dd. December 20, 2023, meeting date – December 20, 2023).

**The Company's IA&CD report on assessment of the corporate governance system efficiency in the 2022–2023 corporate year was preliminary reviewed.**

- It was recommended that the Board of Directors of the Company take under advisement the Audit Report No. 08-2023-SK dated July 31, 2023 “Assessment of corporate governance of Rosseti Northern Caucasus, PJSC for the 2022–2023 corporate year” (Minutes No. 177 dated October 3, 2023, meeting date – October 2, 2023).

**Issues related to the determination of target values of functional KPIs of managers and employees of the Company's IA&CD were considered.**

- The target KPI values of the manager and employees of the Company's IA&CD for 2023 were agreed upon and it was recommended that the Board of Directors of the Company determine the specified target KPI values (Minutes No. 163 dated January 17, 2023, meeting date – January 17, 2023).

**The information from the internal audit on the results of assessing the progress of identifying and selling the Company's non-core assets in 2022 was preliminary reviewed.**

- It was recommended that the Board of Directors of the Company take under advisement the information from the Company's IA&CD on the results of assessing the progress of identifying and selling the Company's non-core assets in 2022 (Minutes No. 169 dated April 18, 2023, meeting date – April 18, 2023).

**The reports of the Audit Committee to the Board of Directors of the Company on the work done, as well as on the fulfillment of orders of the Audit Committee under the Board of Directors of the Company for the 2022–2023 corporate year were reviewed.**

- It was recommended that the Board of Directors of the Company take under advisement the Report of the Audit Committee under the Board of Directors of the Company on the work done in the 2022–2023;
- the Report on fulfillment of orders of the Audit Committee under the Board of Directors of the Company in the 2022–2023 corporate year (Minutes No. 170 dated May 10, 2023) was taken under advisement.

**Reports of the internal audit of the Company on the assessment of the effectiveness of the internal control system, risk management system for 2022 were reviewed.**

- It is recommended that the Board of Directors of the Company take under advisement the following reports:
  - internal audit of the Company on the assessment of the efficiency of the internal control system, risk management system of the Company for 2022 and the conclusion of the internal auditor of the Company based on the results of assessing the reliability and efficiency of the internal control system and the risk management system, the efficiency of the Company's corporate governance (Minutes No. 168 dd. April 5, 2023, meeting date – April 5, 2023);

- report on the organization, functioning and efficiency of the internal control system and the risk management system of the Company for 2022 (Minutes No. 173 dated May 23, 2023, meeting date – May 23, 2023).

- It was recommended that the sole executive body of the Company include the opinion of the Company's internal auditor based on the results of assessing the reliability and effectiveness of the internal control system and risk management system, the effectiveness of the Company's corporate governance in the list of materials provided to persons entitled to participate in the annual General Meeting of Shareholders of the Company (Minutes No. 168 dated April 5 2023, meeting date – April 5, 2023).

**Issues related to the implementation of the Company's Anti-Corruption Policy were considered.**

- It was recommended that the Board of Directors of the Company take under advisement the report on the results of anti-corruption monitoring in the Company based on the results for 2022 (Minutes No. 164 dd. February 10, 2023, meeting date – February 10, 2023).
- The report on anti-corruption monitoring based on the results of H1 2023 was taken into account (Minutes No. 178 dated October 11, 2023, meeting date – October 11, 2023).

**Material aspects of the Company's accounting policy in 2022 and planned changes for 2023 were considered.**

- The information provided by the Company was taken into account (Minutes No. 164 dated February 10, 2023, meeting date – February 10, 2023).

**The information from the Company's management on implementation of corrective actions to address deficiencies revealed by the Company's Auditing Commission, internal auditor, external control (supervision) bodies, on implementation of measures taken following information received on potential cases of fraudulent actions by employees and the results of the completed investigations, was considered.**

- Minutes No. 166 dd. March 7, 2023 , meeting date – March 7, 2023; No. 177 dated October 3, 2023, meeting date – October 2, 2023

**The information on cooperation of the Audit Committee under the Board of Directors of the Company with the internal and third party auditors was considered.**

- Information on the interaction of the Audit Committee of the Board of Directors of the Company with the external auditor was taken into account, including the scope of audit procedures and inspection methods proposed by the external auditor, and information from the internal auditor on the organization of internal audit activities in the Company and interaction with the Audit Committee of the Board of Directors of the Company (Minutes No. 177 dd. October 3, 2023, meeting date – October 2, 2023).

**The work plan and budget of the Company's IA&CD for 2023 were preliminary reviewed.**

- Changes to the Company's IA&CD Work Plan for 2023 were agreed upon and it was recommended that the Company's Board of Directors approve these changes (Minutes No. 176 dated August 30, 2023, meeting date – August 30, 2023);

- it was recommended that the Board of Directors of the Company approve the budget of the Company's IA&CD for 2024 (Minutes No. 179 dated December 20, 2023, meeting date – December 20, 2023).

**The Program for Guaranteeing and Improving the Quality of the Company's Internal Audit was preliminary reviewed.**

- It was recommended that the Board of Directors of the Company approve the specified Program (Minutes No. 164 dated February 10, 2023, meeting date – February 10, 2023).

**The issues of organizing the activities of the Audit Committee of the Board of Directors of the Company were considered.**

- The Work Plan of the Audit Committee of the Board of Directors of the Company for 2023–2024 corporate year was approved (Minutes No. 176 dated August 30, 2023, meeting date – August 30, 2023);
- V.A. Makarov, Director for Internal Control and Risk Management – Head of the Internal Control and Risk Management Department, was elected Deputy Chairman of the Audit Committee under the Board of Directors of the Company of Rosseti, PJSC (Minutes No. 176 dated August 30, 2023, meeting date: August 30, 2023);
- it was decided to involve an expert in the activities of the Audit Committee of the Board of Directors of the Company (Minutes No. 176 dated August 30, 2023, meeting date – August 30, 2023).
- it was recommended that the Board of Directors of the Company approve the budget of the Audit Committee under the Board of Directors of the Company for the 2023–2024 corporate year (Minutes No. 178 dated October 11, 2023, meeting date – October 11, 2023).

**Participation of members of the Audit Committee in meetings of the Committee in 2023\***

Full name of the Committee member	Decision of the Board of Directors on the election of the Committee	Corporate year when the person was a member of the Committee	Number of meetings, pcs.
<b>Total meetings held in 2023</b>			<b>17</b>
including meetings in presentia (in presentia/absentia)			<b>3</b>
<b>Yury Vladimirovich Goncharov</b>	August 26, 2022 (Minutes No. 509 dd. August 29, 2022)	2022–2023	<b>13/13</b>
including in presentia			<b>1/1</b>
<b>Vladimir Aleksandrovich Makarov</b>	August 4, 2023 (Minutes No. 537 dd. August 7, 2023)	2023–2024	<b>4/4</b>
including in presentia			<b>2/2</b>
<b>Anton Sergeevich Ulyanov</b>	Dd. August 26, 2022 (Minutes No. 509 dd. August 29, 2022) dd. August 4, 2023 (Minutes No. 537 dd. August 7, 2023)	2022–2023 2023–2024	<b>4/17</b>
including in presentia			<b>2/3</b>
<b>Nikolay Ivanovich Sasin</b>	Dd. August 26, 2022 (Minutes No. 509 dd. August 29, 2022) dd. August 4, 2023 (Minutes No. 537 dd. August 7, 2023)	2022–2023 2023–2024	<b>17/17</b>
including in presentia			<b>3/3</b>

\* In presentia – meetings that the person attended in the form of joint presence \*\* A/B–A–number of meetings that the person attended; B–number of meetings held for the period, when the person was a member of the Committee.

## **Personnel and Remuneration Committee**

### Key tasks of the Committee:

- elaboration of recommendations on the amount of remuneration payable to members of the Board of Directors of the Company;
- Elaboration of principles and criteria for determination of the amount of awards payable to members of the Board of Directors, members of the collegial executive body and the person discharging the functions of Sole Executive Body of the Company including a management organization or executive manager;
- Elaboration of proposals on determination of essential conditions of contracts concluded with members of the Board of Directors, members of the collegial executive body and the person discharging the functions of Sole Executive Body of the Company;
- determination of the criteria for selection of candidates for membership in the Board of Directors, the collegial executive body and for the position of Sole Executive Body of the Company as well as preliminary assessment of such candidates;
- regular evaluation of the activities of the person discharging the functions of Sole Executive Body (management organization, executive manager) and members of the collegial executive body of the Company, and also preparation of proposals on their re-appointment possibility for the Board of Directors.

The quantitative structure of the Committee shall be defined by the decision of the Company Board of Directors in the number that should not be less than 3 persons. Members of the Committee are elected by the Board of Directors of the Company from among the candidates presented to members of the Board of Directors of the Company. During the election of Committee members, their education, professional training, experience in the field of the Committee's activities and other special knowledge necessary for realization by Committee members of their authority should be considered.

### **Compositions of the Personnel and Remuneration Committee in 2023**

<b>Elected by the resolution of the Board of Directors dated September 22, 2022 (Minutes No. 512 dd. September 26, 2022)</b>	<b>Elected by the resolution of the Board of Directors dated August 22, 2023 (Minutes No. 538 dated August 24, 2023)</b>
<ul style="list-style-type: none"> <li>• Yulia Viktorovna Kuznetsova, Acting Deputy General Director for HR Management of Rosseti, PJSC (Chairman)</li> <li>• Sergey Nikolaevich Mashchenko, First Deputy Head of the Security Department of Rosseti, PJSC</li> <li>• Irina Viktorovna Kosinskaya, Deputy Head of the Department of Staff Management of Rosseti, PJSC</li> </ul>	<ul style="list-style-type: none"> <li>• Daria Viktorovna Borisova, HR Director at Rosseti, PJSC (Chairman)</li> <li>• Sergey Nikolaevich Mashchenko, Head of the Security Department of Rosseti, PJSC</li> <li>• Konstantin Sergeevich Suvorovsky, Head of the Department of Remuneration, Organizational Design and Personnel Administration of Rosseti, PJSC</li> </ul>

*Comment. The positions are specified as of the date of approval of the Committee composition.*

### Report on the Committee's activity in 2023

11 meetings were held (seven in 2022, six in 2021), all in absentia (as in 2022 and 2021). At the meetings of the Committee in 2023, 17 issues were considered, including the following.

Individual decisions and issued recommendations.

- It was recommended that the General Director of the Company, in connection with the expiration of his term of office, taking into account the results of its activities during the period of work in the Company, extend the employment contract:
  - First Deputy General Director – Chief Engineer of the Company V.M. Abaimov (Minutes No. 103 dd. March 17, 2023 , meeting date – March 17, 2023);
  - Deputy General Director for Corporate Governance of the Company S.A. Usevich (Minutes No. 107 dated May 26, 2023, meeting date – May 26, 2023);
- information on the state of the managerial talent pool, talent pool for key positions and the youth talent pool of the Company was taken into account; the updated composition of the specified talent pool provided by the Company was approved; it was recommended that the Company develop a set of measures aimed at increasing the share of appointments to management positions from among the talent pool (Minutes No. 104 dated March 30, 2023, meeting date – March 30, 2023);
- the organizational structure of management staff of Sevkavkazenergo, Branch of the Company, was approved (Minutes No. 104 dated March 30, 2023, meeting date – March 30, 2023);
- It was recommended that the Board of Directors:
  - approve the nominee: R.A. Levchenko for the position of part-time director of Dagenergo, Branch of the Company (Minutes No. 105 dated May 10, 2023, meeting date – May 10, 2023); A.N. Goncharova for the position of Deputy General Director for the implementation and development of the Company’s services (Minutes No. 108 dated July 6, 2023, meeting date – July 6, 2023); I.N. Khrykina for the position of Deputy General Director for Economics and Finance of the Company (Minutes No. 112 dated December 1, 2023, meeting date – December 1, 2023);
  - approve the report on the work of the Corporate Secretary of the Company (Minutes No. 106 dated May 22, 2023, meeting date – May 22, 2023);
  - establish, effective of July 1, 2023 the terms of remuneration of the General Director of the Company, as well as other officers of the Company's management staff (deputy CEOs, chief accountant and members of the collegial executive body) in accordance with the Regulations on the Terms of Remuneration of CEOs, their Deputies, Chief Accountants and Members of Collegial Executive Bodies of State Corporations, State-owned Companies, Business Entities, the Shares in the Authorized Capital of which are Owned by the Russian Federation, approved by Decree of the Government of the Russian Federation No. 209 dated February 13, 2023 “On the Terms of Remuneration of CEOs, their Deputies, Chief Accountants and Members of Collegial Executive Bodies of State Corporations, State-owned Companies, Business Entities, the Shares in the Authorized Capital of which are Owned by the Russian Federation”, developed by the Ministry of Finance of Russia and the Ministry of Labor of Russia (Minutes No. 108 dated July 6, 2023, meeting date – July 6, 2023);
  - approve, effective of June 29, 2023, the Regulations on Remuneration and Material Incentives for Senior Managers of the Company, as well as the list of positions included in the category of senior managers of the Company (Minutes No. 108 dated July 6, 2023, meeting date – July 6, 2023);
  - approve the list of positions in the executive apparatus of the Company, the approval of candidates for which falls within the competence of the Board of Directors of the Company (Minutes No. 113 dated December 21, 2023, meeting date – December 21, 2023);
  - approve the list of key performance indicators and functional key performance indicators of the Company and their target values for 2023, 2024 and 2025 (Minutes No. 113 dd. December 21, 2023, meeting date – December 21, 2023);

- the creation of regional power distribution zone “Caspian Urban Electrical Grids” was approved in Dagenargo, Branch of the Company, the organizational structure of management of Dagenergy, Branch of the Company, it was recommended to the General Director of the Company to approve the organizational structure of management of Dagenargo, Branch of the Company (Minutes No. 109 dated August 31, 2023, meeting date – August 31, 2023).

#### Decisions were made regarding the organization of the Committee activities.

- The Work Plan of the Personnel and Remuneration Committee of the Board of Directors of the Company for 2023–2024 corporate year was approved (Minutes No. 109 dated August 31, 2023, meeting date – August 31, 2023);
- K.S. Suvorovsky, Head of the Department for Remuneration, Organizational Design and Personnel Administration of Rosseti, PJSC, was elected Deputy Chairman of the Personnel and Remuneration Committee of the Board of Directors of the Company (Minutes No. 111 dated October 12, 2023, meeting date – October 12, 2023);
- it was recommended that the Board of Directors of the Company approve the budget of the Personnel and Remuneration Committee of the Board of Directors of the Company (Minutes No. 111 dated October 12, 2023, meeting date – October 12, 2023).

#### Participation of members of the Personnel and Remuneration Committee in meetings of the Committee in 2023\*

Full name of the Committee member	Decision of the Board of Directors on the election of the Committee	Corporate year when the person was a member of the Committee	Number of meetings, pcs.
<b>Total meetings held in 2023</b>			<b>11</b>
including meetings in presentia (in presentia/absentia)			<b>0</b>
<b>Daria Viktorovna Borisova</b>	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)	2023–2024	<b>5/5</b>
including in presentia			<b>0/0</b>
<b>Irina Viktorovna Kosinskaya</b>	Dd. September 22, 2022 (Minutes No. 512 dd. September 26, 2022).	2022–2023	<b>6/6</b>
including in presentia			<b>0/0</b>
<b>Yulia Viktorovna Kuznetsova</b>	Dd. September 22, 2022 (Minutes No. 512 dd. September 26, 2022).	2022–2023	<b>6/6</b>
including in presentia			<b>0/0</b>
<b>Sergey Nikolaevich Mashchenko</b>	Dd. September 22, 2022 (Minutes No. 512 dd. September 26, 2022). dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)	2022–2023 2023–2024	<b>10/11</b>
including in presentia			<b>0/0</b>
<b>Konstantin Sergeevich Suvorovsky</b>	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)	2023–2024	<b>5/5</b>
including in presentia			<b>0/0</b>

\* In presentia – meetings that the person attended in the form of joint presence \*\* A/B – A – number of meetings that the person attended; B – number of meetings held for the period, when the person was a member of the Committee.

## Reliability Committee

### Key objectives of the Committee

Elaboration and presentation of recommendations (conclusions) to the Board of Directors of the Company on the following aspects of the activities of the Board of Directors:

- expert evaluation of production programs, plans for technical re-equipment, reconstruction, new construction and repair of electrical power grid complex facilities, analysis of their elaboration and execution from the point of view of ensuring satisfaction of the requirements to the reliability of functioning and technical condition of electric power grids;
- assessment of the completeness and sufficiency of measures taken based on the results of accident investigation in accordance with the Rules for Investigation into the Causes of Accidents in Power Industry (approved by Decree of the Government of the Russian Federation dated October 28, 2009 No. 846), and their implementation control;
- expert evaluation of the quality of investigation into causes of technological disturbances (accidents);
- expert evaluation of the Company's activities in the field of accident prevention work (ensuring preparedness, organization and conductance of emergency recovery works at electric power industry facilities);
- expert assessment of the programs for prevention of the injury risks the Company's personnel and third parties are exposed to at the Company's power units, as well as control over their implementation;
- control and evaluation of the Company's technical services activities to the extent of ensuring reliable functioning of electric power grids and production safety;
- expert evaluation of the system of internal control within the Company;
- expert evaluation of the occupational safety management system within the Company;
- expert evaluation of the environmental policy implementation program;
- expert evaluation of fire and industrial safety.

The number of members of the Committee is determined by a decision of the Board of Directors of the Company in an amount of not more than 7 people. Members of the Committee are elected by the Board of Directors of the Company from among the candidates presented to members of the Board of Directors of the Company.

### **Compositions of the Reliability Committee in 2023**

<b>Elected by the resolution of the Board of Directors dated August 26, 2022 (Minutes No. 509 dated August 29, 2022)</b>	<b>Elected by the resolution of the Board of Directors dated August 22, 2023 (Minutes No. 538 dated August 24, 2023)</b>
<ul style="list-style-type: none"> <li>• Leonid Vladimirovich Buzaev, Head of the Department for Operational and Technical Management of Rosseti, PJSC (Chairman)</li> <li>• Aleksander Viktorovich Pilyugin – Deputy Director of Technical Supervision Center</li> <li>• Anna Vladimirovna Mudretsova , Head of the Department for the</li> </ul>	<ul style="list-style-type: none"> <li>• Leonid Vladimirovich Buzaev, Head of the Department for Operational and Technical Management of Rosseti, PJSC (Chairman)</li> <li>• Aleksander Viktorovich Pilyugin, Deputy General Director of Technical Supervision Center, Branch of Rosseti, PJSC</li> </ul>

<p>Development of Production Programs of the Department of Production Activities of Rosseti, PJSC</p> <ul style="list-style-type: none"> <li>• Viktor Mikhailovich Abaimov, First Deputy General Director – Chief Engineer of Rosseti Northern Caucasus, PJSC</li> </ul>	<ul style="list-style-type: none"> <li>• Viktor Mikhailovich Abaimov, First Deputy General Director – Chief Engineer of Rosseti Northern Caucasus, PJSC</li> <li>• Anna Vladimirovna Mudretsova , Head of the Department for the Development of Production Programs of the Department of Production Activities of Rosseti, PJSC</li> </ul>
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*Comment.* The positions are specified as of the date of approval of the Committee composition.

#### Report on the Committee's activity in 2023

9 meetings were held (3 in 2022, 5 in 2021), all in absentia (both in 2022 and 2021). At the meetings of the Committee in 2023, 12 issues were considered, including the following.

#### Individual decisions and issued recommendations.

#### **It was recommended that the Board of Directors:**

- take under advisement the following reports:
  - on the progress of the Company's preparation for work in the autumn-winter period of 2022–2023, including readiness to organize and carry out emergency recovery work in the autumn-winter period of 2022–2023 (Minutes No. 82 dd. January 19, 2023, meeting date – January 19, 2023);
  - on the progress of the Company's preparation for operation during floods in 2023 (Minutes No. 86 dd. April 25, 2023, meeting date – April 25, 2023);
  - on the state of reliability (according to reliability indicators, including indicative ones) in 2022 (Minutes No. 87 dated May 23, 2023, meeting date – May 23, 2023);
- approve:
  - report on the progress of implementation of the approved Company Production Asset Management System Development Plan for 2022–2024 over 2022 (Minutes No. 83 dated February 20, 2023, meeting date – February 20, 2023);
  - Program for Modernization (Renovation) of the Power Grid Assets of the Company for 2023 – 2027 (Minutes No. 85 dd. April 14, 2023, meeting date – April 14, 2023);

#### **The following reports on the results of the Company's operation were taken into account:**

- during the floods period, thunderstorm period, fire danger period of 2023 (Minutes No. 90 dated December 20, 2023, meeting date – December 20, 2023).

#### **Decisions were made regarding the organization of the Committee activities.**

- The Work Plan of the Committee for Reliability of the Board of Directors of the Company for 2023–2024 corporate year was approved (Minutes No. 88 dated August 31, 2023, meeting date – August 31, 2023);
- A.V. Pilyugin, Deputy General Director of Technical Supervision Center, Branch of Rosseti, PJSC, was elected Deputy Chairman of the Committee for Reliability of the Company's Board of Directors (Minutes No. 89 dd. October 11, 2023, meeting date – October 11, 2023);
- it was recommended that the Board of Directors of the Company approve the budget of the Committee for Reliability of the Board of Directors of the Company (Minutes No. 84 dated March 21, 2023, meeting date – March 21, 2023, No. 89 dated October 11, 2023, meeting date – October 11, 2023).

### Participation of members of the Committee for Reliability in meetings of the Committee in 2023\*

Full name of the Committee member	Decision of the Board of Directors on the election of the Committee	Corporate year when the person was a member of the Committee	Number of meetings, pcs.
<b>Total meetings held in 2023</b>			<b>9</b>
including meetings in presentia (in presentia/absentia)			<b>0</b>
<b>Viktor Mikhailovich Abaimov</b>	Dd. August 26, 2022 (Minutes No. 509 dd. August 29, 2022)	2022–2023 2023–2024	<b>9/9</b>
including in presentia	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)		<b>0/0</b>
<b>Leonid Vladimirovich Buzaev</b>	Dd. August 26, 2022 (Minutes No. 509 dd. August 29, 2022)	2022–2023 2023–2024	<b>9/9</b>
including in presentia	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)		<b>0/0</b>
<b>Anna Vladimirovna Mudretsova</b>	Dd. August 26, 2022 (Minutes No. 509 dd. August 29, 2022)	2022–2023 2023–2024	<b>9/9</b>
including in presentia	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)		<b>0/0</b>
<b>Aleksander Viktorovich Pilyugin</b>	Dd. August 26, 2022 (Minutes No. 509 dd. August 29, 2022)	2022–2023 2023–2024	<b>9/9</b>
including in presentia	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)		<b>0/0</b>

\* In presentia – meetings that the person attended in the form of joint presence \*\* A/B – A – number of meetings that the person attended; B – number of meetings held for the period, when the person was a member of the Committee.

## Strategy Committee

### Key objectives of the Committee

Development and submission of recommendations (conclusions) to the Board of Directors of the Company on areas of activity of the Board of Directors that are within the competence of the Committee, in particular: strategic development and priority areas of activity, innovation development, organization of business processes, business planning, dividend policy, risk management, assessment of the performance of the Company and its subsidiaries, as well as other tasks and areas defined by the Corporate Governance Code of the Bank of Russia.

The number of members of the Committee is determined by the Board of Directors of the Company and may not be less than 5 and more than 11 people. The personal structure of Committee shall be elected by the Company Board of Directors from the candidates presented by the members of the Company Board of Directors. During the election of Committee members, their education, professional training, experience in the field of the Committee's activities and other special knowledge necessary for realization by Committee members of their authority should be considered.

### Compositions of the Strategy Committee in 2023

<b>Elected by the resolutions of the Board of Directors dated September 8, 2022 (Minutes No. 510 dated September 12, 2022), dated October 5, 2022 (Minutes No. 513 dated October 6, 2022)</b>	<b>Elected by the resolution of the Board of Directors dated September 12, 2023 (Minutes No. 539 dd. September 14, 2023)</b>
<ul style="list-style-type: none"> <li>• Nataliya Vladimirovna Paramonova – Head of Department of Economy of Rosseti, PJSC (Chairman)</li> <li>• Maria Vladimirovna Polyanskaya – First Deputy Head of the Strategy Department of Rosseti, PJSC (powers were terminated early by decision of the Board of Directors dated October 5, 2022, Minutes No. 513 dated October 6, 2022)</li> <li>• Anton Sergeevich Ulyanov, Director for Internal Control and Risk Management – Head of the Internal Control and Risk Management Department of Rosseti, PJSC</li> <li>• Yury Vladimirovich Goncharov, Chief Advisor of Rosseti, PJSC.</li> <li>• Dmitry Dmitrievich Mikheyev – Head of the Department for Sale of Services of Rosseti, PJSC.</li> <li>• Yulia Gennadyevna Obrezkova, Deputy Head of the Strategy Department of Rosseti, PJSC (elected to the Committee by decision of the Board of Directors dated October 5, 2022, Minutes No. 513 dated October 6, 2022)</li> <li>• Anna Vladimirovna Mudretsova , Head of the Department for the Development of Production Programs of the Department of Production Activities of Rosseti, PJSC (elected to the Committee by the decision of the Board of Directors dated October 5, 2022, Minutes No. 513 dated October 6, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>• Nataliya Vladimirovna Paramonova, First Deputy Head of the Department of Economy of Rosseti, PJSC (Chairman)</li> <li>• Yury Yuryevich Kalabin, Head of the Strategic Development Department of Rosseti, PJSC</li> <li>• Aleksander Yuryevich Korneev, Head of the Department of Technological Connection and Infrastructure Development of Rosseti, PJSC</li> <li>• Palina Nikolaevna Kanyuka, Acting Deputy Chief Engineer – Head of the Department of Production Activities of Rosseti PJSC</li> <li>• Rustem Rafelevich Aymetov, Head of the Department for Interaction with Customers and Market of Rosseti, PJSC</li> <li>• Sergey Aleksandrovich Usevich, Deputy General Director for Corporate Governance of Rosseti Northern Caucasus, PJSC</li> </ul>

*Comment.* The positions are specified as of the date of approval of the Committee composition.

#### Report on the Committee's activity in 2023

14 meetings were held (11 in 2022, 13 in 2021), all in absentia (both in 2022 and 2021). At the meetings of the Committee in 2023, 30 issues were considered, including the following.

### Individual decisions and issued recommendations

#### **Issues related to the Company's investment activities were considered.**

- It is recommended that the Board of Directors of the Company take under advisement the following reports:
  - on the results of implementation of the Company's Investment Program (Minutes No. 188 dated January 18, 2023, meeting date – January 18, 2023; No. 194 dated July 19, 2023, meeting date – July 19, 2023; No. 196 dated September 29, 2023, meeting date – September 28, 2023);
  - on approval of the Company's Investment Program for 2023–2027 and amendments made to the Company's Investment Program, approved by Order No. 34@ of the Russian Ministry of Energy dated December 27, 2021 (Minutes No. 188 dated January 18, 2023, meeting date – January 18, 2023);
  - on the progress of implementation of the Company's investment projects included in the list of priority facilities (Minutes No. 190 dated February 27, 2023, meeting date – February 27, 2023; No. 192 dated June 9, 2023, meeting date – June 9, 2023; No. 195 dated August 18, 2023, meeting date – August 18, 2023; No. 198 dated November 13, 2023, meeting date – November 13, 2023);
  - on the implementation of unscheduled projects in 2022, including the impact of their implementation on the activities of the Company, the tariff consequences of their implementation (Minutes No. 192 dated June 9, 2023, meeting date – June 9, 2023);
- It was recommended that the Board of Directors:
  - approve the draft amendments to the Investment Program of the Company for 2023 – 2027, approved by Order of the Russian Ministry of Energy No. 33@ dd. November 25, 2022 was approved (Minutes No. 190 dd. February 27, 2023, meeting date – February 27, 2023);

#### **The register of non-core assets of the Company was considered.**

- It was recommended that the Board of Directors of the Company approve the register of non-core assets of the Company as of December 31, 2022 (Minutes No. 190 dated February 27, 2023, meeting date – February 27, 2023).

#### **Issues related to business planning and financial and economic activities of the Company were considered.**

- It was recommended that the Board of Directors:
  - approve:
    - ✓ the Company's cost estimate (Minutes No. 189 dated January 24, 2023, meeting date – January 24, 2023; No. 191 dated May 23, 2023, meeting date – May 23, 2023; No. 194 dated July 19, 2023, meeting date – July 19, 2023);
    - ✓ - the Company's business plan for 2023 and take under advisement the forecast indicators for 2024–2027 (Minutes No. 195 dated August 18, 2023, meeting date – August 18, 2023);
    - ✓ the business plan for 2023, consolidated based on IFRS principles, and the forecast indicators for 2024 – 2027 (Minutes No. 200 dated December 5, 2023, meeting date – December 5, 2023);
  - take under advisement the reports on execution of:
    - ✓ business plans of the Company Group, aggregated based on RAS principles and consolidated based on IFRS principles (Minutes No. 189 dated January 24, 2023, meeting date – January 24, 2023; No. 200 dated December 5, 2023, meeting date – December 5, 2023);
    - ✓ business plan of the Company (Minutes No. 189 dated January 24, 2023, meeting date – January 24, 2023; No. 200 dated December 5, 2023, meeting date –

December 5, 2023; No. 201 dated December 27, 2023, meeting date – December 27, 2023);

- ✓ cost estimates of the Company for Q1 2023, including a report on financial and economic activities for Q1 2023 (Minutes No. 197 dated October 12, 2023, meeting date – October 12, 2023).

**Issues related to the organization and functioning of the internal control system and risk management system of the Company for 2022 were considered.**

- It was recommended that the Board of Directors:
  - take under advisement the report on the organization, functioning and efficiency of the internal control system and the risk management system of the Company for 2022 (Minutes No. 191 dated May 23, 2023, meeting date – May 23, 2023).
  - approve the preferred risk (risk appetite) of the Company (Minutes No. 196 dated September 28, 2023, meeting date – September 29, 2023).

**Risk Management and Internal Control Policy of the Company was considered.**

- It was recommended that the Board of Directors:
  - approve the Risk Management and Internal Control Policy of the Company;
  - recognize as invalid the Internal Control Policy of the Company, approved by the decision of the Board of Directors of the Company on March 14, 2016 (Minutes No. 230 dated March 15, 2016), the Risk Management Policy of the Company, approved by the decision of the Board of Directors of the Company on May 17, 2021 (Minutes No. 461 dated 20 May 2021), Plan to Improve the Efficiency of the Internal Control System and Risk Management System of the Company, approved by the decision of the Board of Directors of the Company on July 16, 2021 (Minutes No. 470 dated July 19, 2021) (Minutes No. 193 dated June 13, 2023, meeting date – June 13, 2023).

**Issues related to the implementation of key performance indicators (KPIs) of the General Director of the Company were considered.**

- It was recommended that the Board of Directors of the Company approve the report on the implementation of the KPIs of the General Director of the Company for 2022 (Minutes No. 199 dated November 28, 2023, meeting date – November 28, 2023).

**Decisions were made regarding the organization of the Committee activities.**

- It was recommended that the Board of Directors of the Company approve the budget of the Strategy Committee of the Board of Directors of the Company (Minutes No. 189 dated January 24, 2023, meeting date – January 24, 2023, No. 197 dated October 12, 2023, meeting date – October 12, 2023).
- The Work Plan of the Strategy Committee of the Board of Directors of the Company for 2023–2024 corporate year was approved (Minutes No. 196 dated September 28, 2023, meeting date – September 29, 2023);
- Yu.Yu. Kalabin, Head of the Strategic Development Department of Rosseti, PJSC, was elected Deputy Chairman of the Strategy Committee of the Board of Directors of the Company (Minutes No. 198 dated November 13, 2023, meeting date – November 13, 2023).

## Participation of members of the Strategy Committee in meetings of the Committee in 2023\*

Full name of the Committee member	Decision of the Board of Directors on the election of the Committee	Corporate year when the person was a member of the Committee	Number of meetings, pcs.
<b>Total meetings held in 2023</b>			<b>14</b>
including meetings in presentia (in presentia/absentia)			<b>0</b>
<b>Rustem Rafelevich Aymetov</b>	Dd. September 12, 2023 (Minutes No. 539 dd. September 14, 2023).	2023–2024	<b>6/6</b>
including in presentia			<b>0/0</b>
<b>Yury Vladimirovich Goncharov</b>	Dd September 8, 2022 (Minutes No. 510 dd. September 12, 2022).	2022–2023	<b>8/8</b>
including in presentia			<b>0/0</b>
<b>Yury Yuryevich Kalabin</b>	Dd. September 12, 2023 (Minutes No. 539 dd. September 14, 2023).	2023–2024	<b>6/6</b>
including in presentia			<b>0/0</b>
<b>Palina Nikolaevna Kanyuka</b>	Dd. September 12, 2023 (Minutes No. 539 dd. September 14, 2023).	2023–2024	<b>6/6</b>
including in presentia			<b>0/0</b>
<b>Aleksander Yuryevich Korneyev</b>	Dd. September 12, 2023 (Minutes No. 539 dd. September 14, 2023).	2023–2024	<b>6/6</b>
including in presentia			<b>0/0</b>
<b>Dmitry Dmitrievich Mikheev</b>	Dd September 8, 2022 (Minutes No. 510 dd. September 12, 2022).	2022–2023	<b>8/8</b>
including in presentia			<b>0/0</b>
<b>Anna Vladimirovna Mudretsova</b>	Dd October 5, 2022 (Minutes No. 513 dd. October 6, 2022).	2022–2023	<b>8/8</b>
including in presentia			<b>0/0</b>
<b>Yulia Gennadyevna Obrezkova</b>	Dd September 8, 2022 (Minutes No. 510 dd. September 12, 2022).	2022–2023	<b>8/8</b>
including in presentia			<b>0/0</b>
<b>Nataliya Vladimirovna Paramonova</b>	Dd October 5, 2022 (Minutes No. 513 dd. October 6, 2022).	2022–2023	<b>12/14</b>
including in presentia	Dd September 12, 2023 (Minutes No. 539 dd. September 14, 2023).	2023–2024	<b>0/0</b>
<b>Maria Vladimirovna Polyanskaya</b>	Dd September 8, 2022 (Minutes No. 510 dd. September 12, 2022).	2022–2023	<b>0/0</b>
including in presentia			<b>0/0</b>
<b>Anton Sergeevich Ulyanov</b>	Dd September 8, 2022 (Minutes No. 510 dd. September 12, 2022).	2022–2023	<b>0/8</b>
including in presentia			<b>0/0</b>
<b>Sergey Aleksandrovich Usevich</b>	Dd. September 12, 2023 (Minutes No. 539 dd. September 14, 2023).	2023–2024	<b>6/6</b>
including in presentia			<b>0/0</b>

\* In presentia – meetings that the person attended in the form of joint presence A/B – A – number of meetings that the person attended; B – number of meetings held for the period, when the person was a member of the Committee.

### Committee for Technological Connection to Electric Power

#### Key objectives of the Committee

Elaboration and presentation of recommendations (conclusions) to the Board of Directors on the following aspects of activities of the Board of Directors:

- develop proposals on improving the legal base of anti-monopoly legislation and provide consumers with non discriminatory access to technical connection to the electricity grid;

- development of proposals for the improvement of the Company’s internal regulations and standards for maintenance of the non-discriminatory access to services for the technological connection of consumers to electric power grids;
- development of principles and criteria for performance assessment of the Company’s activity on technological connection of consumers to electric power grids;
- performance assessment of the Company’s activity on technological connection of consumers to electric power grids;
- assessment of the Company’s performance on improving the quality of planning the power grid development;
- analysis of the current situation of the Company and preparation of proposals for the Company’s Board of Directors concerning the technical connection of consumers to power grids and prospective development of power grids;
- development of proposals for improving the internal regulations and standards of the Company for the implementation of additional (non-tariff) services of the Company;
- development of proposals for optimizing and improving the efficiency of services, expanding the list of non-tariff services and additional services for consumers in the direction of other activities, taking into account the Concept of “Digital Transformation 2030”;
- development of principles and criteria for evaluating the effectiveness of the Company in the development and implementation of additional services;
- assessment of the effectiveness of the Company in the development and implementation of additional services;
- analysis of the current situation in the Company, and preparation of proposals to the Board of Directors of the Company regarding the development and implementation of additional (non-tariff) services, additional digital services for consumers.

The number of members of the Committee is determined by a decision of the Board of Directors of the Company in an amount of not more than 5 people. The personal structure of Committee shall be elected by the Company Board of Directors from the candidates presented by the members of the Company Board of Directors. During the election of Committee members, their education, professional training, experience in the field of the Committee's activities and other special knowledge necessary for realization by Committee members of their authority should be considered.

### **Compositions of the Committee for Technological Connection to Electric Power in 2023**

<b>Elected by the resolution of the Board of Directors dated August 26, 2022 (Minutes No. 509 dated August 29, 2022)</b>	<b>Elected by the resolution of the Board of Directors dated August 22, 2023 (Minutes No. 538 dated August 24, 2023)</b>
<ul style="list-style-type: none"> <li>• Dmitry Nikolaevich Skripalshchikov, Head of the Department for the Prospective Development of the Electric Grid Infrastructure of the Department of Technological Connection and Infrastructure Development of Rosseti, PJSC (Chairman)</li> <li>• Stanislav Mikhailovich Kuryavy, Head of the Department for Controlling the Operation of</li> </ul>	<ul style="list-style-type: none"> <li>• Dmitry Nikolaevich Skripalshchikov, Head of the Department for the Prospective Development of the Electric Grid Infrastructure of the Department of Technological Connection and Infrastructure Development of Rosseti, PJSC (Chairman)</li> <li>• Stanislav Mikhailovich Kuryavyi, Head of the Operations Control</li> </ul>

<b>Elected by the resolution of the Board of Directors dated August 26, 2022 (Minutes No. 509 dated August 29, 2022)</b>	<b>Elected by the resolution of the Board of Directors dated August 22, 2023 (Minutes No. 538 dated August 24, 2023)</b>
Subsidiaries and Affiliates of the Department of Technological Connection and Infrastructure Development of Rosseti, PJSC <ul style="list-style-type: none"> <li>• Leonid Viktorovich Dianov, Deputy General Director for Special Projects of Rosseti Northern Caucasus, PJSC</li> <li>• Yury Nikolaevich Ashikhmin, Director for Grid Development of MES of the South</li> </ul>	Department of subsidiaries and affiliates of Rosseti, PJSC <ul style="list-style-type: none"> <li>• Aslan Isufovich Dokshukin, Deputy General Director for Interaction with Electricity Market Entities of Rosseti Northern Caucasus, PJSC</li> <li>• Yury Nikolaevich Ashikhmin, Director for Grid Development of MES of the South</li> </ul>

*Comment.* The positions are specified as of the date of approval of the Committee composition.

#### Report on the Committee's activity in 2023

7 meetings were held (6 – 2022, 4 – in 2021), one in the form of joint presence (in 2022 and 2021 – one in absentia). At the meetings of the Committee in 2023, 11 issues were considered, including the following.

#### Individual decisions and issued recommendations

- The reports and reporting information of the Company were considered:
  - on the results of the implementation of measures to increase the availability of energy infrastructure in 2022 as part of the National Investment Climate Index prepared on an annual basis by Autonomous Non-Profit Organization “The Agency for Strategic Initiatives” (ASI) in the field of “Efficiency of Electric Power Connection Procedures” (Minutes No. 52 dated January 16, 2023, meeting date – January 16, 2023);
  - on the development of Comprehensive Programs for the Development of Electric Grids of 35 kV and Above on the Territory of the Constituent Entities of the Russian Federation for a 5-year Period, in 2023 (Minutes No. 53 dd. March 31, 2023, meeting date – March 31, 2023);
  - on the Company's participation in the development of a scheme and program for the development of the electric power industry of the Russian Federation in 2023 (Minutes No. 54 dated June 13, 2023, meeting date – June 13, 2023).
- It was recommended that the Board of Directors of the Company take under advisement the reports of the General Director of the Company on the current situation in the Company's activities regarding the technical connection of consumers to electric grids (Minutes No. 52 dated January 16, 2023, meeting date – January 16, 2023; No. 53 dated March 31, 2023, meeting date – March 31, 2023; No. 54 dated June 13, 2023, meeting date – June 13, 2023; No. 56 dated September 25, 2023; meeting date – September 25, 2023, No. 58 dated December 7, 2023, meeting date – December 7, 2023).

#### **Decisions were made regarding the organization of the Committee activities.**

- The Work Plan of the Committee for Technological Connection to Electric Power of the Board of Directors of the Company for 2023–2024 corporate year was approved (Minutes No. 55 dated August 30, 2023, meeting date – August 30, 2023);
- A.I. Dokshukin, Deputy General Director for Interaction with Electricity Market Entities, was elected Deputy Chairman of the Committee for Technological Connection to Electric

Power of the Board of Directors of the Company (Minutes No. 56 dd. October 25, 2023, meeting date – September 25, 2023).

- it was recommended that the Board of Directors of the Company approve the budget of the Committee for Technological Connection to Electric Power of the Board of Directors of the Company (Minutes No. 57 dated October 11, 2023, meeting date – October 11, 2023).

### **Participation of members of the Committee for Technological Connection to Electric Power in Committee meetings in 2023\***

Full name of the Committee member	Decision of the Board of Directors on the election of the Committee	Corporate year when the person was a member of the Committee	Number of meetings, pcs.
<b>Total meetings held in 2023</b>			<b>7</b>
including meetings in presentia (in presentia/absentia)			<b>1</b>
<b>Yury Nikolaevich Ashikhmin</b>	Dd. August 26, 2022 (Minutes No. 509 dd. August 29, 2022)	2022–2023	<b>7/7</b>
including in presentia	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)	2023–2024	<b>1/1</b>
<b>Leonid Viktorovich Dianov</b>	August 26, 2022 (Minutes No. 509 dd. August 29, 2022)	2022–2023	<b>3/3</b>
including in presentia			<b>0/0</b>
<b>Aslan Isufovich Dokshukin</b>	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)	2023–2024	<b>4/4</b>
including in presentia			<b>1/1</b>
<b>Stanislav Mikhailovich Kuryavy</b>	Dd. August 26, 2022 (Minutes No. 509 dd. August 29, 2022)	2022–2023	<b>7/7</b>
including in presentia	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)	2023–2024	<b>1/1</b>
<b>Dmitry Nikolaevich Skripalshchikov</b>	Dd. August 26, 2022 (Minutes No. 509 dd. August 29, 2022)	2022–2023	<b>7/7</b>
including in presentia	dd. August 22, 2023 (Minutes No. 538 dd. August 24, 2023)	2023–2024	<b>1/1</b>

\* In presentia – meetings that the person attended in the form of joint presence \*\* A/B – A – number of meetings that the person attended; B – number of meetings held for the period, when the person was a member of the Committee.

#### **5.3.4. Corporate Secretary**

Corporate Secretary was elected in Rosseti Northern Caucasus, PJSC. Corporate Secretary ensures the proper observance of the procedure for preparation and holding of the General Meeting of Shareholders and activities of the Board of Directors. The status of the Corporate Secretary, requirements to the candidate, procedure for appointment and dismissal of the Corporate Secretary, subordination and procedure for communication with the management bodies and subdivisions of the Company as well as other aspects of the functions of the Corporate Secretary are established by the Regulations on the Corporate Secretary of the Company approved by the decision of the Board of Directors of the Company on November 18, 2016 (Minutes No. 268 dd. November 21, 2016) (as amended, Minutes No. 402 dd. December 16, 2019).

In accordance with the Regulations on the Corporate Secretary of Rosseti Northern Caucasus, PJSC, the functions of the Corporate Secretary of the Company include:

- taking part in ensuring smooth cooperation between the Company and regulatory authorities, trade organizers, registrar and any other professional players in the securities market;

- notification of the Company's Board of Directors of any revealed violations of the Russian law or any internal policies of the Company, compliance with which shall be overseen by the Corporate Secretary of the Company as a part of its job duties;
- taking part in the Company's interactions with its shareholders and in preventing any corporate conflicts, in implementation of the procedures as established by the law of the Russian Federation and the internal policies of the Company safeguarding the rights and legitimate interests of the Company's shareholders, overseeing execution thereof;
- participating in organizing the preparation and holding of the General Meetings of Shareholders of the Company;
- taking part in implementation of the Company's disclosure policy and ensuring safe keeping of the Company's corporate documents within the powers conferred;
- participating in improvement of the Company's corporate governance system and practice;
- rendering support to ensure ongoing operations of the Board of Directors;
- assistance to ensure ongoing operation of the Committees of the Board of Directors.

The Corporate Secretary of the Company shall have the right to:

- request and receive documents of the Company;
- upon instruction of the Chairman of the Board of Directors put forward questions within its competence for review to the executing bodies of the Company;
- supervise compliance of the Company officers and employees with the Charter and internal policies of the Company in the part falling within functions of the Corporate Secretary of the Company;
- interact with the Chairman of the Board of Directors of the Company and the Chairmans of the Committees under the Board of Directors of the Company;
- inform the Chairman of the Board of Directors and/or the Director General of the Company of any facts leading to inability of the Corporate Secretary to perform its functions.

In accordance with the decision of the Board of Directors of the Company dated August 26, 2022 (Minutes No. 509 dated August 29, 2022), Marina Khalitovna Kumukova, Director of the Department for Corporate Governance and Shareholder Relations of the Company, was elected Corporate Secretary of Rosseti Northern Caucasus, PJSC.

Ensuring independence from the executive bodies of the Company

The Corporate Secretary of the Company is elected by the members of the Board of Directors of the Company in the manner prescribed by the Charter and the Regulations on the Corporate Secretary of the Company. The Corporate Secretary of the Company shall be functionally subordinate to the Board of Directors. The status of the Corporate Secretary, requirements to the candidate, procedure for appointment and dismissal of the Corporate Secretary, subordination and procedure for communication with the management bodies and subdivisions of the Company as well as other aspects of the functions of the Corporate Secretary are established by the Regulations on the Corporate Secretary of the Company to be approved by the Board of Directors of the Company.

Candidate for a position of the Company's Corporate Secretary shall be nominated by the Chairman of the Board of Directors of the Company with account of requirements outlined in the Regulations on the Corporate Secretary of the Company. The Personnel and Remuneration Committee under the Board of Directors of the Company shall give recommendations to the Board of Directors of the Company with regard to the nominees, size of remuneration and principles of bonus pay to the Corporate Secretary of the Company. The Board of Directors of the Company

shall make a decision regarding election of the Corporate Secretary of the Company, determine the size of remuneration and principles of bonus pay to the Corporate Secretary of the Company with account of recommendations given by the Personnel and Remuneration Committee under the Board of Directors of the Company.

The Corporate Secretary shall report to the Board of Directors of the Company, which shall annually assess the performance of and approve the report on work performed by the Corporate Secretary of the Company.

#### Information about the Corporate Secretary of the Company

##### **Marina Khalitovna Kumukova**

##### **Corporate Secretary**

Was elected Corporate Secretary of Rosseti Northern Caucasus, PJSC in August 2022.

Year of birth: 1973

Education:

- higher, Saratov State Academy of Law, jurisprudence, lawyer.

##### Information on positions held:

since 2009 has been working at Rosseti Northern Caucasus, PJSC, as of the end of 2023 – Director of the Department for Corporate Governance and Shareholder Relations of Rosseti Northern Caucasus, PJSC.

In 2023, the Corporate Secretary of the Company did not make transactions for the acquisition and (or) alienation of shares of the Company and (or) its subsidiaries, does not own shares of the Company and its subsidiaries.

### **5.3.5. Executive management bodies of the Company**

The management of the current activity of the Company shall be executed by the sole executive body – General Director, and by the collegial executive body – Company’s Management Board. The General Director and the Management Board shall be accountable to the Company’s General Meeting of Shareholders and the Company’s Board of Directors.

#### **The Management Board is the collegial executive body of the Company**

Election and size of the Management Board are determined by the Board of Directors of Rosseti Northern Caucasus, PJSC, based on the proposal of the General Director.

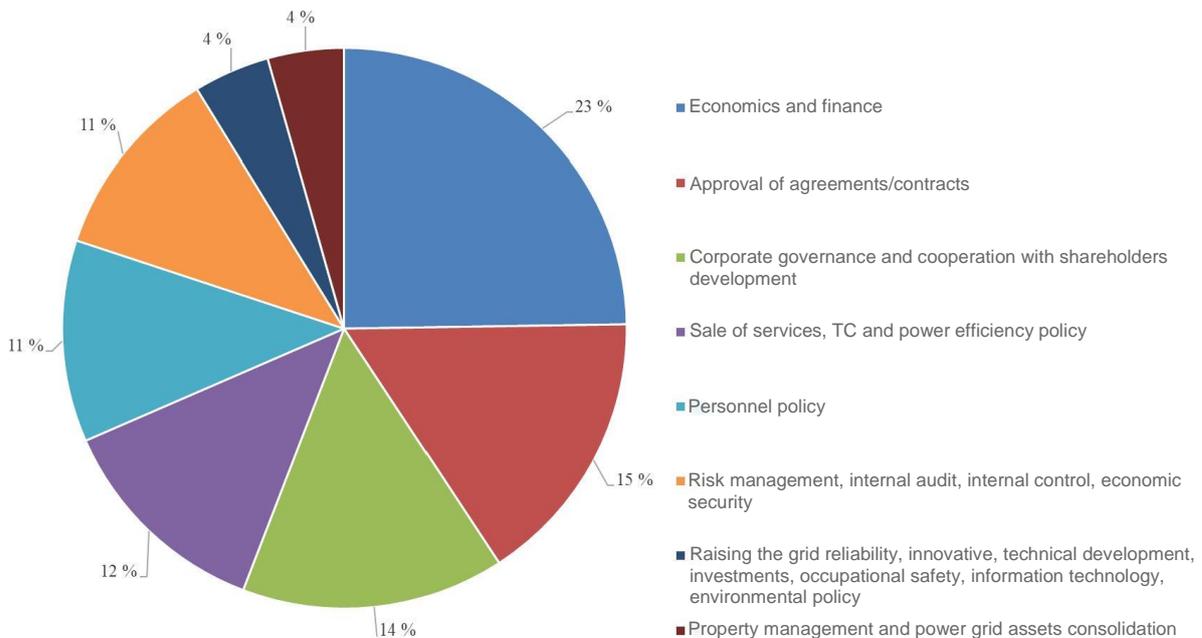
The competence of the Board is established by Article 22 of the Charter of Rosseti Northern Caucasus, PJSC and includes the following issues:

- working-out of the Company’s development strategy and its submission for consideration to the Board of Directors;
- preparation of a business plan and a quarterly report on the business plan fulfillment, as well as approval of the cash flow (budget) of the Company;
- preparation of the annual report of the Company, report on implementation by the Management Board of the resolutions passed by the Company's General Meeting of Shareholders and the Board of Directors;
- consideration of reports (information) of the Deputy General Directors of the Company, heads of standalone structural divisions of the Company on the activities of the Company and its subsidiaries and affiliates submitted for consideration by the Management Board of the Company in accordance with instructions from the Management Board or the Board of Directors of the Company;

- making decisions on matters assigned to the responsibility of supreme management bodies of business entities in which the Company owns 100%;
- making decisions on closing transactions dealing with properties, works and services book value whereof is equal to 1–25% of the book value of assets of the Company as defined according to the accounting (financial) statements as of the latest reporting date;
- effective risk management within the framework of the Company's current activity; approval of the budget for risk management measures in the Company within the limits agreed by the Board of Directors' resolution; solving cross-functional (accomplished by several structural subdivisions) issues for risk management;
- solution of other issues of the Company's current activities management according to the decisions of the Company's General Meeting of Shareholders, the Company's Board of Directors, and the issues which were submitted by the Company's General Director for the Management Board's consideration.

In 2023, 68 meetings of the Management Board of Rosseti Northern Caucasus, PJSC were held (in 2022 – 62, in 2021 – 20), all in absentia (as in 2022 and 2021), 218 issues were considered (in 2022 – 249, in 2021 – 53).

#### Categories of matters considered by the Management Board in 2023, %



#### Members of the Management Board of Rosseti Northern Caucasus, PJSC, as of December 31, 2023

##### **Roman Alekseevich Levchenko** **Chairman of the Management Board**

Was elected member of the Management Board of Rosseti Northern Caucasus, PJSC, in May 2021. Information about R.A. Levchenko was provided as part of the information on the current membership of the Board of Directors of Rosseti Northern Caucasus, PJSC.

**Viktor Mikhailovich Abaimov**

Was elected member of the Management Board of Rosseti Northern Caucasus, PJSC, in September 2020.

Year of birth: 1972.

Education:

- Novocherkassk State Polytechnic University, degree in Power Supply for Industrial Enterprises, electrical engineer;
- South-Russian State Technical University (Novocherkassk Polytechnic Institute), Economics and Enterprise Management (Electricity Power Industry), managing economist.

Information about the employment of a member of the Management Board over the past 5 years and about participation in the management and control bodies of other organizations:

Period		Name of organization	Position
from	to		
2016	2020	IDGC of North-West, PJSC	Deputy Chief Engineer for Operation – Head of DTP RO ROEX
2020	2020	of Rosseti Northern Caucasus, PJSC	acting First Deputy General Director – Chief Engineer
2020	as of the end of 2023	of Rosseti Northern Caucasus, PJSC	First Deputy General Director – Chief Engineer, member of the Management Board
2023	as of the end of 2023	of Rosseti Northern Caucasus, PJSC	member of the Board of Directors' Committee for Reliability

Information on ownership of shares of the Company during the reporting year: did not own shares of the Company during the reporting year.

Information about transactions with shares of the Company made by a member of the Management Board in the reporting year: did not enter into transactions with shares of the Company in the reporting year.

Information on the participation of a member of the Management Board in other organizations: does not participate in other organizations.

Information about potential conflict of interest of a member of the Management Board (including related to participation in the management bodies of other organizations): there is no conflict of interest.

**Ivan Sergeevich Komissarov**

Was elected member of the Management Board of Rosseti Northern Caucasus, PJSC, in October 2022.

Year of birth: 1983.

Education:

- Tver State Technical University, degree in Power Supply, engineer.

Information about the employment of a member of the Management Board over the past 5 years and about participation in the management and control bodies of other organizations:

Period		Name of organization	Position
from	to		
2018	2019	First Professional Association, LLC	Technical Director
2019	2020	TOK, LLC	Deputy General Director – organizer of design activities in the construction sector, Deputy General Director
2020	2020	Teplosnabzhenie MTD LLC	Technical Director
2020	2021	A group Engineering, LLC	Technical Director
2021	2022	of Rosseti Northern Caucasus, PJSC	Assistant Director General
2021	2022	of Rosseti Northern Caucasus, PJSC	Acting Deputy General Director for Investment Activities
2022	as of the end of 2023	of Rosseti Northern Caucasus, PJSC	Deputy General Director for Investment Activities, member of the Management Board

Information on ownership of shares of the Company during the reporting year: did not own shares of the Company during the reporting year.

Information about transactions with shares of the Company made by a member of the Management Board in the reporting year: did not enter into transactions with shares of the Company in the reporting year.

Information on the participation of a member of the Management Board in other organizations: does not participate in other organizations.

Information about potential conflict of interest of a member of the Management Board (including related to participation in the management bodies of other organizations): there is no conflict of interest.

### **Sergey Vladimirovich Smagin**

Was elected member of the Management Board of Rosseti Northern Caucasus, PJSC, in May 2021. Year of birth: 1972.

Education:

- State Higher Professional Education Institution “Stavropol State University” degree in economics and management at the enterprise, managing economist.

Information about the employment of a member of the Management Board over the past 5 years and about participation in the management and control bodies of other organizations:

Period		Name of organization	Position
from	to		
2012	2020	Rostekhinventarizatsyya – Federal Bureau of Technical Inventorying, JSC	Advisor, Deputy Head of Department, Advisor
2020	2021	Federal State Budgetary Institution	Deputy Director

		“Stavropolmeliovodkhoz Directorate” in the Stavropol Territory	
2021	2021	Federal State Budgetary Institution “Department for Land Reclamation, Water Management and Safety of Hydraulic Structures” “Spetsmeliovodkhoz”	Deputy Director
from 2021	as of the end of 2023	of Rosseti Northern Caucasus, PJSC	member of the Management Board
2021	2022	of Rosseti Northern Caucasus, PJSC	Assistant Director General
from 2022	as of the end of 2023	of Rosseti Northern Caucasus, PJSC	Deputy General Director – Chief of Staff

Information on ownership of shares of the Company during the reporting year: did not own shares of the Company during the reporting year.

Information about transactions with shares of the Company made by a member of the Management Board in the reporting year: did not enter into transactions with shares of the Company in the reporting year.

Information on the participation of a member of the Management Board in other organizations: does not participate in other organizations.

Information about potential conflict of interest of a member of the Management Board (including related to participation in the management bodies of other organizations): there is no conflict of interest.

### **Sergey Aleksandrovich Usevich**

Was elected member of the Management Board of Rosseti Northern Caucasus, PJSC, in May 2021. Year of birth: 1978.

Education:

- FSFEI HE Bashkir State University, degree in jurisprudence;
- FSFEI HE Russian Academy of National Economy and Public Administration under the President of the Russian Federation, state and municipal administration.

Information about the employment of a member of the Management Board over the past 5 years and about participation in the management and control bodies of other organizations:

Period		Name of organization	Position
from	to		
2019	2020	Administration of the city of Ryazan	Head of Control and Analytical Department
2020	as of the end of 2023	of Rosseti Northern Caucasus, PJSC	Deputy General Director for Corporate Management
2021	as of the end of 2023	of Rosseti Northern Caucasus, PJSC	member of the Management Board
2023	as of the end of 2023	Dagestan Energy Supply Company, PJSC, SevKavkazenergo, JSC	Member of the Board of Directors

2023	as of the end of 2023	of Rosseti Northern Caucasus, PJSC	Member of the Committee for Strategy under the Board of Directors of
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Information on ownership of shares of the Company during the reporting year: did not own shares of the Company during the reporting year.

Information about transactions with shares of the Company made by a member of the Management Board in the reporting year: did not enter into transactions with shares of the Company in the reporting year.

Information on the participation of a member of the Management Board in other organizations: does not participate in other organizations.

Information about potential conflict of interest of a member of the Management Board (including related to participation in the management bodies of other organizations): there is no conflict of interest.

### **Igor Vladimirovich Shmakov**

Was elected member of the Management Board of Rosseti Northern Caucasus, PJSC, in December 2021.

Year of birth: 1974

Education:

- Kuban State University;
- Federal State Budgetary Educational Institution of Higher Education Don State Agrarian University;

Information about the employment of a member of the Management Board over the past 5 years and about participation in the management and control bodies of other organizations:

Period		Name of organization	Position
from	to		
2016	2020	Rosseti Kuban, PJSC	Deputy General Director for Controlling
2020	2021	Rosseti Yug, PJSC	Property Management Director – Head of the Property Management Department of the Executive Office
2021	as of the end of 2023	of Rosseti Northern Caucasus, PJSC	member of the Management Board
2021	2022	of Rosseti Northern Caucasus, PJSC	Assistant to General Director, acting as the First Deputy General Director
from 2022	and as of the end of 2023	of Rosseti Northern Caucasus, PJSC	First Deputy General Director, Member of the Management Board

Information on ownership of shares of the Company during the reporting year: did not own shares of the Company during the reporting year.

Information about transactions with shares of the Company made by a member of the Management Board in the reporting year: did not enter into transactions with shares of the Company in the reporting year.

Information on the participation of a member of the Management Board in other organizations: does not participate in other organizations.

Information about potential conflict of interest of a member of the Management Board (including related to participation in the management bodies of other organizations): there is no conflict of interest.

During 2023, the Company did not provide loans to members of the Management Board of the Company.

During 2023, there were no changes in the composition of the Company's Management Board.

### **General Director – the sole executive body of the Company**

The General Director shall perform the management by the Company's current activities in accordance with the decisions of the Company's General Meetings of Shareholders, Company's Board of Directors and Company's Management Board which were made in accordance with their competences.

The General Director acts without a power of attorney, taking into account the restrictions provided for by the law of the Russian Federation, the Charter and resolutions of the Board of Directors of the Company.

The competence of the Company's General Director includes all matters pertaining to the management of the company's day-to-day activities, with the exception of those matters which are referred to the competence of the Company's General Meeting of Shareholders, Board of Directors or Management Board. The competence of the General Director is established by Article 69 of the Federal Law "On Joint Stock Companies" and Article 23 of the Charter of Rosseti Northern Caucasus, PJSC.

The General Director shall be governed by:

- Federal Law "On Joint Stock Companies" and other regulations of the Russian Federation;
- Charter of Rosseti Northern Caucasus, PJSC;
- labor agreement.

The General Director shall be elected by the Company's Board of Directors by the majority of votes of the members of the Board of Directors participating in the meeting. Recommendation of candidates for the position of the Company's General Director for his/her election by the Company's Board of Directors shall be carried out according to the internal document regulating the procedure of convocation and holding the Company's Board of Directors.

In accordance with the decision of the Board of Directors of Rosseti North Caucasus PJSC dated April 2, 2021 (Minutes No. 457 dated April 5, 2021), **Roman Alekseevich Levchenko**, Deputy General Director for Interaction with Electricity Market Entities of Rosseti Northern Caucasus, PJSC, was appointed Acting General Director of Rosseti Northern Caucasus, PJSC, from April 6, 2021 until the date the Board of Directors of Rosseti Northern Caucasus, PJSC makes a decision to elect the sole executive body. By the decision of the Board of Directors dated February 18, 2022 (Minutes No. 486 dated February 18, 2022), Roman Alekseevich Levchenko was elected General Director of Rosseti Northern Caucasus, PJSC from February 18, 2022 to February 17, 2025, inclusive.

As of December 31, 2023, **Roman Alekseevich Levchenko** is the General Director of Rosseti Northern Caucasus, PJSC.

In 2023, General Director of Rosseti Northern Caucasus, PJSC did not make transactions to acquire and (or) alienate shares of Rosseti Northern Caucasus, PJSC and (or) its subsidiaries; does not own shares of the Company and its subsidiaries.

#### **5.4. System of remuneration for management bodies and Committees of the Board of Directors of the Company**

##### **Remuneration of Board of Directors members**

Remuneration due to members of the Board of Directors fits with the market conditions and is established so that to ensure attraction of highly qualified specialists to participate in the company's work and to motivate such specialists for honest and efficient activities.

The procedure for determining and payment of remuneration to members of the Board of Directors is reflected in detail in the Regulation on Payment of Remuneration and Compensations to Members of the Board of Directors of Rosseti Northern Caucasus, PJSC.

The general procedure for determining and paying remuneration established by the Regulations on the payment of remuneration and compensation to members of the Board of Directors of IDGC of Northern Caucasus PJSC, approved by the annual General Meeting of Shareholders on June 25, 2019 (Minutes No. 20 dated June 27, 2019)

##### Remuneration criteria

The principal criterion is participation in meetings and work of the Board of Directors.

Payment of remuneration to a member of the Board of Directors of the Company shall be made for the period from the date of election of a candidate to the Board of Directors of the Company until the date of termination of powers of a member of the Board of Directors of the Company.

Remuneration to each member of the Board of Directors shall be paid quarterly.

The amount of quarterly remuneration for membership in the Company's Board of Directors of each member of the Company's Board of Directors shall be calculated taking into account the total number of meetings of the Company's Board of Directors for the reporting quarter and the number of meetings in which the member of the Board of Directors participated.

##### Additional charges and remuneration

The following bonuses shall be additionally determined:

30% of S(1)<sup>1</sup> – to the Chairman of the Board of Directors of the Company;

20% of S(1) – to the Chairman of the specialized Committee of the Board of Directors of the Company;

10% of S(1) – for membership in a specialized committee of the Board of Directors of the Company

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<sup>1</sup> S(1) – the amount of the quarterly remuneration for participation in meetings of the Board of Directors of the Company.

Bonuses for chairmanship and/or membership in a specialized Committee of the Board of Directors of the Company shall not be paid if there has not been a single meeting of the Committee for the reporting quarter.

Remuneration shall not be paid, if the member of the Board of Directors did not attend more than 50% of the meetings held in the reporting quarter.

Payment of remuneration shall be made at the expense of profits from unregulated activities.

Expenses related to participation in meetings of the Board of Directors, a specialized Committee of the Board of Directors, General Meetings of Shareholders of the Company are also planned to be compensated at the rates of reimbursement of travel expenses in force at the time of the meeting established for the Company's top managers.

Texts of the Regulations are available on the website of Rosseti Northern Caucasus, PJSC in “For Shareholders and Investors/Charter and Bylaws / Documents of Corporate Governance Procedures” at:

[https://www.rossetisk.ru/shareholders\\_and\\_investors/dokumenty/dokumenty\\_protsecur\\_upravle\\_niya/](https://www.rossetisk.ru/shareholders_and_investors/dokumenty/dokumenty_protsecur_upravle_niya/).

**Amount of remuneration paid and expenses compensated to members of the Board of Directors of Rosseti Northern Caucasus, PJSC, during 2021–2023, thousand rubles**

Indicator	2023	2022	2021
Remuneration for participation in the management body work	14,376.15	13,074.23	16,051.28
Salaries	–	–	–
Bonuses	–	–	–
Fees	–	–	–
Other types of remuneration	–	–	–
Total	14,376.15	13,074.23	16,051.28
<b>Reimbursement of expenses</b>	–	–	–

**Remuneration to members of the Management Board**

Management Board members as staff members of Rosseti Northern Caucasus, PJSC, receive the payment for their work on the positions held in accordance with the labor contracts.

Besides, in accordance with cl. 3.12 of Regulations on the remuneration of employees of the Executive Office of Rosseti Northern Caucasus, PJSC (Appendix 2.6 to the Collective Agreement of Rosseti Northern Caucasus, PJSC for 2019-2021, considering the extension until December 31, 2024) when an employee is elected a member of the Management Board of the Company by order of the General Director of the Company, such employee may be given a personal allowance of 5% of the salary.

Also, in accordance with cl. 2.3 of the Regulations on material incentives for the heads of branches of Rosseti Northern Caucasus, PJSC, approved by order of the Company No. 458 dated September 30, 2022, when the head of the corresponding branch of the Company is elected as a member of the Management Board of the Company, by order of the General Director of the Company, such employee may be given a personal allowance of 15% of the salary established for the head of the relevant branch of the Company.

In accordance with cl. 4.1 of the Regulations on remuneration and material incentives for senior managers of Rosseti Northern Caucasus, PJSC, approved by the decision of the Board of Directors of the Company dated August 4, 2023 (Minutes No. 537 dated August 7, 2023) the system of remuneration and material incentives for the top manager of the Company consists of the annual maximum possible total personal remuneration, which includes additional payment for membership in the collegial executive body (Management Board) of the Company, including payments in the form of remuneration on the basis of a separate employment contract concluded with a member of the Management Board of the Company and in accordance with cl. 5.4 of the Regulations on remuneration and material incentives for Senior Managers of Rosseti Northern Caucasus, PJSC, approved by the decision of the Board of Directors of the Company dated August 4, 2023 (Minutes No. 537 dated August 7, 2023) additional payment for membership in the collegial executive body (Management Board) of the Company for the senior manager of the Company is established in an amount corresponding to the minimum wage on the basis of Article 133 of the Labor Code of the Russian Federation.

**The amount of the remuneration paid and costs compensated to members of the Management Board of Rosseti Northern Caucasus, PJSC, during 2021–2023, thousand rubles**

Indicator	2023	2022	2021
Remuneration for participation in the management body work	1,506.43	1,692.85	1,610.25
Salaries	48,899.34	35,318.53	39,875.16
Bonuses	12,915.06	7,023.59	4,687.39
Fees	–	–	–
Other types of remuneration	–	–	–
Total	63,320.83	44,034.97	46,172.80
<b>Reimbursement of expenses</b>	2,006.37	2,639.42	2,485.19

### Remuneration of the General Director

The General Director's employment conditions, guarantees, and compensation for the period of fulfillment of duties shall be determined by the employment agreements, which terms and conditions are determined by the person authorized by the Board of Directors.

### Remuneration of members of Committees under the Board of Directors

Payment of remunerations to members of the committees at the Board of Directors shall be made in compliance with the Regulations on Payment of Remuneration and Compensations to Members of the Committees. Texts of the Regulations are available on the website of Rosseti Northern Caucasus, PJSC in "To Shareholders and Investors / Charter and Internal Documents / Documents of Corporate Governance Procedures" at:

[https://www.rossetisk.ru/shareholders\\_and\\_investors/dokumenty/dokumenty\\_protседur\\_upravleniya/](https://www.rossetisk.ru/shareholders_and_investors/dokumenty/dokumenty_protседur_upravleniya/).

### Remuneration for participation in each meeting held in the form of joint presence

A member of the Committee shall receive the remuneration in the amount equivalent to two minimal monthly wages of the first category worker established by the sectoral tariff agreement in the RF power complex (the Agreement) on the day of the committee meeting, taking into account indexation established by the Agreement;

To the Chairman (Deputy Chairman) for the meeting where he or she served as Chairman of the Committee, remuneration was increased by 50%.

**Remuneration for participation in each meeting held in absentia**

A member of the Committee is paid a remuneration in the amount equivalent to a minimum monthly tariff rate of the first category worker subject to indexation established by the Agreement. For Chairman (Deputy Chairman) of the Committee for the meeting where he or she acted as Chairman of the Committee, the remuneration was increased by 50%. In case the Chairman and/or members of the Committees at the Board of Directors are simultaneously members of the Board of Directors of the Company, payment of the remuneration due to them shall be effected following the procedure and in the amount as stipulated by the bylaws of the Company governing payment of remuneration and compensations to members of the Board of Directors of the Company as approved by the General Meeting of Shareholders of the Company.

**Remuneration paid to members of the committees of the Board of Directors of Rosseti Northern Caucasus, PJSC, in 2021–2023, thousand rubles**

<b>Committee name</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Strategy Committee	566.28	327.78	470.53
Personnel and Remuneration Committee	418.84	243.35	500.60
Reliability Committee	350.63	100.84	354.85
Audit Committee	102.32	–	–
Committee for Technological Connection to Electric Power	404.46	312.88	251.68
<b>Total</b>	<b>1,842.53</b>	<b>984.85</b>	<b>1,577.66</b>

Remuneration payment was made in cash.

**5.5. Internal control, risk management and internal audit**

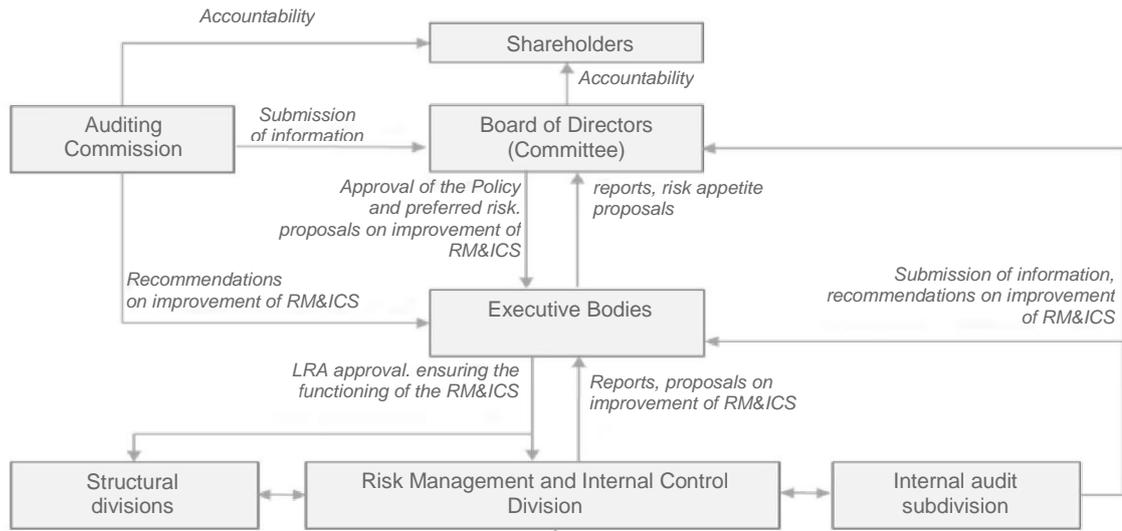
**Risk management, internal control**

Rosseti Northern Caucasus, PJSC has organized and operates a risk management and internal control system (hereinafter referred to as RM&ICS).

RM&ICS in the Company is regulated by the following main internal regulatory documents:

- Risk management and internal control policy of Rosseti Northern Caucasus, PJSC (Minutes of the meeting of the Board of Directors of Rosseti Northern Caucasus, PJSC No. 535 dated July 10, 2023);
- The procedure for organizing the risk management and internal control of Rosseti Northern Caucasus, PJSC (Minutes of the meeting of the Board of Directors of Rosseti Northern Caucasus, PJSC No. 248 dated June 16, 2023);
- Regulations on risk management in Rosseti Northern Caucasus, PJSC (Order of Rosseti Northern Caucasus, PJSC No. 176 dated April 23, 2020).

The RM&ICS participants in the Company are:



In the Company, the tasks and functions of coordination and methodological support for risk management and internal control activities in accordance with the RM&ICS Policy and organizational and functional documents are assigned to the Internal Audit and Control Directorate.

- coordinates risk management and internal control processes;
- organize and conduct training of employees in the field of risk management and internal control;
- review the risk portfolio and develop proposals for a risk management response strategy and resource reallocation;
- generate risk reporting;
- carry out operational control over the risk management process of structural divisions;
- carry out activities in the field of organization and functioning of RM&ICS;
- prepare and submit to the executive bodies information on the organization, functioning and effectiveness of the RM&ICS, as well as on other issues stipulated by the Policy.

The activities of the Internal Audit and Control Directorate are functionally separated from the activities of structural divisions that carry out risk management and internal control as part of their operational activities (business process).

Control procedures for the processes and sub-processes of the main and supporting activities, as well as the Company's management processes are documented in the control and risk matrices, approved by order of Rosseti Northern Caucasus, PJSC No. 451 dated October 15, 2021 "On Approval of Schemes of Processes, Control and Risk Matrices".

To guarantee that RM&ICS is efficient and conforms to the objectively changing requirements and conditions, the Company's internal auditor assesses the reliability and efficiency of RM&ICS for conformity to the target condition and maturity level.

The issue of assessing the reliability and efficiency of RM&ICS based on the results of 2023 was preliminary considered at a meeting of the Audit Committee under the Board of Directors of Rosseti Northern Caucasus, PJSC (Minutes No. 187 dated May 17, 2024). Based on the results of 2023, the level of maturity of the Company's RM&ICS was assessed as intermediate between

“Moderate” and “Optimal” (average score 4.7) and approved by the decision of the Board of Directors of the Company (Minutes No. 557 dated May 22, 2024).

**List of key measures aimed at improving the RM&ICS implemented in 2023.**

In order to develop and improve the Company's RM&ICS, the Program for the Development of the Risk Management and Internal Control System of Rosseti Northern Caucasus, PJSC was approved (Order of Rosseti Northern Caucasus, PJSC No. 249 dated June 19, 2023).

During the reporting year, the Company implemented the following key actions to improve RM&ICS:

- The Risk Management and Internal Control Policy of Rosseti Northern Caucasus, PJSC was approved, establishing uniform principles and approaches to the organization and operation of the risk management and internal control system in the Company (Minutes of the meeting of the Board of Directors of Rosseti Northern Caucasus, PJSC No. 535 dated July 10, 2023);
- the updated Preferred Risk (Risk Appetite) of Rosseti Northern Caucasus, PJSC was approved (Minutes of the meeting of the Board of Directors of Rosseti Northern Caucasus, PJSC No. 540 dated October 11, 2023);
- The methodological basis of the RM&ICS was developed/updated:
  - Glossary in the field of risk management and internal control (Order of Rosseti Northern Caucasus, PJSC No. 19 dated January 24, 2023);
  - Standard list of risks and risk owners (Order of Rosseti Northern Caucasus, PJSC No. 560 dated November 21, 2023);
  - The procedure for organizing the risk management and internal control (Order of Rosseti Northern Caucasus, PJSC No. 248 dated June 16, 2023);
  - Methodology for risk assessment and monitoring (Order of Rosseti Northern Caucasus, PJSC No. 560 dated November 21, 2023);
  - The procedure for determining the preferred risk (risk appetite) (Order of Rosseti Northern Caucasus, PJSC No. 507 dated October 24, 2023);
  - The Procedure for organizing risk management and internal control in the field of preventing corruption and misconduct in Rosseti Northern Caucasus, PJSC and Managed Companies (Order of Rosseti Northern Caucasus, PJSC No. 378 dated August 29, 2023);
  - Regulations for working with bankrupt debtor enterprises and interaction in protecting interests in bankruptcy or liquidation procedures of Rosseti Northern Caucasus, PJSC and Managed Companies (Order of Rosseti Northern Caucasus, PJSC No. 178 dated May 3, 2023);
  - Guidelines for preparing a report on the organization, operation and effectiveness of the risk management and internal control system (Order of Rosseti Northern Caucasus, PJSC No. 283 dated July 3, 2023);
- monitoring activities were carried out to assess the sufficiency, efficiency and effectiveness of the RM&ICS, including as part of comprehensive audits of the financial and economic activities of the Company’s branches and audits of Managed Companies;
- monthly monitoring of financial stability, support of liquidation and bankruptcy procedures of counterparties was carried out.

### **Main activities aimed at improvement of RM&ICS in 2024.**

The main objectives of the Company for 2024 in the field of RM&ICS are:

- carrying out monitoring activities taking into account the risk-based approach: when considering materials submitted for approval by collegial bodies; during the analysis of information on inspections carried out by external control (supervision) bodies;
- participation in risk management in liquidation and bankruptcy procedures;
- development of a culture of risk awareness, conducting training events on the organization and functioning of RM&ICS.

### **Internal Auditing**

Business unit responsible for the implementation of the internal audit function in the Company is the Internal Audit and Control Directorate.

Internal Audit functionally reports to the Board of Directors of the Company, which means that the Board of Directors implements control and organization of the internal audit function, including approval of the plan of the internal audit activity, report on implementation of the plan of the internal audit and the budget of the internal audit business unit, the approval of the appointment decision, removal from office and determination of the remuneration of the head of the internal audit business unit.

The internal audit assists the Board of Directors and executive bodies of the Company in increasing the efficiency of the Company management and in improving its financial and business activities due to systematic and consistent approach to analysis and assessment of the risk management, internal control and corporate governance systems intended to ensure reasonable certainty of achieving the Company's goals.

Targets and objectives, main principles of organization and operation of internal audit, functions and responsibilities of internal audit are defined in the Internal Audit Policy of Rosseti Northern Caucasus, PJSC (new edition), approved by the decision of the Board of Directors on July 7, 2023 (Minutes No. 535 dated July 10, 2023).

In 2023, the average number of employees that perform the internal audit function was 5 persons.

The Company approved the following documents that regulate internal audit function:

Internal Audit Policy of the Company and Code of Ethics for Internal Auditors approved by the decision of the Board of Directors dated July 7, 2023 (Minutes No. 535 dated July 10, 2023 );

Regulation on the Internal Audit and Control Directorate of IDGC of Northern Caucasus PJSC approved by the decision of the Board of Directors of the Company dated April 21, 2017 (Minutes No. 294 dated April 24, 2017);

- Internal Audit Quality Guarantee and Improvement Program of Rosseti Northern Caucasus, PJSC approved by the decision of the Board of Directors dated December 28, 2023 (Minutes No. 526 dated March 3, 2023);

- internal standards of internal audit activity and standards of practical application developed in accordance with the International Standards for the Professional Practice of Internal Auditing.

The feedback from the Audit Committee is provided by the head of internal audit in various forms during the interaction with the Audit Committee, including analysis of decisions/recommendations of the Audit Committee on issues falling within the competence of the internal audit, as well as through polling of members of the Audit Committee.

The indicator of satisfaction of the Audit Committee under the Board of Directors of the Company with the performance of the Internal Audit Business Unit (the average weighted points on the questionnaires of voted members of the Audit Committee to the number of voted members) according to the results of 2023 corresponds to the assessment “generally complies”.

Based on the results of a third party independent assessment of the quality of internal audit activities in 2019, in order to fulfill clause 2 of issue No. 2 of the Minutes of the meeting of the Board of Directors dated February 14, 2020 (Minutes No. 409 dated February 17, 2020) and in accordance with the recommendations of the third party independent expert, employees of the Directorate of Internal Audit and Control of the Company developed an Action Plan for the development and improvement of the activities of the Company's internal audit for the period from 2020 to 2024. The above-mentioned Plan was approved by the Audit Committee (Minutes No. 116 dated March 5, 2020), approved by the decision of Board of Directors of the Company dd. April 8, 2020 (Minutes No. 417 dd. April 10, 2020). By the decision of the Audit Committee of Rosseti Northern Caucasus, PJSC, the above-mentioned Plan was amended (Minutes No. 128 dated January 19, 2021). By the decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dated January 29, 2021 (Minutes No. 448 dd. February 1, 2021) amendments to the Action Plan for the development and improvement of the internal audit activities of Rosseti Northern Caucasus, PJSC for the period from 2020 to 2024 were approved.

By decision of the Audit Committee of Rosseti Northern Caucasus, PJSC dd. March 23, 2022 (Minutes No. 149 dated March 23, 2022), the Action Plan for the professional development of internal auditors in Rosseti Northern Caucasus, PJSC was approved. By decision of the Board of Directors of the Company dd. June 14, 2022 (Minutes No. 503 dated June 17, 2022), the Action Plan for the Professional Development of Internal Auditors was approved. By decision of the Audit Committee of Rosseti Northern Caucasus, PJSC dd. October 2, 2023 (Minutes No. 177 dated October 3, 2023), the restated Action Plan for the professional development of internal auditors in Rosseti Northern Caucasus, PJSC was approved. By decision of the Board of Directors of the Company dated October 9, 2023 (Minutes No. 540 dated October 11, 2023), the restated Action Plan for the professional development of internal auditors at Rosseti North Caucasus, PJSC was approved.

### **Risk management and internal control indicators**

Indicator	Unit of measurement	Period			Change, 2023/2022, %
		2021 actual	2022 actual	2023 actual	
Number of control activities taken to identify and minimize risks	pcs.	3,784	7,319	8,788	20.07
Number of reviewed materials (issues) of procurement activities	pcs.	3,619	4,094	3,662	-10.56

Number of violations eliminated based on the results of audits conducted by third party supervisory authorities	pcs. (%)	40	82	6,883*	8,294
Total amount of canceled fines based on the results of an appeal against decisions on bringing to administrative responsibility	million rubles	42,125	10,266	4,500*	-56
Total amount of funds received by the Company's budget from counterparties in bankruptcy and liquidation procedures	million rubles	90	995.0	387.2	-61.08
Total amount of funds saved by the Company in connection with the acquisition through a bidding process of its own debt to debtors in bankruptcy proceedings	million rubles	-	-	-	-

\* A significant increase in the number of violations is due to an increase in the number of inspections by Rostekhnadzor.

\*\* Information is presented on judgements that have entered into legal force. 38 decisions on cases of administrative offense provided for in Parts 1, 2 of Art. 9.21 of the Code of the Russian Federation on Administrative Offences, are in the process of appeal.

## 5.6. Auditing Commission

In order to ensure control over the Company's financial and economic activities, the General Meeting of Shareholders shall elect the Auditing Commission of the Company.

The competence of the Auditing Commission of the Company is established by Article 85 of the Federal Law "On Joint Stock Companies" and Article 24 of the Charter of Rosseti Northern Caucasus, PJSC.

The competence of the Company's Auditing Commission shall include the following:

- verification (audit) of financial, accounting, payment and other documents of the Company related to the Company's financial and business activities for the compliance with laws of the Russian Federations, Company Charter, the internal documents of the Company;
- checking and analysis of the Company's financial position, its solvency, the internal control and risk management system functioning, liquidity of assets, relation of own and borrowed funds, correctness and timeliness of accruing and payment of the interest under the obligations, income arising out of other securities;
- control over cash spending of the Company in accordance with the approved business plan and budget of the Company;
- control over buildup of reserves and other special-purpose funds of the Company;
- audit of timeliness and correctness of managing settlement operations related to contracting parties and settlement of budgetary payments, as well as settlement operations related to salaries and emoluments, distribution and payment of dividends, and other settlement operations;
- control over compliance with the established procedure for managing bad debt expense;
- audit of business transactions of the Company conducted under concluded contracts;
- audit to verify whether material, manpower and financial resources necessary for conducting financial and economic activities are used in compliance with the terms and conditions of the ongoing contracts, applicable rules, regulations and standards, approved estimates and other documents that regulate the Company's activities;
- supervision over preservation and use of main assets;

- checking the Company's cashier's department and property, the effectiveness of using the Company's assets and other resources, establishing the reasons for non-productive losses and expenses, finding the reserves for the Company's financial position improvement;
- checking of fulfilment of the orders for elimination of the violations and drawbacks previously found by the Company's Auditing Commission;
- developing recommendations for the Company's management bodies;
- carrying out of other actions (measures) related to examination of the Company's financial and economic activities.

The Auditing Commission is entitled to (and – should any material violation in finance and economic activities be found – shall) require the calling of an extraordinary General Meeting of Shareholders.

#### Functionality and performance of the Auditing Commission of the Company in the reporting year

Objectives of the Auditing Commission are as follows:

- 1) exercising control over Company's financial and business activities;
- 2) carrying out independent evaluation of consistency of data contained in the Company's annual report and annual accounting (financial) statements;
- 3) confirmation of the reliability of data contained in the Company's report on interested-party transactions.

The Auditing Commission functions are set forth in the Regulation on the Auditing Commission of Rosseti Northern Caucasus, PJSC approved by the resolution of the Annual General Meeting of Shareholders on June 16, 2022 (Minutes No. 25 dated June 17, 2022). Texts of the Regulations are available on the website of Rosseti Northern Caucasus, PJSC in "For Shareholders and Investors/Charter and Bylaws / Documents of Corporate Governance Procedures" at: [https://www.rossetisk.ru/shareholders\\_and\\_investors/dokumenty/dokumenty\\_protседur\\_upravleniya/](https://www.rossetisk.ru/shareholders_and_investors/dokumenty/dokumenty_protседur_upravleniya/).

In 2023, the Auditing Commission of the Company conducted an audit of the financial and economic activities of Rosseti Northern Caucasus, PJSC for 2022. The program for the audit of the financial and economic activities of the Company for 2022 was approved by the decision of the Auditing Commission of Rosseti Northern Caucasus, PJSC dated January 23, 2023 (Minutes No. 2 dd. January 23, 2023).

This Program included the following issues:

- assessment of the reliability of annual accounting (financial) statements formed as of December 31, 2022;
- analysis of profit and loss and financial standing of the Company as of December 31, 2022;
- assessment of the reliability of the Company's Annual Report for 2022;
- verification of compliance with the law of the Russian Federation in terms of following the procedure for concluding interested party transactions;
- verification of the Company's activities in the field of organizing procedures and price audits of reports on the implementation of the Company's investment program, as well as measures aimed at eliminating violations and shortcomings contained in the expert opinions prepared based on the results of procedures and price audits of reports on the implementation of the Company's investment program;
- other issues.

The Auditing Commission report was approved by the Auditing Commission of Rosseti Northern Caucasus, PJSC (Minutes No. 3 dated May 3, 2023), according to which an opinion is expressed on the reliability of the data in all material respects contained in the Annual Report for 2022, the annual accounting (financial) statements of the Company for 2022, except for the impact on the accounting (financial) statements for 2022 of the following event: The Auditing Commission did not confirm the indicator under line 1180 “Deferred tax asset” of the balance sheet. Without changing the opinion on the reliability of the Company’s annual accounting (financial) statements for 2022, the Auditing Commission noted that the value of the “Net Assets” indicator (line 3600 of the Statement of Changes in Equity for 2022) as of December 31, 2022 and as of December 31, 2021, is negative. No facts of misrepresentation of the information contained in the report on interested party transactions concluded in 2022 were revealed. This conclusion was included in the materials provided to the shareholders of Rosseti Northern Caucasus, PJSC in preparation for the annual General Meeting of Shareholders of the Company in 2023.

### **Composition of the Auditing Commission**

In accordance with the Charter of the Company, the number of members of the Auditing Commission is 5 persons.

In 2023 the Company had two memberships of the Internal Auditing Commission.

The current composition of the Auditing Commission was elected by the annual General Meeting of Shareholders of Rosseti Northern Caucasus on June 15, 2023 (Minutes No. 26 dated June 19, 2023):

<b>Item No.</b>	<b>Full name</b>	<b>Information on members of the Auditing Commission</b>
1	Anton Sergeevich Ulyanov, Chairman	<p>Year of birth: 1979. Education: higher, State Higher Professional Education Institution “Moscow State Law Academy”, degree in Jurisprudence, lawyer (2004). Completed professional retraining in: Association “Institute of Internal Auditors”, auditor-consultant (2021); LLC Training Center “IVA”, “Internal Auditor. Level “Professional” (2021); professional retraining, KUMTS APR LLC, Head of an independent internal control unit. Professional standard “Internal control specialist (internal inspector). Level 7” (2021). Work experience: 2017–2021 – General Prosecutor's Office of the Russian Federation, Deputy Head of Division – Head of Department; 2021 – Rosseti Public Joint Stock Company, Chief Advisor, Office of the Director General; 2021–2022 – Public Joint Stock Company “Federal Grid Company of the Unified Energy System”, Director for Internal Control and Risk Management – Head of the Department for Internal Control and Risk Management;</p>

		<p>2021–2022 – Rosseti Public Joint Stock Company, Director for Internal Control and Risk Management – Head of the Internal Control and Risk Management Department (concurrently);  from 2022 and as of the end of 2023 – Public Joint Stock Company “Federal Grid Company – Rosseti” (until October 2022 – Public Joint Stock Company “Federal Grid Company of the Unified Energy System”), Director for Internal Audit – Head of Department of Internal Audit.  Positions that were held or are currently held by a member of the Auditing Commission in Rosseti Northern Caucasus, PJSC and in the management bodies of other organizations over the past three years:  2022–2023 – Rosseti Center and Volga Region, PJSC, Rosseti Siberia, PJSC, Rosseti Volga, PJSC, Rosseti Northern Caucasus, PJSC, Mobile GTPP, JSC, Member of the Board of Directors;  since 2023 and as of the end of 2023 – Rosseti Northern Caucasus, PJSC, Chairman of the Auditing Commission.</p>
2	Kirill Yevgenyevich Rogachev	<p>Year of birth: 1984.  Education: higher  MATI – Russian State University of Aviation Technology named after K.E. Tsiolkovsky, qualification “Economist – Manager”, degree in: Economics and Enterprise Management (2006);  Moscow Border Institute of the Federal Security Service of the Russian Federation, qualification “Lawyer”, degree in “Jurisprudence. State Legal” (2011).  Qualification upgrade:  General Education Organization Additional Professional Education “International Academy of Expertise and Evaluation”, advanced training in “Internal Audit” (2021).  Center for Enterprise Reforms LLC, qualification certificate (Order of the Ministry of Labor No. 398n). Code E qualification 01.12.2021 “management (control) of the internal audit service”, date of issue: December 1, 2021.  Work experience:  from 2010 and as of the end of 2023 – Public Joint Stock Company “Federal Grid Company – Rosseti” (until October 2022 – Public Joint Stock Company “Federal Grid Company of the Unified Energy System”), Chief Expert of the Operational Audit Directorate of the Internal Audit Department, Head of the Operational Audit Division of the Department of Internal Audit;</p>

		<p>2020–2022 – Rosseti Public Joint Stock Company, chief expert of the Operational Audit Directorate of the Department of Internal Audit (concurrently). 2020–2022 – Rosseti Public Joint Stock Company, Head of the Operational Audit Directorate of the Department of Internal Audit (concurrently).</p> <p>Positions that were held or are currently held by a member of the Auditing Commission in Rosseti Northern Caucasus, PJSC and in the management bodies of other organizations over the past three years: since 2023 and as of the end of 2023 – Rosseti Northern Caucasus, PJSC, member of the Auditing Commission.</p>
3	Olga Viktorovna Ostroukhova	<p>Year of birth: 1975. Education: higher Moscow State Mining University, bachelor's degree in engineering and technology, degree in “Information Technology and Computer Science” (1996); Moscow State Mining University, master's degree in engineering and technology, degree in “Information and CAD Software” (1996); Moscow State University of Economics, Statistics, and Informatics (MESI), qualification “Economist”, degree in “Finance and Credit” (2001). Qualification upgrade: State Educational Institution of Further Professional Education Center “Professional” in the program “Accounting and Taxation” (2018); Association “Institute of Internal Auditors”, qualification “Chief Auditor (7th level of qualification)”, date of issue: October 10, 2022. Work experience: 2019–2023 – Rosseti Public Joint Stock Company, chief expert of the SC Internal Audit and Control Directorate of the Department of Internal Audit. from 2020 and as of the end of 2023 – Public Joint Stock Company “Federal Grid Company – Rosseti” (until October 2022 – Public Joint Stock Company “Federal Grid Company of the Unified Energy System”), chief expert of the SC Internal Audit and Control Department Directorate of the Department of Internal Audit. Positions that were held or are currently held by a member of the Auditing Commission in Rosseti Northern Caucasus, PJSC and in the management bodies of other organizations over the past three years:</p>

		since 2023 and as of the end of 2023 – Rosseti Northern Caucasus, PJSC, member of the Auditing Commission.
4	Svetlana Mikhaylovna Trishina secretary	<p>Year of birth: 1979.</p> <p>Education: higher, Amur State University, degree in: Finance and Credit, qualification: Financial Economist, Bank Employee; additional: International Academy of Expertise and Evaluation, advanced training in the “Internal Audit and Control in Profit-making Companies”, graduated, International Academy of Expertise and Assessment, advanced training in “Internal Audit”.</p> <p>Work experience: from 2017 and as of the end of 2023 – Public Joint Stock Company “Federal Grid Company – Rosseti” (until October 2022 – Public Joint Stock Company “Federal Grid Company of the Unified Energy System”), Head of Financial Auditing Department; Head of Financial Auditing, Methodology and Reporting Department; Head of SC Internal Audit and Control Department; Deputy Head of the Department of Internal Audit, Deputy Head of the Department of Internal Audit – Head of the SC Internal Audit and Control Directorate of the Department of Internal Audit. 2020 – 2022 – Rosseti Public Joint Stock Company, Deputy Head of the Department of Internal Audit – Head of the SC Internal Audit and Control Directorate of the Department of Internal Audit (concurrently); Positions that were held or are currently held by a member of the Auditing Commission in Rosseti Northern Caucasus, PJSC and in the management bodies of other organizations over the past three years: since 2021 and as of the end of 2023 – Rosseti Northern Caucasus, PJSC, member of the Auditing Commission.</p>
5	Viktor Vladimirovich Tsarkov Deputy Chairman	<p>Year of birth: 1977.</p> <p>Education: higher education, Moscow Institute of Economics, Management and Law, economist; Russian Academy of Public Administration under the President of the Russian Federation, state and municipal administration, manager.</p> <p>Work experience: from 2017 and as of the end of 2023 – Public Joint Stock Company “Federal Grid Company – Rosseti” (until October 2022 – Public Joint Stock Company “Federal Grid Company of the Unified Energy</p>

		System”), First Deputy Head of the Department of Internal Audit; 2020–2023 – Rosseti, Public Joint-Stock Company, First Deputy Head of the Department of Internal Audit (concurrently); Positions that were held or are currently held by a member of the Auditing Commission in Rosseti Northern Caucasus, PJSC and in the management bodies of other organizations over the past three years: since 2021 and as of the end of 2023 – Rosseti Northern Caucasus, PJSC, member of the Auditing Commission.
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The composition of the Auditing Commission of the Company, as of June 16, 2022 to June 15, 2023, elected by the annual General Meeting of Shareholders of Rosseti Northern Caucasus, PJSC on June 16, 2022 (Minutes No. 25 dated June 17, 2022).

<b>Item No.</b>	<b>Candidate's full name</b>	<b>Position (as of the candidate nomination time)</b>
1.	Artem Nikolaevich Kirillov	Chief Expert of the Internal Control and Risk Management Systems Directorate of the Internal Control and Risk Management Department of Rosseti, PJSC
2.	Svetlana Nikolaevna Kovaleva	Director for Internal Audit – Head of the Department of Internal Audit of Rosseti, PJSC
3.	Yelena Mikhailovna Roptanova	Chief Expert of the SC Internal Audit and Control Directorate of the Department of Internal Audit of Rosseti, PJSC
4.	Svetlana Mikhailovna Trishina	Deputy Head of the Department of Internal Audit – Head of the SC Internal Audit and Control Directorate of the Department of Internal Audit of Rosseti, PJSC
5.	Viktor Vladimirovich Tsarkov	First Deputy Head of the Department of Internal Audit, Rosseti, PJSC

CVs of members of the the Auditing Commission of the Company elected by the annual General Meeting of Shareholders of Rosseti Northern Caucasus, PJSC on June 16, 2022 (Minutes No. 25 dated June 17, 2022) are published in the Company’s Annual Report for 2022: [https://www.rossetisk.ru/shareholders\\_and\\_investors/raskrytie\\_informatsii/godovye\\_otchety/](https://www.rossetisk.ru/shareholders_and_investors/raskrytie_informatsii/godovye_otchety/).

Members of the Auditing Commission do not have stakes in the authorized capital (shares of any type) of Rosseti Northern Caucasus, PJSC and in the authorized capital of affiliated companies of Rosseti Northern Caucasus, PJSC.

There were no transactions between the Company and members of the Auditing Commission in 2023. Rosseti Northern Caucasus, PJSC did not file any claims against the members of the Auditing Commission.

Based on the questionnaires provided by the members of the Auditing Commission, the Company considers:

- members of the Auditing Commission do not have family relations (spouses, parents, children, adoptive parents, adopted children, siblings, grandparents, grandchildren) with members of the Board of Directors, members of the collegial executive body, person holding the position (performing functions) of the sole executive body of Rosseti Northern Caucasus, PJSC;
- members of the Auditing Commission were not brought to administrative liability for offenses in the field of finance, taxes and fees, insurance, securities market or criminal liability (criminal record) for crimes in the field of economics and/or for crimes against the state;
- members of the Auditing Commission did not hold positions in the management bodies of profit-making organizations during the period when a bankruptcy case was initiated against these organizations and/or one of the bankruptcy procedures provided for in Article 27 of the Federal Law “On Insolvency (Bankruptcy)” was introduced.

### **Remuneration of members of the Audit Commission**

In 2018, the Annual General Meeting of Shareholders approved the revised Regulation on Payment of Remuneration and Compensations to Members of the Audit Commission (Minutes No. 19 dd. May 29, 2018).

The remuneration shall be payable to a member of the Auditing Commission of the Company following the outcome of work in the corporate year and depending on the degree of their participation in work of the Auditing Commission.

The remuneration due to a member of the Auditing Commission shall be determined relying on the remuneration base component. The basic remuneration to a member of the Auditing Committee shall be established based on the Company's revenue calculated according to the Russian Accounting Standards for the reporting year. The personal contribution coefficient is also taken into account, which is representative of participation of a member of the Auditing Commission in sessions of the Auditing Commission as well as their discharging additional duties in the capacity of Chairman or Secretary of the Auditing Commission. No remuneration shall be payable to a member of the Auditing Commission having missed more than half of the sessions that took place during the period of their membership in the Auditing Commission. If, during the corporate year, a member of the Auditing Commission actively participated in additional reviews carried out by the Auditing Commission or control actions undertaken by the Auditing Commission or control actions dedicated to individual issues that were made by decision of the General Meeting of Shareholders, the Board of Directors of the Company or by demand of the shareholder(s) jointly holding at least 10 % of voting shares of the Company, Chairman of the Auditing Commission shall be entitled to solicit from the General Meeting of Shareholders the increase in the actual amount of remuneration.

Members of the Auditing Commission, who are not subject to restrictions or prohibitions on receiving any payments from commercial organizations in accordance with federal laws, in case of visiting the Company's facilities, participating in meetings of the Company's Auditing Commission held at the actual location of the Company, as well as accomplishing other tasks of the Auditing Commission of the Company, the Company compensates documented expenses related to participation in the activities of the Auditing Commission of the Company.

Texts of the specified Regulations are available on the corporate website of Rosseti Northern Caucasus, PJSC in “For Shareholders and Investors/Charter and Bylaws / Documents of Corporate Governance Procedures” at:

[https://www.rossetisk.ru/shareholders\\_and\\_investors/dokumenty/dokumenty\\_protседur\\_upravleniya/](https://www.rossetisk.ru/shareholders_and_investors/dokumenty/dokumenty_protседur_upravleniya/).

In 2023 payments to members of the Auditing Commission amounted to 791.24 thousand rubles. Remuneration payment was made in cash.

This Regulation also provides for payment to members of the Auditing Commission of the Company of expenses related to participation in the activities of the Company's Auditing Commission. In 2023, the Company did not make any relevant reimbursement of expenses.

### **5.7. Third Party Auditor**

#### **Key information on the auditor of Rosseti Northern Caucasus, PJSC**

Full business name: CENTER FOR AUDIT TECHNOLOGIES AND SOLUTIONS – AUDITING SERVICES Limited Liability Company

Abbreviated business name: TSATR – AUDIT SERVICES LLC

TIN [Taxpayer's Identification Number]: 7709383532 PSRN [Principal State Registration Number]: 1027739707203

Location: 77 Sadovnicheskaya embankment, building 1, 115035 Moscow

Website: <https://www.b1.ru/>

E-mail: [info@b1.ru](mailto:info@b1.ru)

Reception phone/fax: (495) 755-97-00/755-97-01

TSATR – Audit Services LLC is a member of the Self-regulatory Organization of Auditors Association “Sodruzhestvo” (SRO AAS). An entry in the Register of Auditors and Audit Organizations was made on January 31, 2020 under main registration record number 12006020327.

#### **Auditor selection procedure**

TSATR – Audit Services LLC was recognized as the winner of the open two-stage tendering procedure (Minutes of the meeting of the Bidding Commission No. 3/58 dated April 24, 2023). The nominee for an auditor of the issuer shall be determined in the course of an auditors tender by the issuer.

To participate in such tender auditing companies shall comply with the following requirements:

- have civil capacity in full to enter and perform the Agreement;
- not be subject to winding-up procedure;
- not be included in the Register of Bad-faith Suppliers;
- a bidder must have no arrears on taxes, fees, other overdue obligatory payments to the budgets of the budget system of the Russian Federation for the previous calendar year, the amount of which exceeds 25% of the book value of the assets of the procurement bidder, according to the financial statements for the last reporting period;
- a bidder shall be a member of a self-regulatory organization of auditors;
- The bidder's professional liability shall be insured.

The Audit Committee of the Issuer's Board of Directors exercises control over the selection of the auditor. In particular, the competence of the Audit Committee of the Board of Directors includes:

a) participation in development and agreement of the conditions for conductance of procurement procedures for selection of the external auditor, in particular – determination of the set and

significance of the criteria for evaluation of procurement participants and the procedure for evaluation of the procurement participants' bids;

b) supervision over the Company's Auditor selection procedure compliance with the legislation and the in-house regulatory documents of the Company by way of participation of a representative of the Audit Committee in the work of the procurement commission related to selection of the external auditor in the capacity of the commission member or an independent observer;

c) assessing independence and impartiality of the Company's external auditor and exploring conflicts of interests (if any), analyzing all relations between the external auditor and the Company (delivery of any services in addition to the audit services, amount of remuneration for audit and nonaudit services, etc.) in order to detect any circumstances which may have effect on independence of the external auditor;

d) preparing recommendations for the Board of Directors on nominees for the position of the Company's external auditor

The Board of Directors nominates an auditor for the consideration and approval by the General Meeting of Shareholders.

The cost of services for Rosseti Northern Caucasus, PJSC for 2023 is determined in the amount of 4,629,591.42 rubles, including VAT of 20%.

The specified auditor was also approved by the decision of the annual General Meeting of Shareholders of Rosseti Northern Caucasus, PJSC (Minutes No. 26 dated June 19, 2023).

The amount of payment for the auditor's services was approved by the Board of Directors of Rosseti Northern Caucasus, PJSC (Minutes No. 535 dated July 10, 2023).

In 2023, Rosseti Northern Caucasus, PJSC did not provide other (non-audit) services as auditors.

No assessment of the performance of the third-party audit was conducted.

## 5.8. Registrar

By decision of the Board of Directors of Rosseti Northern Caucasus, PJSC dd. April 19, 2007 (Minutes No. 8 dated April 20, 2007), Registrar Society STATUS Joint Stock Company (License No. 2007 dated March 12 (unlimited) issued by the Federal Securities Market Commission of the Russian Federation) was approved as a registrar.

The information about transfer agents is published at <https://rostatus.ru>.

## 5.9. Management of subsidiaries and affiliates

### Subsidiaries

**JSC Dagestan Grid Company** (until April 3, 2015 – Energoservis OJSC) was founded in 2011 on the basis of the decision of the Board of Directors of the Company dd. December 21, 2010 (Minutes No. 68 dated December 24, 2010). Energoservis OJSC was called upon to increase the power efficiency of the Company and other grid companies in the Northern Caucasus Federal District. In June 2015, an agreement was signed between the Republic of Dagestan

and Rosseti Northern Caucasus, PJSC on cooperation in the implementation of the project on establishment of joint venture company Dagestan Grid Company, and a Roadmap was signed for establishment of the joint power grid company and consolidation of the power grid complex of the Republic of Dagestan (Roadmap). Dagestan Grid Company, JSC arose as a result of the renaming of

Energoservice, OJSC, which was given a new name, a new location and new OKVED codes (including 40.10.2 “Electricity Transmission”). As part of the Roadmap, the power grid property of Rosseti Northern Caucasus, PJSC, located on the territory of the Republic of Dagestan, was leased to Dagestan Grid Company, JSC from July 1, 2015. The Board of Directors of Rosseti Northern Caucasus, PJSC made a decision to define the maintenance of business continuity of the local grid operator in the Republic of Dagestan as a priority area of the Company's activity, and also approved the Roadmap for maintenance of activity of the local grid operator in the Republic of Dagestan (meeting date May 8, 2020, Minutes No. 421 dated May 12, 2020). The power transmission activities of Dagestan Grid Company, JSC were terminated in June 2020, after which the operational activities of Dagenergo, Branch of Rosseti Northern Caucasus, PJSC, began; 100% of shares of Dagestan Grid Company, PJSC is owned by Rosseti Northern Caucasus, PJSC.

**Dagenergoset, OJSC** was established on January 27, 2010. From April 1, 2010, the power grid assets of Dagenergo was leased to Dagenergoset OJSC. Dagenergoset OJSC carried out activity on power transmission in the territory of the Republic of Dagestan from 2010 to 2015. 100% of the shares of Dagenergoset OJSC are owned by Rosseti Northern Caucasus, PJSC.

There are no **affiliated companies** of Rosseti Northern Caucasus, PJSC.

Interaction of Rosseti Northern Caucasus, PJSC with subsidiaries is regulated by the Charter and internal documents. The procedure for the interaction of IDGC of Northern Caucasus OJSC with business entities whose shares (stakes) are owned by IDGC of Northern Caucasus OJSC, approved by decision of the Board of Directors of the Company on March 25, 2009 (Minutes No. 39 dated March 25, 2009) are also applicable in Rosseti Northern Caucasus, PJSC. This Procedure:

- regulates the implementation of the rights of a shareholder, a participant by Rosseti Northern Caucasus, PJSC in relation to its subsidiaries and affiliates (subsidiaries and affiliates), certified by shares, participatory interests, to ensure the effective operation of the Company's representatives at general meetings of shareholders / participants, boards of directors and auditing commissions of subsidiaries and affiliates (Representatives of the Company);
- establishes the general conditions for corporate interaction between the Company and subsidiaries and affiliates in the areas specified in the Procedure, including corporate planning, organization and control of corporate actions when the management bodies of subsidiaries and affiliates consider issues on which, in accordance with the Company's Charter, the Company (Company's Representatives) are required to formulate their position.

The text of the document is posted on the Company's corporate website – <https://www.rossetisk.ru> – in the section “For Shareholders and Investors / Charter and By-Laws”.

## 5.10. Authorized capital

### General information on shares

Type and category of shares	Ordinary shares
Location in accordance with the Charter	2,093,354,170 RUB
Nominal value of one share	1 RUB
Authorized shares	6,280,062,510 pcs.
Stock exchange platform	Moscow Stock Exchange (Russia, Moscow)
Security code	MRKK
Number and date of state registration of the main issue	1-01-34747-E dated December 27, 2006
Date of commencement of trading at Moscow Stock Exchange	June 19, 2008
Entry in index calculation base	Moscow Stock Exchange index of shares of companies with regulated activities

### Information on the share issues

The initial placement of shares was effected on the date of state registration of Rosseti Northern Caucasus PJSC on August 4, 2006 through the acquisition of shares of a sole founder – Unified Energy System of Russia (RAO UES of Russia).

Issue (additional issue)	Date of registration of the Securities Prospectus	State registration date and state registration number of the issue (additional issue)	State registration date of the report (notice) on the share issue (additional issue)	Number of placed shares of the issue (additional issue), pcs.	Nominal value of one share (rubles)
1	Not registered	December 27, 2006 1-01-34747-E	December 27, 2006	150	1
2	March 20, 2008	March 20, 2008 20.03.2008 1-01-34747-E-001D	May 6, 2008	9,644,385	1
3	March 20, 2008	March 20, 2008 1-01-34747-E-002D	May 6, 2008	2,695,250	1
4	March 20, 2008	March 20, 2008 1-01-34747-E-003D	May 6, 2008	8,352,060	1
5	March 20, 2008	March 20, 2008 1-01-34747-E-004D	May 6, 2008	8,690,357	1
6	February 28, 2012	February 28, 2012 1-01-34747-E-005D	August 30, 2012	26,560,436	1
7	May 30, 2013	May 30, 2013 1-01-34747-E-006D	November 14, 2013	98,469,787	1
8	December 15, 2016	December 15, 2016 1-01-34747-E	December 18, 2019	734,751,321	1
9	March 20, 2020	March 20, 2020 1-01-34747-E	March 21, 2023	1,204,040,574	1
<b>Total</b>				<b>2,093,354,170</b>	

On March 20, 2020, the Bank of Russia registered an additional issue of securities of Rosseti Northern Caucasus, PJSC – ordinary shares (registration number 1-01-34747-E) in the amount of 6,565,560,627 shares.

Basic conditions for additional share issue:

- method of placement – open subscription, while the shareholders of the Company were given a pre-emptive right to purchase additional shares;
- placement price (including for persons included in the list of persons having the pre-emptive right to acquire the placed additional shares) of one additional ordinary share –

32.44 rubles (determined by the decision of the Board of Directors of the Company dated March 11, 2020, Minutes No. 413 dated March 13, 2020);

- form of payment for additional shares – additional shares are paid for in cash in rubles of the Russian Federation by bank transfer;
- The end date for placement of shares of this additional issue is March 20, 2023.

On August 10, 2023, the Bank of Russia registered an additional issue of securities of Rosseti Northern Caucasus, PJSC – ordinary shares (registration number 1-01-34747-E) in the amount of 6,280,062,510 shares.

Basic conditions for additional share issue:

- method of placement: closed subscription;
- The placement price of one additional ordinary share is 13.82 rubles (determined by the decision of the Board of Directors of the Company dated May 22, 2023, Minutes No. 533 dated May 23, 2023);
- method of payment for additional shares: additional ordinary shares can be paid in cash in rubles of the Russian Federation, by bank transfer and/or by property rights, which represent the right to enforce performance by Rosseti Northern Caucasus, PJSC in terms of payment of funds, including rights that will arise in the future from existing or future obligations;
- The end date for the placement of shares of this additional issue is August 10, 2024 (can be extended twice during one year until August 10, 2026).

Areas of using funds received by the Company in 2023 as a result of placement of securities of two additional issues:

- debt discharge;
- implementation of the Program of priority measures to bring industrial buildings and structures of power distribution sections and zones of Dagenengo, Branch of Rosseti Northern Caucasus, PJSC, to standard condition;
- financing of design and survey work;
- financing a program to reduce power losses;
- construction of substations.

These measures are provided for the by Company's Development Plan and allow it to implement the critical projects related to improving the reliability and development of the power grid infrastructure of the North Caucasus Federal District, creating the necessary conditions for the social and economic development of the region in general. In the reporting year the Company implemented the updated Development Plan of Rosseti Northern Caucasus, PJSC, approved by decision of the Board of Directors of Federal Grid Company – Rosseti, Public Joint-Stock Company on December 29, 2022 (Minutes No. 604 dated December 30, 2022) and by decision of the Board of Directors of the Company dated March 10, 2023 (Minutes No. 528 dated March 13, 2023); Successful implementation of the Development Plan will contribute to achieving the development milestones for the integrated power grid established by the Strategy for the Development of the Integrated Power Grid of the Russian Federation, approved by Order of the Government of the Russian Federation No. 511-r dated April 3, 2013.

In addition, in accordance with Federal Law No. 466-FZ dd. December 5, 2022 “On the Federal Budget for 2023 and for the Planned Period of 2024 and 2025,” in 2023 the Company received from Rosseti, JSC, Rosseti Yantar, JSC and Rosseti Lenenergo, PJSC the unused balances of budget investments to be directed to capital investments in capital construction projects of the Company aimed at increasing the reliability of the functioning of the integrated power grid of the Northern Caucasus Federal District.

## Equity capital structure

**as of December 31, 2023**

### Information on number of registered persons in register of shareholders (without disclosure of data on nominal holders customers)\*

Share holder type	Number of accounts	Number of shares, pcs.	Share of placed shares, %
Owners – individuals	2,162	781,214	0.02
Owners – legal entities	57	4,057,835,482	99.78
Joint ownership	8	6,083	0.0001
Nominee holders	1	8,238,771	0.20
Securities of unknown person	1	16,604	0.0004
<b>Total</b>	<b>2,229</b>	<b>4,066,878,154</b>	<b>100</b>

\* Taking into account the actually placed additional shares as of August 10, 2023 No. 1-01-34747-E-009D.

### Information on shareholders with a share in the authorized capital of more than 5%

Shareholder, location	Reporting date	Number of shares, pcs.	Share of charter capital, %
Rosseti Public Joint Stock Company Russia, Moscow	as of December 31, 2021*	1,172,165,361	98.96
	as of December 31, 2022*	1,763,783,737	96.47***
Federal Grid Company – Rosseti, Public Joint-Stock Company Russia, Moscow	as of December 31, 2023**	3,995,005,823	98.23***

\* Taking into account the actually placed additional shares as of March 20, 2020 No. 1-01-34747-E.

\*\* Taking into account the actually placed shares of additional issue as of August 10, 2023 № 1-01-34747-E-009D.

\*\*\* The decrease in the share took place as a result of the participation of Rosseti Yantar, JSC and Rosseti Lenenergo, PJSC in the Company in order to contribute the balance of budget investments in accordance with Article 21 of the Federal Law No. 390-FZ dd. December 6, 2021 “On the Federal Budget for 2022 and for the Planned Period of 2023 and 2024” and Article 21 of the Federal Law No. 466-FZ dd. December 5, 2022 “On the Federal Budget for 2023 and for the Planned Period of 2024 and 2025.”

### Information on the participation of residents and non-residents in the authorized capital of Rosseti Northern Caucasus, PJSC (as for May 22, 2023 – the date of making the list of persons entitled to be present at the Annual General Meeting of Shareholders)

Share holder type	Number of shareholders	Number of shares, pcs.	Share of charter capital, %
Residents	5,485	2,093,223,177	99.99
Non-residents	21	117,089	0.01

The Company does not have shares of Rosseti Northern Caucasus, PJSC. The controlled legal entities of Rosseti Northern Caucasus, PJSC do not own shares in the Company. Preference shares were not issued by the Company.

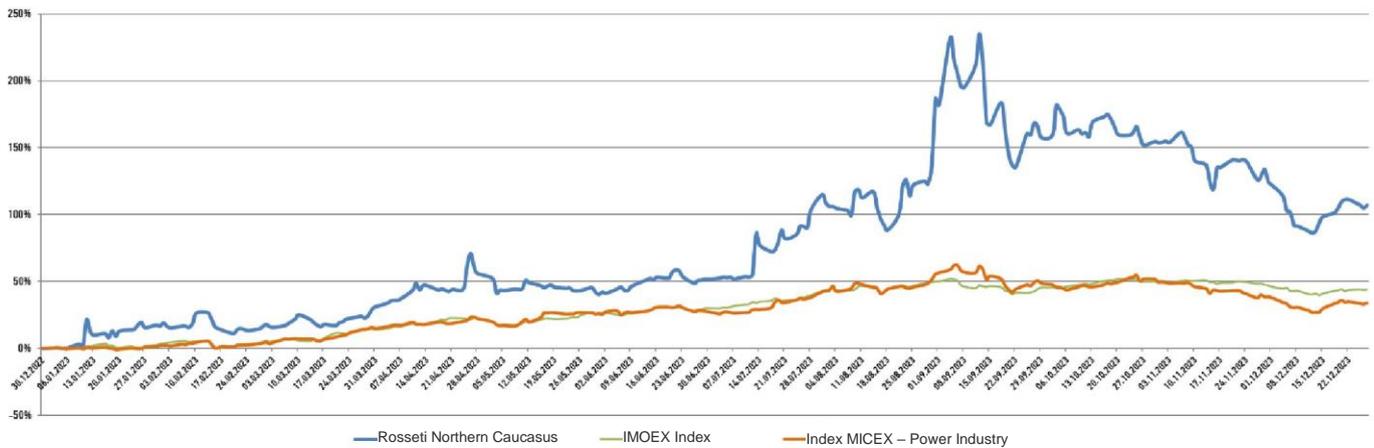
## Company on the stock market

### Capitalization, value and dynamics of shares of Rosseti Northern Caucasus, PJSC, for 2021–2023 based on the results of trading on Moscow Stock Exchange, PJSC

Indicator	December 30, 2021	December 30, 2022	December 29, 2023	Dynamics for 12 months (2023), %
Market Price, rubles*	26.84	11.76	24.08	104.8
Capitalization*, million rubles*	23,869.2	10,458.33	50,407.97	382.0
Indicator	2021	2022	2023	Dynamics for 12 months (2023), %
Maximum price per year, RUB	39.34	27.32	43.6	59.6
Minimum price per year, RUB	23.44	8.54	11.7	37.0
Average daily trading amount, million rubles	0.8	3.1	9.6	209.7
Average daily trading amount, thousand pcs.	28.1	246.7	396.1	60.6
Average daily volume of trading, transactions	115	466	1,265	171.4

\* Source – Moscow Exchange PJSC website, <https://www.moex.com/s26>.

### Dynamics of the market value of the shares of Rosseti Northern Caucasus, PJSC, the MICEX-Electricity Index and the Moscow Exchange Index in 2023



In 2023, the market share price and capitalization of Rosseti Northern Caucasus, PJSC increased by 104.8%. The Moscow Exchange-Electricity Index (MOEXEU) for the same period increased by 32.9%, while the Moscow Exchange Index (IMOEX) by 43.9%. The average daily volume of transactions with shares of Rosseti Northern Caucasus, PJSC in 2023 amounted to 9.6 million rubles, which is 209.6% more than the same indicator for 2022. The dynamics of the market price of shares of Rosseti Northern Caucasus, PJSC throughout 2023 were multidirectional, with an average upward trend.

Besides, in connection with the entry into force of Decree of the Government of the Russian Federation No. 351 dated March 12, 4 “On the Specifics of Disclosure and Provision in 2022 of Information Subject to Disclosure and Provision in Accordance with the Requirements of the Federal Law “On Joint Stock Companies” and the Federal Law “On the Securities Market”, and the specifics of disclosure of insider information in accordance with the requirements of the

Federal Law “On Counteracting the Misuse of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation”, as well as Decree of the Government of the Russian Federation No. 1102 dated July 4, 2023 “On the Specifics of Disclosure and/or Provision of Information Subject to Disclosure and/or Provision in Accordance with the Requirements of the Federal Law “On Joint Stock Companies” and the Federal Law “On the Securities Market”, in 2023, public joint stock companies received the right not to disclose or to provide in a limited scope and (or) volume information that must be disclosed in accordance with the requirements of the above laws.

During 2023, Rosseti North Caucasus, PJSC strived not to reduce the set level of transparency by continuing the purposeful implementation of the information policy of the Company. Based on the opinion of the Company, the information policy implementation is one of the most important tools for interaction with shareholders, investors and other stakeholders, which contributes to the long-term relationships and trust, as well as increasing the investment potential of the Company. In 2023, for the purpose of transparency and development of corporate governance practices of the Company, the Board of Directors of the Company reviewed the report on compliance with the Provisions on Information Policy of Rosseti Northern Caucasus, PJSC for 2022 (Minutes No. 530 dated April 20, 2023).

### 5.11. Relationships with Shareholders and Investors

The activities of Rosseti Northern Caucasus, PJSC are associated with responsibility to shareholders, the State, suppliers, consumers, employees and society at large.

The Company carries out its activities taking into account the interests of shareholders. The Company strives after maintenance of an efficient dialogue with shareholders based on commonality of goals of the Company and their shareholders. The Company shareholders possess a bundle of rights with regard to the Company with the Board of Directors and the executive authorities of the Company to ensure compliance with and protection of such rights. Company shareholder rights are regulated by current laws, Charter bylaws and internal Company documents.

#### Main shareholder rights<sup>1</sup>

Right	Reference to a provision of the regulation and the Charter of Rosseti Northern Caucasus, PJSC	Ownership interest of shareholder (shareholders*) in voting shares				
		any	1 %	2 %	10 %	25 %
Participation in the General Meeting of Shareholders personally or by proxy and vote on all issues falling within its competence	Sub-cl. 1 of cl. 6.2 of Article 6, cl. 11.8 of Article 11 of the Charter, sub-cl. 2 of Article 31 of Federal Law “On Joint Stock Companies”	✓	✓	✓	✓	✓
Disposal of shares owned by them without consent of other shareholders and Rosseti Northern Caucasus, PJSC	Sub-Paragraph 4 of cl. 2.5 of Article 2 of Charter, Sub-Paragraph 4 of cl. 1 of Article 2 of Federal Law “On Joint Stock Companies”	✓	✓	✓	✓	✓
Entry of a proposal to the agenda of the General Meeting of Shareholders	Sub-cl. 2 of cl. 6.2 of Article 6, cl. 13.1 of Article 13 of the Charter, cl. 1 of cl. 53 of Federal Law “On Joint Stock Companies”	X	X	✓	✓	✓

<sup>1</sup> Based on regulations in effect as of December 31, 2023.

Right	Reference to a provision of the regulation and the Charter of Rosseti Northern Caucasus, PJSC	Ownership interest of shareholder (shareholders*) in voting shares				
		any	1 %	2 %	10 %	25 %
Obtaining of information on the activities of Rosseti Northern Caucasus, PJSC and familiarization with documents	Sub-cl. 3 of cl. 6.2 of Article 6, cl. 26.5 of Article 26 of the Charter, cl. 4 of Article 11, Article 91 of Federal Law "On Joint Stock Companies" <sup>1</sup>	✓	✓	✓	✓	✓
Receipt of dividends declared	Sub-cl. 4 of cl. 6.2 of Article 6 of the Charter, sub-cl. 2 of Article 31 of Federal Law "On Joint Stock Companies"	✓	✓	✓	✓	✓
Exercise of the right of pre-emptive purchase of shares and issuable securities convertible into shares which are issued by subscription, in amounts proportional to the number of ordinary shares they own	Cl. 5.5 of Article 5, sub-cl. 5 of cl. 6.2 of Article 6 of the Charter; Sub-Paragraph 1 of cl. 1 of Article 40 of Federal Law "On Joint Stock Companies"	✓	✓	✓	✓	✓
In case of liquidation of Rosseti Northern Caucasus PJSC, obtaining of a part of its property	Sub-cl. 6 of cl. 6.2 of Article 6 of the Charter, sub-cl. 2 of Article 31 of Federal Law "On Joint Stock Companies"	✓	✓	✓	✓	✓
Familiarization with the list of persons having the right to participate in the General Meeting of Shareholders	Cl. 4 of Article 51 of Federal Law "On Joint Stock Companies" <sup>2</sup>	X	✓	✓	✓	✓
Nomination of candidates to the Board of Directors	Cl. 13.1 of Article 13, sub-cl. 14.9.2 of cl. 14.9 of Article 14 of the Charter, cl. 1 of Clause 53 of Federal Law "On Joint Stock Companies"	X	X	✓	✓	✓
Nomination of candidates to the Audit Commission	Cl. 13.1 of Article 13 of the Charter, cl. 1 of Article 53 of Federal Law "On Joint Stock Companies"	X	X	✓	✓	✓
Initiation of the Extraordinary General Meeting of Shareholders	Sub-Paragraph 1 of cl. 14.3 of Article 14 of the Charter, cl. 1 of Article 55 of Federal Law "On Joint Stock Companies"	X	X	X	✓	✓
Initiation of the examination (audit) of the financial and economic activity of Rosseti Northern Caucasus, PJSC	Cl. 24.7 of Article 24 of the Charter, cl. 3 of Article 85 of Federal Law "On Joint Stock Companies"	X	X	X	✓	✓
Familiarization with the accounting documents and minutes of the meetings of the Management Board and request of copies of these documents	Article 26 of Charter, cl. 5 of Article 91 of Federal Law "On Joint Stock Companies"	X	X	X	X	✓
Appeal of decisions of the management bodies of the Company entailing civil and legal consequences, in cases and in accordance with the procedure specified by the law of the Russian Federation	Sub-Paragraph 7 of cl. 6.2 of Article 6 of the Charter, cl. 7 of Article 49, cl. 6 of Article 68 of Federal Law "On Joint Stock Companies"	✓	✓	✓	✓	✓

<sup>1</sup> Until December 31, 2023, shareholders (shareholder) owning in the aggregate no less than 5% of the voting shares of the company had the right to access information and documents provided for in cl. 2 of Article 91 of the Federal Law "On Joint-Stock Companies" (Federal Law No. 55-FZ dd. March 14, 2022).

<sup>2</sup> Until December 31, 2023, shareholders (shareholder) owning in the aggregate no less than 5% of the voting shares of the company had the right to access information and documents provided for in cl. 4 of Article 51 of the Federal Law "On Joint-Stock Companies" (Federal Law No. 55-FZ dd. March 14, 2022).

Right	Reference to a provision of the regulation and the Charter of Rosseti Northern Caucasus, PJSC	Ownership interest of shareholder (shareholders*) in voting shares				
		any	1 %	2 %	10 %	25 %
Claim for losses caused to the Company/shareholder	Sub-Paragraph 8 of cl. 6.2 of Article 6 of the Charter; Sub-Paragraph 4 of cl. 3 of Article 6, cl. 5 of Article 71 of Federal Law “On Joint Stock Companies” <sup>1</sup>	✓	✓	✓	✓	✓
Challenging of transactions made by the Company on the grounds specified by the law of the Russian Federation and claiming of application of effects of their invalidity, as well as application of effects of invalidity of null and void transactions of the Company	Sub-Paragraph 9 of cl. 6.2 of Article 6 of the Charter, cl. 6 of Article 79 <sup>2</sup> , cl. 1 of Article 84 <sup>3</sup> of Federal Law “On Joint Stock Companies”	X	✓	✓	✓	✓

\* Shareholders holding jointly the designated number of voting shares may jointly exercise the relevant right.

✓ – Right available.

X – Right unavailable.

In order to ensure that the shareholders of the Company can exercise their rights, the Company regularly discloses and (or) provides the shareholders of the Company with information on various issues related to the activities of the Company. Ensuring timely disclosure of information about the Company's activities is also a key factor in interaction with the investment professionals. Rosseti Northern Caucasus, PJSC interacts with shareholders and investors and discloses the information, inter alia, on the basis of the relevant plan, which is published on the corporate [website](#) of the Company in the section “To Shareholders and Investors / Investor Calendar”.

See more details about the information disclosure policy for shareholders and investors in subsection “Disclosure of Information on the Securities Market”.

Contact details for shareholders and investors are available on the Company's website – <https://www.rossetisk.ru> in sections “Company / Contact Data and Details” and “For Shareholders and Investors / Contact Data”.

## 5.12. Profit distribution and dividend policy

### Dividend policy

The Company's dividend policy is determined by the Regulation on the Dividend Policy approved by the decision of the Board of Directors of the Company on February 5, 2018 (Minutes No. 330 dated February 6, 2018). The text of the Regulations is published on the Company's website in the “For Shareholders and Investors / Charter and By-Laws / Dividend Policy Documents” section at: [https://www.rossetisk.ru/shareholders\\_and\\_investors/dokumenty/dokumenty\\_dividendnoy\\_politiki/](https://www.rossetisk.ru/shareholders_and_investors/dokumenty/dokumenty_dividendnoy_politiki/).

<sup>1</sup> Until December 31, 2023, shareholders (shareholder) owning in the aggregate no less than 5% of the voting shares of the company had the right to take legal action in accordance with Sub-Paragraph 1 of cl. 5 of Article 71 of the Federal Law “On Joint-Stock Companies” (Federal Law No. 55-FZ dd. March 14, 2022).

<sup>2</sup> Until December 31, 2023, shareholders (shareholder) owning in the aggregate no less than 5% of the voting shares of the company had the right to take legal action in accordance with cl. 6 of Article 79 of the Federal Law “On Joint-Stock Companies” (Federal Law No. 55-FZ dd. March 14, 2022).

<sup>3</sup> Until December 31, 2023, shareholders (shareholder) owning in the aggregate no less than 5% of the voting shares of the company had the right to access information and documents and the right to take legal action provided for in cl. 1 of Article 84 of the Federal Law “On Joint-Stock Companies” (Federal Law No. 55-FZ dd. March 14, 2022).

### Basic principles of the dividend policy of the Company:

- compliance of the practice of accrual and payment of dividends in the Company with the law of the Russian Federation and corporate governance standards (Decree of the Government of the Russian Federation No. 1094-r dated May 29, 2017);
- balance of the interests of the Company and shareholders;
- determination of the amount of dividends as at least 50% of the net profit determined according to the financial statements, including consolidated financial statements, prepared in accordance with the International Financial Reporting Standards and calculated in the manner established by the Regulation;
- ensuring of the possibility of dividend payments on a quarterly basis, if the relevant criteria are met;
- ensuring of the maximum transparency (clarity) of the mechanism for determining the amount of dividends and the procedure for their payment;
- ensuring of the positive dynamics of the amount of dividend payments subject to the growth of the Company's net profit;
- availability of information for shareholders and other stakeholders on the dividend policy of the Company;
- need to maintain the required level of financial and technical condition of the Company (implementation of the investment program), ensuring of the Company's development prospects.

### Distribution of profit for 2020–2022, thousand rubles\*

Indicator	For 2020 (Annual General Meeting of Shareholders in 2021)	for 2021 (Annual General Meeting of Shareholders in 2022)	For 2022 (Annual General Meeting of Shareholders in 2023)
Retained profit (loss) in the reporting period, including:	-11,228,085	-14,241,288	-11,265,874
Reserve fund	–	–	–
Profit for development	–	–	–
Dividends	–	–	–
Coverage of losses from previous years	–	–	–
For reference: Retained profit with due regard for retrospective reflection of changes in the accounting policy of the Company			

\*Information on profit distribution in accordance with resolutions of Annual General Meetings of Shareholders:

- Annual General Meeting of Shareholders in 2021 (for 2020) – Minutes of the Annual General Meeting of Shareholders No. 24 dated June 2, 2021;
- Annual General Meeting of Shareholders in 2022 (for 2021) – Minutes of the Annual General Meeting of Shareholders No. 25 dated June 17, 2022;
- Annual General Meeting of Shareholders in 2023 (for 2022) – Minutes of the Annual General Meeting of Shareholders No. 26 dated June 19, 2023.

In the reporting year, no dividends were paid on the Company's shares.

In 2021–2023 the General Meeting of Shareholders of Rosseti Northern Caucasus, PJSC did not make decisions on the payment of dividends on the shares of Rosseti Northern Caucasus, PJSC due to the fact that the Company was operating at a loss.

The decision on distribution of the Company's net profit (loss) following the results of 2023 will be made at the annual General Meeting of Shareholders taking into account the recommendations of the Board of Directors of the Company.

## Contact details

**Full business name**

Публичное акционерное общество «Россети Северный Кавказ» (Russian)  
Public Joint Stock Company “ROSSETI Northern Caucasus” (English)

**Abbreviated business name**

ПАО «Россети Северный Кавказ» (Russian)  
ROSSETI Northern Caucasus, PJSC (English)

**Postal address:**

13a Podstantsionnaya str., Energetik Settlement, Pyatigorsk, Stavropol Territory, 357506, Russian Federation

**Corporate web-site:**

<https://www.rossetisk.ru/>

**Primary state registration number:**

1062632029778

**INN[Taxpayer Identification Number]/KPP [Tax Registration Reason Code]:**

2632082033/785150001

**Telephone (Reception Office):**

+7 (8793) 40-17-11, 34-66-80/81/82

**Fax:**

+7 (8793) 40-18-20

**E-mail:**

[info@rossetisk.ru](mailto:info@rossetisk.ru)

**General Director**

Roman Alekseevich Levchenko

Telephone (Reception Office): +7 (8793) 40-17-11, 34-66-80/81/82

Fax (reception): +7 (8793) 40-18-20

**Shareholder and Investor Relations Service**

Anna Fedorovna Rubacheva, Head of the Shareholder Relations Office of the Department for Corporate Governance and Shareholder Relations

Telephone: +7 (8793) 40-17-90

Email address: [ir@rossetisk.ru](mailto:ir@rossetisk.ru)

Contact details for shareholders and investors are available on the Company's website – <https://www.rossetisk.ru> in sections “Company / Contact Data and Details” and “For Shareholders and Investors / Contact Data”.

**Corporate Secretary**

Marina Khalitovna Kumukova

Telephone: +7 (8793) 34-66-80

Email address: [ir@rossetisk.ru](mailto:ir@rossetisk.ru)

**Customer Hot Line:**

8 (800) 775-91-12

**Customer Internet Reception Officer:**

<https://www.rossetisk.ru/customer/sistema-obsluzhivaniia-potrebitelei/internet-priemnaia/reception/>

**Registrar**

STATUS JSC

Address: 23 Novokhokhlovskaya str., building 1, premise 1, 109052 Moscow

Address on the Internet: <http://www.rostatus.ru>E-mail address: [office@rostatus.ru](mailto:office@rostatus.ru)

Telephone: +7 (495) 280-04-87

Fax: +7 (495) 678-71-10

License dated March 12, 2004 No. 10-000-1-00304 (unlimited), issued by the Federal Securities Market Commission

Relevant contacts and details of Rosseti Northern Caucasus, PJSC are published on the Company's website in "Company/Contacts and Details".

**Glossary**

For the purposes of this Annual Report, the following basic concepts, definitions and abbreviations are used.

<b>Abbreviations and acronyms</b>	
COVID-19	(abbreviation from English CoronaVirus Disease 2019 is a potentially severe acute respiratory infection caused by the SARS-CoV-2 coronavirus (2019-nCoV))
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
ESG	Environmental, Social, and Corporate Governance
PR	Public relations (public relations, public communication, public affairs, community connections, public interaction)
RAB	Regulatory Asset Base, return on investment method
JSC	Joint Stock Company
AO-energo	joint stock company of power engineering and energy connectivity
HVL	high-voltage power line
OL	overhead lines
HS	High school
city/year	city / year (as the context may require)
years	years
GTRK	state television and radio broadcasting company
HPP	hydraulic power plant / urban power distribution zones (as the context may require)
S&A	Subsidiary/affiliate
IA&CD	Internal Audit and Control Directorate
Director	Member of the Board of Directors of Rosseti Northern Caucasus, PJSC
pcs	pieces
unit	Measurement unit
UES Russia	Unified Energy System Russia
H&U	housing and utilities
DGD	Deputy General Director

Nm. after	Named after
INN	Taxpayer identification number
IT	information technologies
km	kilometer
KPI	Key Performance Indicators
PTL	power transmission line
Mln	million
Bln	billion
MICEX	MICEX Stock Exchange, CJSC
IDGC	Interregional Distribution Grid Company
SME	small and medium entrepreneurship
IFRS	International Financial Reporting Standards
RGP	required gross proceeds
VAT	value added tax
NP	non-profit partnership
OJSC	Open Joint Stock Company
LLC	Limited Liability Company
RAD	regulatory and administrative documents
WMEP	wholesale market for electricity and power
PJSC	Public Joint Stock Company
sub-cl.	Subclause
pp	percentage point
SS	substation
RAS	Russian Accounting Standards
RTS	RTS Stock Exchange, JSC
RUB	ruble
RF	Russian Federation
DPG	district power grids
NCFD	Northern Caucasus Federal District
MM	mass media
P.	page
TS	transformer substation/technological connection (depending on the context)
TGC	territorial grid organization
thousand	thousand
FKPI	functional key performance indicators
pcs.	piece
CPB	Central Procurement Body
<b>Units of measurement</b>	
Ampere (A)	unit of electric current measurement in the International System of Units (SI)
Watt (W)	unit of power measurement in the International System of Units (SI)
Watt-hour (Wh)	non-standard measurement unit of work or amount of generated energy. It is used primarily for measuring power consumption at home, in national economy and for measurement of power generation in the power industry
Volt (V)	unit of voltage measurement in the International System of Units (SI). It is equal to the electrical voltage causing a constant current in the circuit at 1 amp power output 1 Watt
Volt-ampere (VA)	non-standard measurement unit of full capacity of electric current
Litre (l)	metric unit of volume measurement

<b>Terms</b>	
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	Analytical index equal to the amount of profit before the deduction of interest expenses, taxes, depreciation and amortization
Dividend policy	set of principles and methods used by the Company to determine proportions between a capitalized part of the Company's profits and a part of the Company's profits paid out as dividends, as well as a system of relations and principles to determine the procedure and time frames for payment of dividends, to determine the Company's responsibility for non-fulfilment of obligation to pay dividends
Unified national (Russian) power grid	electricity grid network and other electricity grid facilities belonging by right or by other federal laws to power industry subjects. They provide stable supply of electricity to consumers, functioning of the wholesale market and also simultaneous operation of the Russian electricity system and electricity system of foreign states
Unified energy system Russia (UES Russia)	set of production and other power property assets of a single production process (including production in the mode of combined production of power and heat), and power transmission under centralized operational dispatch management in the power industry
Sole Executive Body	official acting on behalf of the Company on the basis of the Company's charter and having the right to exercise legal capacity of the Company in all issues not within the competence of other bodies of the Company
Investment community	investors, analysts, professional participants of the securities market, rating agencies, other specialized and consulting organizations in the field of finance and investment
Interregional Distribution Grid Company (IDGC)	open joint stock companies created during the restructuring of the power industry, formed as operating (or operating and holding) companies within the framework of the reorganization of IDGC and DGC by merger
Required gross proceeds (RGP)	economically reasonable amount of funds necessary for a company to carry out regulated activities during the accounting regulation period
Distribution Grid Companies	open joint stock companies formed as a result of the division of AO-energo by activity-based transmission facilities not belonging to the Unified National (All-Russian) Power Grid
Registrar	legal entity being a professional securities market participant, providing to joint stock companies services for maintenance of the register of shareholders, registration of transfer of the right of ownership to shares, distribution of materials to shareholders and other services
Market capitalization	product of the number of issued shares of the relevant category (type) per market price of one share disclosed by the trading organizer in the stock market
<b>Editorial assumptions in the text of the report</b>	
Stakeholders (except for the information about transactions in case there is an interest in making thereof)	shareholders, customers, contractors and business partners, investors, public authorities, employees of Rosseti Northern Caucasus, PJSC and other individuals and legal entities with an interest in financial and economic activity of Rosseti Northern Caucasus, PJSC (definition of "stakeholders" is used in international practice to refer to this category of persons)
Executive office (Management office)	administrative office (headquarters) of Rosseti Northern Caucasus, PJSC, carrying out accounting and control functions, system-wide coordination and administration of branch offices and controlled companies
Executive Director	member of the executive body (bodies) of Rosseti Northern Caucasus, PJSC
Company	legal entity Rosseti Northern Caucasus, PJSC (may also be referred to under the previous names: YuSK, OJSC, IDGC of Northern Caucasus OJSC/IDGC of Northern Caucasus PJSC) <b>Additional information on the use of the name of the Company is indicated in the "Limitation of Liability" section</b>
Corporate governance	is the system of relations between the Company's executive officers, its Board of Directors, shareholders and other stakeholders being the instrument of the Company's goals setting and the means for such goals achieving and of effective

	control ensuring for the Company's operations by its shareholders and other stakeholders.
Independent director	In accordance with the recommendations contained in the Corporate Governance Code (recommended by the Bank of Russia in accordance with the letter dated April 10, 2014 No. 06-52/2463), Independent Director is a person who has sufficient professionalism, experience and independence to have own opinion and is able to make objective and honest judgements, independent from the influence of executive bodies of the Company, separate groups of shareholders or other interested parties. Thus in normal conditions a candidate may not be regarded as an independent candidate (elected member of the Board of Directors), if he or she is associated with the company, its major shareholder, major counterparty or competitor of the Company or is associated with the government. Additional conditions are contained in sub-clauses 103–107 of the Code.
Non-executive Director	member of the Board of Directors, who is not a member of the executive bodies of the company and does not meet all the requirements for an independent director
Managed company	legal entity under the management of Rosseti Northern Caucasus, PJSC under the agreement on transfer of powers of the sole executive body. As of the end of 2023, managed companies of Rosseti Northern Caucasus, PJSC: grid company – Chechenenergo, JSC; others – Sevkvkazenergo, JSC,

### Disclosures

This Annual Report of Rosseti Northern Caucasus, PJSC for 2023 is only for information purposes and does not present itself an advice or a convincing reason for carrying out transactions with the securities of Rosseti Northern Caucasus, PJSC. The Annual Report was prepared on the basis of the information available to Rosseti Northern Caucasus, PJSC at the time of its preparation.

The Annual Report contains information on the results of Rosseti Northern Caucasus, PJSC activities for 2023 (in a number of cases for a longer period), assessments and forecasts by management bodies of Rosseti Northern Caucasus, PJSC concerning future events, development prospects for Rosseti Northern Caucasus, PJSC, and industry that Rosseti Northern Caucasus, PJSC, is most involved in, as well as the likelihood of certain events or completion of certain actions.

Information about members of the management and control bodies of the Company is indicated on the basis of data for the last five years that are available to the Company.

All statements of a forecast nature, which are in this Annual Report, as well as all following oral and written forecasts which Rosseti Northern Caucasus, PJSC or any person working on behalf of the Company may be responsible for, are categorically limited by the reservations set out below. Forecast statements may include statements concerning business activities, financial condition, income, economic indicators, results of business and production activities, production and consumption volume policies, disbursements, expenses, growth prospects, useful life of assets, reserves, time scale for starting and completing production projects, acquisition, liquidation or disposal of certain legal entities, other similar factors and economic forecasts concerning Rosseti Northern Caucasus, PJSC activities, as well as the industry and market in which Rosseti North Caucasus, PJSC, operates. All claims included in this Annual Report, other than statements containing historical facts, may be statements of a forecast nature. Words such as “consider”, “expect”, “intend”, “plan”, “will”, “may”, “should”, “could be”, “suggest”, “anticipate”, “try”, “presume”, “rely upon”, “continue”, “aim” and any word or expression with similar meaning or facts with disclaimers usually indicate the forecast nature of the statement.

Any opinions or forecasts presented in this Annual Report are the views of Rosseti Northern Caucasus, PJSC, its governing bodies, management, and personnel at the time the report was compiled. If the date of this Annual Report is not relevant, the opinions and forecasts contained therein may not reflect the current judgement of the management or governance bodies of Rosseti Northern Caucasus PJSC. Therefore, the information contained in this Annual Report may not be considered complete, exhaustive, and justified.

Forecast statements are not a guarantee of future indicators, as the actual performance of Rosseti Northern Caucasus, PJSC in the future may differ from the forecast results for a number of reasons. The specified reasons concern a number of well-known and unknown risks, uncertainties, and other factors. Rosseti Northern Caucasus, PJSC, gives no guarantees (apart from situations provided for by the law of the Russian Federation) that the actual results, scales

or indicators of its activities or the industry where it operates will correspond to the results, scales or indicators of its activities clearly expressed or suggested in any statement of a forecast nature contained in this Annual Report. Rosseti Northern Caucasus, PJSC does not take responsibility for distributing or publishing any updates or changes to statements of a forecast nature, which reflect changes in expected or new information, as well as subsequent events, conditions or circumstances. Acquisition of securities of Rosseti Northern Caucasus, PJSC is associated with risks described in this Annual Report. Neither Rosseti Northern Caucasus, PJSC, nor its governance bodies, nor the personnel shall bear any responsibility for any losses arising as a result of using this Annual Report or its contents or arising in connection with this Annual Report.

On March 24, 2020, amendments to the Company Charter were registered, providing for a change in its name from IDGC of Northern Caucasus PJSC to Rosseti Northern Caucasus, PJSC. In many cases, the text of this Annual Report indicates the name of the Company as Rosseti Northern Caucasus, PJSC when describing events or indicating reporting data before the renaming of the Company. In view of the above, it should be taken into account that during the period of its existence the Company had the following names: from August 4, 2006 to August 1, 2007 – YuSK OJSC, from August 1, 2007 to July 2, 2015 – IDGC of Northern Caucasus OJSC, from July 2, 2015 to March 24, 2020 – IDGC of Northern Caucasus PJSC, from March 24, 2020 – Rosseti Northern Caucasus, PJSC.

Federal Grid Company of Unified Energy System Public Joint Stock Company (FGC UES, PJSC) (the former name of the legal entity) has changed its corporate name. The full name of the Company in Russian is: in Russian – Публичное акционерное общество «Федеральная сетевая компания – Россети», in English “Federal Grid Company – ROSSETI”, PUBLIC JOINT-STOCK COMPANY. Abbreviated corporate name of the Company in Russian – ПАО «Россети», in English – “ROSSETI”, PJSC. The relevant changes made to the Company’s Charter were registered by the Inter-district Inspectorate of the Federal Tax Service No. 46 for Moscow on October 12, 2022 (under state registration number: 2227709623304).

On January 9, 2023, an entry was made in the Unified State Register of Legal Entities (USRLE) on the completion of the reorganization of legal entities through the merger of Rosseti, PJSC (OGRN 1087760000019), DVEUK-UNES, JSC, Tomsk Backbone Grids, PJSC and Kuban Backbone Grids, PJSC with “Federal Grid Company – Rosseti”, Public Joint Stock Company, in connection with which Rosseti, PJSC (OGRN 1087760000019), DVEUK-UNES, JSC and Tomsk Backbone Grids, PJSC and Kuban Backbone Grids, JSC from January 9, 2023 ceased their activities as legal entities.