Rosseti Tyumen JSC 2020 Annual Report, pre-approved by the Board of Directors of Rosseti Tyumen JSC on _____ 2021
approved by resolution of the sole shareholder of Rosseti Tyumen JSC, Rosseti PJSC on _____ 2021
Management Board Meeting Minutes No. _____ dd. _____ 2021

_____
CEO
Rosseti Tyumen, JSC
A. V.Soldatenko

# ANNUAL REPORT ROSSETI TYUMEN, JSC 2020

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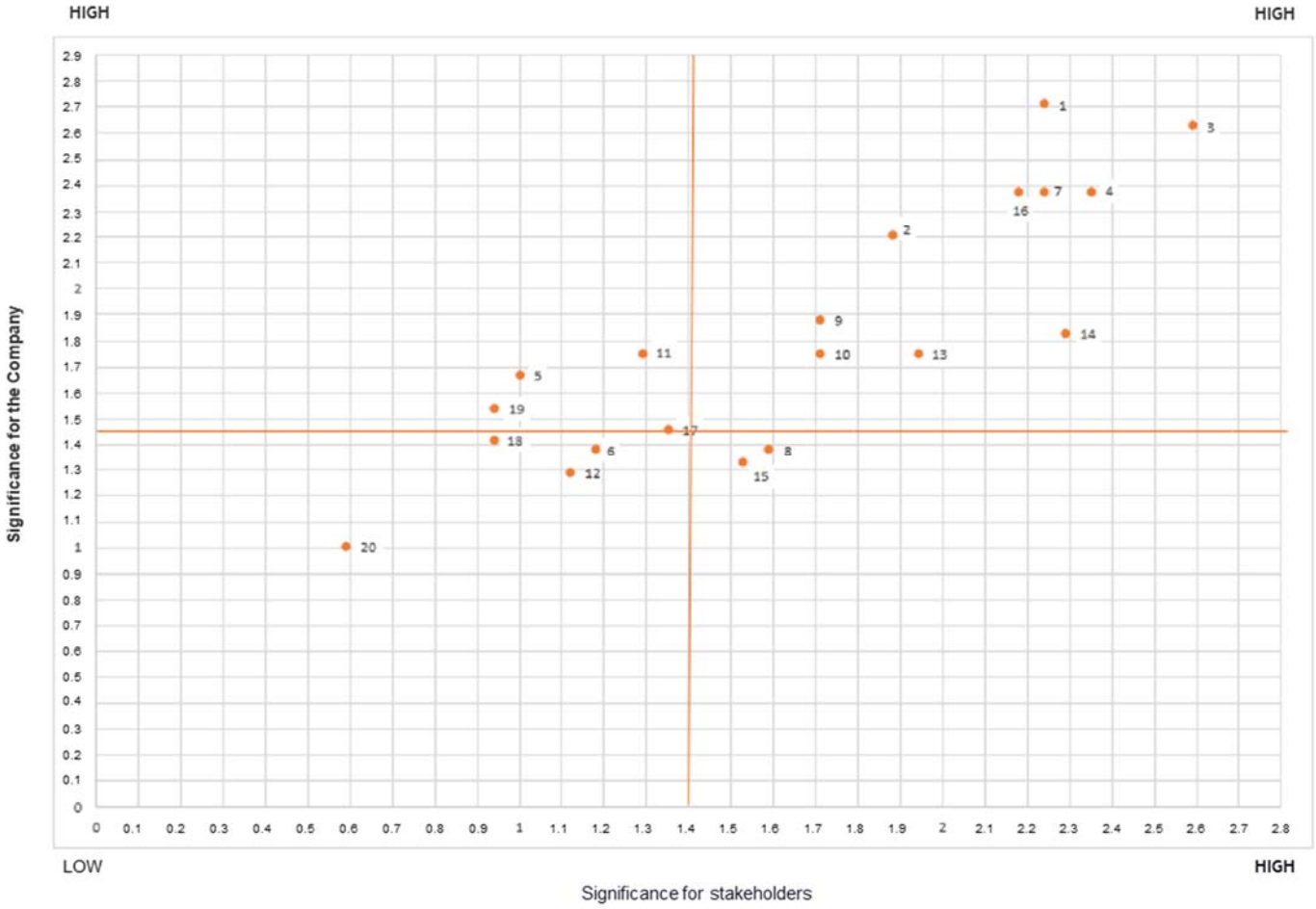
# 1. PRESENTATION

## 1.1. ABOUT THE REPORT

### Significant Activities




| | |
|---|---|
| **1.** | Financial and Economic Performance |
| **2.** | Process Optimization and Operational Efficiency Enhancement |
| **3.** | The Company's Strategy and Its Implementation |
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|---|---|
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| **17.** | External and Internal Communication Projects |
| **18.** | Improving Corporate Governance Mechanisms |
| **19.** | Advancement of Corporate Culture. Personnel and Management Relations Horizontal Organizational Structure |
| **20.** | Approaches to Incentives for Employees and Management |

This 2020 Annual Report of Rosseti Tyumen ('the Annual Report') has been prepared under the Russian law on the securities market and in accordance with the annual reporting guidelines for Rosseti PJSC's subsidiaries.

Non-financial information for 2020 is disclosed per the GRI Standards and including a specialized appendix for electricity companies; the scope of disclosure is at the Core level. The Annual Report also specifies the actions the Company takes to achieve the UN Sustainable Development targets.

## 1.2. ADDRESS BY THE COMPANY'S EXECUTIVES

### 1.2.1. ADDRESS BY ROSSETI TYUMEN JSC'S CHAIRPERSON OF THE BOARD V.N. SILKIN

Ladies and gentlemen,

It is safe to say that today's situation in foreign trade and the COVID-19 pandemic changed the whole world. Rosseti Tyumen has overcome this crisis: we managed to balance the production programs and synchronize our investment projects to the regions' needs and to our major partners' plans. We kept every employee onboard!

Yet, further decline in our business activities is projected. Industrial customers, which used to be the pillars of the Company's economy, keep cutting their energy use. Apparently, the usual industrial environment will not come back; that being said, the Company needs to evolve if it is to remain stable, even more so if it is to keep growing. The Company has chosen to innovate the technology and the governance approaches behind its grid facilities in order to push its development forward.

This new economic reality calls for systemic transformations and an adaptive business model; the Company has built a strong productive and technological potential, and has promising projects in progress, which should become the foundation of its long-term development.

**Key Results**

The Company functioned stably and sustainably in 2020 by focusing on its priorities and going an extra mile where necessary. Timely measures, in particular those designed to find the right balance in the investment program, helped focus the team on the key projects. In 2020, we completed the construction of three major power facilities (power centers) to deliver electricity to Rosneft's oil fields in the Ergin Cluster. In fall, the Company completed the first phase of connecting Tobolsk Airport, the construction of which had been ordered by President V.Putin.

Newly commissioned capacity totaled 273 MVA, and newly constructed power transmission lines exceeded 667 km in length. Investments totaled ~9.8 billion rubles in 2020; an Investment Program worth of 20.2 billion rubles was approved for the two upcoming years.

**Company's Development**

Last year, Rosseti Tyumen JSC's strategic management was taken to a whole new level, as we laid the foundations of long-term innovation development. A portfolio of key projects was formed, each of which has been feasibility-tested with due rigor. This approach is expected to make the Company's investments and operational management more efficient as well as to enable the Company to become stably profitable in the long term by 2030.

Comprehensive analysis of the regional and industrial environment shows that reaching new related markets will not be enough. For the Company's new activities to be as efficient as possible, a project-oriented approach is imperative—and it is already in place.

With respect to technological and innovative development, Rosseti Tyumen adopted several fundamental medium- and long-term strategic documents in 2020. To control the trends in its development, the Company adopted resolutions to improve the risk management and internal control systems; investment program scenarios were outlined. The approved Production Asset Management System (PAMS) Development Plan 2020-2022 is intended to optimize the operating costs. This will make the Company more competitive in the short term while also reinforcing the basis for efficient further grid development.

Large-scale Arctic projects constitute an important milestone for the Company. They might as well become a growth factor for Rosseti Tyumen. The Company has multiple infrastructure and innovation projects in progress; they tackle the challengers of isolated territories, address the monitoring of remote facilities, and seek to solve the problems of social and economic development in regions. The energy line from Salekhard through Kharp to Labytnangi is expected to reduce the prices of electricity in the region. "Smart" unmanned aerial vehicles will also help cut operating costs and enable more time-efficient monitoring.

The Company's projects in progress might become a technological milestone for the whole nation, if they succeed.

**Points of Growth**

Early in the reporting year, the Board of Directors approved the Digital Transformation Program 2030. The document includes the technological and digital development plans for the power grid complex in the Tyumen Region, KhMAO-Yugra and YNAO. The Program is based on the Digital Transformation 2030 Concept approved by Rosseti PJSC's Board of Directors and joined by Rosseti Tyumen in March 2019. The Program covers virtually all the activities of the Company; a complete digitalization by 2030 is projected. The projects include adopting geoinformation solutions to optimize the issuance of specifications for connecting to grids. Switching to fully digital energy facility design, organizing augmented reality-based training for key engineering staff, and creating an automated energy conservation and efficiency management system will open up ample opportunities for the Company's development. Integrated technical solution adopted under the Program and adaptation of business processes are expected to improve the internal operational efficiency, create non-tariff sources of income, and increase the Company's value.

The Board of Directors had a meeting in person in August, where we discussed the interim results of the Digital Transformation Program, which is the core document that dictates the technological and organizational change in the Company's operations today, including pilot testing of long-range unmanned aerial vehicles in the Arctic. At a separate meeting of the Strategy Committee, managers presented initiatives focused on improving the operational and investment efficiency, diversifying the business, and addressing the most pressing issues. The Company plans to develop an internal policy document to clarify the managerial toolkit that will enable the Company to attain its strategic targets.

Besides, Rosseti Tyumen JSC's Board of Directors approved the Smart Metering Program 2030; the Program focuses on adopting smart metering systems. To paint a more objective picture of settlements, the Company plans to install meters at inventory boundaries in households. The document contains projections under the Program. One projection is that 151.3 million kWh worth over half a billion rubles will be saved as soon as in 2021 by reducing electricity loss and increasing the net output. The figure is expected to rise to 12.3 billion rubles by 2030.

By building further upon the foundation of what has already been achieved, maximizing the utilization of assets, and unleashing its potential in innovation and technology, Rosseti Tyumen JSC will continue to pursue sustainable development that can adapt to any new challenge and keep the Company at the competitive edge in the areas of service, helping us remain the industry leader.

Rosseti Tyumen's staff has proven once again they are ready to move forward. High production performance, a stable reputation of a responsible high-tech enterprise, a balanced business model, and well-established strategic guidelines of Rosseti PJSC make it safe to say the Company is capable of reaching even the most ambitious targets.

Now is time for unprecedented innovation and decisive action.

### 1.2.2. ADDRESS BY ROSSETI TYUMEN JSC'S DIRECTOR GENERAL A.V. SOLDATENKO

Ladies and gentlemen,

Business environment was highly volatile in 2020; it was a test we had to stand—and did not fail. Rosseti Tyumen's potential in production and technology enabled us not only to maintain reliable electricity delivery in the regions of service, but also to embark on a path of qualitative change, to embrace proactive development, both in the Company-served areas and extraterritorially in the long term.

In this year of global upheaval caused by the novel coronavirus, in this year of major decline in energy consumption, long-term planning towards strategic goals became as imperative as never before.

The Company's assets, priorities, resources, and values must become part of a systemic vector that everybody could understand. In 2021, we are going to be the role model Company of future, an industry leader of the 21st century.

**Results**

In 2020, Rosseti Tyumen calculated the planned targets under the financial economic model for strategic planning and scenarios for until 2030 pursuant to Rosseti PJSC's development strategy. The strategy sets the development course for the entire group for until 2030; this course is adjusted for global trends in the electricity market and for the key business decisions of the world's industry leaders. Importantly, the document sets targets and key indicators, the attainment of which proves that subsidiaries have the required specific routines and effective tools in place to hit the targets in due time.

The next step is ours to take. We will definitely achieve what we have in mind by using the production capacities effectively, undergoing consistent transformation, updating our programs in place, and devising a set of auxiliary measures that could have a positive impact on risk management.

In 2020, Rosseti Tyumen completed in due time an impressive repair campaign, spending 3.8 billion rubles to maintain the grid facilities in the Tyumen Region, KhMAO-Yugra, and YNAO. The money went into repairing over 2,400 km of 0.4+ kV transmission lines, 118 power transformers and other grid facilities; making electricity delivery ever more reliable remains of utmost importance for us.

We have had to work hard to keep electricity delivery reliable and consistent whilst adhering to the restrictions pertaining to the novel coronavirus. Restrictions that were in place made it difficult to deliver the consumables and equipment, and yet we were able to reliably deliver

electricity to all our customers, including hospitals and other medical facilities for COVID-19 patients.

The Company, being a responsible employer, did its best for the staff to work comfortably and safely. The majority of employees switched to working from home whilst retaining full pay; rotational workers' model was redesigned from scratch. The Company's elaborated social measures helped prevent outbreaks within the largest energy provider in the Tyumen Region, Khanty-Mansi and Yamalo-Nenets Autonomous Okrugs.

Besides, the Company duly fulfilled its social obligations to staff. At the peak of the pandemic, Rosseti Tyumen paid additional incentives; staff working on-site was paid 30% extra for taking risks.

**Major Projects**

Digital Transformation and Smart Metering Programs 2030, which were adopted early in 2020, have already borne the first fruit: 22 thousand smart meters installed in the Tyumen Region in the reporting year alone. This is important for the image of a digital energy system as a framework that enables transparent electricity delivery, allowing power engineers to analyze power consumption in detail. By the end of 2020, energy losses in the Southern Tyumen Region's distribution grids had been reduced by 86 million kWh, saving over 200 million rubes.

Four major power facilities were equipped with telemechanics, and 17 substations were outfitted with communication channels as part of control room equipment upgrades. The Company completed the startup and commissioning of a top-level supervision, process control, and situation management system (SPCSMS) based on SK-11 software. This system is to become the base platform for transitioning to a two-tier Grid Control Center (GCC) model and creating digital PDZs in the Tyumen Region in the next two years.

An end-to-end production and economy planning and control system has been adopted; it is capable of tracing the whole lifecycle of materials from purchase to write-off. The system has enabled the Company to plan its needs better and cut the inventory by 19%.

**Medium-Term Plans**

The Company is actively consolidating grid assets in the regions of service as part of Rosseti's consolidation campaign. In 2020, Rosseti Tyumen's branches proved multiple times they were technologically superior to any other LGOs. Our staff promptly helped their colleagues from other companies to put their grids back to work in cases of outage. Having as much backup as we do, Rosseti Tyumen truly stands out and tops the ranks.

In 2020, the Company signed several strategic cooperation agreements to deliver electricity to multiple critical high-power research and industrial facilities in the medium term. An agreement was made on construction a new substation to improve the infrastructure of YNAO's capital, Salekhard. Rosseti Tyumen delivers electricity to the Yugra Research Center, the one that will provide grounds to a new Genomic Research Center (to inaugurate soon). This project was approved by Russian President Vladimir Putin.

It is safe to say Rosseti Tyumen-branded projects are gaining momentum. The Company is entering markets in other industries and opens up ample opportunities for its development.

*"We need to expand our horizons. Increase in non-tariff revenue and developing novel services—that is our goal. We are taking steps to service third-party facilities operated by our customers and partners. We are not going to falter now; we will proceed to strengthen our presence in IT markets, provide comprehensive lighting upgrade services, and offer solutions that change the architectural landscape in cities and municipalities,"*

*Aleksey Soldatenko*

**Sustainable Development**

In 2021, we are going to review our business model that should become the foundation, upon which we will build an ever stronger company in the context that established itself in 2020. Rosseti Tyumen is indeed capable of leading the regional markets in many electricity-related industries such as energy services or high-quality street lighting. The production capacities we own might be of use for many major businesses in Western Siberia that are looking for optimal solutions.

The Company's Board of Directors believes the Company's has a great potential when it comes to non-tariff services. The in-house Comprehensive Long-Term Development Program 2030 should become the driver of transformation. This policy document will become a mandatory guideline for each of the Company's managers. The Program will help the management synchronize its activities with those of stakeholders to make Rosseti Tyumen's development more transparent and effective.

## 1.3. ABOUT THE COMPANY

### 1.3.1. GENERAL INFORMATION AND BRIEF HISTORY

Rosseti Tyumen JSC is a subsidiary of Rosseti PJSC and one of Russia's major interregional distribution grid operators. It provides reliable delivery of high-quality electricity to, and connects customers in three Russian regions: the Tyumen Region, Khanty-Mansi Autonomous Okrug–Yugra, and Yamalo-Nenets Autonomous Okrug. The Company serves an area exceeding 1.4 million sq. km, which is home to more than 3.7 million people.

Rosseti Tyumen JSC (Tyumenenergo JSC prior to December 2019) was founded on May 3, 1979 by merging three Sverdlovenergo companies located in the Tyumen Region:

Tyumen Electric Grids (founded on March 1, 1964);

Ishim Electric Grids (today called Ishim LGC, a part of Tyumen Electric Grids), founded on January 3, 1968;

Surgut Electric Grids (founded on October 5, 1970);

Tobolsk Electric Grids (today called Tobolsk LGC, a part of Tyumen Electric Grids), founded on July 1, 1978;

Nizhnevartovsk Electric Grid Operator (today called Nizhnevartovsk Electric Grids), founded on February 13, 1979.

The Company also acquired CHPs in Tyumen and Tobolsk as well as Surgutskaya GRES-1.

This was how we started the Company, one whose founding was an imperative of the time when the country needed to develop its oil and gas fields, transport oil and gas to the European regions of Russia, and boost the fuel and energy industry in Western Siberia.

When Tyumen's energy system was established, it had an installed capacity of 2,894 MW, 12 thousand kilometers of power transmission lines, and dozens of substations.

Over the first ten years, the Company commissioned over 11,000 MW of capacity with record-breaking 9 months of an average period between commissioning blocks of facilities; we constructed over 30 thousand kilometers of 35-500 kV overhead power lines and dozens of 110-500 kV substations.

In March 1993, pursuant to the state privatization program, Tyumenenergo Public Joint-Stock Energy and Electrification Company was founded as the legal successor to the Tyumenenergo Tyumen Production Association of Energy and Electrification.

Until 2005, Tyumenenergo JSC had been a vertically-integrated company concerned with the production, transmission, and distribution of electric power. After the industrial reform of March 2005, generating and distribution enterprises were separated from the Company, whereas Tyumenenergo JSC itself became a distribution grid company.

Since April 2007, the Company has been an interregional distribution grid company acting in three of Russia's constituent entities.

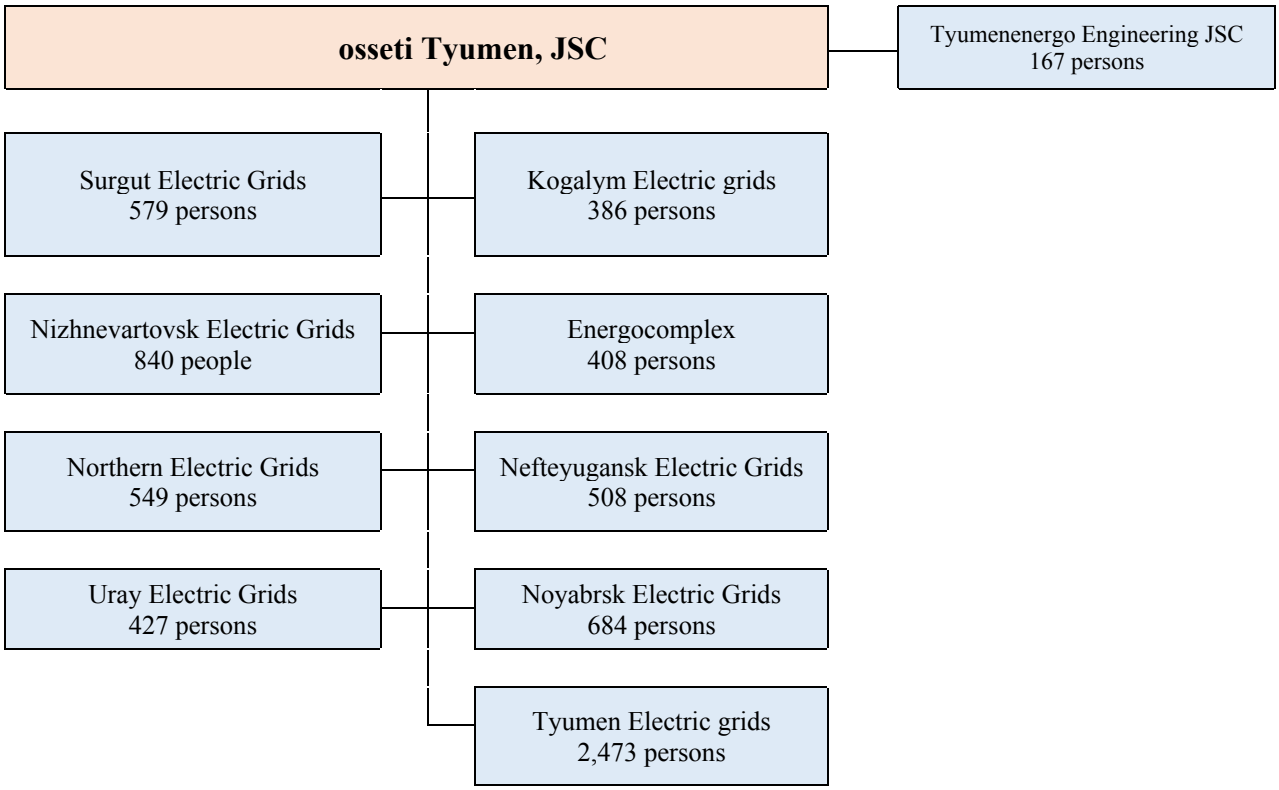
On December 23, 2019 Tyumenenergo JSC became the first company from the Rosseti Group to gain a new legal name, Rosseti Tyumen JSC, to match the common holding brand architecture.

Today, the nine branches of Rosseti Tyumen JSC operate 653 35-220 kV substations, 6 to 10 kV 7,228 transformer substations (DS) of a total installed transformer capacity of 30.02 thousand MVA, and 52.32 thousand kilometers of power

transmission lines (circuit length). The Company released 49.82 billion kWh net and had a market share of 68.2% in the electric power transmission market as of January 1, 2021.

### 1.3.1. COMPANY STRUCTURE

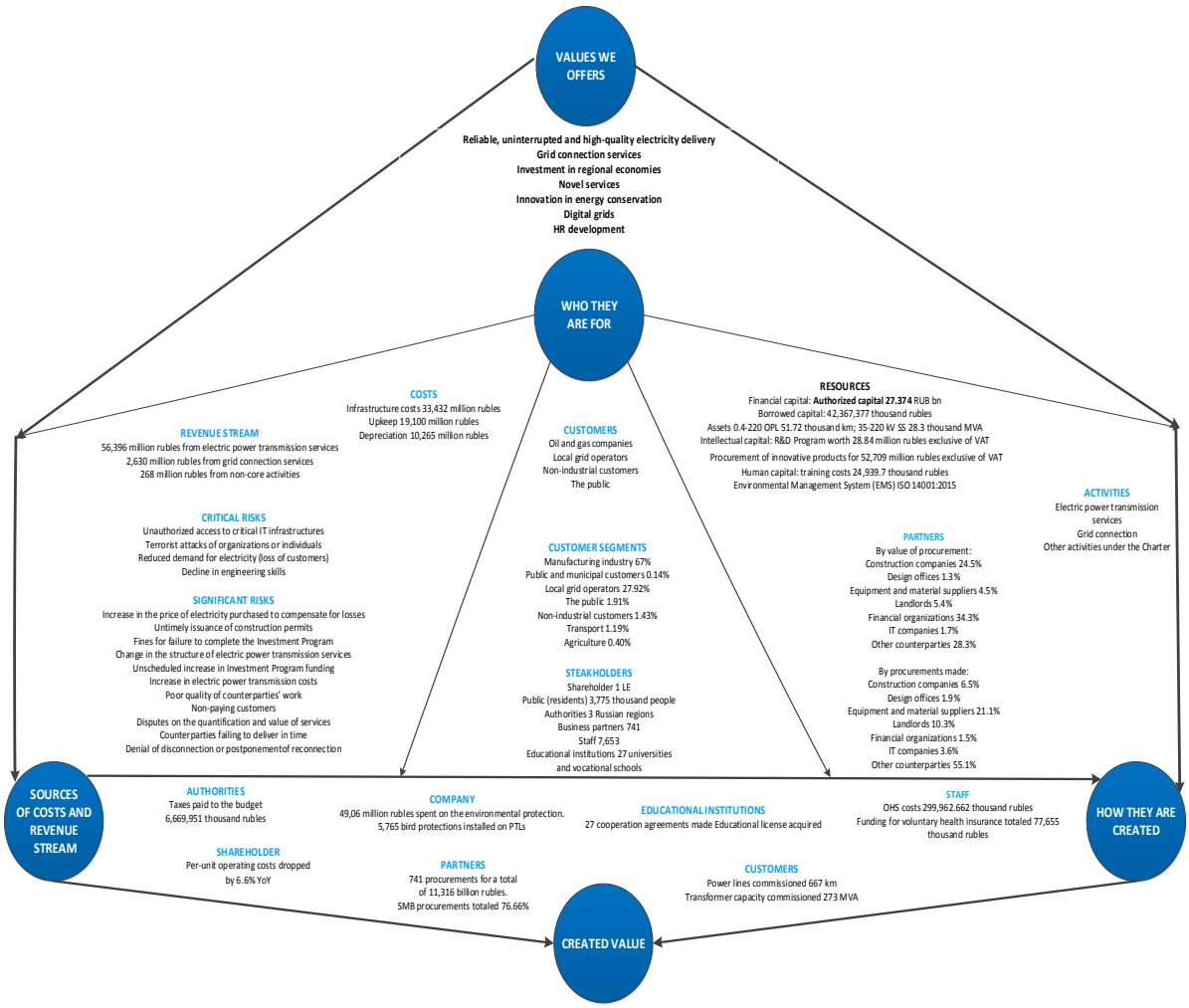
In 2020, Rosseti Tyumen JSC's headcount reached 7403 employees exclusive of Tyumenenergo Engineering JSC, including 549 members of the Company's Head Office.




### 1.3.2. GEOGRAPHICAL FOOTPRINT OF ROSSETI TYUMEN JSC

Gazliyskaya Bay
Yamalo-Nenets Autonomous Okrug
Yamburg
Khanty-Mansi Autonomous Okrug
Salekhard
Urengoyskaya GRES 529.7 MW
Nadym
Novy Urengoy
Northern Electric Grids
Tarko Salo
Energocomplex
Noyabrskaya CCPP 119,6 MW
Muravlenko
Nyaganskaya GRES 1361 MW
Noyabrsk Electric Grids
Noyabrisk
Yugorsk
Nyagan
Kogalym electric grids
Kogalym
Surgutskaya GRES-1 3333 MW
Surgut electric grids
Nizhnevartovskaya GRES 2031 MW
Uray Electric Grids
Khanty-Mansiysk
Uray
Surgut
Nefteyugansk
Nizhnevartovsk Electric Grids
Nizhnevartovsk
Surgutskaya GRES-2 5657.1 MW
Nefteyugansk Electric Grids
Tyumenskaya CHP-1 681.7MW
Tobolsk
Tobolskaya CHP 665,3 MW
Tyumen
Tyumenskaya CHP-2 755MW
Zavodoukovsk
Tyumen Electric grids
Ishim
Tyumen Oblast

## 1.3.3. BUSINESS MODEL OF THE COMPANY




## 1.3.4. KEY PERFORMANCE INDICATORS IN 2018-2020

| Indicator | Units of Measurement | 2018 | 2019 | 2020 | Deviation, 2020/2019 | |
|---|---|---|---|---|---|---|
| | | | | | Abs. | % |
| **Financial Performance (RAS)** | | | | | | |
| Revenue from Sales of Products (Services) | million rubles | 58,607 | 63,465 | 59,295 | -4,170 | -7% |
| Net profit (loss) | million rubles | -2,068 | -79 | -3,427 | -3,348 | >100% |
| EBITDA* | million rubles | 7,374 | 10,465 | 6,303 | -4,162 | -40% |
| Effect of Reducing Per-Unit Operating Expenses | % | -4.4 | -4.5 | -6.5 | -2 | - |
| *Target Reduction of Per-Unit Operating Expenses*** | % | -2 | -2 | -2 | - | - |
| Credit portfolio | million rubles | 5,725 | 1,900 | 5,000 | 3,100 | 163 |
| Total Debt to EBITDA | | 0.78 | 0.18 | 0.79 | 0.61 | 339*** |

| | | | | | | |
|---|---|---|---|---|---|---|
| EBITDA | % | 27.53 | 25.54 | 43.52 | 17.98 | 70 |
| **Financial Performance (IFRS)** | | | | | | |
| Revenue from Sales of Products (Services) | million rubles | 58,829 | 63,502 | 59,308 | -,4,194 | -,6.6 |
| Operating expenses | million rubles | 57,239 | 59,814 | 60,046 | 232 | 0 |
| Profit over the Reporting Period | million rubles | 750 | 2,455 | -,934 | -,3,389 | >100 |
| Loans and credit facilities (regardless of leasing obligations) | million rubles | 5,756 | 1,900 | 5,000 | 3,100 | 163 |
| **Operating indicators** | | | | | | |
| Electricity released to the grid | million kWh | 57,854 | 58,060 | 51,189 | -6,870 | -11.83 |
| Electricity released from the grid | million kWh | 56,214 | 56,513 | 49,822 | -6,690 | -11.84 |
| Electricity losses | million kWh | 1,640 | 1,547 | 1,367 | -180 | -11.62 |
| Losses | % | 2.84 | 2.66 | 2.67 | | 0.01 |
| **Investment Performance** | | | | | | |
| Implementation of capital investments | million rubles VAT exclusive | 11,582 | 8,454 | 9,278 | 825 | -10% |
| Capital Investment Financing | million rubles VAT inclusive | 11,952 | 11,572 | 9,852 | -1,719 | -15% |
| Fixed assets commissioned | million rubles VAT exclusive | 9,443 | 11,802 | 8,841 | -2,962 | -25% |
| Transformer Power Put into Operation | MVA | 195 | 560 | 273 | -267 | -51% |
| Power Lines Put into Operation | km | 720 | 697 | 667 | -30 | -4% |
| Transformer Power Put into Operation | MVAr | 0 | 12 | 0 | -12 | -100% |

**EBITDA stands for earnings before interest, taxes, depreciation, and amortization.*

*** Pursuant to Directive No. 2303n-P13 of the Government of the Russian Federation dd. April 16, 2015*

**** Debt/EBITDA ratio rose by December 31, 2020 due to lower revenue from electric power transmission. The Company's debt rose in 2020 against the planned values due to the need to borrow enough funds to continue sustainable operation.*

### 1.3.5. MILESTONES OF 2020

#### JANUARY

Director General of Rosseti Tyumen JSC Aleksey Soldatenko had a meeting with Dmitry Artyukhov, Governor of Yamalo-Nenets Autonomous Okrug. They discussed the development of infrastructure and logistics in YNAO as well as connecting Labytnangi and Kharp to the centralized electric grid.

#### FEBRUARY

Rosseti Tyumen's Board of Directors approved the Digital Transformation Program 2030. The document includes the technological and digital development plans for the power grid complex in the Tyumen Region, KhMAO-Yugra and YNAO.

Director General of Rosseti Tyumen JSC Aleksey Soldatenko took part in the International Conference on the Arctic: Offshore Projects and Sustainable Development of Regions. The conference included several meetings with high-profile officials from the Ministry for the Development of the Russian Far East and Arctic and from the YNAO Government, where they discussed the development of energy in the Russian Arctic.

Andrey Burov, Head of Relay Protection and Automation Service, Grid Control Center of Rosseti Tyumen
JSC, and Ivan Nazaryev, an engineer of the Insulation and Overvoltage Protection Service at Nizhnevartovsk Electric Grids, were granted Professional Engineer awards in the Power Engineering section of the 20th Russian Engineer of the Year contest.

## MARCH

Russian Ministry of Energy awarded Rosseti Tyumen JSC for its active social policies as part of the Best Social Campaign 2020 contest.

In order to reduce the risks of spreading the novel coronavirus (COVID-19), some of Rosseti Tyumen's employees were switched to work from home but retained their pay. Work from home was organized without compromising data and IT security.

All of Rosseti Tyumen JSC's Customer Support Centers were switched to online-only service. Customers can now enjoy the whole range of services online, including applying for connection, redistribution of, or increase in, capacity.

## APRIL

Director General of Rosseti Tyumen Aleksey Soldatenko had an online meeting with Aleksandr Moor, Governor of the Tyumen Region. They discussed the Company's measures focused on uninterrupted electricity delivery to customers in KhMAO-Yugra and the Tyumen Region as well as on running production programs in light of the novel coronavirus pandemic.

Rosseti Tyumen's Director General had an online meeting with Chief Federal Inspectors of the Chief Federal Inspectors for the Tyumen Region, KhMAO-Yugra, and YNAO, who are officers of the Presidential Plenipotentiary's Office in the Ural Federal District; they discussed issues of the reliability and quality of electricity delivery to customers in the Company-served regions in the context of yellow alert that had been declared due to the pandemic; they also discussed social support for workers, retirees, and industry veterans in light of COVID-19.

## MAY

Names of three employees of Rosseti Tyumen were put on the Surgut Board of Honor the day before the City Day. Vitaly Butkevich, Ilyar Urazaliyev, and Dmitry Firsov, employees of Surgut Electric Grids, were the people behind a project that won the Russian Ministry of Energy's International Contest for Best R&D in Fuel, Energy, and Extractive Industries.

## JUNE

Rosseti Tyumen won the first prize in Innovation Project of the Year, the second prize in Most Transparent Grid Operator, and the third prize in High Quality of Electric Power Transmission and Grid Connection Services at the 10th Best Electric Grids in Russia contest.

Director General of Rosseti Tyumen JSC Aleksey Soldatenko and Natalia Komarova, Governor of Khanty-Mansi Autonomous Okrug–Yugra took part in the inauguration of the Nurse Monument in Nyagan. Delivery of the sculpture to the town was the Company's contribution to the Walk of

Russian Fame, a Russian national project. The event was part of celebrating the 75th anniversary of the Great Victory.

Rosseti Tyumen JSC helped restore electricity delivery to Nyagan-based customers in KhMAO–Yugra. For the first time in its history, the Company used fast-erecting power towers in wetlands to reconstruct the Vandmtor-Sergino 1, 2 110 kV HVL. The solution proved optimal and cost-effective, as it enabled us to quickly connect the line to a temporary transit circuit in order to deliver electricity to the northwest part of the region.

## JULY

Rosseti Tyumen inaugurated the Walk of Remembrance and Fame in Surgut, a memorial dedicated to the 75th anniversary of the Great Victory; the ceremony was attended by Governor of Khanty-Mansi Autonomous Okrug Natalia Komarova. The Walk and landscaping nearby were the Company's contribution to the Federal Project for Comfortable Urban Environment.

Expert RA, Russia's largest credit rating agency, confirmed ruAA rating score for Rosseti Tyumen JSC, a proof of the Company's outstanding creditworthiness and financial reliability. Rating forecast was 'stable'.

## AUGUST

Rosseti Tyumen JSC won two prizes in the regional stage of the MediaTEK competition in KhMAO–Yugra. Energy Class. Energy Profile. Energy Path, a project of the Company, won the 2nd prize in Popularizing Fuel and Energy as a Career Choice; the Company also claimed the 3rd prize as Best Press Service of a Regional Fuel and Energy Company.

## SEPTEMBER

Pursuant to Russian President Vladimir Putin's order to further large-scale aviation, Rosseti Tyumen completed the first phase of works to connect Tobolsk Airport.

## OCTOBER

Rosseti Tyumen JSC and Industrial Park – Yugra Management Company LLC made a strategic agreement that will strengthen the industries in KhMAO–Yugra.

Rosseti Tyumen signed several training contracts with education agencies and institutions: Nizhnevartovsk Polytechnic College and Novy Urengoy Multidisciplinary College.

Region's first power engineering classroom was founded by Rosseti Tyumen JSC at Novy Urengoy Multidisciplinary College.

## NOVEMBER

Rosseti Tyumen JSC hosted the seminar Digital Transformation of the Rosseti Group. The participants established horizontal connections and decided on which end-to-end technologies the Company should use to grow further. A single digital environment will help reduce operating and investment costs whilst delivering better-quality electricity in a more reliable and accessible way.

## DECEMBER

Rosseti Tyumen commissioned the Orekhovskaya 110 kV substation that is crucial to the delivery of electricity to oil and gas companies in Nizhnevartovsk District, KhMAO–Yugra. This is a state-of-the-art power center reconstructed under the Digital Transformation Program and equipped

with advanced, remote monitoring-enabled microprocessor-based relay protection and automations.

December 22, a multimedia exhibition dedicated to the 100th anniversary of the GOELRO Plan was opened at My History Park in Surgut; the event covered the history of Tyumen's energy system. The exhibition was Rosseti Tyumen's initiative.

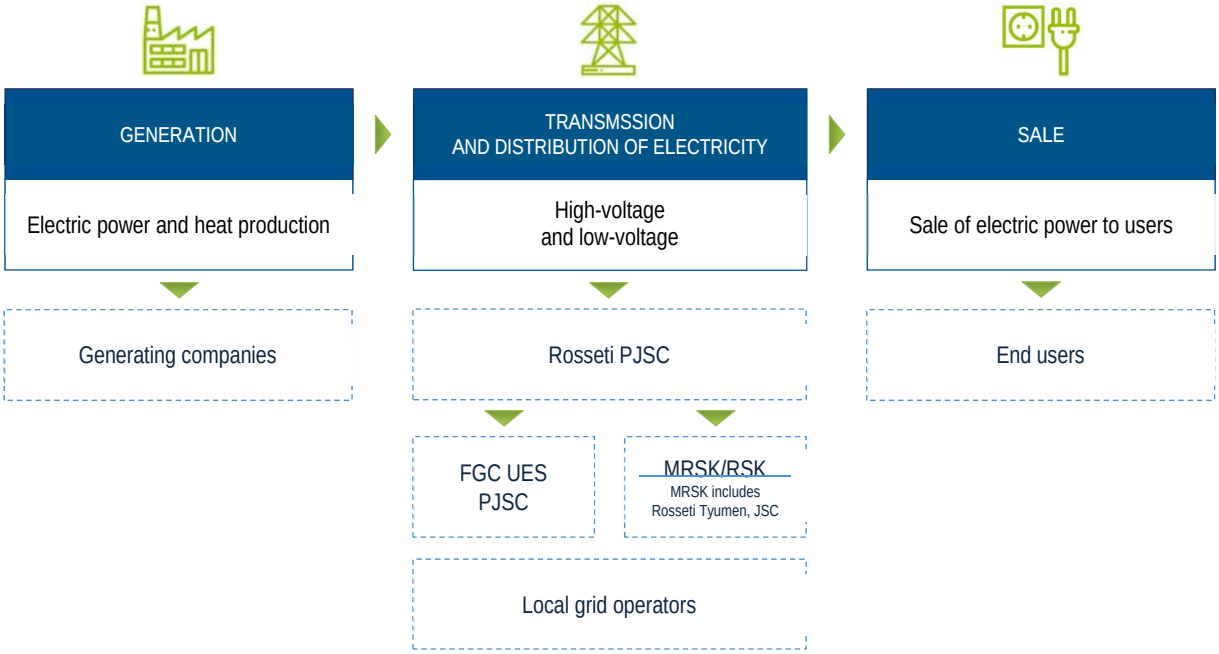
# 2. STRATEGIC REPORT

## 2.1. STRATEGY, RISKS, AND KPIS

### 2.1.1. MARKET OVERVIEW

The modern power complex of Russia has a three-component structure: power generation, transmission, and sale.

STRUCTURE OF POWER INDUSTRY IN RUSSIA




Rosseti PJSC is involved in power transmission and distribution. Being the country's largest grid company, Rosseti PJSC combines a main-line grid complex, interregional distribution grid companies (including Rosseti Tyumen JSC), and regional distribution grid companies.

Russia's energy industry is divided into three tiers based on technological, administrative, and territorial attributes:

Tier 1 is the Federal Grid Company of the Unified National Electric Grid. As such, it operates 220 kV or higher-voltage grids;

Tier 2 consists of interregional distribution grid companies operating 220 to 0.4 kV grids, including Rosseti Tyumen JSC;

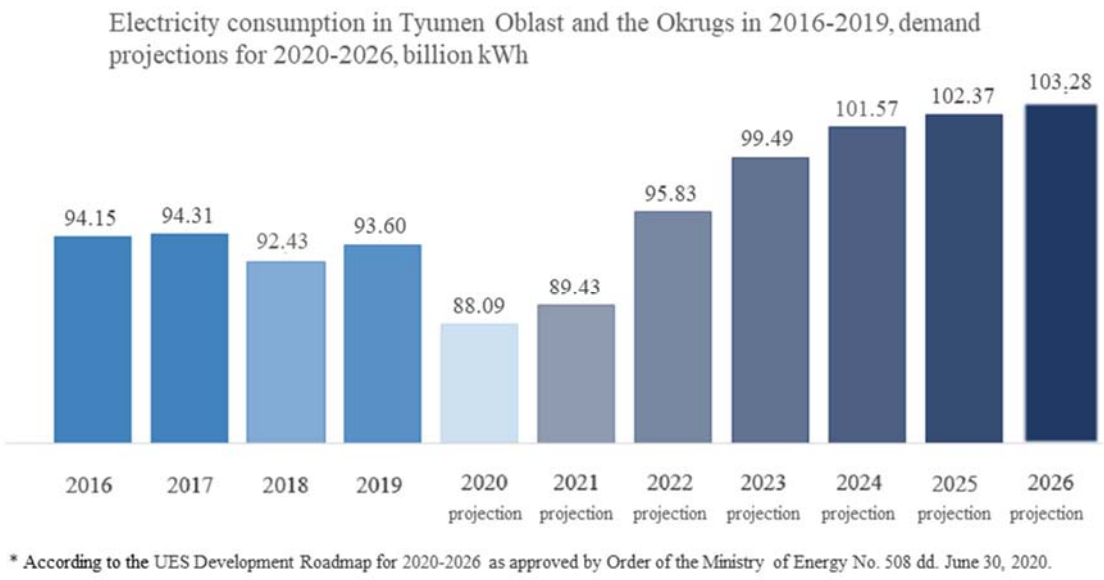
Tier 3 comprises local grid operators (LGOs) operating 0.4 to 10 kV grids.

### 2.1.2. MACROECONOMIC TRENDS 2020

The Company's major customers that account for the bulk of stable energy consumption in the Tyumen Region are oil and gas companies that produce 64% of Russia's oil and 91% of its gas. These companies consume 84% of the Company's net output.

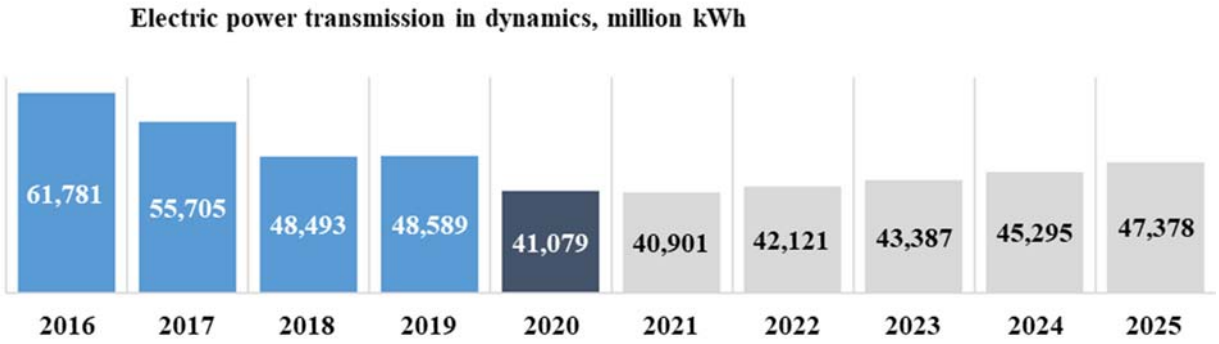
Given the one-of-a-kind pattern of energy consumption from the Company's grids, the dynamics of major industrial consumers directly affect the Company's performance. Major oil and gas companies cut their hydrocarbon production rates pursuant to the OPEC+ agreement; this resulted in a significant drop of energy consumption in the Tyumen Region.

Energy demand forecasts characterize the Tyumen Region's energy system as one with relatively high annual average growth rate of 1.4% in electricity demand for 2020–2026.




* According to the UES Development Roadmap for 2020-2026 as approved by Order of the Ministry of Energy No. 508 dd. June 30, 2020.

The OPEC+ agreement regulates oil production rates; coupled with the economic restrictions imposed in Russia to combat the COVID-19 pandemic, it had a negative impact on energy consumption in the region in 2020, and therefore on the Company's revenue. And yet, the Company was able to remain a reliable provider of high-quality services. Gradual easing of restrictions since December 2020 is expected to increase the production rates at our customers' facilities, gradually bringing the Company to pre-crises performance by 2025.




In order to prevent its financial and economic status from going down, Rosseti Tyumen has had multiple related programs in place, including

- cost optimizations;
- reducing required funding under Investment Programs;
- getting income from other sources.

**Rosseti Tyumen's Risks and Opportunities**

| STRENGTHS | WEAKNESSES |
|---|---|
| • The Company is subject to continuous public supervision.<br>• Rosseti Group has a uniform coordination policy and high reliability standards with respect to electricity delivery.<br>• Not vulnerable to short-term fluctuations in the market infrastructure in terms of demand for electricity. | • Excessive dependence on the acts of public agencies, including tariff regulations and investment program policies.<br>• High capital intensity |
| **OPPORTUNITIES** | **CHALLENGES** |

| | |
|---|---|
| • Operating costs are going down | • Demand for electricity is falling due to a general economic decline coupled with the preservation of production restrictions imposed in 2020 under the OPEC+ agreement, whereas 70% of the Company-generated net output goes to oil and gas companies.<br>• Operating costs are rising due to the need to maintain the capacity that customers had connected but are not utilizing in full.<br>• Electricity consumption from the Company's grids is falling as customers choose to connect to the UNEG or use in-house generation instead |

### 2.1.3. COVID-19 IMPACT ON THE COMPANY IN 2020

SARS-CoV-2 pandemic ('COVID-19', 'the novel coronavirus') was the key challenge of 2020 and forced Rosseti Tyumen JSC to adjust all of its business processes.

Severe and uncompromising restrictions were introduced, with 80% of the office staff switched to work from home, self-isolation requirements imposed on workers at risk, mandatory quarantine for rotational workers, and all customer support being provided online only. On-site workers responsible for real-time process control were subject to preventive measures such as regular testing, wearing masks all the time, checking temperatures and disinfecting, and social distancing.

Thanks to these measures, the Company has been able to complete its production and investment programs in full. The Company undertook to deliver electricity in a reliable and uninterrupted fashion to all customers within reach with an emphasis on social infrastructures, especially health facilities.

In order to further motivate workers at risk, those working on site had a 30% incentive paid on top of their normal pay. The incentives totaled >55 million rubles.

As COVID-19 kept spreading, Rosseti Tyumen JSC provided social support to its employees, their families, retirees, and industry veterans in trouble. The Company's Trade Union and young activists ran volunteering campaigns including charitable campaigns such as #UsTogether (Rus: #МыВместе).

### 2.1.4. MARKET POSITION OF THE COMPANY

Rosseti Tyumen JSC contributes to the growing industrial potential of Russia's most important region while improving the energy security of the country in general, enhancing the quality and safety of its power transmission and distribution services in accordance with the global standards, while also continuously and steadily improving and developing the grid complex in the Tyumen Region, the KhMAO-Yugra, and the YNAO. Systematic efforts in grid renovation and commissioning of new facilities is still a relevant task and Rosseti Tyumen JSC's priority.

Rosseti Tyumen JSC comprises nine branches in three of Russia's constituent entities, namely:

– Northern and Noyabrsk Electric Grids in the YNAO;

– Kogalym, Nizhnevartovsk, Surgut, Nefteyugansk, and Uray Electric Grids, as well as Energocomplex in the KhMAO-Yugra;

– Tyumen Electric Grids in the Tyumen Region, including three sub-branches: Tobolsk, Ishim, and Yuzhnoye LGUs.

More than 43 local grid operators operate in the Tyumen Region beside Rosseti Tyumen JSC; these operators provide such services as power transmission technological connection within their localities or serve specific industrial enterprises. Such grid operators mostly have no direct access to the UNEG and supply power of low-to-medium voltage (0.4-10 to 10 kV); they are connected to Rosseti Tyumen JSC's grid as the latter has higher voltage.

**Rosseti Tyumen JSC's Regional Market Share in 2020**

| Local Grid Operator (LGO) Name | Total revenue requirement | Total power grid assets | Transformer capacity | Length of transmission lines | Market share |
|---|---|---|---|---|---|
| | rubles | c.u. | MVA | km | % |
| Rosseti Tyumen, JSC | 51,883,787 | 232,805 | 28,512 | 43,184 | 68.21 |
| STS Corporation LLC<br>SUENKO PJSC, Surgut City Electric Grids LLC,<br>Gorelektroset JSC,<br>Energo-Gaz-Noyabrsk JSC,<br>UTEK-Regional Grids JSC,<br>GDC of Yamal JSC,<br>UTEK-Pokachi JSC | 14,268,754 | 149,521 | 7,287 | 17,376 | 18.76 |
| YuRESK JSC | 3,067,266 | 30,062 | 1,848 | 5,582 | 4.03 |
| Gazpromenergo LLC | 2,755,846 | 22,490 | 3,925 | 9,082 | 3.62 |
| Varyeganenergoneft PJSC | 724,328 | 20,637 | 1,245 | 2,219 | 0.95 |
| SRES Municipal Unitary Enterprise<br>Surgut District | 563,720 | 8,903 | 415 | 927 | 0.74 |
| KhMGES Municipal Enterprise<br>Khanty-Mansiysk | 542,758 | 13,178 | 471 | 5,281 | 0.71 |
| Other Local Grid Operators | 2,258,838 | 62,548 | 28,103 | 50,265 | 2.97 |

### 2.1.5. WHERE WE STAND IN DOMESTIC AND INTERNATIONAL MARKETS

Currently, Rosseti Tyumen JSC competes against:

- *FGC UES PJSC*

FGC UES PJSC offers its electric power transmission services at a drastically different price, which motivates our customers to switch to FGC UES's services; as a result, our electric power transmission and revenue figures fall short of plans.

- *Local grid operators*

Local grid operators currently present in the Tyumen Region, KhMAO–Yugra, and YNAO are involved in grid asset consolidation.

Given that the energy service market is growing, and the emergence of competition seems quite possible, Rosseti Tyumen JSC prioritizes the expansion of its grid; expansion efforts include the development and enhancement of the procedures for connecting consumer-side inputs to Rosseti Tyumen JSC's grids as well as the consolidation of grid assets.

Therefore, the following metrics are most indicative of Rosseti Tyumen JSC's performance: headcount per unit of electric output, electric output per c.u. of service, and electricity losses. The Company has industry-best performance in terms of these metrics, showing its outstanding operational efficiency and reflecting the unique market situation for the Company, namely the consumption breakdown and regional specifics.

**Below is a comparison between Rosseti Tyumen and some grid operators**

| Company | Headcount / net output | useful Output per c.u. | Operating costs / net output | Standardized loss threshold |
|---|---|---|---|---|
| | pers. / million kW∗h | million kW∗h / c.u. | million rubles / million kW∗h | % |
| Rosseti Tyumen, JSC | 0.181 | 0.123 | 0.181 | 2.67 |
| IDGC of Urals — Sverdlovenergo | 0.283 | 0.068 | 0.304 | 4.89 |
| IDGC of Urals — Permenergo | 0.271 | 0.073 | 0.292 | 8.77 |
| IDGC of Urals — Chelyabenergo | 0.104 | 0.262 | 0.184 | 7.30 |
| IDGC of the North-West — Kolenergo | 0.146 | 0.066 | 0.311 | 3.51 |
| Rosseti Moscow Region, Moscow | 0.170 | 0.099 | 0.379 | 7.08 |
| Rosseti Moscow Region, Moscow Region | 0.181 | 0.123 | 0.181 | 8.27 |

## 2.2. MISSION, STRATEGIC PRIORITIES, AND FUTURE PROSPECTS

### Mission

The Company's mission is to deliver high-quality electricity reliably and affordably in order to ensure comfortable living and enable unrestricted growth of Russia's economy while also multiplying shareholder returns and opening up career opportunities for the employees. We use advanced innovations and are a pillar of the country's energy security.

Throughout its history, Rosseti Tyumen JSC has adhered to the core principles and priorities of the industry. Medium- and long-term action plans have been devised to attain the goals. The Company's strategic priorities are set forth by its shareholder Rosseti PJSC.

Prior to June 2020, strategic management of the electric power industry was guided by Energy Strategy of Russia for the Period up to 2030 as approved by the Government Decree No. 1715-r dd. November 13, 2009. In June 2020, the Government of the Russian Federation approved the new Energy Strategy of the Russian Federation until 2035 (Government Decree No. 1523-r dd. June 9, 2020). Russia's energy policy prioritizes national energy security, meeting the domestic demand for energy and related services, a transition to eco-friendly, resource-saving energy, boosting competition in the fuel and energy industry, using domestically manufactured equipment, making all levels of management more efficient in the sector, and taking advantage of centralized electricity delivery.

Russia's electric power targets for 2020 are set forth in the Development Strategy of the Electric Power Grid Complex of the Russian Federation as approved by the Decree of the Russian Government No. 03.04.2013-p dd. April 3, 2013 On the Approval of the Development Strategy of the Electric Power Grid Complex of the Russian Federation.

December 26, 2019 the Board of Directors of Rosseti PJSC approved the Rosseti Group Development Strategy 2030, which applies Rosseti PJSC and its subsidiaries.

Key change lies in the Rosseti Group's transition to a business model based on advanced innovative infrastructure. The main strategic priorities include the provision of further increase in the efficiency of the current activity intended for the sector development, ensuring the reliability, quality and access to the infrastructure in the new digital environment. A special attention is paid to the balance of interests for all interested parties, including the state, users, shareholders, investors, as well as to the development of new business directions.

Said goals should be achieved, according to the plans, by implementing the core aspects of the Strategy:

- technological and innovative development;
- digital transformation;
- business diversification;
- information and technological security;
- further increase in operational and investment efficiency;
- promoting legislative initiatives for better pricing;
- better investment appeal and shareholder value;
- increasing the market share of grid services;
- HR development.

Rosseti Tyumen JSC acts within the Rosseti Group Strategy in the long term. In order to pursue the Rosseti Group's Strategy, Rosseti Tyumen JSC adopted several policy documents including

- Rosseti Tyumen JSC's Digital Transformation Program 2020–2030;
- Innovative Development Program of the Company;
- Smart Metering Development Program 2020–2030;
- Rosseti Tyumen JSC's Electricity Loss Reduction Program for 2020 and up to 2024;
- Power Grid Complex Environmental Policy;
- Personnel and Social Policy of the Company;
- Investment Policy of the Company;
- Comprehensive Security Policy of the Company, etc.

**Solutions pertaining to the following key objectives were implemented and projected in 2020:**

| **1. TECHNOLOGICAL AND INNOVATIVE DEVELOPMENT** | |
|---|---|
| ***1.1. More efficient management of grid assets*** | |
| **Actually done in 2020** | **Prospects for up to 2025** |
| In order to modernize the software and hardware used in Grid Control Centers, the Head Office of Rosseti Tyumen JSC adopted SK-11, a hardware and software package (HSP).<br><br>Vykatnaya 110/35/10 kV SS was upgraded at Nefteyugansk Electric Grids, Rosseti Tyumen.<br><br>We also revised the schedule of steps to bring Rosseti Tyumen JSC's existing DPCSMS in line with Rosseti PJSC's DPCSMS Development Concept; in particular, supervisory taskforces (STF) and local control centers (LCC) now serve larger areas; remote substation management projects are in progress, with central control rooms to be placed at Grid Control Centers of Rosseti PJSC's subsidiaries as well as at Control Centers of SO UPS JSC.<br><br>**In pursuit of the PAMS Development Plant, the Company:**<br>- automated the application of control actions (retrofitting and renovation, RR; maintenance and repair, MR) to high-priority facilities ranked on the basis of predictive analytics. To enable predictive analytics, we implemented an algorithm to estimate condition indices (CI), failure probabilities, failure and risk consequences. We also automated the generation of RR programs;<br>– developed text-based algorithms to calculate CIs as recommended by the Ministry of Energy's Guidelines on Assessing the Condition of Core Equipment and Power Lines at | Rosseti Tyumen's DPCSMS is expected to evolve into a **single vertically integrated system** featuring workstations at branches' supervisory centers.<br>**Pilot data communication project** implemented pursuant to GOST 58651 as required by Annexes 1 and 2 to Order of the Ministry of Energy No. 102 dd. February 13, 2019. The project will enable exchange of extended datasets between Tyumen Regional Control Office (a branch of SO UPS JSC) and Rosseti Tyumen JSC.<br>**Pilot testing and adoption of SK-11, a hardware and software package that functions as a control addon for the Company's ASCS.** SK-11 is now used to keep consolidated yearly and monthly repair schedules as well as to file supervisory requisitions.<br>**Winter preparation assessment routines updated** pursuant to Order of the Ministry of Energy No. 82 dd. February 12, 2020 to be in line with the Revised Guidelines for Winter Preparedness Assessment in Electric Power Industry as approved by Order of the Ministry of Energy No. 1233 dd. December 12, 2017.<br>**Automated procedures for the rationing, purchase, rotation, use, and replenishment of emergency reserves used in the PAMS.** Automated reporting and analysis of emergency outages at 35+ kV SS's and PTLs in the PAMS.<br>Upgrade and new construction of digital SS's scheduled for commissioning by 2025 (18 SS's).<br>Upgrade and new construction of **digital PDZs** scheduled for commissioning by 2025 (13 PDZs). |

| | |
|---|---|
| Power Plants and in Grids. Local information systems (LIS) tested successfully within Rosseti Tyumen JSC's information system as well as the UES Technical Inspection JSC's Automatic Data Collection and Processing System (ADCPS). | **PAMS integrated with the automated HR management system**<br>· Better planning and distribution of actual wage costs of M&R;<br>· More efficient staff hours.<br>**Automated calculation of planned non-worked hours coefficient (NWHC) for each PDZ (Transmission Grid Company, TGC) and reporting of M&R staff productivity adjusted for NWHC.** Automated calculation of planned and actual NWHC for each PDZ (TGC), reporting of NWHC-adjusted M&R staff productivity<br>**Automated functioning of the Automated Occupational Health and Safety Information System, AOHSIS**<br>· single controlled-access database in place for occupational health, safety and environmental protection;<br>· integrated collection of data from information systems that keep track of staff, personal protective equipment, and HR and regulations development;<br>· consolidation of the collected data;<br>· development of analytical estimates concerning occupational health and safety, industrial safety, fire safety and environmental protection;<br>· integration with related information systems;<br>· automation of works pertaining to the designed processes.<br>**AOHSIS, PAMS and SRSD integration.** Automation of data communication between the systems.<br>**Digital Work Management System** ('Digital Electrician') created. Hardware and software package designed to provide operational management of business processes pertaining to scheduled, unscheduled, and emergency M&R.<br>**Adoption of the GCC HSP, including a description of the Common Information Model (CIM):**<br>• verification of technological incident (accident) reports. Prevention of repeated technological incidents (accidents). Reduction in accident rates;<br>• better investigation and reporting of technological incidents (accidents);<br>• less technological incidents (accidents) left with unidentified cause. Prevention of non-reporting;<br>• better quality of electricity delivered to customers;<br>• early identification of failure-prone spots and risks at grid facilities.<br><br>**Configuring a single analytical platform capable of event prediction:** • optimized and more efficient real-time process and system control;<br>• early identification of failure-prone spots and risks at grid facilities;<br>• support for real-time process control and supervision;<br>• real-time grid status monitoring to help operational staff with decision-making;<br>• prevention and timely localization thanks to the adoption of grid-wide and local emergency automations. |

## *1.2. Adoption of promising innovations*

| Actually done in 2020 | Projections for until 2025 |
|---|---|
| **Adoption of innovations reached the target in 2020**: 4.5% of the total scope of the Investment Program. Actual spending on adopting innovations totaled 512.58 million rubles or 5.69% of the Investment Program's budget.<br><br>**The following innovations were made:**<br>- transition to digital substations of varying from 35 to 110 (220) kV in voltage;<br>- transition to digital active-adaptive networks featuring distributed intelligent automation and control systems; | **Adopting an innovation management system:**<br>• more efficient innovation thanks to adopting an innovation management system compliant with GOST R 56273.1-2014/CEN/TS 16555-1:2013 and tailored to the guidelines contained in ISO 56002:2019.<br>**Creating a knowledge and competence management system:**<br>• an integrated solution that enables communication and effective coordination of parties involved in the Company's |

- transition to integrated business process efficiency metrics and automation of control systems;
- adoption of novel technologies and materials in the electric power industry;
- advancing the innovation development and adoption system (including R&D).

**Major completed projects:**
- smart substation technology implemented when reconstructing the Bystrinskaya 110/35/6 kV SS;
- smart metering deployed on a large scale in Rosseti Tyumen JSC's distribution grids

with further integration in the Single Control System in order to run the following functions:
• remote electricity and capacity metering;
• monitoring meter status;
• communicating with related automated systems;
• remote load-shedding from the Data Collection Center: cutting active power consumption, protective disconnections in cases of current and voltage surges, or when differential current is detected, or on schedule.

**Pilot project to deploy an active-adaptive grid section at Yuzhny and Severny PDZs**, Tyumen Electric Grids, to improve the controllability and reliability of the 6-10 kV grid. Faster emergency analysis and the resulting faster restoration of normal grid operation, a 4x decrease in electricity losses, and doubled SAIFI / SAIDI values.

**Testing secondary equipment monitoring and status control algorithms at the Orekhovskaya 110 kV SS** in order to predict, detect, and support secondary equipment recovery processes.

**Use of smart monitoring and troubleshooting systems at the GDN 110 kV SS,** in particular TDM and Transfix power transformer status control systems. The Company plans to further reduce maintenance costs and switch to condition-based maintenance that relies on the Condition Index (CI) and the Failure Consequences (FC); other plans include integrating monitoring systems in the technological facility management structure of Noyabrsk Electric Grids.

**The Company's R&D efforts produced two intellectual property documents in 2020:**
– computer software certificate No. 2020612648 dd. February 28, 2020 Minigrid: a Program for PMU-Based Steady State Calculation;
– computer software certificate No. 2020617139 dd. July 2, 2020 A Module for Time-Specific Control of Electricity Storage Units;
– invention patent no. 2726154 dd. July 10, 2020 A Closed Grid Loss Reduction Method;
– utility model patent No. 198895 dd. July 31, 2020 A Digital Protection Device Featuring Centralized Redundancy for a Power Substation.
The Company's received royalties from the production and sales of R&D products totaled 1.18 million rubles exclusive of VAT in 2020.
Rosseti Tyumen JSC completed its Research and Development of a Mini/Microgrid Prototype project as part of the Russian energy system's transition to the new technological paradigm. This project essentially reimagines what a grid can do to deliver high-quality electricity to customers in a reliable manner; it also enables more efficient customer-to-generator connections in order to cut the costs of operating grids. Besides, the project enables balanced grid development, allowing customers to spend less on electricity as well as on the maintenance of in-house generation facilities.

innovative development, which uses the existing knowledge accumulation, preservation, and dissemination solutions.
**Licensing and agency agreements** made with manufacturers to manufacture and implement products of Rosseti Tyumen JSC's R&D efforts.
**Creating a UAV-based information and analysis system:**
• the system uses unmanned aerial vehicles (UAV) to monitor the reliability readings of Rosseti Tyumen JSC's grid facilities;
• UAVs deployed to monitor remote grid facilities located in hard-to-reach Arctic regions where transport infrastructure is insufficient;
• condition-based HVL reliability indexing;
• prediction-based action scenarios devised to be included in emergency monitoring routines.

# 2. DIGITAL TRANSFORMATION

## *2.1. Creating the Single Information Environment*

| Actually done in 2020 | Projections for until 2025 |
|---|---|
| 1. A pilot project implemented to create the Single End-to-End System for real-time monitoring of electricity delivery to temporarily served facilities. 2. Rosseti Tyumen JSC's Transport and Mobile Crew Management System deployed on the basis of Wialon Local software; facilities equipped with hardware and software that form the single system for managing transports and mobile crews.<br>3. Adoption of a single geoinformation system based on Russian Airlay software | **Single Geoinformation System (SGIS) keeps evolving:**<br>• to automate the drafting of grid connection specifications;<br>• to set up the Situation Analysis Center;<br>• to be used to control UAVs;<br>• to automate the routines related to large-scale technological incidents.<br>**Configuring a digital platform to simplify supplier and contractor interactions involving the document automation subsystem integrated with the Company's ERP systems and document automations :**<br>• faster and better done paperwork thanks to a newly opened single centralized e-archive integrated with the existing information systems;<br>• more efficient office work thanks to paperwork automations;<br>• automation of control procedures with respect to document storage time.<br>**Other Rosseti PJSC's subsidiaries adopting the Single End-to-End System for real-time monitoring of electricity delivery to temporarily served facilities:**<br>• monitoring electricity delivery to polling stations in Rosseti Tyumen JSC- and Rosseti PJSC-served areas. All subsidiaries of Rosseti PJSC to use the System on the Single Voting Day (September 19, 2021);<br>• monitoring electricity delivery to critical facilities including hospitals containing coronavirus patients, as well as to sporting venues in Rosseti Tyumen JSC- and Rosseti PJSC-served areas;<br>• monitoring the security procedures at the Security Service-supervised facilities in Rosseti Tyumen JSC-served areas. Testing the monitoring of security procedures at facilities supervised by the security services of Rosseti PJSC subsidiaries;<br>• testing the system<br>by running the typical tasks of Mobile GTES JSC (a Rosseti PJSC subsidiary);<br>• development and refinement of the Mass Outage Rectification System.<br>**Upgrading the ultrashort wave radio system to comply with the DMR standard (at TPPs);**<br>• equipping emergency crews (EC) with radios;<br>• locating the crews;<br>• routing the crews;<br>**Configuring the Digital Customer, a service platform:**<br>• better customer service;<br>• faster customer service;<br>• minimizing the conventional paperwork and associated costs;<br>• expanding the range of services thanks to better informing via the mobile app;<br>• generating additional (non-tariff) revenue from extra services;<br>• faster and more reliable monitoring of measurement accuracy, elimination of human factor, deployment of automated process control based on measurements.<br>**Digital system created for analytical situation management of Rosseti Tyumen JSC's grids (subproject titled Design and Implementation of Data Lake, a big data hardware and software package)**, which involves adoption of platform solutions and promising technologies for decision support based on comprehensive monitoring of the facilities, events, and processes; cause-and-effect analysis; and projecting further course of events. DATA |

| | |
|---|---|
| | centers deployed for further placement and development of information systems |
| ***2.2. Optimization and Adjustment of the Company's Technological and Business Processes*** | |
| **Actually done in 2020** | **Projections for until 2025** |
| 1. All branches of the Company adopted software-based CCTV-Enabled Monitoring System that will help monitor switching routines, workplace preparations, briefings, and work authorizations.<br>2. The Company implemented an end-to-end production and economic management system as part of the single corporate information system; this innovation has helped automate the core inventory planning and management processes including automation of procurement contracting.<br>3. The Company automated the application of control actions (retrofitting and renovation, RR; maintenance and repair, MR) to high-priority facilities ranked on the basis of predictive analytics | **Configuring the automated energy conservation and efficiency management system** Creating an automated system focused on the following:<br>• consolidating and keeping up-to-date grid assets data;<br>• drawing guidelines, planning and monitoring energy conservation and efficiency activities;<br>• collecting data for the Company's Energy Datasheet;<br>• development of predictive analytics to assess the effectiveness of measures in place and to predict the use of energy;<br>• predicting and assessing the effects of energy conservation measures;<br>• internal and external reporting on energy conservation and efficiency.<br>**Computer vision-based HSP created to monitor hazardous areas:**<br>• more efficient security and counter-terrorism systems;;<br>• automated monitoring of compliance with safety guidelines at the Company's facilities;<br>• automated perimeter security;<br>• more efficient emergency / safety breach detection;<br>• accurate up-to-date information made available for timely managerial decision-making;<br>• lower operating costs in relation to security.<br>**VR and AR-based comprehensive staff training system created:**<br>• reduction in staff training costs;<br>• quantitative and qualitative improvements;<br>• reliable training materials made available as part of training the operating staff;<br>• operating staff training under training programs made systematic and consistent;<br>• training materials made more visual;<br>• individual training made possible.<br>**Software-based Document Automation System adopted** Company-operated imported software replaced with domestically made alternatives under the import substitution policy.<br>**AFBAS Energy Data Module** upgraded to meet Rosseti PJSC's functional requirements to software used to generate electricity balance sheets and to determine the scope of services. Key processes (Electricity Metering and Sale of Electric Power Delivery Services) made as uniform as possible, and a single automated electricity transport tracking system built. |
| **3. BUSINESS DIVERSIFICATION** | |
| ***3.1. New Services Developed to Reach New Markets*** | |
| **Actually done in 2020** | **Projections for until 2025** |
| As of year-end 2020, the Company made 268.4 million rubles in revenue from non-tariff services (304.7 million if grid facility reconstruction initiated by third parties is taken into account).<br><br>**Grid assets reconstructed upon third parties' initiative.** This service is on the Single Extended List of Additional Non-Tariff Services that Rosseti PJSC has made for its subsidiaries.<br><br>**Department of Non-Tariff Service Development** established as part of the Head Office of Rosseti Tyumen JSC | **A consignment warehouse project developed and implemented.** These warehouses will be located at Industrial Park Yugra and at the Production Base of Surgut Electric Grids. A possible scenario consists in founding and building special purpose vehicles (SPV) while entering technological, financial, and other partnerships.<br>**The Company was involved in street lighting projects** and implemented two pilot projects in the Tyumen Region:<br>• Onokhinskoye Municipality;<br>• Chervishevskoye Municipality.<br>**Development of services with a focus on entering new markets, including:**<br>**Implementation of strategic infrastructure projects in** |

| | |
|---|---|
| **Seven branches of Rosseti Tyumen JSC registered for the first time with trading venues,** prequalification started. The Company organized monitoring of purchases made at electronic trading platforms. Two branches of Rosseti Tyumen JSC had been registered with trading venues before.<br><br>Kogalym Electric Grids, a branch of Rosseti Tyumen JSC, **signed a contract to provide the maintenance and ongoing repair of grids** at Kogalym Airport.<br><br>Energocomplex, a branch of Rosseti Tyumen JSC, **signed a contract to maintain street lighting** in the village of Kazym, Beloyarsky District, KhMAO–Yugra.<br><br>Tripartite agreement on strategic partnership made between the Administration of Tyumen District, Rosseti Tyumen JSC, and Schwabe JSC, **to improve and expand street lighting in the Tyumen Region.**<br><br>**The Company was licensed to provide educational services,** meaning that it became able to train staff of third parties at its training centers in Nizhnevartovsk and Uray.<br><br>**The Company was licensed to carry out medical examinations** before dispatching crews and upon their return. | **the Tyumen Region, KhMAO and YNAO: Surgut R&D Center, a high-priority regional project:**<br>• cooperation and coordination agreement made between Rosseti Tyumen JSC and the Yugra Science and Technology Development Foundation (the Project Operator);<br>• involvement in Surgut R&D Center, a high-priority regional project.<br>**Project to create the first special economic zone (SEZ) in KhMAO–Yugra:**<br>• Electricity delivery to SEZ optimized under the cooperation agreement made with the Yugra Development Foundation;<br>• the Company was involved in creating the first special economic zone in KhMAO–Yugra.<br>**Development of infrastructure to deliver electricity to remote areas in YNAO:**<br>• construction of the Salekhard-Labytnangi-Kharp power bridge;<br>• improved electricity delivery to isolated settlements in YNAO.<br>**Development of microgrids:**<br>• promotion of Minigrid HSP developed as part of Rosseti Tyumen JSC's R&D efforts. Showcasing and negotiations with potential buyers;<br>• Minigrid HSP build and engineering consortium established in cooperation with the Company's partners;<br>• agreements made to implement the HSP at the facilities of potential buyers: Rosneft, Aggreko Eurasia, and Gazpromneft.<br>**Other Rosseti PJSC's subsidiaries adopting** the Single End-to-End System for real-time monitoring of electricity delivery to temporarily served facilities |

## 4. INFORMATION AND TECHNOLOGICAL SECURITY

### *4.1. Establishing an Integrated Information Security System*

| Actually done in 2020 | Projections for until 2025 |
|---|---|
| **Information Security Events Collection, Correlation and Management System commissioned** to detect information security breaches, computer attacks, and vulnerabilities of on server, network, OS, and software levels. The system identified vulnerabilities in the IT infrastructure of the corporate and production networks. Efforts to address vulnerabilities minimize the risks of incidents such as computer attacks, equipment disruptions, data leaks, or spoofing of sensitive data.<br><br>**Software suites developed to ensure economic security** (Threat ), protect the facilities against terrorism (Data Sheet Software, DSS), and protect the critical IT infrastructures (Cyborg) (names of software packages given in parentheses). Cyborg in particular was praised at the Ministry of Energy's Fuel and Energy Complex R&D Contest held in 2020. The software suites currently in use (DSS, Threat, and Cyborg) help save 6.5 million rubles per annum.<br><br>**11,559 IT facilities protected by blocking** 2,417,032 virus events. 801 critical IT infrastructures categorized. Activities under the Company's investment and repair programs completed duly and in time to equip 31 facilities with engineering and technical security equipment | **Information Security Program pursued** in order to ensure stable functioning of the IT infrastructure that connects the Company's grid facilities.<br><br>**Pilot testing commenced** for the single automated workstation system devised for security officers. The system is to be deployed at other Rosseti PJSC subsidiaries. |

### *4.2. Substituting Imported Products, Components, and Integrated Solutions*

| Actually done in 2020 | Projections for until 2025 |
|---|---|
| The Company focuses on import substitution; to that end, we have several ongoing measures in place under the **Corporate Import Substitution Plan**, which also helps determine which imported equipment or technology could be substituted. The Plan was updated in 2020 to bring it in line with the Rosseti | In order to increase the percentage of Russian high-tech products used by Rosseti Tyumen JSC and to incentivize the domestic development of alternatives to critical imports, **the Company had several meetings and negotiations with companies from Russia's military-industrial complex;** |

| | |
|---|---|
| Group Development Strategy 2030 as approved by Rosseti PJSC's Board of Directors (Minutes No. 388 dd. December 26, 2019).<br>In 2020, Rosseti Tyumen JSC had the following **percentage of domestically made products** in its procurement:<br>- 97% of equipment and materials (the target had been 95%);<br>- 41% of software (the target had been 30%). | resolutions were made to enter into cooperation agreements with Ruselectronics and Radio-Electronic Technologies. The agreements are planned to be signed in 2021 |

## 5. FURTHER INCREASE IN OPERATIONAL AND INVESTMENT EFFICIENCY

### *5.1. Reduction in losses in grids*

| Actually done in 2020 | Projections for until 2025 |
|---|---|
| **Electricity Loss Reduction Program for 2020 and up to 2024** (approved by Rosseti Tyumen JSC's Board of Directors, Minutes No. 21/20 dd. August 14, 2020) reduced electricity losses by 89.4 million kWh, cf. a planned reduction of 74.2 million. Contributed to the reduction:<br>- organizational activities such as disconnecting a transformer at SS's featuring two or more transformers when the loads were low, evening out the phase loads in 0.38 kW distribution grids, and detection of unmetered consumption, all of which saved 6.7 million kWh;<br>- process improvements under Rosseti Tyumen JSC's Investment Program, such as installing 10 kV meters, reconstructing 10-0.4 kV HVLs with branches going into residential buildings replaced with aerial bundled cables (ABC), and metering points installed or upgraded under the Smart Metering Development Program, all of which saved 82.7 million kWh.<br><br>**Actual in-grid electricity losses in 2020:**<br>- in 0.4-110 kV grids, losses totaled 1,367.3 million kWh or 2.67% of the electricity released into the grid;<br>- 0.4-20 kV grids, losses totaled 308.5 million kWh or 11.90% of the total loss-inducing electricity released into the grid, which is one of the lowest figures of all PJSC Rosseti subsidiaries.<br>In order to develop its software to keep electric power generation and transmission balance sheets, and to make it functionally consistent with Rosseti PJSC's standards, Rosseti Tyumen JSC's Board of Directors approved the roadmap to transition to a full-cycle operation of the Energy Data Subsystem, which is part of the AFBAS; complete transition is planned for 2021 (Board of Directors Minutes No. 28/20 dd. October 12, 2020). | **Comprehensive measures to be taken in 2021–2025 under the Loss Reduction Program**, including those provided by the Smart Metering Development Program, are projected to reduce losses in 0.4-110 kV grids to 2.25%, and those in 0.4-20 kV grids to 6.99% of electricity released to the grids by the end of 2025. |

### *5.2. Improving Customers' Financial Discipline*

| Actually done in 2020 | Projections for until 2025 |
|---|---|
| **In 2020, Rosseti Tyumen JSC's customers had a high level of financial discipline at 100.3%** (67,894.3 million rubles inclusive of VAT) of the accrued cost of provided services (67,675.7 million rubles inclusive of VAT), a 0.8% increase from 99.5% in 2019.<br><br>**Most revenue in the reporting year came from electricity providers, which accounted for 87.9%, with another 9.5% coming from LGOs, 2.6% from directly connected customers and other consumers/**<br>Rosseti Tyumen JSC's customers are financially stable; besides, the processes of accounting the receivables, tracking their repayment, and filing claims against non-payers are substantially automated. The process is controlled by the Rosseti PJSC-administered Automatic Receivables Management System as well as by the Company's Single Automatic System. Arrears for electric power transmission services are reduced by means negotiations and alternative dispute resolutions, claims, debt restructuring, and monitoring the proceedings. In order to | **For 2021-2025, we target 100% repayment of the planned accrual.** |

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|---|---|
| manage the arrears for electric power transmission services, the Company established the Electricity Receivables Management Commission (Order No. 542 dd. December 28, 2020).<br><br>**Arrears for electric power transmission services totaled as little as 31.2 million rubles at the year-end 2020** exclusive of moratorium and restructured debt, or 1.5% of the total receivables on the provided services as of the end of the reporting period (2,128.4 million rubles).<br>All the arrears, including the disputed ones, is currently claimed. Repayments are made both voluntarily and under judicial proceedings. | |

### *5.3. Change in the Internal Approaches to Drafting the Investment Programs and Project Management*

| Actually done in 2020 | Projections for until 2025 |
|---|---|
| In 2020, the Company optimized its Investment Program to:<br>- exclude unnecessary technical solutions;<br>- rank the activities in accordance with the Scenarios approved by the Russian Ministry of Energy;<br>- update the deadlines under connection agreements in light of the current standings in the oil and gas industry. | As for the adjustments in investment programs for the next planning period, we plan to continue optimizing the investments, including without limitations:<br>- prioritization projects that have a sizable benefit;<br>- controlling the attainment of technological and economic benefits;<br>- updating the Development Roadmaps (DR) of regions by adding new activities and removing unnecessary or irrelevant measures. |

### *5.4. Optimization and Expansion of the Existing Grids. Optimization of Manufacturer, Contractor, and Customer Relations*

| Actually done in 2020 | Projections for until 2025 |
|---|---|
| **The Company timely approved the Power Industry Development Roadmaps 2025** (PIDR) of the following regions: KhMAO–Yugra, YNAO and the Tyumen Region. This helped approve amendments to the Investment Program of Rosseti Tyumen JSC as approved by Order of the Ministry of Energy No. 23@ dd. December 14, 2018 (Order of the Ministry of Energy No. 29@ dd. on the Approval of Amendments to the Investment Program).<br><br>**Comprehensive 35+ kV Grid Development Programs 2021-2026 were developed for KhMAO–Yugra, YNAO, and the Tyumen Region.** These programs substantiate the optimization and development of the existing grids as proposed by Rosseti Tyumen JSC under these regions' PIDRs for the following 5-year period from 2022 through 2026; they also help synchronize the activities in distribution and transmission grids.<br><br>**In 2020, the Company continued to systematically expand procurement-focused partnerships with small and medium-sized businesses (SMB).** There is a list of goods, works, and services that can only be purchased from SMBs to support small businesses. Another important support for SMBs come from paying for their goods, works, and services within 15 business days of signing the certificate of acceptance. In 2020, SMBs received 9.3 billion rubles under contracts, which accounted for 76.7% of all of the Company's payments, far exceeding the legal requirement of 20%. Payments under MSB-exclusive procurements totaled 2.6 billion rubles or 21.6% of the total payments. | **More accurate and efficient projection of connections, optimization of capacity utilization:**<br>- brainstorming of issues pertaining to planning the potential future placement of grid facilities.<br><br>**Cooperation with major suppliers and manufacturers** under integrated projects and procurements, which derives economic benefits from competitive advantage |

## 6. PROMOTING LEGISLATIVE INITIATIVES FOR BETTER PRICING

### *6.1. Better Pricing of Electricity Delivery*

| Actually done in 2020 | Projections for until 2025 |
|---|---|
| The Company is a permanent member of Rosseti PJSC's expert panel that analyzes the pricing in the capital construction of | The Company was therefore involved in said panel and made proposals to improve the guidelines on calculating such |

| | |
|---|---|
| Rosseti PJSC subsidiaries' grid facilities. This panel was established to promote legislative initiatives for better pricing.<br><br>**Proposals were submitted to Rosseti PJSC to improve the guidelines on calculating reference costs** that grid operators incur per unit of equipment; the reference costs should be sufficient to ensure non-discriminatory operation and constitute an economically reasonable percentage of the tariff | reference costs as to enable Rosseti Tyumen JSC to operate in a non-discriminatory fashion whilst designating a reasonable percentage of the tariff as costs. |
| **7. INCREASING THE GRID SERVICE MARKET SHARE** | |
| ***7.1. Consolidation of Local Grid Assets*** | |
| **Actually done in 2020** | **Projections for until 2025** |
| 1. In 2020, the Company consolidated 8,651 c.u. of grid property, or 3.7 % of the total assets involved in electric power transmission.<br>Rosseti Tyumen JSC<br>2. The Company cited the list of grid reports approved by Rosseti PJSC by Decree No. 1r dd. January 16, 2020, to develop a system of priority decision-making with respect to the projects and mechanisms of consolidation applicable to each target group of LGOs in 2020-2030 | 1. The Company is drafting a contract to purchase shares of YuRESK JSC in 2021-2022, which will increase its market share by 4.1%<br>.2. 1800 conditional units of grid assets to be purchased in the Tyumen Region, KhMAO–Yugra, and YNAO in 2021 and 2020 to increase the market share by 0.05%.<br>3. The Company is to be involved in the privatization of Surgut Local Grids, a municipal unitary enterprise, and further to purchase its shares in 2022-2025 to increase the market share by 0.7%. |
| **8. HR DEVELOPMENT** | |
| ***8.1. Recruitment of High-Skill Specialists*** | |
| **Actually done in 2020** | **Projections for until 2025** |
| 1. The Company established its corporate training center at Nizhnevartovsk Electric Grids.<br>2. The Company also opened a specialized power engineering classroom at Novy Urengoy Multidisciplinary College.<br>3. 12 agreements signed with educational institutions in the Company-served area.<br>4. An internship and scholarship program put in place | 1. Logistics and educational aids procured for, and improved at, the training center; branches of the center established in the Company-served cities to optimize staff training costs and make it more efficient.<br>2. Cooperation with regional education providers under a concept of continuing education. New energy classes and groups established at local educational institutions; contracts made to train students in relevant majors; the Company also became involved with Student Unions. |
| ***8.2. Digitalization of HR Processes*** | |
| **Actually done in 2020** | **Projections for until 2025** |
| New Head Office structure approved to bring the functions of its structural subdivisions in line with the future goals and objectives of the Company under its Digital Transformation Concept. Novel units founded such as the Digital Transformation Unit and the Project Office tasked to implement project management methods, adopt the use of UAVs, develop non-tariff services and outdoor lighting systems. | The Company also pursues a potential innovative management model that will see the existing structural subdivisions transformed and novel subdivisions established: a single GCC, Analytical Competence Center, Research Center, Cybersecurity Center, and Diagnostics Center. |

By accomplishing the key objectives, Rosseti Tyumen JSC will be able to:

– deliver high-quality electricity to every consumer in the Company's area of service by operating reliably and innovating when needed;

– reorganize the energy system by creating an effective and safe innovation-based electricity system;

– facilitate the sustainable development of regional economy and improvement of living standards.

## 2.3. KEY PERFORMANCE INDICATORS

Attainment of the Company's priority goals is validated by the Key Performance Indicator (KPI) System.

The system of the Director General's KPIs was established based on the following documents:

– § 15, cl. 12.1, Article 12 of the Charter of Rosseti Tyumen JSC;

– resolution of the Company's Board of Directors of October 30, 2020 (Annex 18 to Minutes No. 29/20 dd. November 2, 2020).

KPI targets for 2020 were set by the Resolution of the Board of Directors dd. November 30, 2020 (Annex 19 to Minutes 29/20 dd. November 2, 2020).

Target KPI values for 2021 were set by the Resolution of the Board of Directors dd. December 28, 2020 (Annex 7 to Minutes No. 34/20 dd. December 28, 2020).

Pursuant to the above Resolutions of the Board of Directors, the following KPIs and respective target values were set in 2020:

| KPI | How it is calculated |
|---|---|
| Total shareholder return | Compare the dividends accrued over the reporting year against the same value for the three preceding years as well as against the value set forth in the Company's Business Plan |
| Return on invested capital | Ratio of the earnings before tax and interest to the total of equity and long-term loans |
| Operating profit (EBITDA) | Section 1. YoY increase in the actual EBITDA being at least on part with the annual average tariff growth rate<br>Section 2. If the condition above is not met, evaluate the attainment of this EBITDA indicator against the planned value calculated under the approved Business Plan |
| Reduction in per-unit operating expenses | YoY decrease in the ratio of per-unit operating expenses to the number of serviced c.u. of equipment. |
| Electricity loss rate | X:Y ratio, where X is the electricity released to the grid minus electricity released from the grids, Y is the electricity consumed by grid facilities minus net power flow. |
| Labor productivity improvement | According to Rosstat Order No. 576 dd. September 23, 2014: electricity delivery revenue divided by man-hours worked |
| Effectiveness of innovation | Integrated metric of innovation effectiveness is based on three constituents: R&D costs, procurement of innovative products, and the quality of development (updating) and completion of RR projects. |
| Decrease in the receivables | A decrease in the actual receivables across the subsidiaries, exclusive of moratorium and restructured debts as well as debts of counterparties that are no longer part of the wholesale electricity marker or no longer function as last-resort suppliers. |
| Timely grid connection | An integrated score that quantifies the quality of connections to the grids of Rosseti PJSC subsidiaries. Score components include the quality of processing connection applications, the quality of fulfilling the duties under connection agreements, and adherence to antitrust laws of the Russian Federation. |
| Debt / EBITDA | Section 1. Estimations rely on debt-to-EBITDA ratio. In case the Company is financially stable, the target is ≤3.0; else, it should be improved by at least 10% YoY but no less than 3.0.<br>Section 2. In case the condition above does not hold, evaluate the attainment of this EBITDA indicator against the planned value calculated under the approved Business Plan |
| Compliance with the commissioning schedule | Ratio of the actual assets newly recorded in books (the monetary value of completed facilities registered as assets during the reporting year with breakdown by quarter) to the planned value of newly recorded assets as set forth in the Company's Investment Program and its related schedules. |
| Winter preparedness | This indicator describes the Company's preparedness to operate in the heating season; the indicator is derived from the Russian Ministry of Energy's monthly monitoring |
| Pursuit of the Company's Development Plan | Cancelation of bonus depending on how many of the steps under the Company's Development Plan as approved by Rosseti PJSC's Board of Directors had not been completed during the reporting period. |
| Due service reliability | SAIDI , SAIFI, and the following ratio: number of major accidents/triennial average number of major accidents |
| No accidents at work | Work-related human toll over the reporting year, including mild and severe injuries and fatalities. |

## KPI Targets and Attained Values

| Indicators composition | Weight for 2020 bonus calculations, % | Actual values for 2019 // estimated attainment in 2019 | 2020 target | Actual values for 2020[1] // % increase YoY in actual value[2] | Estimated attainment in 2020 // causes of non-attainment | 2021 target |
|---|---|---|---|---|---|---|
| Total shareholder return | 10 | used from 2020 onward | ≥ the triennial arithmetic mean of dividends paid by the resolution of the General Meetings of Shareholders over the years before the reporting period, and ≥ total dividends allocated under the Company's Business Plan for the reporting period ≥682,448,542 and ≥0 | 0//,- | attained - //-[3] | ≥ the triennial arithmetic mean of dividends paid by the resolution of the General Meetings of Shareholders over the years before the reporting period, and ≥ total dividends allocated under the Company's Business Plan for the reporting period |
| Return on invested capital | 20 | used from 2020 onward | ≥95.0% | at least 95% // - | attained //,- | ≥95.0% |
| Operating profit (EBITDA) | 15 | used from 2020 onward | attained | attained // - | attained // - | attained |
| Reduction in per-unit operating expenses | 10 | 4.5,%,// attained | ≥2% | 6.5%,// 144% | attained // - | ≥2% |
| Electricity loss rate | 10 | 2.66%// attained | ≤,,2.60,% | 3.19%,// 77% | not attained // relative losses increased due to releasing less electricity into the grid | ≤,,2.49,% |
| Labor productivity improvement | 5 | 12.68%// attained | ≥2% | 16.22%,// 128% | attained // - | ≥5% |

[1] For 2020, this report shows the projected KPIs given that data required for KPI estimates were not fully available as of writing this report. Final KPI estimates to be approved by the Board of Directors

[2] Values projected for 2020 are compared herein against 2020 targets as well as against the actual 2019 values if the estimation methodology allows for an apple-to-apple comparison.

[3] This KPI was not attained because pursuant to the Minutes of Rosseti PJSC's Management Board No. 1010pr/2 dd. May 28, 2020, a resolution was made not to pay dividends for 2019 due to losses indicated in RAS reports.

| Indicators composition | Weight for 2020 bonus calculations, % | Actual values for 2019 // estimated attainment in 2019 | 2020 target | Actual values for 2020[1] // % increase YoY in actual value[2] | Estimated attainment in 2020 // causes of non-attainment | 2021 target |
|---|---|---|---|---|---|---|
| Effectiveness of innovation | 20 | 114%// attained | ≥90% | -,[4]//,- | -,//,- | ≥90% |
| Decrease in the receivables | 10 | used from 2020 onward | ≤,100% | 61%,// - | attained // - | ≤,100% |
| Timely grid connection | -10 | 1.1// attained | ≤ 1.1 | 1.01,// -[5] | attained // - | ≤ actual value of the previous year multiplied by 0.85 but no less than 1.1 |
| Debt / EBITDA | -10 | used from 2020 onward | attained | attained // - | attained // - | attained |
| Compliance with the commissioning schedule | -10 | 81%// attained within a range of 75% to 90% | ≥90% | 94%,//,-[5] | attained // - | ≥90% |
| Winter preparedness | -10 | used from 2020 onward | At the same time: 1) ≥0.95 (2) Non-attainment of the specified value in the following specialized indicator: Backlog in Preparations | At the same time: 1) 0.99; 2) No backlog// - | attained // - | At the same time: 1) ≥0.95 (2) Non-attainment of the specified value in the following specialized indicator: Backlog in Preparations |
| Pursuit of the Company's Development Plan | -70 | used from 2020 onward | not set [6] | -,//,- | -,//,- | not set |
| Due service reliability | -10 | At the same time: in Section 1: Psaidi 0.48; Psaifi 0.88, attained; in Section 2: Ksaidi 1.05; | At the same time: 1)Ki ≤ 1 2)No significant decline in the indicators set forth by tariff regulators | At the same time: 1) saidi =0.46; Ksaifi=0.70 (2) prevented;3) 1=1 | attained // - | At the same time: 2) Ki ≤ 1 1) No significant decline in the indicators set forth by tariff regulators 2) 3) Zero increase in the rate of major accidents |

[4] Innovation Effectiveness will be evaluated once Rosseti PJSC's Innovative Development Committee sums up the final results approves the value of QUALITY_IDP for 2020.
[5] Actual values for 2020 are not compared herein against 2019 values because of an updated estimation methodology.
[6] No target value set for Implementation of the Company's Development Plan because there is no such plan for 2020 and 2021.

| Indicators composition | Weight for 2020 bonus calculations, % | Actual values for 2019 // estimated attainment in 2019 | 2020 target | Actual values for 2020[1] // % increase YoY in actual value[2] | Estimated attainment in 2020 // causes of non-attainment | 2021 target |
|---|---|---|---|---|---|---|
| | | Ksaifi 0.87, considered attained in light o the objective factors. // attained | 3) Zero increase in the rate of major accidents | //,-[5] | | |
| No accidents at work | -10 | used from 2020 onward | At the same time: 1. Two injured persons at max.; 2. 0 | At the same time: 1),,1 2),0 //,- | attained // - | At the same time: 1) Two injured persons at max.; 2) 0 |

To improve the performance of Rosseti Tyumen JSC as well as to update the KPI estimation methods, the Company's Board of Directors resolved on October 30, 2020 (Minutes No. 29/20 dd. February 2, 2020) to alter the KPI system. Changes include:

(1)using yearly rather than quarterly indicators;

(2)new KPIs added to the system: total shareholder value, return on invested capital, winter preparedness, and implementation of the Company's Development Plan;

(3) several KPIs removed from the system: reduction in specific investment outlay, consolidated net cash flow, and increased grid equipment capacity utilization,

(4)the following indicators now calculated on the yearly rather than quarterly basis: operating profit (EBITDA), decrease in receivables, debt/EBITDA, and no accidents at work;

(5) estimation methods updated for the following KPIs: reduction in specific operating expenses (costs), electricity loss rate, improved labor productivity, timely grid connection, compliance with the commissioning schedule, and due service reliability.

Actual values for 2020 in total were not drawn up nor approved by the Company's Board of Directors as of writing this Annual Report due to the timing of reporting.

Values projected for 2020 are compared herein against 2020 targets as well as against the actual 2019 values if the estimation methodology allows for an apple-to-apple comparison; see Tables.

The Company's KPI system affects the variable remuneration for the managers; each KPI has a weight that is used to calculate the payable bonuses, which are subject to the attainment of the KPI targets.

## 2.4. KEY RISKS

Rosseti Tyumen JSC ('the Company') has approved a Functional Risks Register[7] ('the FR') in order to evaluate the impact of risks on the Company's KPIs. The significance of these risks is to be revaluated on an annual basis. The Company also has risk management procedures in place.

[7] Approved by Rosseti Tyumen JSC Order No. 168 dd. April 30, 2020.

Risks are expert-assessed. Risk assessment assigns the class of significance according to the trilevel classification presented in the Risk Management Regulations[8]: moderate, significant, critical.

Critical risks are unacceptable and subject to priority management.

Significant risks are not critical but have substantial impact on the Company's businesses and are therefore subject to management.

Moderate risks may slightly affect the Company's businesses but are still subject to monitoring.

**The Company's activity is associated with the following risks**

| No. p/p | Risk Name | Affected KPIs | Risk significance | Applicable management |
|---|---|---|---|---|
| 1 | FR 01-01<br>A drop in electric power transmission to customers connected to regional distribution grids | EBITDA targets might not be reached | Critical | 1. Monitoring and projecting electricity consumption with breakdown by voltage level and consumer categories; monitoring the physical parameters of electricity and capacity balance; improving the accuracy and reliability of electricity and capacity demand projections.<br>2. Establishing judicial practices to resolve disputes on the quantification of electric power transmission and (or) losses.<br>3. Periodic audits of local subdivisions with respect to the sales of services and the reduction in electricity losses.<br>4. Monitoring electricity losses and pricing |
| 2 | FR 01-02<br>Structural change in the rendered electric power transmission services with respect to voltages, tariffs, and customer groups | EBITDA targets might not be reached | Significant | 1. Monitoring and projecting electricity consumption with breakdown by voltage level and consumer categories; monitoring the physical parameters of electricity and capacity balance; improving the accuracy and reliability of electricity and capacity demand projections.<br>2. Monitoring the consumption data that last-resort suppliers (electricity providers) use to calculate the electric power transmission fees. |
| 3 | FR 01-03<br>Increase in the price of electricity purchased to compensate for losses | EBITDA targets might not be reached | Significant | 1. Implementation of energy conservation and efficiency programs including programs to reduce electricity losses and enhance metering systems in the long term.<br>2. Wide-scale adoption of smart metering, automated meter readings collection and processing systems to draw balance sheets of electricity, capacity, and electric power transmission quantifications |
| 4 | FR 01-04<br>Increase in electric power transmission charges of third-party grid operators | EBITDA targets might not be reached | Significant | Taking measures to ensure that the market actors (customers, local grid operators, single-customer providers and the customers they serve) comply with regulatory decisions |
| 5 | FR 01-06<br>TRR fines for non-completion of the Investment Program | EBITDA targets might not be reached | Significant | Phased monitoring of the construction schedule |
| 6 | FR 02-01<br>Investment Program funding increased in general and/or on specific items against the specified limits | Consolidated net debt / EBITDA target might not be reached | Significant | 1. Planning the costs of investment projects when drafting the Company's investment programs.<br>2. Monitoring the actual % decrease in specific investment overlay from the planned value.<br>3. Monitoring the costs and timing of investment projects.<br>4. Annual monitoring of specific costs of investment projects as part of benchmarking and comparative analysis of specific construction costs per unit of physical parameters.<br>5. Non-excess of the approved Investment Program funding |

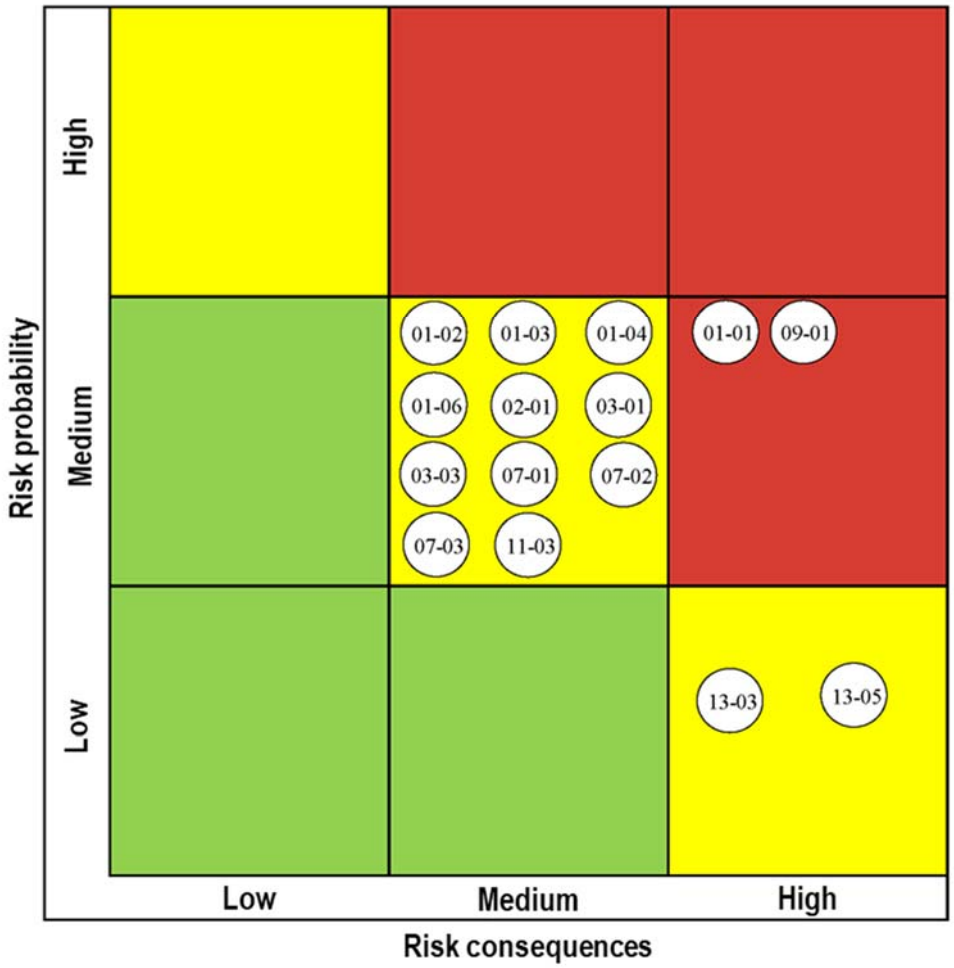
[8] Approved by Rosseti Tyumen JSC Order No. 144 dd. April 9, 2020.

| No. p/p | Risk Name | Affected KPIs | Risk significance | Applicable management |
|---|---|---|---|---|
| 7 | FR 03-01<br>Contractors' failure to pay for electric power transmission in time and/or in full | Electricity receivables targets might not be reached | Significant | 1. Filing claims to reduce the receivables; monitoring the timeliness of claim processing.<br>2. Monitoring the enforcement of debt restructuring agreements |
| 8 | FR 03-03<br>Disputes on the quantification and pricing of rendered services, including disputes on identified unmetered consumption cases | Electricity receivables targets might not be reached | Significant | 1. Resolution of disputes with respect to amounts outstanding under electric power transmission contracts and (or) electricity purchase contracts for loss compensation; prevention of further disputes.<br>2. Adherence to the Schedule of Handling Electric Power Transmission Arrears and Dispute Resolution; monitoring the collection of electricity fees for consistency with planned figures.<br>3. Raiding to detect unmetered electricity consumption. Such raids could be scheduled for weekends and involve law enforcement agents; there could also be 'cross raids' jointly taken by local subdivisions.<br>4. Partial and (or) complete disconnection of customers in debt as requested by electricity providers; monitoring the defaulting customers' compliance with restrictions |
| 9 | FR 07-01<br>Untimely engineering, delivery, construction, and commissioning of facilities on part of contractors | Compliance with the commissioning schedule, % | Significant | 1. Timely initiation of claims against contractors that default on their terms and conditions.<br>2. Filing claims against failing contractors. |
| 10 | FR 07-02<br>Impossibility of obtaining construction permits in time | Compliance with the commissioning schedule, % | Significant | Timely drafting of initial permit applications, engineering and design documentation |
| 11 | FR 07-03<br>Failure to report disconnection, or a delayed connection of a facility except when caused by the repair of other facilities of the Company | Compliance with the commissioning schedule, % | Significant | 1. Phased monitoring of the construction schedule<br>2. Timely completion of activities planned under the Priority Investment Project Schedule (the Extended Grid Schedule) as set forth in Section 6.1 of Datasheets of the projects covered by the approved Investment Program |
| 12 | FR 09-01<br>Occupational risks | Zero increase in accident-related casualties at the subsidiaries | Critical | 1. Systematic advanced training and retraining of personnel; practical training of safety methods and skills.<br>2. Psychological and physiological assistance for employees with a focus on reliability.<br>3. Unscheduled inspections of crews on site; inspection teams to involve division managers and workers-in-charge.<br>4. CCTV recording of works at power plants in accordance with the developed and approved CCTV Implementation Program.<br>5. The Company's Occupational Safety Committee should audit the compliance with the effective Occupational Health and Safety Management System (OHSMS) and the Internal Technical Control System (ITCS) in order to apply appropriate sanctions against officers failing to comply.<br>6. Monitoring the Mechanization and Transport Service drivers' and driving electricians' compliance with traffic regulations; quarterly analysis of the situation and application of disciplinary measures against violators. |

| No. p/p | Risk Name | Affected KPIs | Risk significance | Applicable management |
|---|---|---|---|---|
| | | | | 7. Monitoring workers'-in-charge compliance with safety regulations when working at power plants.<br>8. Monitoring the presence, placement, readability, and sufficiency of warning signs and posters on HVL towers, doors, and fences. Monitoring the presence of information signs and stakes along 0.4-35 kV CLs.<br>9. Prevention of unauthorized access to power plants and powered equipment.<br>10. Monitoring the progress under the Company's Targeted Program to Dismantle Hazardous Equipment 2018-2022.<br>11. Timely occupational safety briefings and tests.<br>12. Staff should be provided with all the required protective equipment.<br>13. Completion of the Comprehensive Staff Injury Risk Reduction Program (with a focus on the safety of power plant operations). Better system for safer scheduled maintenance and emergency work at power plants.<br>14. Occupational safety should be guaranteed.<br>15. Workers are subject to medical examinations.<br>16. Timely measures to be address the causes of accidents and comply with the process regulations and instructions issued by regulatory agencies upon audit or as part of technical supervision.<br>17. A functional system in place to respond to occupational safety breaches; monitoring the organization of on-site works; unconditional sanctions against employees guilty of occupational safety breaches.<br>18. Using mass media and social media to inform the population on the danger of being close to or at power plants as well as on the inadmissibility of interfering with power grids; electrical safety classes for schools.<br>19. Setting forth the duties and responsibilities of third-party personnel with respect to safety at power plants; monitoring their compliance with safety requirements at work |
| 13 | FR 11-03<br>Works inconsistent with the design documentation or estimates; low quality of equipment and materials, etc. | Reduction in specific investment outlay | Significant | 1. Quality control of incoming materials and equipment.<br>2. Construction procurements to be performed only after approving the design documentation |
| 14 | FR 13-03<br>Disruption of the Company's critical IT infrastructures due to unauthorized access | Comprehensive security measures in place | Significant | 1. Creation and phased adoption of a comprehensive security system.<br>2. Requirements to be set forth with respect to the security of critical IT infrastructures.<br>3. Organizational and technical security measures applicable to critical IT infrastructures.<br>4. Adopting security measures when building, upgrading, or reconstructing critical IT infrastructures.<br>5. Security measures in place when operating critical IT infrastructures.<br>6. Security measures in place when decommissioning critical IT infrastructures. |
| 15 | FR 13-05<br>Undue terrorist attacks, sabotage, | Comprehensive security measures in place | Significant | 1. Creation and phased adoption of a comprehensive security system.<br>2. Organization of physical security of Company's facilities. |

| No. p/p | Risk Name | Affected KPIs | Risk significance | Applicable management |
|---|---|---|---|---|
| | criminal interference and sundry attempts to tamper with staff, grid facilities and their information and telecommunications systems, including attempts reliant on IT. | | | 3. Equipping the facilities with technical safeguards.<br>4. Maintenance of engineering and process tools.<br>5. Training personnel to comply with the security guidelines applicable to the storage, processing, communication of, and access to sensitive information stored in the information systems of grid facilities |

## Map of Rosseti Tyumen JSC's key risks in 2020



# 3. PERFORMANCE IN 2020

## 3.1. OPERATING RESULTS

### 3.1.2. GRID DEVELOPMENT

Rosseti Tyumen JSC is a member of coordinating agencies involved in the drafting of Power Industry Development Roadmaps (PIDR) in three Russian regions: the Tyumen Region, Khanty-Mansi Autonomous Okrug – Yugra, and Yamalo-Nenets Autonomous Okrug.

In 2020, three out of three PIDRs were timely approved and went into force for until 2025:

– PIDR for the Tyumen Region approved by the Governor of the Tyumen Region (Decree No. 37-r dd. April 30, 2020);

– PIDR for Khanty-Mansi Autonomous Okrug — Yugra approved by the Governor of KhMAO-Yugra (Decree No. 443-rp dd. July 31, 2020);

– PIDR for Yamalo-Nenets Autonomous Okrug approved by the Governor of YNAO (Resolution No. 76-PG dd. April 30, 2020),

which helped approve amendments to the Investment Program of Rosseti Tyumen JSC as approved by Order of the Ministry of Energy No. 23@ dd. December 14, 2018 (Order of the Ministry of Energy No. 29@ dd. December 28, 2020 On the Approval of Amendments to the Investment Program).

Comprehensive 35+ kV Grid Development Programs 2021-2026 were designed in 2020 for Southern Tyumen Region, KhMAO-Yugra and YNAO; these documents substantiate the activities Rosseti Tyumen JSC proposed by to include in these regions' PIDRs for the following 5-year period from 2022 through 2026; they also help synchronize the activities in distribution and transmission grids.

In 2021, Rosseti Tyumen JSC shall continue to collect and update the input data on projected loads in KhMAO-Yugra, YNAO, and the Tyumen Region, and further update the activities under the Comprehensive 35+ kV Grid Development Programs 2027 for the same regions; the Company is also actively involved in drafting the Power Industry Development Programs 2026 for KhMAO-Yugra, YNAO, and Southern Tyumen Region.

### 3.1.3. MANUFACTURING FACILITIES, REPAIR AND MAINTENANCE

To date, Tyumenenergo JSC's overhead power lines have a total length of 51,408.1 km, cable lines are 914.8 km long, including 2,615.6 km of leased overhead lines and 150.6 km of cable lines.

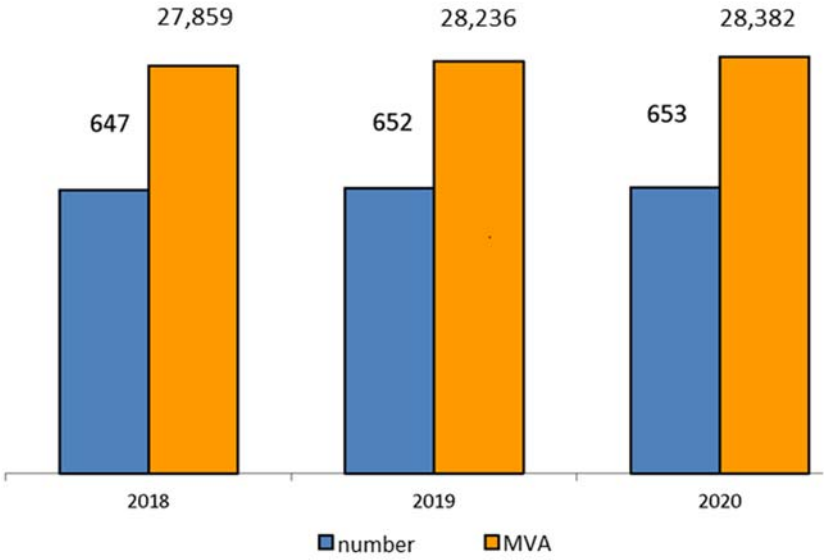
The Company has the following operating assets:

– 653 35-220 kV substations with an installed transformer capacity of 28.382.1 MVA, including 2 leased 35-110 kV substations with an installed transformer power of 22.5 MVA;

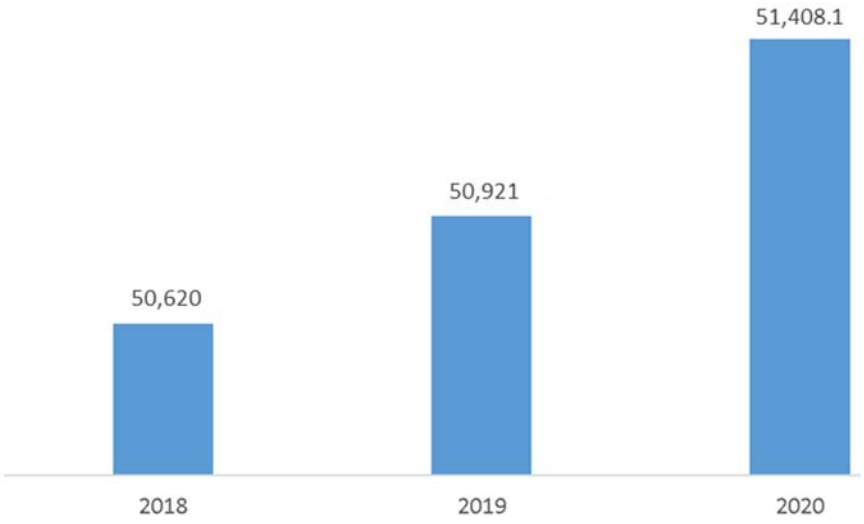
– 7228 10(6)/0.4 kV transformer substations with an installed transformer capacity of 1,635.92 MVA, including 1296 leased transformer substations with an installed transformer capacity of 358.66 MVA.

Curves below show the number and capacity of 35-220 kV SS's as well as the length of 0.4-220 HVLs; the numbers include leased assets.

**Number and capacity of 35-220 kV SS's**


27,859
28,236
28,382
647
652
653
2018
2019
2020
number
MVA

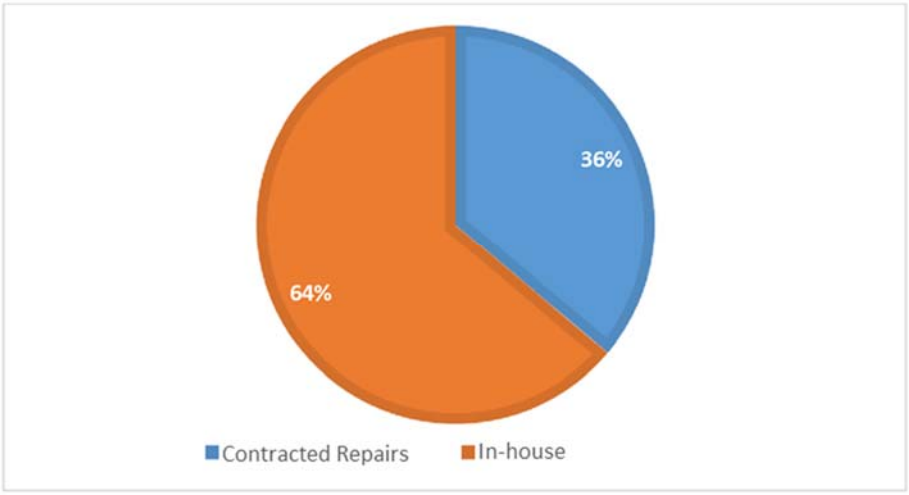
**Circuit length of 0.4-220 kV HVLs, km**




To ensure fail-safe electricity delivery to our customers, it is important to keep the existing equipment fully operational. Accident-free power supply is enabled by strict compliance with repair and maintenance deadlines and regulations, by timely diagnosis and assignment of repair scopes and deadlines.

In 2020, the Company's M&R Program was carried out in full. Actual M&R costs of fixed assets totaled 3,728 million rubles Company-wide in 2020: 2,379 million rubles went into first-party works; 1,349 million rubles went into third-party works.

**Maintenance and Repair Costs**




**Core SS and HVL equipment repairs in 2020, million rubles**

| No. | Equipment Type | Actually done in 2020 | | |
|---|---|---|---|---|
| | | Total | Including | |
| | | | Economic way | Contracted Repairs |
| 1 | PL Repairs | 871 | 213 | 658 |
| 2 | Substation Equipment Repairs | 540 | 302 | 238 |
| 3 | Buildings and structures | 163 | 44 | 119 |

| | | | | |
|---|---|---|---|---|
| 4 | Other Assets | 315 | 180 | 119 |
| | TOTAL | 1889 | 755 | 1,134 |

Core SS and HVL equipment repairs in 2020, physical units:

| No. | Equipment Type | Units of Measurement | Planned for 2020 | Actually done in 2020 | Planned for 2021 |
|---|---|---|---|---|---|
| 1 | 35-110 kV power transformer repairs | units | 93 | 94 | 46 |
| 2 | Circuit Breaker Repairs | units | 347 | 354 | 349 |
| 3 | Disconnecting Device Repairs, ODiKZ | units | 233 | 238 | 245 |
| 4 | 0.4-110 kV overhead power line repairs | km | 2340 | 2456 | 2237 |
| 5 | Route clearing | ha | 6712 | 7028 | 5814 |
| 6 | Repair of transformer substations 10/0.4 kV | units | 170 | 210 | 182 |

**M&R budgeting in 2019-2021: breakdown by category, million rubles**

### 3.1.4. ELECTRICITY DELIVERY

**Electric power transmission in 2018-2020**

| Electric power transmission | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2018 | | 2019 | | 2020 | | Change | | |
| million kWh | million rubles | million kWh | million rubles | million kWh | million rubles | million kWh | million rubles | % |
| 48,492.9 | 56,149.1 | 48,589.2 | 60,871.4 | 41,202.9 | 56,396.4 | -,7,386.3 | -,4,475.0 | -,7.4 |

As a result of Rosseti Tyumen JSC's operations in 2019, transmitted electric power totaled 41,202.9 million kWh, a 7,386.3 million kWh or 7.4% decrease YoY against 48,589.2 million kWh in 2019.

In 2020, major oil and gas companies reduced their electricity consumption as the OPEC+ agreement enforced a cut in oil production; other customers suspended their production processes due to the novel coronavirus. These factors caused a drop in demand for electricity.

**Structure and Dynamics of the Company's Power Transmission Service Revenue and Expenditures**

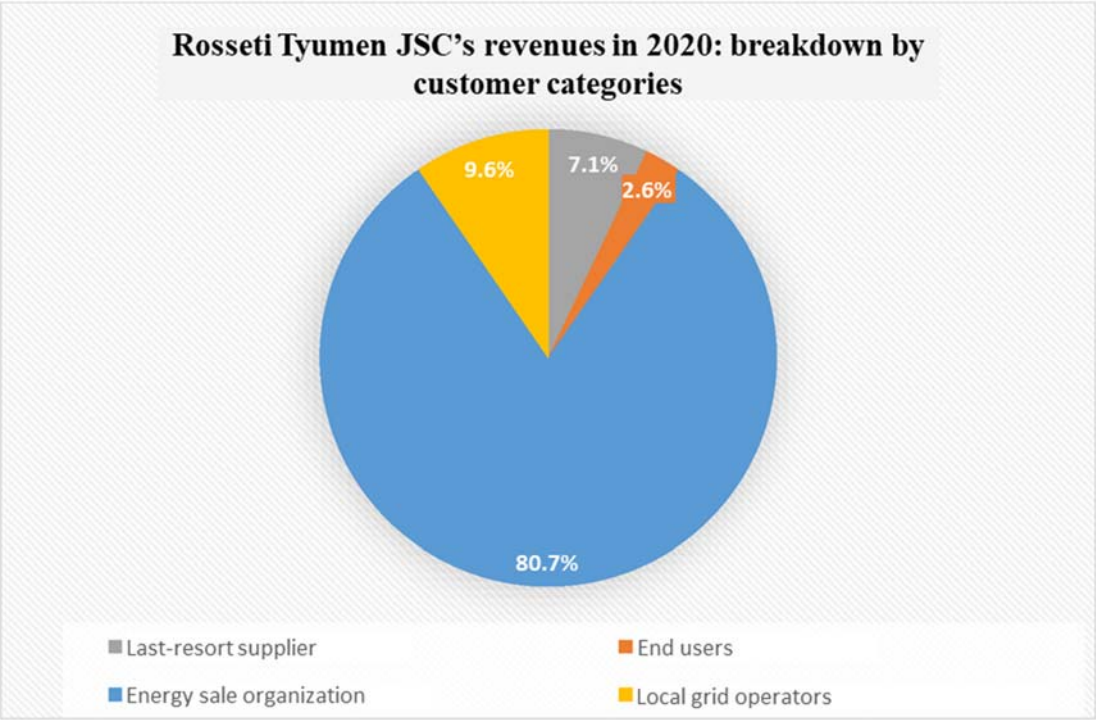
Gazprom Energosbyt Tyumen JSC, a last-resort supplier, is a major electric power transmission service user in the Tyumen Region. It accounts for 7.1% of electric power transmission revenues. Over the reporting period, the users of Gazprom Energosbyt Tyumen JSC received 3,206.8 million kWh, which totaled 4,003.7 million rubles.

Energy suppliers accounted for 80.7%. Transmitted electric power totaled 31,703.8 million kWh and cost 45,514.0 million rubles; these customers include companies that purchase electricity from the wholesale electricity market (WEM) and from the retail electricity market (REM).

**Energy suppliers accounted for 80.7% of the Company's total revenue. Delivered electricity totaled 31,703.8 million kWh and cost 45,514.0 million rubles**

| Major WEM customers |
|---|
| Unified Power Supply Company JSC (for OC Rosneft PJSC) |
| Rusenergoresurs LLC (for Transfneft-Siberia JSC) |
| RUSENERGOSBYT LLC (for Russian Railways) |
| RN-Energo LLC (for RN-Purneftegaz LLC, RN-Yuganskneftegaz LLC, and Tomskneft Eastern Oil Company JSC) |
| Surgutenergosbyt LLC (for Surgutneftegas JSC) |
| Lukoil-Energoservis LLC (for LUKOIL-West Siberia JSC) |
| Gazpromenergosbyt JSC (for Gazprom PJSC) |
| Gazpromenergosbyt Bryansk, LLC (for LUKOIL-AIK CJSC, Yugra Forestry Holding JSC, and Tyumenvodokanal LLC) |
| Siburenergomanagement JSC (for SiburTyumenGaz JSC and NOVATEK LLC) |
| Vostok Electra (for EnergoGazNoyabrsk JSC) |
| IZHENERGOSBYT LLC (for OC RussNeft PJSC) |
| Transneftenergo LLC (for Transneft-Siberia JSC) |
| EES-Garant LLC (for Sibgazapparat Pipe Factory LLC) |
| Fortum PJSC (for Ural Heat Company JSC) |
| **REM Companies** |
| MagnitEnergo LLC (for Tander JSC) |
| Energocomplex LLC (for MTS PJSC) |
| RusGroup-Energotrade LLC |
| Troyan LLC |
| ProfServiceTrade LLC |
| SEVERSBYT LLC |

| **End users accounted for 2.6% of the Company's revenue. Delivered electricity totaled 998.8 million kWh for 1,451.7 million rubles. This category of customers includes** | **Local grid operators accounted for 9.6 % of the Company's revenue. Electricity delivered to them totaled 5,293.5 million kWh for 5,427.0 million rubles. Major customers in this category are** |
|---|---|
| Gazprom dobycha Yamburg LLC | Gazpromenergo, LLC |
| Surgutneftegas PJSC | Varyeganenergoneft JSC |
| RN-Yuganskneftegaz LLC | Urengoygorelektroset JSC |
| Lenta LLC | MegionEnergoNeft LLC |
| ZapSibNeftekhim LLC | |




Power transmission services brought 56,396.4 million rubles in revenue in 2020. Actual revenue fell by 7.4% or 4,475.0 million rubles YoY.

In 2020, Rosseti Tyumen JSC's grids received a total of 51,189.5 million kWh from the Federal Grid Company of the Unified Energy System, electricity generation companies, and adjacent grid operators. The Company's end customers and local grid operators received 49,822.2 million kWh. 1,367.3 million kWh or 2.67% of the electricity released into the Company's grids was lost.

| Released into the grid, million kWh | Electricity released from the grid to customers and related LGOs within areas on the Company's books, million kWh | Losses | |
|---|---|---|---|
| | | million kWh | % |
| 51,189.5 | 49,822.2 | 1,367.3 | 2.67 |

Electricity released from the grid to customers and related LGOs within areas on the Company's books totaled 49,822.2 million kWh, a decrease of 6,690.5 million kWh or 11.84% YoY (cf. 56,512.7 million kWh in 2019).

**Actual electricity losses in 2019-2020**

| Electricity losses | | | | | |
|---|---|---|---|---|---|
| Actual value for 2019 | | Actual value for 2020 | | Change* | |
| million kWh | % | million kWh | % | million kWh* | % |
| 1,547.0 | 2.66 | 1,367.3 | 2.67 | -179.7 | 0.01 |

** Calculated as the difference between the 2020 and 2019 values.*

As of year-end 2020, Rosseti Tyumen JSC's grids received 6,870.3 million kWh less and released 6,690.5 million kWh less than a year earlier. Actual losses dropped by 179.8 million KWh YoY due to lower load losses as the grids received 6,870 million kWh or 11.83% less. Less electricity was released into the grid because oil and gas companies cut their hydrocarbon production rates from May 2020 onwards under the OPEC+ agreement of April 2020; this reduced the electricity consumption of the major oil and gas counterparties by up to -15% YoY. The following major customers and LGOs showed the most significant drops in consumption:

1. Slavneft-Megionneftegaz PJSC 1,353 million KWh (-59%)
2. LUKOIL-Western Siberia LLC - 1,334 million kWh (-21%).

3. Surgutneftegas PJSC - 793 million kWh (-16%).
4. Gazpromenergo, LLC - 632 million kWh (-17%).
5. EESNK JSC - 513 million kWh (-5%).
6. RN-Yuganskneftegaz LLC - 350 million kWh (-5%).

**Electricity Loss Reduction**

Rosseti Tyumen JSC has an Electricity Loss Reduction Program in place. By virtue of taking comprehensive measures under the existing programs, electricity losses in Rosseti Tyumen JSC's grids were reduced by 89.35 million kWh in 2020. The following factors contributed to such reduction, among others:

– organizational measures, which reduced losses by 6.65 million kWh;

– retrofitting and reconstruction, which reduced losses by 82.70 million kWh.

### 3.1.5. GRID CONNECTION

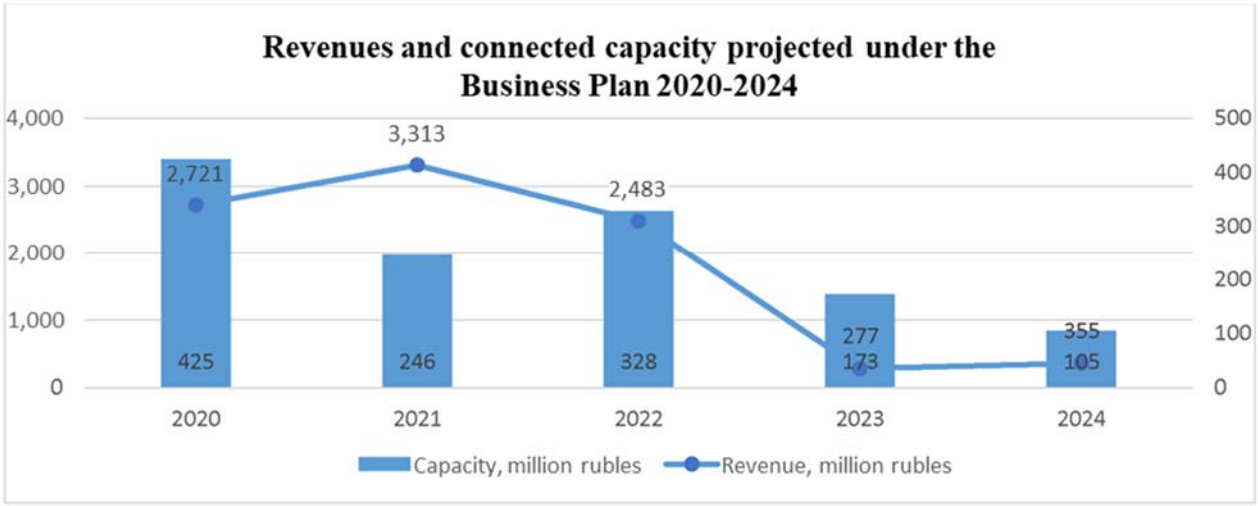
New customers' power equipment is connected to Rosseti Tyumen JSC's grid in full compliance with the effective legislation of the Russian Federation and the Rosseti Group's standards.

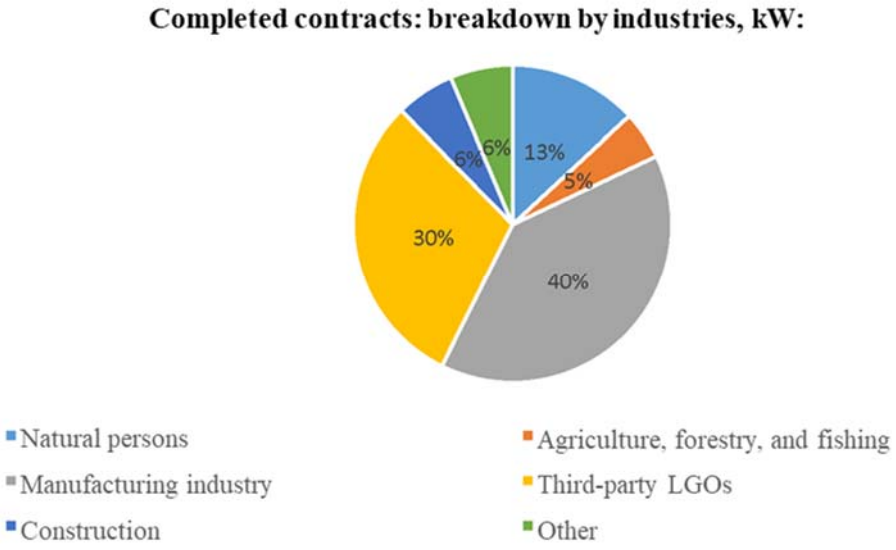
In 2020, Rosseti Tyumen began using the Grid Service Portal of the Rosseti Group. The Portal enables customers, grid operators, and last-resort suppliers to interact online; it also presents information on grid connection procedures and other information subject to mandatory disclosure. Users can receive advice on all of the Company's activities, file and track their orders of services including grid connection. Here is the link: https://портал-тп.рф.

In 2020, grid connection services met the quality requirements, which helped avoid applying TRR-based down-adjustment of 0.2 billion rubles when setting the electric power transmission tariffs.

Despite a significant drop in demand for capacity (-31%) and the spread of COVID-19, grid connection services brought a revenue of 2.63 billion rubles exclusive of VAT by the end of the year (97% of the Business Plan figure).

| No. | Indicator | 2020 Target | 2020 Result | Δ deviation | | 2021 target |
|---|---|---|---|---|---|---|
| | | | | Abs. | % | |
| 1 | Connected capacity, MW | 425 | 271 | -154 | -36 | 246 |
| 2 | Grid connection revenue, million rubles exclusive of VAT | 2721 | 2,630 | -91 | -3 | 3312 |
| 3 | Cash inflow, million rubles inclusive of VAT | 657 | 553 | -104 | -16 | 128 |



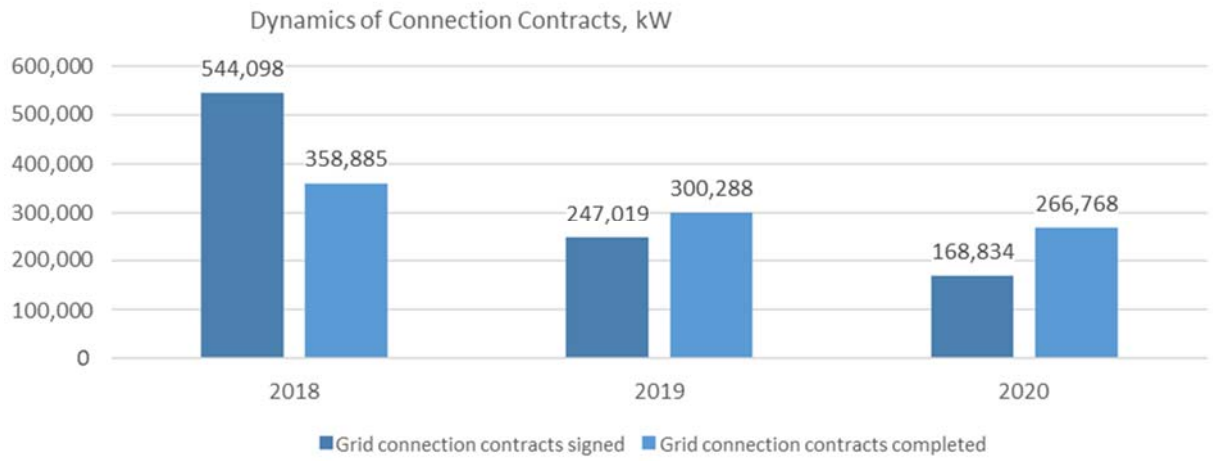




## Major connections made in 2020 and projections for until 2023:

| No. p/p | Applicant | Activity | Revenue, million rubles exclusive of VAT | | | |
|---|---|---|---|---|---|---|
| | | | 2020 | 2021 | 2022 | 2023 |
| 1 | Rosneft Oil Company | Construction Erginskaya 110 kV SS (41.3 MW) | 1250 | | | |
| 2 | Gazprom dobycha Noyabrsk LLC | Construction of the Severny – GDN 110 kV HVL and the GDN 110 kV SS (35 MW) | 1232 | | | |
| 3 | RUSCOM LLC | Construction of a 10 KV PTL from the Yurgan 110/35-10 kV SS (1.5 MW) | 37 | | | |
| 4 | Rosneft Oil Company | Construction of the Kuzovatkinskaya 110 kV SS (23 MW) | | 1013 | | |
| 5 | CANBAIKAL LLC | Untygeyskaya 110 kV SS (25 MW) | | 276 | | |
| 6 | ROSPAN INTERNATIONAL JSC | Construction of the Rospan International JSC 110/6 kV SS (7 MW) | | 499 | | |
| 7 | State Air Traffic Management Corporation of the Russian Federation | Construction of a 10 kV PTL from the Utyashevo 110/10 kV SS; construction of the Gorkovka 110/10 kV SS (0.473 MW) | | 34 | | |

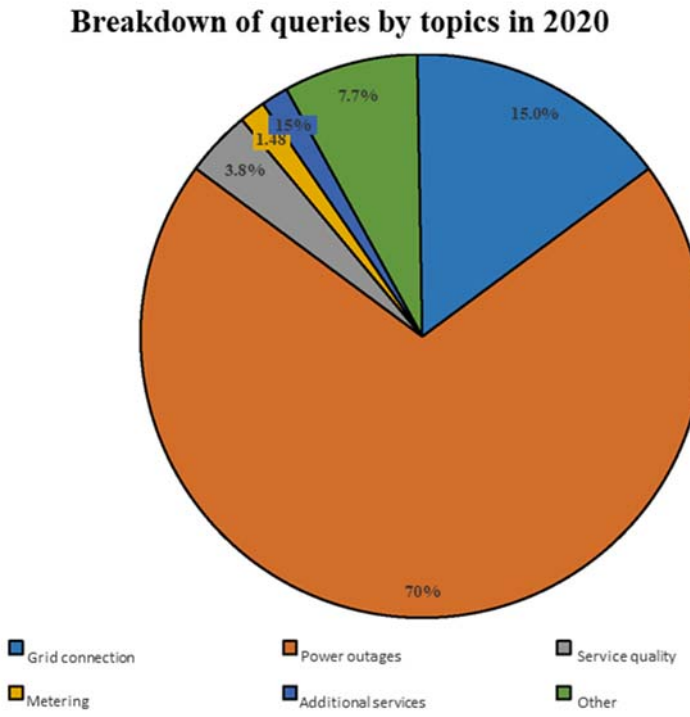
| | | | | | | |
|---|---|---|---|---|---|---|
| **8** | RUSCOM LLC | Construction of a 10 kV PTL from the Gladilovo 110/10 kV SS; construction of the Golyshmanovo 110/10 kV SS (0.473 MW) | 26 | | | |
| **9** | RUSCOM LLC | Construction of a 10 kV PTL from the Gladilovo 110/10 kV SS; construction of the Golyshmanovo 110/10 kV SS (0.473 MW) | 25 | | | |
| **10** | Public Autonomous Institution in the Tyumen Region Regional Center for Winter Sports Pearl of Siberia | Construction of a 10 kV PTL from the Chervishevo SS (1.79 MW) | | 28 | | |
| **11** | SMP-Invest LLC | Construction of a 10 kV PTL from the Tarmany 110/10 kV SS; Shcherbakovskaya 110/10 kV SS (1.318 MW) | | 23 | | |
| **12** | PIT SIBINTEK LLC (the KhMAO-Yugra) | Construction of a 110 kV HVL from the Snezhnaya-KS-7 110 kV HVL (8 MW) | | 110 | | |
| **13** | Niznyaya Tavda Secondary School | Construction of a 10 kV PTL from the 10/04 kV TS to the School's 0.4 kV junction box (0.211 MW) | | 52 | | |
| **14** | Kondaneft Oil Company JSC | Construction of the Chaprovskaya 110 kV SS (20 MW) | | 1187 | | |
| **15** | RN-Endyrneftegaz LLC (Kondaneft Oil Company JSC) | Construction of the Nevskaya 110 kV SS (6 MW) | | | 381 | |
| **16** | Kondaneft Oil Company JSC | Construction of the Nevskaya 110 kV SS (8.4 MW) | | | 888 | |
| **17** | Rosneft Oil Company | Construction of the Losinka 110 kV SS and Yuganskaya 2 110 kV SS (38.9 MW) | | | 1079 | |
| **18** | Terminal Roshchino JSC | Construction of a 10 kV PTL from the Sibzhilstroy 110 SS (1.52 MW) | | | 61 | |
| **19** | Specialist Developer City Park LLC | Construction of a 10 KV PTL with a 10/0.4 kV TS from the Zapadnaya 110 kV SS (3.1 MW) | | | | 78 |
| | | **TOTAL:** | **2570** | **3222** | **2409** | **78** |

## Grid connection demand



To improve the quality of customer services and to better solve the issues of electricity delivery and power transmission, as well to coordinate our customer relations, all of the Company's branches conduct annual survey of their customers. Questionnaire forms are mailed to legal entities that source their electricity from the Company. 3,463 customers were surveyed in 2020. The respondents noted a high quality of service, 98.9% being generally satisfied with it.

177,221 queries were submitted to Rosseti Tyumen JSC in 2020; the trends of preceding years continued into 2020. Most of the queries concerned power outages.




## Grid connection performance

| Indicators | Units of Measurement | 2018 | 2019 | 2020 | variation 2020/2019.,,% |
|---|---|---|---|---|---|
| **Grid Connection** | | | | | |
| Grid connection orders accepted | units | 5,968 | 5,920 | 6,868 | 16.01,% |
| Grid connection orders accepted | kW | 692,448 | 486,687 | 560,372 | 15.14,% |
| Grid connection contracts signed | units | 5,119 | 5,114 | 4,608 | -9.89,% |
| Grid connection contracts signed | kW | 544,098 | 247,019 | 168,834 | -31.65,% |
| Grid connection contracts completed | units | 4,412 | 4,956 | 2,975 | -39.97,% |
| Grid connection contracts completed | kW | 358,885 | 300,288 | 266,768 | -11.16,% |
| Grid connection contracts in force | units | 3,187 | 2,487 | 3,302 | 32.77,% |
| Grid connection contracts in force | kW | 1,309,481 | 1,061,763 | 847,159 | -20.21,% |
| **Completed contracts: breakdown by applicant category** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Up to 15 kW | units | 4,117 | 4,640 | 2,762 | -40.47,% |
| > 15 kW, up to 150 kW | units | 192 | 241 | 160 | -33.61,% |
| > 150 kW and < 670 kW | units | 28 | 24 | 15 | -37.50,% |
| 670 kW or more | units | 75 | 51 | 38 | -25.49,% |
| Generation | units | 0 | 0 | 0 | - |
| Up to 15 kW | kW | 54,352 | 59,570 | 36,509 | -38.71,% |
| > 15 kW, up to 150 kW | kW | 11,401 | 14,287 | 10,128 | -29.11,% |
| > 150 kW and < 670 kW | kW | 8,574 | 8,024 | 4,399 | -45.18,% |
| 670 kW or more | kW | 284,558 | 218,407 | 215,732 | -1.22,% |
| Generation | kW | 0 | 0 | 0 | - |
| **Grid connection revenue: breakdown by applicant category** | | | | | |
| Up to 15 kW | million rubles | 4.699 | 6.396 | 4.685 | -26.75,% |
| > 15 kW, up to 150 kW | million rubles | 20.458 | 5.473 | 1.853 | -66.15,% |
| > 150 kW and < 670 kW | million rubles | 34.912 | 16.803 | 34.941 | 107.95,% |
| 670 kW or more | million rubles | 2,049.765 | 2,244.297 | 2,588.128 | 15.32,% |
| Generation | million rubles | 0.000 | 0.000 | 0.000 | - |
| Total | million rubles | 2,110 | 2,273 | 2,630 | - |
| **Completed contracts: breakdown by industry** | | | | | |
| Natural persons | units | 3,807 | 4,244 | 2,564 | -39.59,% |
| Agriculture, forestry, and fishing | units | 38 | 31 | 10 | -67.74,% |
| Manufacturing industry | units | 35 | 41 | 22 | -46.34,% |
| Electric power, water, gas production and distribution | units | 36 | 35 | 16 | -54.29,% |
| Construction | units | 58 | 46 | 22 | -52.17,% |
| Commerce | units | 50 | 53 | 31 | -41.51,% |
| Transport and communications | units | 119 | 138 | 81 | -41.30,% |
| Health, education, social services | units | 14 | 24 | 26 | 8.33,% |
| Other | units | 255 | 344 | 203 | -40.99,% |
| Natural persons | kW | 51,537 | 56,294 | 34,917 | -37.97,% |
| Agriculture, forestry, and fishing | kW | 5,021 | 4,741 | 12,930 | 172.73,% |
| Manufacturing industry | kW | 165,561 | 135,108 | 105,054 | -22.24,% |
| Electric power, water, gas production and distribution | kW | 80,505 | 77,535 | 80,963 | 4.42,% |
| Construction | kW | 12,319 | 9,236 | 15,956 | 72.76,% |
| Commerce | kW | 5,154 | 2,300 | 2,261 | -1.70,% |
| Transport and communications | kW | 16,877 | 2,216 | 917 | -58.62,% |
| Health, education, social services | kW | 272 | 742 | 913 | 23.05,% |
| Other | kW | 21,639 | 12,116 | 12,857 | 6.12,% |

### 3.1.6. ADDITIONAL (NON-TARIFF) SERVICES SALE

The development of additional (non-tariff) services is a priority for the Company in light of the macroeconomic situation in the country that hinders the net output. In 2018-2020, Rosseti Tyumen JSC provided the following non-tariff services:

**Actual revenue from the Company's additional (non-tariff) services**

| Indicator | Unit | 2018 г. | 2019 | 2020 |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| **Revenue** | **million rubles** | **347.809** | **320.325** | **267.565** |
| Rent and accommodation services | million rubles | 104.377 | 102.012 | 85.681 |
| Maintenance and repair services | million rubles | 111.696 | 118.371 | 120.825 |
| Construction and erection works | million rubles | 1.607 | 1.909 | 6,452 |
| Consulting, organizational and engineering services | million rubles | 5.128 | 7.174 | 3.431 |
| Communication and information technology services | million rubles | 0.103 | 0.105 | 0 |
| Other services related to other operating activities; sundry services | million rubles | 124.898 | 90.754 | 51.177 |
| **Net profit** | **million rubles** | **65.463** | **57.012** | **52.918** |
| **Margin** | **%** | **25.11%** | **30.71%** | **26.91%** |

In order to define the uniform approaches to additional (non-tariff) services, Order of Rosseti PJSC No. 129 dd. July 3, 2019 approved the Single Extended List of Additional Non-Tariff Services, which is effective Group-wide.

1. Rental
2. Maintenance and repair services.
3. Construction and erection works.
4. Consulting and organizational and technical services.
5. Agency services.
6. Communication and information technology services.
7. Other services related to other operating activities.
8. Other miscellaneous services

### Non-tariff service targets

Targets are based on:

– Business Plan scenarios;
– actual figures made from selling additional services previously;
– orders and existing contracts that generate income;
– preliminary market analysis and prospects for the development of additional (non-tariff) services;

| Name indicator | Unit | Goal | | | | |
|---|---|---|---|---|---|---|
| | | 2021 | 2022 | 2023 | 2024 | 2025 |
| Revenue | million rubles | 353.420 | 740.576 | 976.878 | 1,364.040 | 1,956.33 |
| Net profit | million rubles | 121.087 | 116.624 | 148.190 | 190.038 | 210.708 |
| Margin | % | 55.05% | 19.57% | 18.56% | 16.68% | 15.91% |

– the approved minimum profitability level of additional services (profitability for each additional service should be no less than the value found as the highest value of 10% and the actual previous profitability of the service).

Rosseti Tyumen JSC actively enters new markets and diversifies its core business in order to develop and sell its additional (non-tariff services). To reach the non-tariff service revenue targets, Rosseti Tyumen JSC's subdivisions have the following activities in place to render non-tariff services under the Single Extended List:

1. In order to be fully involved in e-commerce procurement (public procurement under 44-FZ, procurement under 223-FZ, commercial procurement, property trade, and small-batch procurement) as a provider of goods and services, Rosseti Tyumen JSC's branches have been registered at e-commerce platforms and commenced their pre-qualifications. Procurement monitoring is now in place.
2. Cooperation has been set up and draft agreements made on the cooperation with executive agencies in the Company-served regions as well as with MIC companies. These agreements are to

be signed in 2021. Surgut Research Center is a priority regional project operated by the Yugra Science and Technology Development Foundation; the Company is involved in the project. This involvement is governed by a special cooperation agreement between Rosseti Tyumen JSC and the Foundation.

3. In October 2020, Rosseti Tyumen JSC and Industrial Park – Yugra Management Company LLC signed an agreement to build consignment warehousing in at Industrial Park Yugra and the Production Base of Surgut Electric Grids. Joint production facilities have opened to assemble standardized power engineering products in Surgut; these will be used in-house and sold to major oil and gas companies. Repair and maintenance centers have opened; they will provide electrical equipment repair and maintenance services, among others.

4. Tripartite agreement on strategic partnership was signed in May 2020 between the Administration of Tyumen District, Rosseti Tyumen JSC, and Schwabe JSC, to improve and expand street lighting in the Tyumen Region. The first phase is to complete pilot projects in two of the twenty municipalities:

– a lifecycle contract for 2021-2030 on the expansion and improvement of street lighting in Onokhinskoye Municipality;

– a lifecycle contract for 2021-2030 on the expansion and improvement of street lighting in Chervishevskoye Municipality.

In 2020, Schwabe-Ural LLC completed its preliminary survey of Onokhinsky and Chervishevsky Districts in the Tyumen Region.

Additional Services Roadmap (‘the Roadmap’) has been drafted in order to increase the market share of Company additional (non-tariff) services, raise non-tariff revenues from the sale of additional services, improve the availability of the Company’s additional services, commercialize the processes of customer interactions.

The Roadmap is to be discussed by the Company’s Board of Directors in Q1 2021. Its implementation is scheduled for until 2025.

### 3.1.7. CONSOLIDATION OF GRID ASSETS

For the purpose of consolidating grid assets, Rosseti Tyumen JSC:

– cooperates with the local self-governments and other owners on power grid asset consolidation;

– catalogues of all the power grid assets found in the Company-served territories and utilized in the transmission and distribution of power so as to identify their legal owners, classify such assets, and list them;

– identifies how such power grid assets could be transferred (including lease, transfer of ownership, entitlement to operation, etc.).

For the purpose of consolidating grid assets, Rosseti Tyumen JSC’s corporate website offers an interactive Dashboard.

To transfer a power grid facility, a customer (applicant) can submit an electronic application via the Dashboard or at any Customer Service Center of Rosseti Tyumen JSC provided that the customer has the required documents.

The Company's branches do the following to inform potential customers in the regions served by Rosseti Tyumen JSC on how to use the Grid Facility Transfer section of the Company's website:

– publish grid property consolidation guidelines and FAQ on the CSC info stands;

– organize roundtables for grid facility owners.

Pursuant to Order of Rosseti PJSC No. 77 dd. April 18, 2019 No. 77 On the Approval of Procedure for Interaction of PJSC Rosseti Subsidiaries with Owners of Grid Assets in Preparation of Consolidation Transactions, Rosseti Tyumen JSC has approved the List of Grid Assets Consolidation Projects, which covers local grid operators and standalone grid facilities, and ranks them by cost-effectiveness of consolidation, sources of funding, and preferred methods of consolidation.

In 2020, Rosseti Tyumen JSC's focused on renting grid assets (entering into new leases and gratuitous contracts, as well as extending the existing ones) with regard to such consolidation.

Besides, Rosseti Tyumen JSC entered into the following grid asset consolidation agreements in 2020:

– two 35 kV cells purchased at the Khugor 110/35/6 kV SS;

– 10/0.4 kV TS #387 and a 95.57 0.4 kV CL from TS #837 received as a gift from an individual;

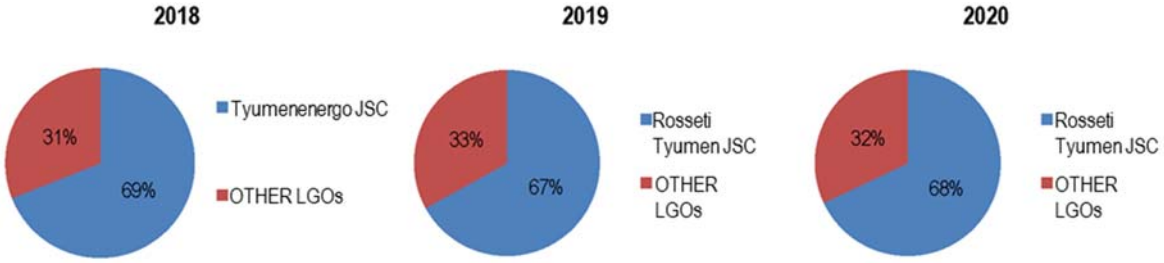
– electricity delivery infrastructure to Beryozka Gardens (a 10 kV HVL, a 10/0.4 kV HVL, and 10/0.4 kV PTS's ##259, 287) with the land under it received as a gift from an individual.

In 2020, the Company consolidated 8,651 c.u. of grid property or 3.7 % of the total of facilities that Rosseti Tyumen JSC uses to provide power transmission services.

**Power Grid Asset Consolidation Figures**

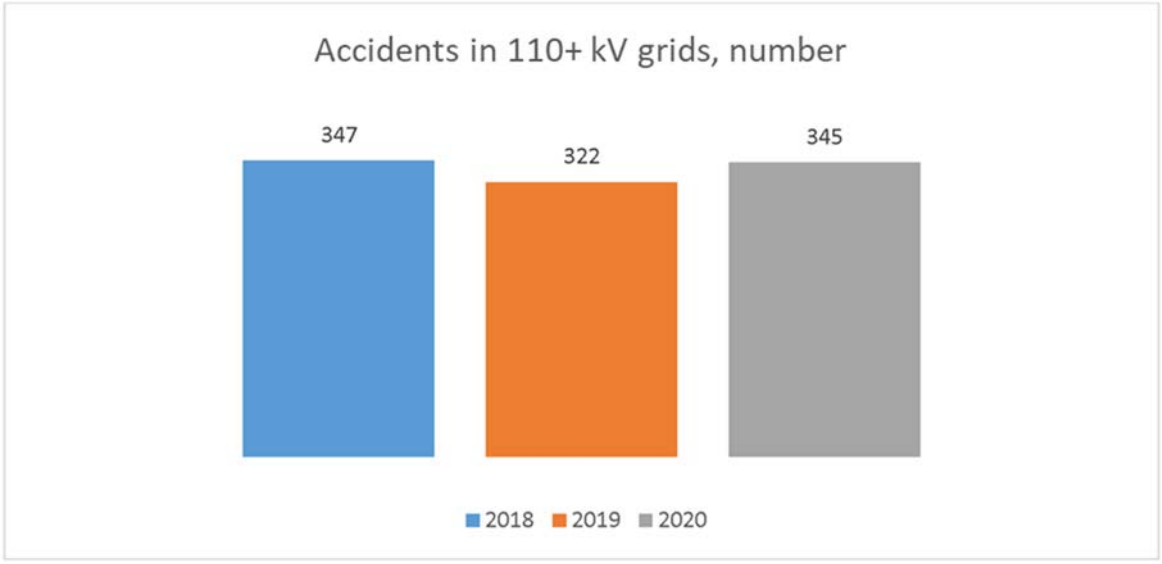
| Name | 2018 | | | 2019 | | | 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Power grid assets consolidated | | | | | | | | |
| | MVA | km | c.u. | MVA | km | c.u. | MVA | km | c.u. |
| TOTAL | 364 | 2761 | 8258 | 374 | 2715 | 8386 | 377 | 2734 | 8651 |
| Grid Facilities Acquired | 0 | 0 | 0 | 0 | 6 | 29 | 0 | 0 | 13 |
| Grid Facilities Leased | 342 | 2731 | 7853 | 349 | 2663 | 7907 | 349 | 2579 | 7945 |
| Other (permanent ownership and use rights) | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 7 | 15 |
| Other (temporary ownership and use rights) | 22 | 30 | 405 | 25 | 46 | 450 | 27 | 148 | 678 |

**Share of the Rosseti PJSC subsidiary in the regions' TRR**



## 3.1.8. TECHNICAL STATUS OF GRIDS

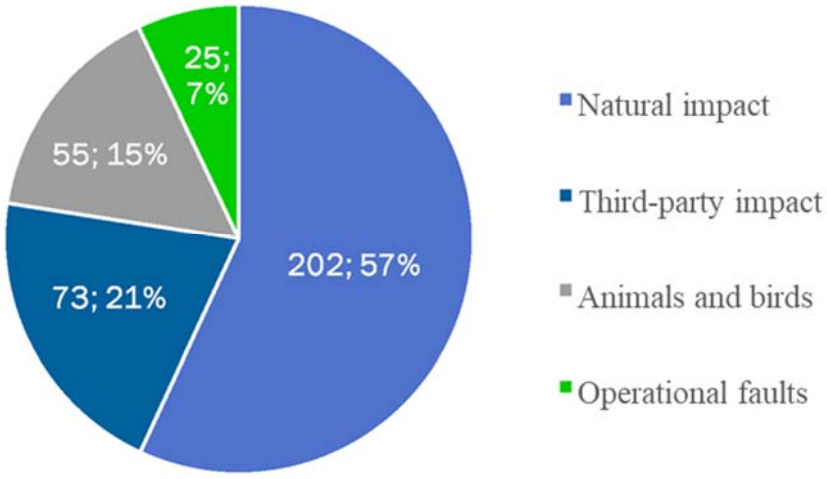
### Accident Rate

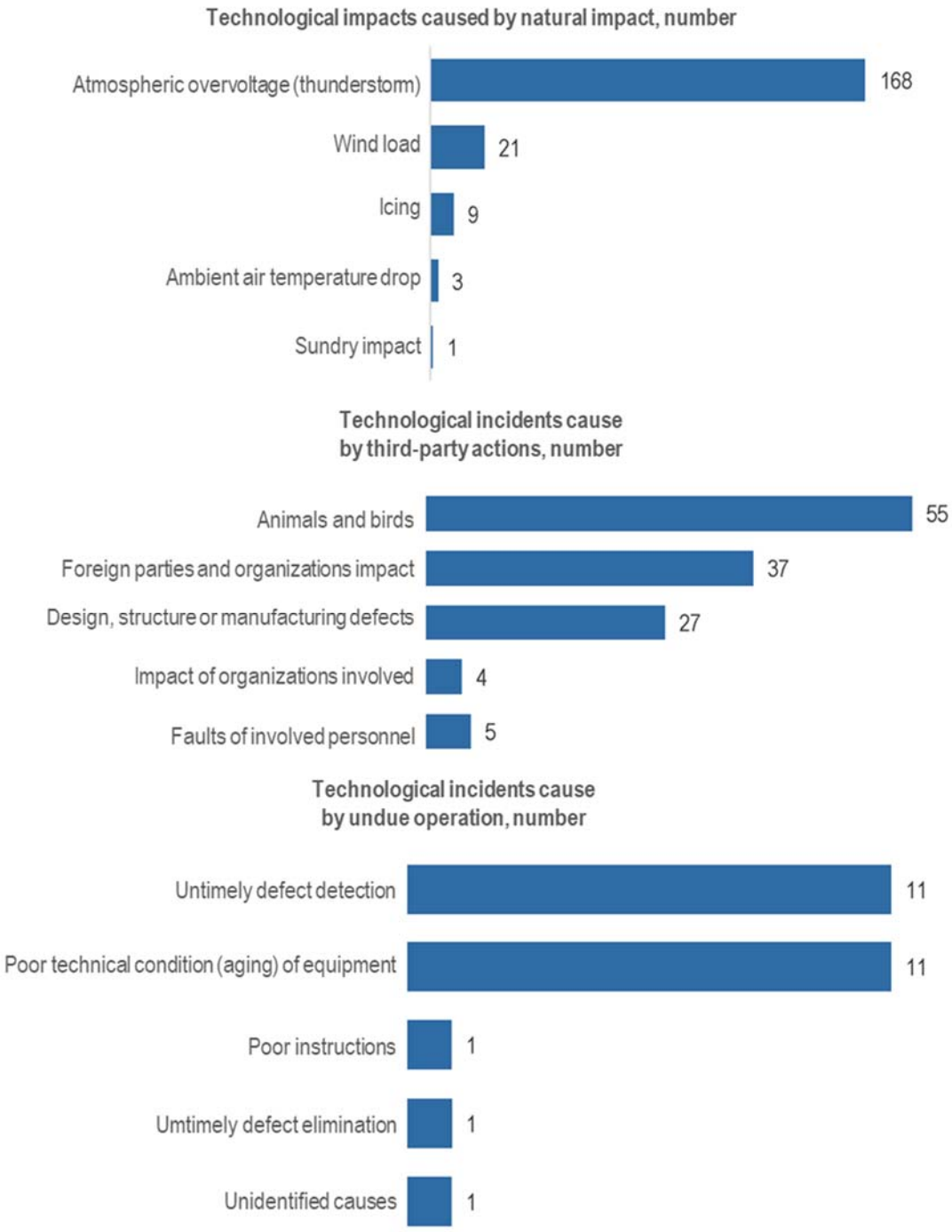



### Primary Causes of Accidents in 2020

Over 2020, most technological incidents were caused by acts of God and climatic phenomena: thunderstorm-caused outages due to the back-flashover of insulation strings caused by poorly conductive soils, excessive vibration of wire 'galloping', frosting and its discharge, drastic changes in weather, squally winds, extreme cold, interference from birds, animals, and third parties.

The majority of technological incidents (accidents) over the 12 months of 2020 occurred due to thunderstorm-caused voltage surge (168 events, 83% of all incidents pertaining to nature), birds and animals interfering with electrical installations (55 events, 43% of all incidents pertaining to interference).






## Implementation and effectiveness of reliability improvements

In order to improve the quality, reliability, and sustainability of electric grids and equipment, the following measures were taken in 2020:

| Measures Taken | unit of measurement | M&R | Investment Program |
|---|---|---|---|
| Porcelain long-rod insulators used in disconnectors and bus supports replaced with polymer and porcelain insulation | units | 1230 | |
| Oil-filled power transformer bushings replaced with solid-insulation bushings | units | 43 | |
| SS groundings repaired | units | 19 | |
| HVL tower groundings repaired | units | 2,276 | |
| Ground wire replaced | km | 36.6 | 73.1 |
| Linear surge arresters installed | units | | 1002 |
| Bird protections installed | units | 5765 | |

The replacement of long-rod insulators helped minimize insulation-associated damage to disconnectors. Thanks to the replacement of 110 kV transformer bushings, no bushing-related damage was caused to power transformers in 2020.

Repairs of SS groundings helped totally avoid thunderstorm-associated damage to SS equipment in 2020.

HVLs are equipped with linear surge arresters to avoid accidents attributable to thunderstorm-caused voltage surging. 1002 such arresters were installed in 2020. Besides, in order to make HVLs lightning-proof, ground wires were repaired and/or replaced, additional earthing rods were installed, and some earthing rods were repaired so that the HVL tower groundings met the standards; these operations were covered by M&R and Investment Programs.

Placement of bird protections on HVLs continues in order to prevent bird-caused outages.

**Reaching the Reliability Targets**

Power transmission service reliability and quality targets are specified for Rosseti Tyumen JSC (earlier known as Tyumenenergo JSC) by Resolution No. 59 dd. December 28, 2017 of the Regional Energy Commission ('the REC') for the Tyumen Region, KhMAO, and YNAO.

For 2020, the REC set forth the following planned values: average power outage duration (Psaidi) at 0.4424 and average power outage occurrence (Psaifi) at 0.1999.

Actual 2020 performance indicators were as follows: Psaidi = 0.2245, Psaifi = 0.1987.

Thus, the 2020 reliability targets were reached.

**Grid reliability metrics**

| Indicators | Units of Measurement | Period | | | |
|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | Change 2020/2019, % |
| Psaidi | hour | 0.2681 | 0.2811 | 0.2245 | -20 |
| Psaifi | units | 0.2659 | 0.2326 | 0.1987 | -15 |
| Number of technological incidents (accidents) in 110+ kV grids | units | 347 | 322 | 345 | +7 |

**Grid Emergency Readiness**

Rosseti Tyumen JSC is fully prepared to prevent and address emergencies.

Emergency stocks of materials and equipment are full.

187 emergency crews (851 persons) are in place to handle emergencies and restore operations when needed. Those include 14 mobile crews that can travel over 1,000 km and consist in total of 91 persons; they are equipped with 66 off-road vehicles and special machinery as well as all the necessary tools and equipment.

In order to restore electricity after outage, the Company operates a fleet of 74 emergency power systems with a total capacity of 11,037 kW (3 <30 kW units totaling 27 kW; 71 30+ kW units totaling 11,010 kW).

Agreements and contracts are in place to call up to 70 teams (1049 persons) and 650 units of special machinery from third-party contractors.

In order to exercise practical emergency response skills, the Company has had 9 training camps jointly with the regional energy security offices, local executive agencies, self-governments, the EMERCOM of Russia, and public utility companies.

## 3.2. FINANCIAL RESULTS

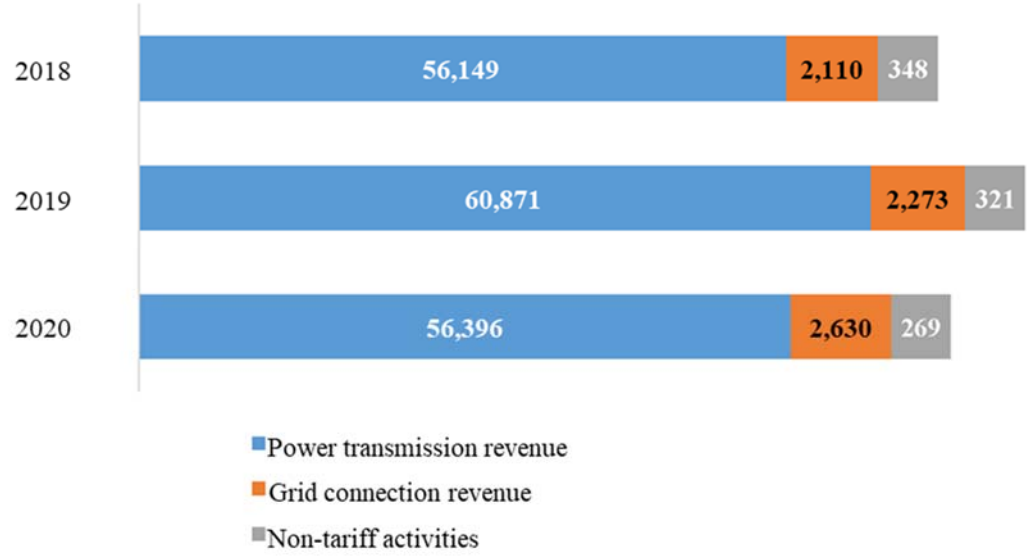
### 3.2.1. ANALYSIS OF FINANCIAL AND ECONOMIC INDICATORS

## REVENUE

Rosseti Tyumen JSC's revenues totaled 59,295 million rubles in 2020, a 4,170 million rubles or 7 % increase YoY.

Most of that revenue (95%) came from power transmission services.

**Revenue breakdown for 2018-2020, million rubles**




**Changes in Revenues by Activity:**

– power transmission services brought a revenue of 56,396 million rubles in 2020, a 7% or 4,475 million rubles decrease YoY. This decline in revenues is attributable to a lower demand for electricity, which in turn is due to the OPEC+ agreement-enforced reduction in hydrocarbon production rates of major oil and gas companies, which are Rosseti Tyumen JSC's largest customers. Another contributor here is the coronavirus-related decline in business in general;

– as of the end of 2020, grid connection revenue totaled 2,630 million rubles, a 357 million rubles or 16% increase YoY, which came from several major contracts with Gazprom PJSC and Rosneft PJSC.

## NET COST

In 2020, the costs of Rosseti Tyumen JSC's goods, works, and services totaled 62,805 million rubles, which does not differ significantly from the results of 2019.

The table below presents the dynamics of cost components.

million rubles

| No. p.p. | Cost Items | 2018 | 2019 | 2020 | Diff. b/w 2020 and 2019 | |
|---|---|---|---|---|---|---|
| | | | | | Abs. | % |
| 1. | **Infrastructure costs** | **31,550** | **33,417** | **33,432** | **15** | **-** |
| 2. | **Upkeep** | **19,016** | **19,303** | **19,108** | **-195** | **-1%** |
| 3. | **Depreciation** | **8,708** | **9,727** | **10,265** | 538 | 6% |
| | **TOTAL NET COST** | **59,274** | **62,447** | **62,805** | **358** | **1%** |

**Key Cost Change Factors:**

- Infrastructure Costs:

– increased service fees charged by FGC UES PJSC, which stem from the raised approved UNEG maintenance rates and loss rates;

– increased service fees charged by local grid operators, which are attributable to 2020 tariff growth;

– lesser spending on electricity purchased to compensate for losses, which is attributable to a decrease in losses and in the weighted average loss purchasing price.

- Upkeep

– increased HR costs as a result of indexing compensation rates (wages) and increasing the insurance premium accrual basis from the 2019 values;

– other managed costs decreased by 661 million rubles thanks to internal efficiency improvements.

- Depreciation

– revaluation of fixed assets taken into account when calculating depreciation charges.

**FINANCIAL PERFORMANCE**

million rubles

| No. p/p | Name | 2018 | 2019 | 2020 | Diff. b/w 2020 and 2019 | |
|---|---|---|---|---|---|---|
| | | | | | Abs. | % |
| **1.** | **Proceeds from sales of products (services), including:** | **58,607** | **63,465** | **59,295** | **-4,170** | **-7%** |
| 1.1 | Power transmission | 56,149 | 60,871 | 56,396 | -4475 | -7% |
| 1.2 | Revenue from technological connections | 2,110 | 2,273 | 2,630 | 357 | 16% |
| 1.3 | Revenue from non-core activities | 348 | 321 | 269 | -52 | -16% |
| **2.** | **Net cost of products (services)** | **59,274** | **62,447** | **62,805** | **358** | **1%** |
| 3. | Gross profit | -667 | 1,018 | -3,510 | -4,528 | >100% |
| 4. | Administrative expenses | 13 | 18 | 25 | 7 | 32% |
| 5. | Sales profit (loss) | -680 | 999 | -3,535 | -4,534 | >100% |
| 6. | Interest receivable | 88 | 210 | 67 | -143 | -68% |
| 7. | Interest payable | 204 | 347 | 145 | -202 | -58% |
| 8. | Income from affiliation with other companies | 5 | 5 | 5 | - | - |
| 9. | Other revenues, total | 886 | 831 | 816 | -15 | -2% |
| 10. | Other expenses, total | 1,633 | 1,308 | 1,314 | 6 | - |
| **11.** | **Profit (loss) before tax** | **-1,538** | **390** | **-4,106** | **-4,496** | **>100%** |
| 12. | Profit tax and other payments | 530 | 469 | -679 | -1,148 | >100% |
| **13.** | **Net profit (loss)** | **-2,068** | **-79** | **-3,427** | **-3,348** | **>100%** |
| **14.** | **EBITDA*** | **7,374** | **10,465** | **6,303** | **-4,162** | **-40%** |

*EBITDA stands for earnings before interest, taxes, depreciation, and amortization.*

Due to the OPEC+ force majeure, the Company incurred a loss of 3,427 million rubles in 2020 despite its best effort to cut the costs.

Still, Rosseti Tyumen JSC remained adherent to its target debt limits and retains an A rating of creditworthiness (a financially sustainable Company); despite negative financial performance, it remains a solvent and financially independent company that continues to pay due tax, salaries, and payables to suppliers and contractors whilst delivering electricity reliably and providing high-quality services.

**Analysis of change in the Company's receivables**

million rubles

| Indicator | as at December 31, 2018 | as at December 31, 2019 | as at December 31, 2020 |
|---|---|---|---|
| **Total accounts receivable, incl.** | **2,747** | **2,946** | **2,679** |
| Byers and customers, incl. | 2,189 | 2,598 | 2,331 |
| *power transmission services* | 2,026 | 2,363 | 2,103 |
| *grid connection services* | *20* | *11* | *8* |
| Advance payments made | *64* | *118* | *44* |
| Other accounts receivable | *494* | *230* | *304* |

The Company's receivables as of December 31, 2020 totaled 2,679 million rubles (+9% YoY).

The Company's short-term receivables as of December 31, 2020 totaled 2,331 million rubles (-10 % against YoY). This dynamic is largely attributable to a decrease in Power Transmission Estimates (as net output and revenue from power transmission services dropped due to the market situation and the OPEC+ agreement) and to the decrease in the Company-issued advance payments.

Overdue receivables had a total a balance-sheet value of 91.7 million rubles exclusive of reserves for doubtful debts, including 59.4 million rubles in arrears for power transmission services; this accounted for 3.4% of the total receivables; cf. 6.8% or 199.0 million rubles, including 48.4 million rubles in arrears for power transmission services, as of December 31, 2019.

The Company handles its overdue receivables by alternative dispute resolution and in court, observing the terms of claim-making approved at Rosseti Tyumen JSC.

As a result of the Company's claims to collect overdue receivables for power transmission services, positive court rulings were made under 33 cases for 48.6 million rubles of principal debt and 4.6 million rubles of penalties in 2020.

98 % of claimed principal debt and 96 % of claimed penalty were sustained.

Same period last year, positive court rulings were made in respect of claims totaling 61.8 million rubles of the principal debt and in respect of 2.7 million rubles of penalties.

In 2020, 54 writs of execution were in proceedings to claim a total of 57.5 million of arrears for power transmission services; 48.9 million rubles or 85 % was collected as a result. Non-collection was caused by the absence of funds in the debtors' accounts as well as the absence of fund flows. 44 writes of execution were received in 2019 for a total of 44.6 million rubles, of which 31.5 million or 71% was collected.

Over the reporting period, a total of 10.3 million rubles was paid voluntarily (28.5 million rubles in 2019), 10.6 million rubles was received from the bank (3 million rubles in 2019), 28

million rubles was collected by the Federal Bailiff Service (3.8 million rubles in 2019).

Debt restructuring agreements for a total of 47.9 million rubles were made over the reporting year. 9.2 million rubles had been repaid, with some payments made ahead of schedule.

As of the year end, the actions against overdue receivables had had a consistently high coverage rate of 95%.

No overdue receivables for power transmission services were written off during the reporting year.

**Analysis of change in the Company's payables**

million rubles

| Indicator | as at December 31, 2018 | as at December 31, 2019 | as at December 31, 2020 |
|---|---|---|---|
| **Total accounts payable, incl.** | **12,338** | **16,192** | **14,485** |
| Long-term payables, incl. | 3,775 | 8,801 | 5,156 |
| *advance payments for TC received* | *3,583* | *8,475* | *4,798* |
| Short-term payables, including: | 8,563 | 7,391 | 9,329 |
| *to suppliers and contractors* | *3,685* | *3,789* | *4,739* |
| *advance payments received* | *2,821* | *1,383* | *2,394* |
| *including advance payments for TC received* | *2,795* | *1,305* | *2,323* |
| Taxes and duties | *1,044* | *1,186* | *953* |
| Other payables | *1,013* | *1,033* | *1,243* |

Short- and long-term payables of the Company totaled 14,485 million rubles as of December 31, 2020 (+11 % YoY).

These dynamics were largely attributable to the following objective factors:

– execution of grid connection contracts with Gazprom dobycha Noyabrsk (1,478 million rubles) and Rosneft OC (1,500 million rubles);

– decrease in revenue, which in turn lowered the taxes and fees (VAT).

Overdue payables totaled 0.7 % or 101 million rubles as of the end of 2020.

In 2020, the Company tightened its requirements with respect to the financial obligations of suppliers and contractors; we also updated the bank guarantee management procedures as well as the requirements and criteria that guarantor banks must meet.

In order to protect the interests of Rosseti Tyumen JSC, prevent an increase in overdue receivables and payables, and timely regulate the Company's current debt by means of its AFBAS, the Company monitors the debt status and keeps improving its debt management tools and mechanisms, which includes enhancements in claim-making.

### 3.2.2. PROFIT DISTRIBUTION

**Dividend Policy**

The Dividend Policy of Rosseti Tyumen JSC is set forth in the Dividend Policy Regulations as approved by the Company's Board of Directors (Minutes No. 01/18 dd. January 30, 2018) taking into account the amendments approved by the Resolution of the Company's Board of Directors (Minutes No. 14/18 dd. August 15, 2018).

The Company's Dividend Policy is based on the following principles:

– compliance of the Company's adopted Policy for dividend distribution and payout with the Russian Federation law and corporate management standards (Decree of the Government of the Russian Federation No.

– the Company's and the shareholders' interests shall be optimally balanced;

– dividends are defined to equal at least 50% of net profit as specified in financial statements, including consolidated IFRS statements, and calculated in compliance with the procedure set forth in the Dividend Policy Regulations;

– defining a possibility to provide dividend payouts on a quarterly basis in case all the corresponding criteria are fulfilled;

– dividend calculation and payment mechanism must be absolutely transparent.

– provision of the positive dynamics of the dividend payout values if the Company's net profit grows;

– availability of the Company's dividend policy information to shareholders and other stakeholders;

– it is necessary to maintain the Company's certain financial and technical status (i.e., to carry out the Investment Program) while also supporting its development prospects.

No dividends were paid in 2020 on the ordinary shares based on the results of the previous periods.

**Profit Distribution**

million rubles

| | | 2017 (Annual General Meeting of Shareholders 2018) | 2018 (Annual General Meeting of Shareholders 2019) | 2019 (Annual General Meeting of Shareholders 2020) |
|---|---|---|---|---|
| **Total non-distributed net profit, including:** | | **23** | **-** | **-** |
| Reserve fund | | 1 | - | - |
| Profit for development | | - | - | - |
| Dividends | | 22 | - | - |
| **Dividend Payment** | million rubles | 22 | - | - |
| | % of NP 88 | 95 | - | - |
| Dividend per share, rubles | | 0.08084 | - | - |

**Dividend payments in 2016-2020***

million rubles

| Payment Period | Dividends, million rubles | Percentage of net profit | Dividends per share, rubles |
|---|---|---|---|
| for 2015 (AGMS 2016) | 3,236 | 88 | 11.8214598 |
| for 2016 (AGMS 2017) | 2,025 | 88 | 7.39835 |
| for 2017 (AGMS 2018) | 22 | 95 | 0.08084 |
| for 2018 (AGMS 2019) | 0 | 0 | 0 |
| for 2019 (AGMS 2020) | 0 | 0 | 0 |

Profit distribution in accordance with the resolutions of the Annual General Meetings of Shareholders (AGMS).

AGMS 2016 (for 2015) – AGMS Minutes No. 491pr/9 dd June 29, 2016;

AGMS 2017 (for 2016) – AGMS Minutes No. 620pr/3 dd. June 28, 2017;

AGMS 2018 (for 2017) – AGMS Minutes No. 733 pr/1 dd. June 29, 2018;

AGMS 2019 (for 2018) – AGMS Minutes No. 888 pr/1 dd. June 28, 2019;
AGMS 2020 (for 2019) – AGMS Minutes No. 491pr/2 dd May 28, 2020.

In accordance with the Charter of the Company, the resolution on the distribution of profits of 2020 will be made on the basis of the AGMS resolution in 2021.

**Major transactions**

In 2020, the Company did not make any major transactions or related party transactions.

### 3.2.3. CREDIT POLICY

The Credit Policy of Rosseti Tyumen JSC is set forth in the Credit Policy Regulations as approved by the Company's Board of Directors (Minutes No. 17/13 dd. September 18, 2013) taking into account the amendments approved by the Resolution of the Company's Board of Directors (Minutes No. 30/20 dd. November 16, 2020).

This document sets forth the core requirements to the Company's credit policy, including:

– the procedure for the assessment of the Company's financial sustainability and creditworthiness;

– the procedure for limiting the powers of the Company's management with regard to credit transactions;

– requirements to consulting the Company's Board of Directors on specific credit policy issues;

– Reporting of the Company's management to the Board of Directors on credit policy issues.

The Company ranks 1st out of the 9 Rosseti PJSC subsidiaries with an A score in Weighted Average Rate on the Portfolio of Bank Loans. This rate was 7.28% as of January 1, 2020, 5.41% as of January 1, 2021.

| Rating agency | Rating on the national scale | Outlook | Date of the latest rating |
|---|---|---|---|
| RAEX (Expert RA) | ruAA | Stable | 09.07.2020 |

August 9, 2018, credit rating agency RAEX (Expert RA) rated Tyumenenergo JSC at ruAA for the first time ever; the outlook was 'stable'.

July 9, 2020 Expert RA confirmed the ruAA rating; the outlook was 'stable'.

RAEX (Expert RA) rated the Company as highly creditworthy upon its initial assessment, a sign that Rosseti Tyumen JSC is a creditworthy and financially accountable company.

In the context of business risks, RAEX (Expert RA) continues to positively assess the Company's importance as an element of Russia's grid complex as well as its leading monopoly in the regional markets: the Tyumen Region, KhMAO-Yugra, and YNAO.

Rosseti Tyumen's financial risk profile shows low general and current debt burden and is characterized by a comfortable repayment schedule. The Agency continuously notes the Company's strong capabilities of refinancing the debt given that contains large opened non-selected credit lines.

The agency positively evaluates the high level of corporate governance and risk management as well the Company's strategic security.

## 3.3. TARIFF POLICY

Pursuant to the agreement dated August 12, 2004 between the governmental authorities of the Tyumen Region, Khanty-Mansi Autonomous Okrug — Yugra, and Yamalo-Nenets Autonomous Okrug, the Regional Energy Commission is responsible for electricity tariff

regulation (within the centralized electricity delivery area) in the Tyumen Region, Khanty-Mansi Autonomous Okrug — Yugra, and Yamalo-Nenets Autonomous Okrug.

The Company's Tariff Policy is mainly intended to timely secure tariffs that are sufficient for the Company to transmit power and connect consumer-side inputs in a reliable, appropriate, and safe manner.

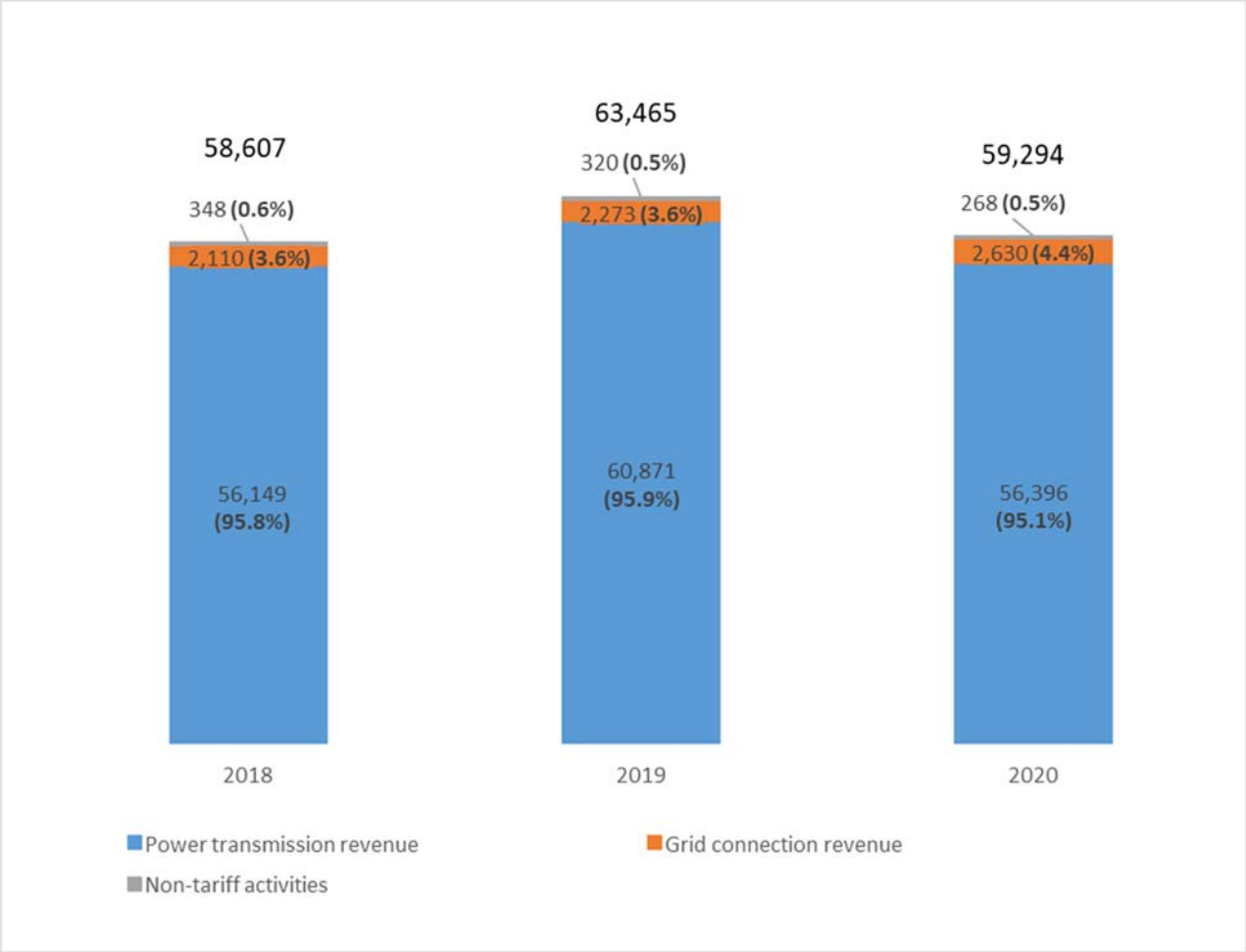
One important lines of the Company's management consists in cooperating with the federal executive agencies: the Federal Antimonopoly Service of Russia, the Ministry of Energy, and the regional executive agencies such as the Regional Energy Commission for the Tyumen Region, KhMAO-Yugra and YNAO; the Regional Tariff Service of KhMAO-Yugra, the Department of Tariff Policy, Energy, and Utilities in YNAO, and the Department of Tariff and Pricing Policy in the Tyumen Region. This cooperation seeks to set economically viable tariffs on regulated goods and services. Throughout the tariff campaign, the Company's experts monitor the legislative amendments, changes in the structure of the wholesale and retail electricity (capacity) markets, and the lists of buyers that are added to or excluded from the FAS of Russia's consolidated (projective) balance sheet of electricity (capacity) generation and supply.

Regulated electric power transmission and grid connection services as well as tariff regulation efforts follow the regulatory acts specified in Annex 6.

Regulated services account for most of the Company's revenues. These include electric power transmission and grid connection services. In 2020, power transmission services brought 95.1% of the Company's total revenue, grid connection services brought 4.4%.

**Revenue breakdown by activity in 2018-2020***

million rubles




### 3.3.1. POWER TRANSMISSION TARIFFS

Rosseti Tyumen JSC uses a tariff regulation method based on the long-term indexing of the total revenue requirement. 2020 is the third year of the second long-term regulatory period. The Company's long-term regulation parameters for 2018-2022 were set forth in Resolution No. 59 dd. December 28, 2017 of the Regional Energy Commission for the Tyumen Region, KhMAO-Yugra, and YNAO.

The Tyumen Region uses a contractual 'down-top' uniform tariff model, under which supply companies pay for the power transmission services at uniform rates; such payments are received by grid operators that own the grids to which the consumer-side inputs are connected. Thus, the Company's product revenue from power transmission partially consists of the revenue from the power transmitted to the end users — this value is based on the tariff rates paid by the electricity providers; the rest of the revenue is based on the power transmission tariffs established for other local grid operators. Product revenue from power transmission is what covers Rosseti Tyumen JSC's costs of paying for the services of FGC UES PJSC and buying power to compensate for losses occurring at last-resort suppliers; the Company has to pay for LGO services as well as to maintain and develop its own grid complex (upkeep TRR) to ensure reliable delivery of high-quality electricity to users while meeting the prospective demands for electricity (capacity).

Down-top tariffs for power transmission services were approved for 2020 by Decree No. 16 dd. December 27, 2019 of the Regional Energy Commission for the Tyumen Region, Khanty-Mansi Autonomous Okrug — Yugra, and Yamalo-Nenets Autonomous Okrug. Individual power transmission tariffs for 2020 were approved by Decree No. 35 dd. December 27, 2019 of the Regional Energy Commission for the Tyumen Region, KhMAO-Yugra, and YNAO.

Uniform down-top tariff rates for H1 2019 do not exceed the rates for H2 2019; 4.9% higher rates were approved for H2 2020 .

December 30, 2020 said Commission issued its Decree No. 30, which approved uniform down-top power transmission tariffs for 2021 with an 8.7% increase effective since July.

Power transmission tariffs for residents and resident-equivalent customers were approved by the Commission with a differentiation between (i) residents and resident-equivalent customers not granted a reduction factor; (ii) residents and resident-equivalent customers granted a reduction factor of 0.7.

**Changes in the Average Power Transmission Tariffs of Rosseti Tyumen JSC**

| Indicator | 2018 | 2019 | 2020 |
|---|---|---|---|
| Average tariff, rubles/kWh | 1,177 | 1.265 | 1.387 |
| Increase, % | 10.8 | 7.4 | 9.6 |

Average tariff was 9.6% higher in 2020 than in 2019 due to an increase in the uniform and individual power transmission tariffs since July 1, 2020.

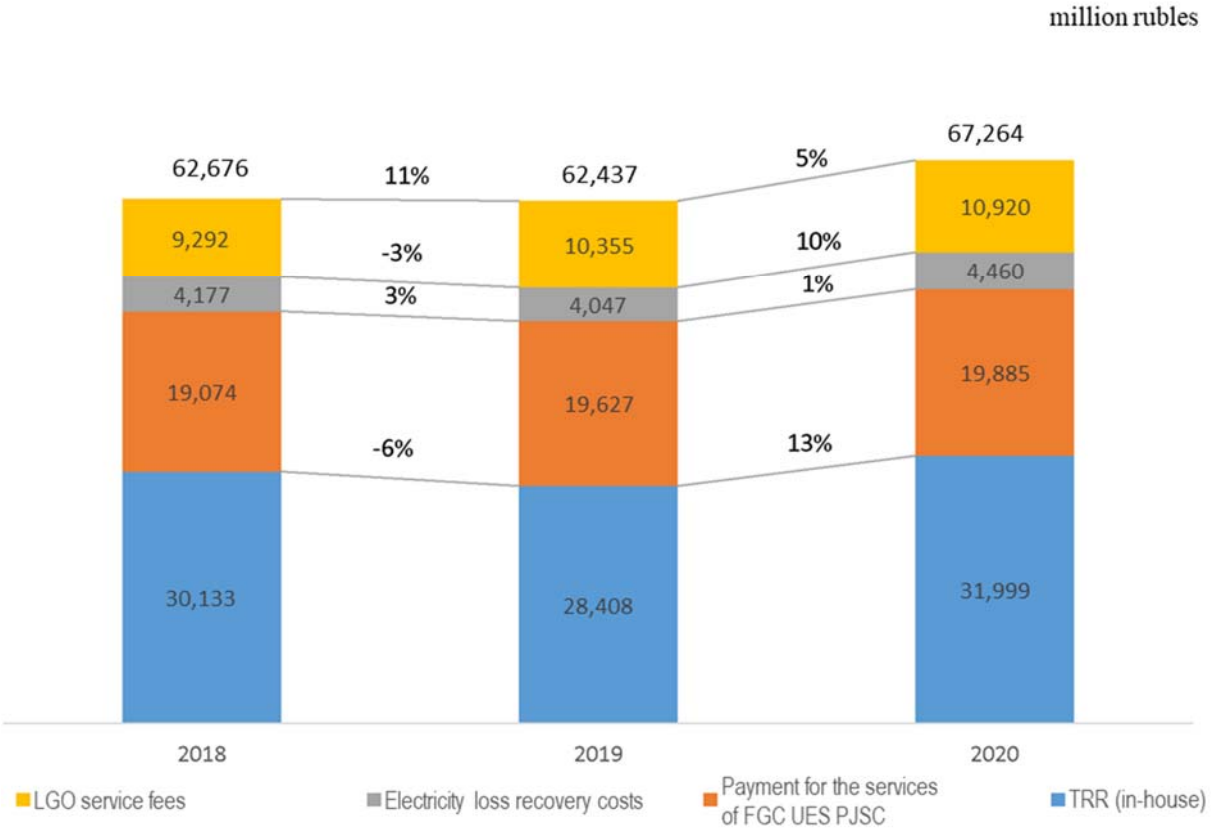
**Power Transmission and Down-Top Electric Power Transmission TRR Dynamics for Rosseti Tyumen JSC**

| Indicator | 2018 | 2019 | 2020 |
|---|---|---|---|
| Total Revenue from power transmission, including | 62,676 | 62,437 | 67,264 |
| upkeep TRR, million rubles | 30,133 | 28,408 | 31,999 |
| Down-top power transmission, million kWh | 53,246 | 49,350 | 48,484 |

Down-top revenue was 7.7% higher in 2020 than in 2020; Rosseti Tyumen JSC's own revenue rose by 12.6% YoY.

The economically feasible value of the upkeep TRR of Rosseti Tyumen JSC was set by the REC at 31,399 million rubles, a 3,591 million rubles or 12.6% increase YoY. Upkeep TRR changed against 2019 as the Commission made adjustments for the shortfall in revenue attributable to lower electricity consumption pursuant to Cl. 7 of the Basics of Pricing.

Chart below shows the curves of the power transmission TRR components for Rosseti Tyumen JSC




### 3.3.2. GRID CONNECTION FEES

Grid connection fees are calculated for the connection of newly-commissioned previously connected devices if their maximum power is to increase; they are also calculated for the previously connected devices if the reliability class, connection points, or related production activities change without affecting the maximum power but causing a change in the external power supply circuitry.

Grid connection fees can be calculated on the basis of the approved standard rates or rates per unit of maximum power; otherwise, such calculations can be case-specific.

Pursuant to the Grid Connection Fee Calculation Guidelines as approved by Decree No. 1135/17 dd. August 29, 2017 of the FAS of Russia of August 29, 2017, the Regional Energy Commission for the Tyumen Region, KhMAO-Yugra, and YNAO has approved (by Decree No. 28-tp dd. December 29, 2020) standardized tariff rates per unit of maximum power as well as formulas for calculating the grid connection fees of Rosseti Tyumen JSC.

These rates apply across all the local grid operators that provide grid connection services in KhMAO-Yugra, YNAO, and the Tyumen Region whether in urban areas or elsewhere.

For the applicants with a maximum connected power above 15 kW there is an approved tariff rate $C_1$ (organizational activities: drafting and submission of specifications to the applicant and the grid operator's audit of the applicant's compliance with these specifications), which is 6,754 rubles per connection exclusive of VAT.

Over the course of 2020, according to the materials submitted by Rosseti Tyumen JSC, the Regional Energy Commission for the Tyumen Region, KhMAO-Yugra, and YNAO made two resolutions to set a specific grid connection fee; these fees totaled 0.686 million rubles exclusive of VAT, connecting a total capacity of 8 MW.

## 3.4. INVESTMENT ACTIVITIES

### 3.4.1. IMPLEMENTATION OF THE INVESTMENT PROGRAM. LONG-TERM INVESTMENT PROGRAM

**Investment Activity Indicators**

Table below shows the key indicators for the implementation of Rosseti Tyumen JSC's Investment Program for 2020 as approved by Order of the Ministry of Energy No. 29@ dd. December 28, 2020 On the Approval of Amendments to Rosseti Tyumen JSC's Investment Program as approved by Order of the Ministry of Energy No. 12@ dd. November 8, 2017, revised in Order No. 21@ dd. December 9, 2019:

| 2020 | | | | | | |
|---|---|---|---|---|---|---|
| **Funds spent** | **New fixed assets commissioned** | **Funding** | **Capacity Commissioning** | | **Power Increase** | |
| million rubles exclusive of VAT | million rubles exclusive of VAT | million rubles, VAT included | MVA | km | MVA | km |
| 9,278 | 8,841 | 9,852 | 273 | 667 | 223 | 481 |

**Areas and Structure of Capital Investments**

Rosseti Tyumen JSC invests in the fixed assets by funding new construction, expansion, reconstruction and retrofitting of the existing facilities, purchase of equipment, and other fixed expenditures.

Construction of new grid facilities and reconstruction of fixed assets of Rosseti Tyumen JSC will benefit three Russian regions: YNAO, KhMAO-Yugra, and the Tyumen Region.

Table below shows the structure of capital investment financing at Rosseti Tyumen JSC over the last three years:

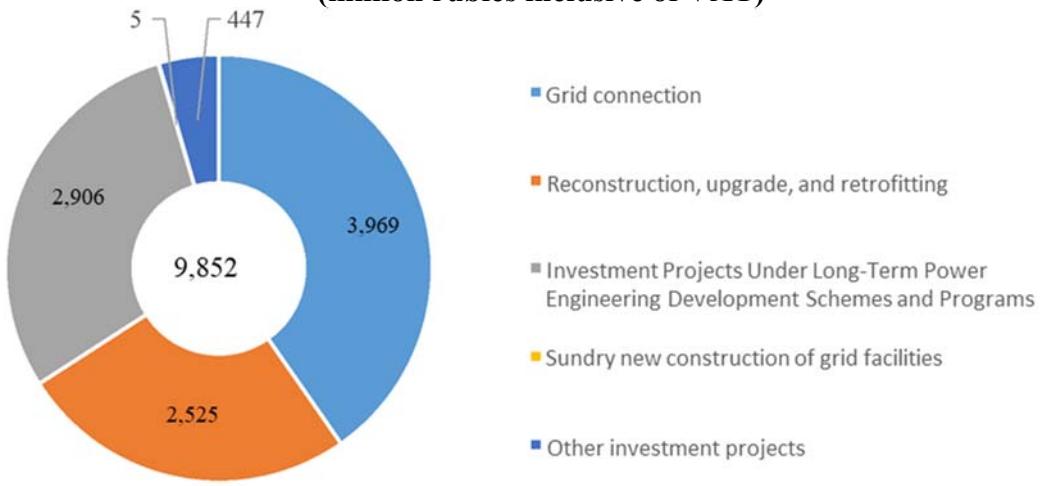
**Rosseti Tyumen JSC Capital Investment Funding Structure**

**million rubles, VAT included**

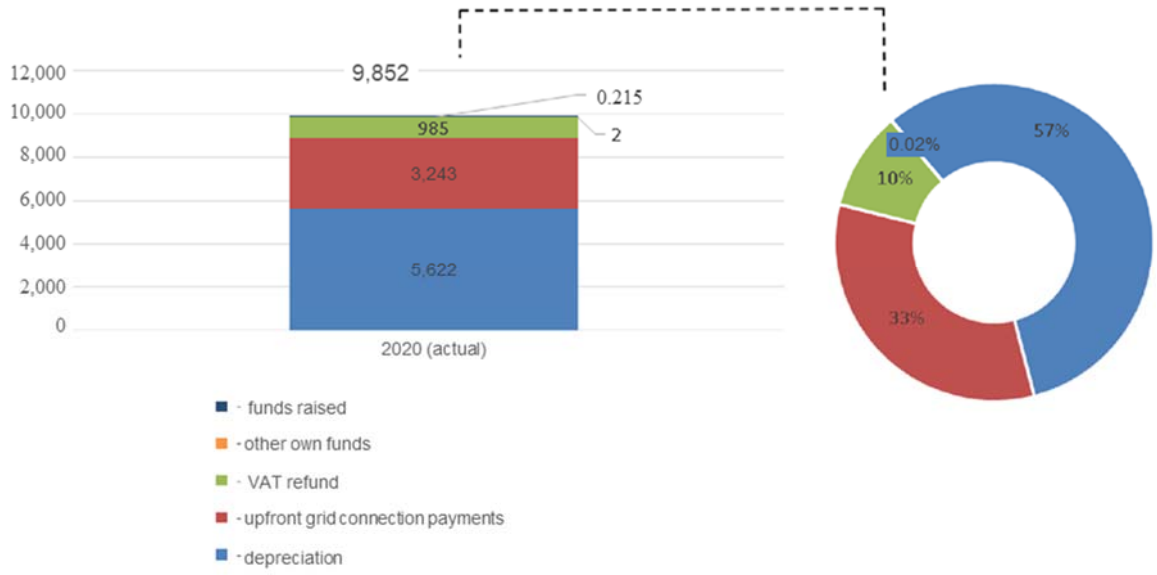
| Indicator | 2018 Actual | 2019 Actual | 2020 Actual |
|---|---|---|---|
| **Total** | **11,952** | **11,572** | **9,852** |
| Grid Connection | 1,772 | 3,793 | 3,969 |
| Reconstruction, upgrade, and retrofitting | 7,647 | 4,991 | 2,525 |
| Investment Projects Under Long-Term Power Engineering Development Schemes and Programs | 1,146 | 1,369 | 2,906 |
| Sundry new construction of grid facilities | 502 | 333 | 5 |
| Purchase of Power Grid Assets, Land Plots, and Other Facilities | 0 | 0 | 0 |

| | | | |
|---|---|---|---|
| Other investment projects | 885 | 1,086 | 447 |

**Capital Investment Financing Structure in 2020**
**(million rubles inclusive of VAT)**




**Investment Program funding by source in 2020, million rubles inclusive of VAT**




In 2020, the Company actually spent 9,852 million rubles, all of which was covered by internal funds, including 5,622 million rubles of depreciation, 3,243 million of grid connection profits spent upfront, and 985 million rubles of VAT refunds; 2 million rubles from other internal funds. 0.2 million rubles of borrowed funds went into the Investment Program.

## Long-Term Investment Program

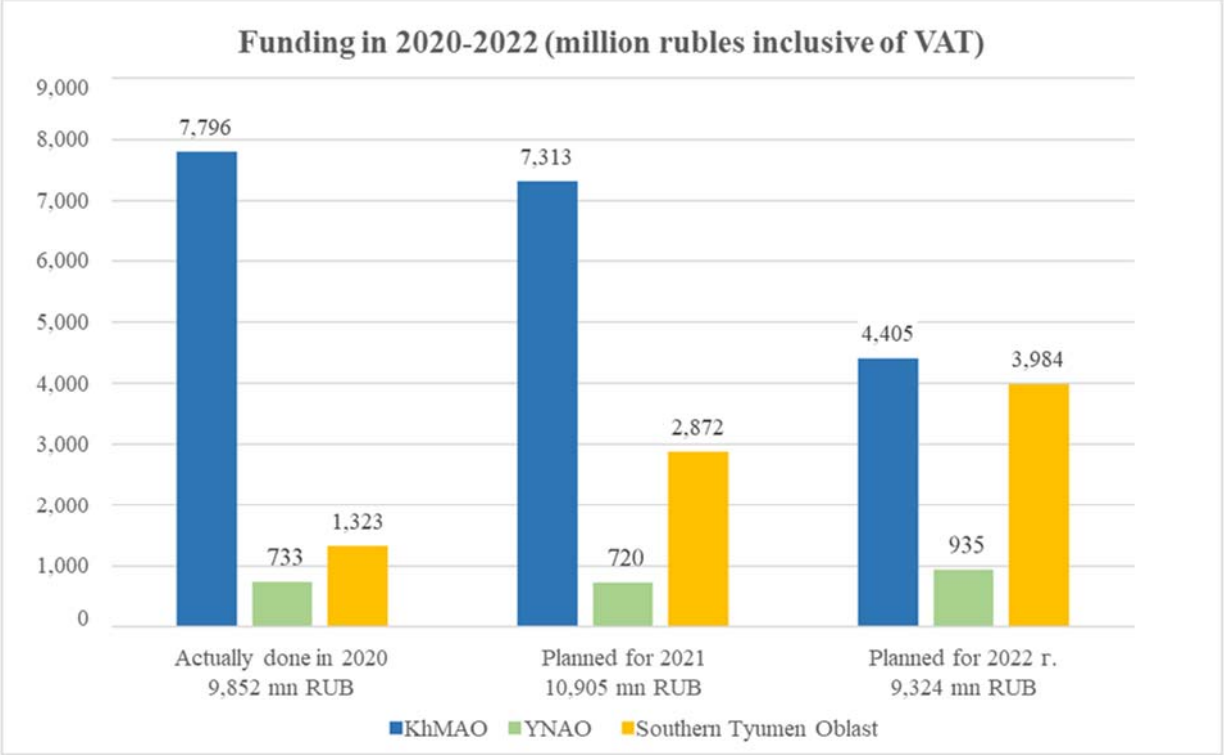
The Company's Investment Program 2018-2022 was approved by Order of the Ministry of Energy No. 29@ dd. December 28, 2020 On the Approval of Amendments to Rosseti Tyumen JSC's Investment Program as approved by Order of the Ministry of Energy No. 08.11.2017@ dd. November 8, 2017, revised in Order No. 09.12.2019@ dd. December 9, 2019.

The Investment Program was prepared in accordance with Rosseti Tyumen JSC's Investment Program Scenarios taking into account the current situation in the Russian economy as well as the Company's financial status.

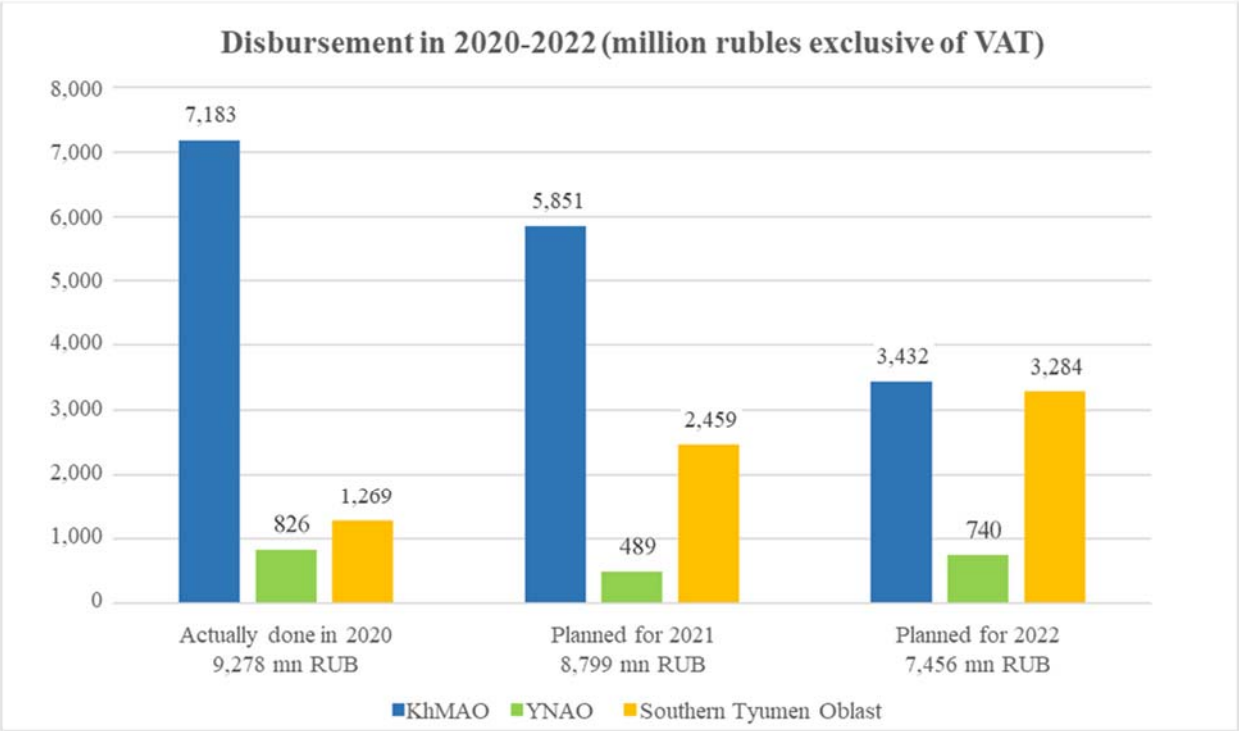
The approved Investment Program sets forth the following funding for capital investment:

**million rubles**

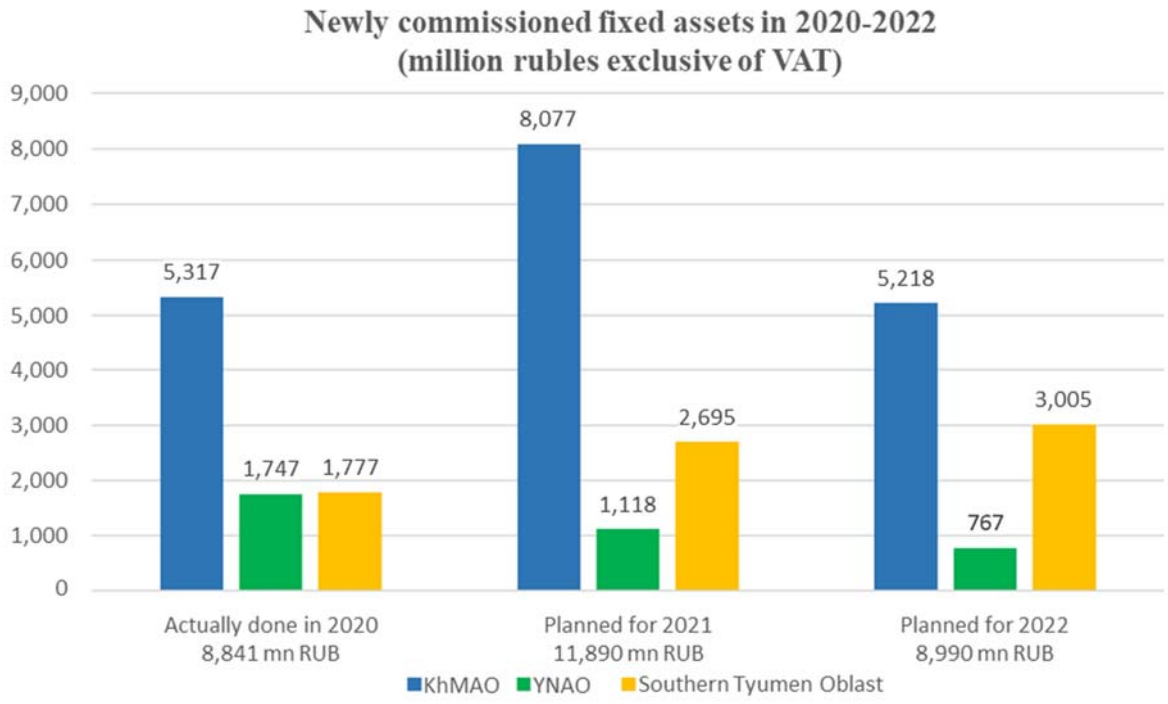
| Indicator | 2020 Actual | 2021 | 2022 | 2020-2022 |
|---|---|---|---|---|
| **Total** | **9,852** | **10,905** | **9,324** | **30,081** |
| Khanty-Mansi Autonomous Okrug | 7,796 | 7,313 | 4,405 | 19,514 |
| The Yamalo-Nenets Autonomous Okrug | 733 | 720 | 935 | 2,388 |
| the Tyumen Region, South | 1,323 | 2,872 | 3,984 | 8,179 |

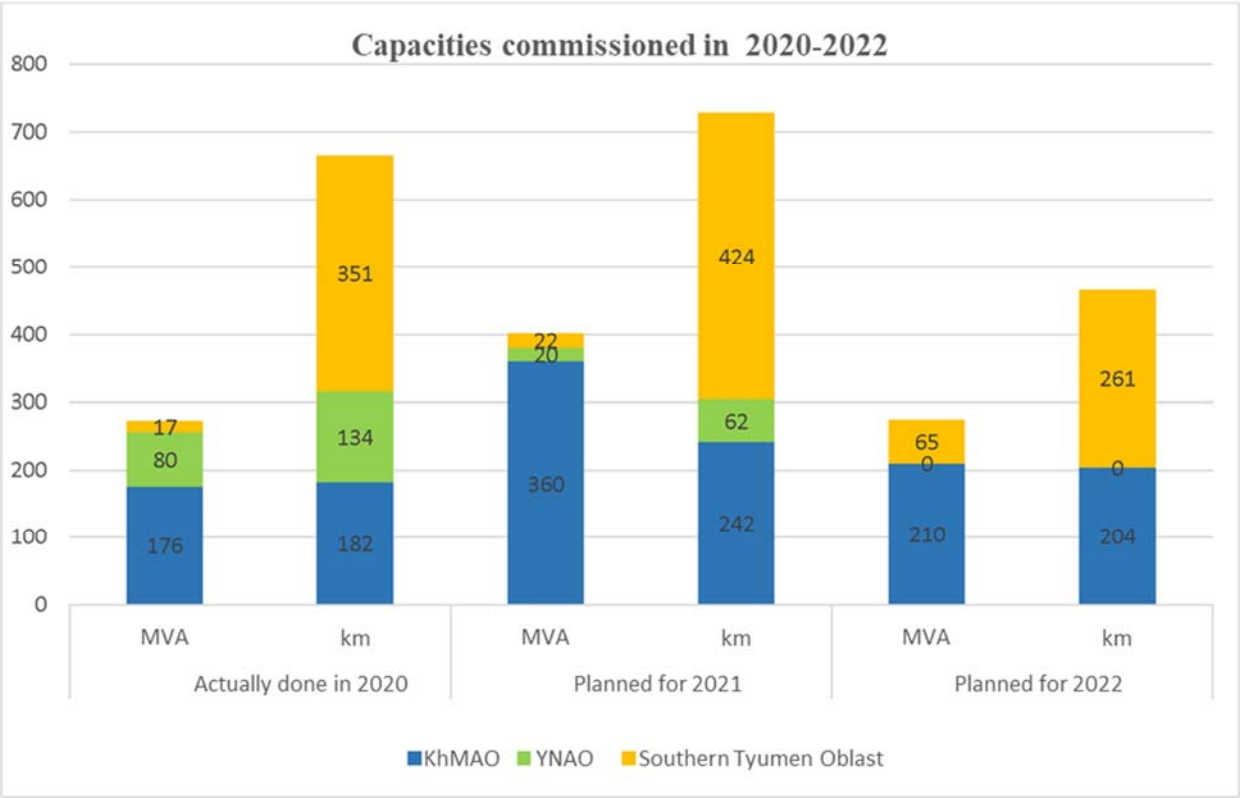



Investment Program for 2020-2022 totals 30,081 million rubles inclusive of VAT (actual value for 2020 plus planned spending in 2021 and 2022 under the Investment Program).




For 2020-2022, Rosseti Tyumen JSC plants to invest 25,533 million rubles exclusive of VAT (actual value for 2020 plus planned spending in 2021 and 2020 under the Investment Program).






For 2020-2022, the Company plans to commission a total of 29,721 million rubles in assets, including 950 MVA in transformer capacity and 1,860 km in power transmission lines (actual values for 2020 plus planned values for 2021-2022 under the approved Investment Program).

The Company plans to complete the following major investment projects in 2021:

- A 110/35/6 kV substation with a 110 kV cable feeder line at the Kuzovatkinskoye field;
- Chaprovskaya 110/35/10 kV SS with a 110 kV HVL;
- Reconstruction of the Tekhnolog 110/35/6 kV SS;
- Reconstruction of the Magistralnaya-Kintus 110 kV HVL;
- A 110/35/6 kV substation with a 110 kV cable feeder line at the preliminary water discharge unit (PWDU) of the Mayskoye field;
- PWDU-1 110/35/6 kV substation with a 110 kV cable feeder line at the Mamontovskoye field;
- Reconstruction of the Batovo 110/10 kV SS;
- Rospan 110 kV SS with a 110 kV HVL (circuits I and II).

**How the Company Affects Local Communities and Economy**

Rosseti Tyumen JSC's Investment Program has a positive impact on the stable development of three Russian regions— YNAO, KhMAO-Yugra and the Tyumen Region—all of which are served by the Company. Modernization projects do improve the reliability of power supply and Rosseti Tyumen JSC is recognized as a reliable business partner by its customers. Newly constructed and reconstructed grid facilities help boost the oil industry in the Company-served regions and connect critical social infrastructures.

### 3.4.2. CAPITAL CONSTRUCTION QUALITY CONTROL

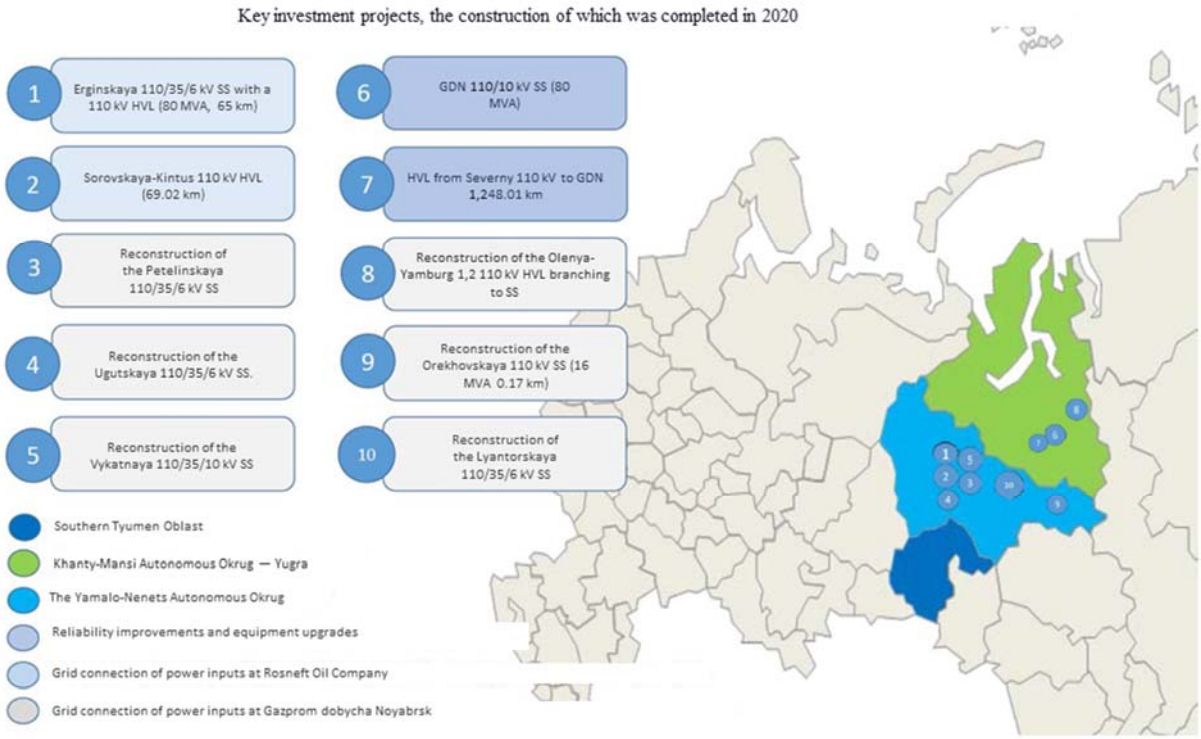
Pursuant to Government Resolution No. 468 dd. June 21, 2010 On the Construction Control in Capital Construction, Reconstruction, and Overhauls, the Company monitors the construction,

reconstruction, and overhauls for compliance with the design documentation, technical regulations, the urban plans of the land plot, and the results of engineering surveys.

In 2020, independent construction monitoring covered 73.8 % of the capital construction projects under the Company's Investment Program.

### 3.4.3. MAJOR INVESTMENT PROJECTS

List of high-priority investment projects of Rosseti Tyumen JSC was approved by Decree of Rosseti PJSC No. 83r dd. March 27, 2020. 10 facilities commissioned under the Investment Program approved by Order of the Ministry of Energy No. 29@ dd. December 28, 2020:




| No. | Facility | Capacity |
|---|---|---|
| | Grid connection of power inputs at Rosneft Oil Company | |
| 1 | Erginskaya 110/35/6 kV SS with a 110 kV HVL (newly constructed SS with 2x40 MVA in transformer capacity plus 2x36 km HVL) | 80 MVA<br>65 km |
| 2 | Sorovskaya-Kintus 110 kV HVL (a newly constructed 2x35 km HVL) | 69.02 km |
| | Grid connection of power inputs at Gazprom dobycha Noyabrsk LLC | |
| 3 | GDN 110/10 kV SS (a newly constructed SS with 2x40 MVA in transformer capacity) | 80 MVA |
| 4 | Severny-GDN 1,2 110 kV HVL (a newly constructed 47.76 km HVL) | 47.76 km |
| | Reliability improvements and equipment upgrades | |
| 5 | Reconstruction of the Vykatnaya 110/35/10 kV SS (110 kV OTSG, expanded to have 110-9 circuitry, substation control house (SCH) built, 5 110 kV cells installed) | - |
| 6 | Reconstruction of the Petelinskaya 110/35/6 kV SS (110 and 35 kV OTSGs reconstructed, 6 kV OSG installed with transformer capacity increased by 30 MVA to 80 MVA | 80 MVA |

| | | |
|---|---|---|
| 7 | Reconstruction of the Ugutskaya 110/35/6 kV SS (110 kV and 35 kV OTSGs, 6 kV OSG, fencing and technical safeguards reconstructed, SCH built) | - |
| 8 | Reconstruction of the Orekhovskaya 110 kV SS (transformer capacity increased by 16 MVA, 110 kV circuit breakers and 110 kV disconnectors installed) | 16 MVA<br>0.17 km |
| 9 | Reconstruction of the Lyantorskaya 110/35/6 kV SS | - |
| 10 | Reconstruction of the Olenya-Yamburg 1,2 110 kV HVL with a branch to UGP-15 SS (166 towers and 45.5 km of wires replaced) | 44.5 km |

## 3.5. INNOVATION

### 3.5.1. INNOVATIVE DEVELOPMENT

Rosseti Tyumen JSC's Innovative Development Program seeks to create a set of methods, technologies, and tools to improve the reliability and quality of electricity delivery. To that end, the Company seeks to use state-of-the-art hardware and technology to maximize the reliability of its grids as well as the efficiency and safety of its processes.

The Investment Program, among other things, centers around R&D.

**R&D funding in 2018-2020, million rubles inclusive of VAT**

| 2018 | 2019 | 2020 |
|---|---|---|
| 29.24 | 34.54 | 33.60 |

The Company's R&D efforts produced two intellectual property documents in 2020:

– computer software certificate No. 2020612648 dd. February 28, 2020 Minigrid: a Program for PMU-Based Steady State Calculation;

– computer software certificate No. 2020617139 dd. July 2, 2020 A Module for Time-Specific Control of Electricity Storage Units;

– invention patent no. 2726154 dd. July 10, 2020 A Closed Grid Loss Reduction Method;

– utility model patent No. 198895 dd. July 31, 2020 A Digital Protection Device Featuring Centralized Redundancy for a Power Substation.

**Innovative Development Program**

In order to manage its innovation, Rosseti Tyumen JSC approved its Innovative Development Program for 2016-2020 and up to 2025.

The Program seeks to create grids of a new technological paradigm and take the reliability, efficiency, availability, and controllability of grids to a whole new level.

Expected effects on the Program implementation:

– achieving production parameter values to match those of comparable state-of-the-art grid companies;

– establishing the foundation for smart distribution grids;

– improving energy efficiency, which includes a decrease in power transmission losses.

**Innovation performance**

| Indicators | Units of Measurement | Period | | | |
|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | variation 2020/2019.,% |
| Adoption of innovations, | million rubles exclusive of VAT | 751.04 | 458.55 | 527.49 | 21.32 |

| | | | | | |
|---|---|---|---|---|---|
| R&D completion, | million rubles exclusive of VAT | 29.24 | 30.54 | 28.84 | -,5.56* |

* Deviation due to termination of the Contract No. 23/05-18 dd. September 3, 2018 titled R&R of Line Hardware and High-Voltage Insulation for 10-220 kV OPLs Constructed in the Far North.

**Innovative Development Objectives**

To its end, the Program sets forth the following core objectives:

– reaching the global-average values of reliability, safety, quality, efficiency, and availability of electricity by adopting new equipment, technology, and practices;

– improving the Company's transparency and accessibility by enhancing the existing services and creating new ones, including high-tech services;

– developing, testing, and enabling an appropriate environment for the large-scale adoption of innovative equipment and practices adjusted for integrated efficiency factors and principles of facility and system lifecycle management;

– better cooperation with agents in the industrial innovative ecosystem such as small and medium-sized businesses, universities, R&D institutions, premier manufacturers in Russia and abroad, etc.;

– enhancing the innovation activity management system and creating an intellectual property management system;

– increasing the Company efficiency on a new technological and methodological base;

– formation of personnel potential with promising competencies to ensure the Company innovative development objectives;

– making the Company more adaptable to new challenges, diversifying the business by adding extra services, changing the Company’s business processes;

– reducing the negative environmental impact of the grid complex facilities.

**Area of innovation-driven development**

Innovations adopted in 2020 covered the following core aspects:

– Transition to digital substations of various voltage classes 35-110 (220) kV

– Transition to digital active-adaptive networks with distributed intelligent system of automation and control

– Transition to comprehensive efficiency of business processes and automation of control systems

– application of new technology and materials in electric power industry;

– advancing the system for the development and adoption of innovative products and technologies, including R&D;

### 3.5.2. TECHNOLOGY DEVELOPMENT AND IMPLEMENTATION OF NEW EQUIPMENT

Advanced technologies are expected to improve the reliability, observability, and controllability of grids, reduce the effects of the human factor, lower the failure rates and shorter failure elimination time.

Innovation alters the Company’s activities and helps make the processes more efficient and the services more reliable and generally better. The opportunities that innovation opens up and the goal to keep the Company at the competitive edge in the long term are challenges that require a comprehensive approach that the Innovative Development Program underlies.

In 2020, Rosseti Tyumen JSC completed its Mini/Microgrid R&R project that focuses on transitioning the Russian electric power industry to the new technological paradigm. This project essentially reimagines what a grid can do to deliver high-quality electricity to customers in a reliable manner; it also enables more efficient customer-to-generator connections in order to cut the costs of operating grids. Besides, the project enables balanced grid development, allowing customers to spend less on electricity.

In 2020, the Company adopted its SK-11 system, a software suite that can contain a modifiable set of applications for creating automated supervision, process control, and situation management system for grid facilities. SK-11 is a new generation of automated power transmission and distribution management systems, failure, repair and operation management systems, and automated grid control center staff training systems. The core application is a SCADA (supervisory control and data acquisition) system. SCADA is the key tool that the supervisory staff uses at modern grid control centers.

SCADA SK-11 is a supervision and data acquisition system for grid control centers; it brings together basic SCADA functionality, big data and data stream support, a one-of-a-kind archiving system, and innovative user interface. The topological processor of the SCADA environment visualizes the conductive equipment and helps analyze circuitry by applying dynamic coloring based on voltage class, voltage status (on/off), the operator, power center, voltage class unadjusted for the grid topology, inventory boundaries, and topological islands.

The adoption of the system is expected to reduce the capital costs thanks to lower wear and tear, reduce the undersupply of electricity, reduce the time it takes to address emergency outages, improve the quality of grid connection, cut the operating costs, make grids safer and lower the risks of injury thanks to multi-tiered checks and blocks in switching.

### 3.5.3. TECHNICAL POLICY

Rosseti PJSC's Regulations on the Single Technical Policy for Rosseti PJSC's Grid Complex ('the Regulations') were approved as an internal document of the Company by Tyumenenergo JSC's Board of Directors (Minutes No. 27/19 dd. December 24, 2019).

The document defines the main ways to improve reliability and efficiency of the grid complex in the short and medium run and to ensure appropriate industrial and environmental safety by applying innovative development principles that guarantee all market agents equal access to grids.

The regulation defines the basic requirements for the construction of digital processes such as:

– real-time process control (transition from the existing three-level structure of RTPC to a single-level system; building a single managing and operational RTPC hierarchy on the basis of grid control centers);
– adoption of automated process control systems at the substation level and automated process control systems for distribution grids;
– arrangement of digital substations;
– online monitoring and diagnosis of substation equipment and power lines;
– adoption of digital metering systems;
– arrangement of digital communication channels.

Compliance with the Regulations is monitored in order to make sure that the activities of Rosseti Tyumen JSC meet the requirements concerning the Development Strategy of the Electric Power Grid Complex of the Russian Federation and the Digital Transformation 2030 Concept. Such monitoring covers the compliance of the following with the Regulations:

– UNEG and Regional Power Industry Development Roadmaps for Khanty-Mansi Autonomous Okrug—Yugra, Yamalo-Nenets Autonomous Okrug, and Tyumen Region;
– drafting and approval of technical standards and regulations;
– R&D efforts;

– Innovative Development Program;
– production, repair, and targeted programs for the reconstruction and construction of Rosseti Tyumen JSC's grid facilities;
– design specifications, design and surveying for the reconstruction and construction of grid facilities;
– design documentation for the reconstruction and construction of grid facilities;
– technical requirements and technical specifications for the supply and manufacture of equipment as part of the reconstruction and construction of power grid facilities;
– technical and functional requirements for newly purchased equipment and materials, including its import substitution requirements;
– bidding documentation on design and survey, construction and installation works and the supply of electrical equipment as part of the reconstruction and construction of grid facilities;
– use of certified equipment, materials and systems in new construction, reconstruction and technical revamping of power grid facilities;
– implementation of the production process, operation, maintenance and repair of grid facilities and equipment;
– energy conservation and energy efficiency;
– environmental policy, fire safety, industrial safety, occupational health and safety.

### 3.5.4. INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS. DIGITAL TRANSFORMATION PROGRAM

**Key results of Digital Transformation in 2020**

Pursuant to Rosseti PJSC's Digital Transformation 2030 Concept, the Company's Board of Directors approved Rosseti Tyumen JSC's Digital Transformation Program 2020 in February 2020.

In 2020, the Company took the first steps of the Program-covered projects seeking to improve the analytical situation management, optimize grid connection processes, make vehicle and special machinery fleet operations more efficient, develop smart metering, and enhance the observability of grid facilities.

Steps taken by late 2020 have already borne their first fruit:
– 98% of the Company's vehicles and special equipment is now subject to monitoring;
– a CIM model created for 35+ kV grids, a total of 423,351 facilities;
– 22 smart meters installed;
– all 220-35 SS's (1,068 facilities) and 220-35 kV lines (4,626 facilities) digitized and made part of the new real-time process control system.

In 2020, Rosseti Tyumen JSC completed the following projects under the Digital Transformation Program 2020-2030:

| Activity | Focus area | million rubles inclusive of VAT |
|---|---|---|
| Adoption of the GCC HSP, including a description of the CIM | SGCC | 161.77 |
| configuring a single analytical platform capable of event prediction | SGCC | 7.84 |
| equipping the facilities with hardware & software of the single transport and mobile crew management and reporting system (TMCMRS) | SGCC | 8.14 |
| Software licensing, deployment, and setup | creating a single geoinformation system | 9.4 |

**Key Digital Transformation Projects**

In 2020, the Company took effort to adopt digital technologies and to elaborate on the use of such technologies in its core business processes.

The following was done over the reporting period:

Analytical situation management system deployed for the grid complex.

First phase of building the analytical situation management system for Rosseti Tyumen JSC's grids: implementing the top-tier 35/110/220 kV supervision, process control, and situation management system based on Russian SK-11 software.

As a result of this phase, the Company has:

- modeled all the 220-35 kV SS's (1,068 facilities) and 220-35 kV PTLs (4,626 facilities);
- created a circuit diagram for 220-110 kV grids of all of its branches;
- added 423,351 facilities to Rosseti Tyumen JSC's CIM.

System deployment and data collection were done by Rosseti Tyumen JSC's full-time staff.

The system can manage the grid even if digitalization varies from segment to segment, as some segments are not fully observable whilst others feature local automations. It can also inform customers on outages and calculate grid parameters and undersupply.

This suite will serve as the basis for transition to a two-tiered grid management model as well as for the creation of digital PDZs in the Tyumen Region in 2021-2022.

**Real-time facility monitoring system**

The Company has successfully implemented and tested an information system for monitoring the serviced facilities. This tool enables efficient real-time monitoring of electricity delivery to the serviced facilities on the books of various operators and owners. The grids of such facilities are least observable whilst outage may have severe socioeconomic or life-critical consequences.

This is a temporary solution to be used as an additional communication channel in cases the serviced facilities are not telemetry-enabled (e.g. polling stations); they also provide visual monitoring of the staff-on-duty's location when timely reporting is a priority in decision-making whilst equipping the facility with instrumentation or expensive monitoring systems would be cost-ineffective.

The information system has been successfully tested during pre-elections and elections on the Constitution Referendum on the Single Voting Day 2020; the Company monitored the delivery of electricity to polling stations and was able to timely inform its units, and third parties to help them quickly react to accidents and emergencies.

When developing the System, the organizational and technical solutions it incorporates were tested in other similar contexts:

- monitoring the delivery of electricity to health facilities treating COVID-19 patients;
- monitoring the third parties that provide security services to Rosseti Tyumen JSC's facilities;
- monitoring the current status of emergency response processes, which makes for a multi-purpose system that is relatively inexpensive to configure.

Plans include reproducing this digital solution at other Rosseti Group subsidiaries in 2021 in order to monitor the delivery of electricity to health facilities and polling stations; this might also be a marketable solution as other companies that have similar processes and needs may be interested in the Company's monitoring services.

**Fleet Monitoring and Management System**

The Company has equipped its vehicles with state-of-the-art satellite monitoring solutions connected to the Company's centralized geoinformation system. The solution is capable of locating vehicles and special machinery, controlling the movement thereof, detecting vehicles veering off, and applying adjustments on the go, which is critical for the North with its lack of roads.

For this project, the Company purchased and installed on-vehicle instrumentation of satellite monitoring, acquired and deployed special software, and configured data links with the Company's geoinformation system.

As a result, 98% of the fleet is now covered by this centralized solution.

Thanks to that, the Company now can:

- monitor its vehicles in real time;
- regularly collect, process, and analyze accurate data on its vehicles;
- detect inefficient use and misuse of vehicles;
- monitor the consumption of fuel and lubricants;
- monitor the implements

.

The benefits of this project are expected to amount to at least 15% of the current operating costs in 2021.

**Information Technology**

The following projects were carried out in 2020.

Complete automation of the industry-recognized technologies for managing the Company's grid assets:

- probabilistic assessment of production asset failure in monetary terms;
- projecting the reliability of electricity delivery and the technical condition of the assets;
- winter preparedness assessment of companies in the electric power industry.

Topology management in the Company's production asset management system fully automated.

The Company implemented an end-to-end production and economic management system as part of the single corporate information system; this innovation has helped automate the core inventory planning and management processes including automation of procurement contracting.

The system improves the efficiency, transparency, and quality of planning the Company's demand for materials, equipment, and services for the purpose of repairs; these improvements have enabled the Company to cut its required inventory by at least 15%.

**Telecommunications, APCS, reconstruction of the telemetry system with implementation of the software-controlled electromagnetic blocking**

In 2020, the Department of Automatic Corporate Governance and Process Control Systems upgraded the data collection and communication system (DCCS) at 23 facilities of the Company. This upgrade has enabled the Company to:

- extend the coverage of data collection and communication, improve reliability and accuracy, and speed up telemetry delivery to supervisory staff;
- improve the observability of the substation equipment and the status monitoring of adjacent grids in normal and emergency operation;
- enhance the supervision and process control of grids, energy systems, and their facilities in order to reach and optimize the required operating parameters;
- comply with the technical requirements of SO UES applicable to the transmission of telemetry data from substations.

**Backbone Network Upgrades**

The total length of the backbone fiber-optic communication lines (FOCL) increased by 3.5% to 4,047 km. Backbone FOCLs essentially make up a reliable closed-loop communication network.

**Plans and Outlook for 2021**

For 2021, the Company plans the following:

**1. Other Rosseti PJSC's subsidiaries adopting the Single End-to-End System for real-time monitoring of electricity delivery to temporarily served facilities.**

Such adoption is intended to produce the following results:

– monitoring electricity delivery to polling stations in Rosseti Tyumen JSC- and Rosseti PJSC-served areas. All subsidiaries of Rosseti PJSC to use the System on the Single Voting Day (September 19, 2021);

– monitoring electricity delivery to critical facilities including hospitals containing coronavirus patients, as well as to sporting venues in Rosseti Tyumen JSC- and Rosseti PJSC-served areas;

– monitoring the security procedures at the Security Service-supervised facilities in Rosseti Tyumen JSC-served areas. Testing the monitoring of security procedures at facilities supervised by the security services of Rosseti PJSC subsidiaries;

– testing the system by running the typical tasks of Mobile GTES JSC (a Rosseti PJSC subsidiary);

– development and refinement of the Mass Outage Rectification System.

**2. Upgrade the Energy Data Module to meet Rosseti PJSC's functional requirements.**

The goal is to refine the AFBAS EDM pursuant to the Targeted Program in order to make uniform the core processes in Electricity Metering and Electric Power Transmission, and to build a single automated electricity metering system.

The goals are:

– to refine and fill the PAMS equipment register with entries on the grid facilities, including those on the customers' books, and link those entries to the PAMS grid topology;

– import core and primary data from the Balance Enterprise Information System to the EDM. Upload missing data to the EDM after verifying the imported data;

– integrate the Piramida-Seti Data System with the EDM;

– implement and test electricity delivery estimation functionality. Refine the generation of balance sheets on PTLs, SS's, etc.;

– implement and test automatic maintenance scheduling, routing, sealing, etc.;

– implement and test estimation mechanisms pursuant to the Government Resolutions No. 442 dd. May 4, 2012 and No. 554 dd. April 18, 2020;

– implement and test the required analytical reporting forms.

**3. Create an automated energy conservation and energy efficiency management system.**

The goal of this project is to comply with the Federal Law No. 261-FZ dd. November 23, 2009 On Energy Conservation and Better Energy Efficiency, and on Amendments to Certain Laws of the Russian Federation.

The projects seeks to create an automated system capable of:

– collecting and monitoring the relevance of data on the customer's energy facilities to help plan and control energy conservation and energy efficiency activities;

– collecting data for the customer's Energy Datasheet;

– drafting and monitoring the implementation of energy conservation programs;

– projecting and assessing the effects of energy conservation activities;

– internal and external reporting on energy conservation and efficiency.

**4. Create a VR and AR-based comprehensive staff training system.**

This project seeks the following:

– reduction in staff training costs;

– quantitative and qualitative improvements;

– reliable training materials made available as part of training the operating staff;

– operating staff training under training programs made systematic and consistent;

– training materials made more visual;
– individual training made possible.

The goals are:

– to support the acquisition of knowledge on the design, operating principles, maintenance and troubleshooting of equipment and systems in a visual manner;
– to monitor the training and testing of operating staff so that they could be better prepared to perform operations and maintenance;
– to create a set of virtual simulators that provide training in realistic virtual environments without risking the trainee's health or the equipment integrity.

**5. Implement a software-based Document Automation System.**

The goal is to replace Company-operated imported software with domestically made alternatives under the import substitution policy.

The projects seeks to create an automated system capable of:

– automating workflow and paperwork in customer relations;
– unifying and optimizing workflow and paperwork in customer relations;
– enabling more efficient cooperation between the Head Office and the customers' representatives;
– more efficient paperwork;
– monitoring the discipline of persons responsible for workflow and paperwork;
– integration with the Single Document Automation Space of Rosseti PJSC and its subsidiaries to support end-to-end processing of incoming, outgoing, administrative, Board, Committees, and Board of Directors documents and pertaining resolutions;
– using a mobile document automation app for tablets.

**6. Keep the Single Geoinformation System (SGIS) evolving:**

The goals are:

– to automate the drafting of grid connection specifications;
– to set up the Situation Analysis Center;
– to be used to control UAVs;
– to automate the routines related to large-scale process disruptions.

**7. Create a Digital Work Management System ('Digital Electrician').**

The goal is to implement a hardware and software package designed to provide operational management of business processes pertaining to scheduled, unscheduled, and emergency M&R.

The goals are:

– to improve the accuracy of planning and the quality of work;
– to reduce work time and costs;
– to make more accurate work results available faster;
– to better motivate staff and help them be more productive;
– to improve the safety and efficiency of work.

**Reconstruction of communication and data transmission systems**

As part of the effort to stabilize the Company's core businesses, the Department of Automatic Corporate Governance and Process Control Systems will continue the implementation of the Data Collection and Communication System (DCCS) Upgrade Program in 2021.

## Planned funding for the Digital Transformation Program 2020-2030

| Activity | Focus area | million rubles inclusive of VAT |
|---|---|---|
| Adoption of the Digital Customer system | ICS | 7,780.95 |
| Newly constructed and upgraded digital SS's | DSS and DPDZ | 17,339.34 |
| Digital PDZ | DSS and DPDZ | 1,100.00 |
| Analytical situation management system created for Rosseti Tyumen JSC's grids | SGCC | 776.22 |
| Integrated Information Security System adopted | Cybersecurity projects | 765.47 |
| Corporate information systems and digitalization projects | CIS and digitalization projects | 700.20 |

Rossetti Tyumen plans to commission the following number of digital SS's, PDZs, and GCCs by 2030:

| | |
|---|---|
| SS | 18 |
| PDZ | 22 |
| GCC | 1 |

# 4. CORPORATE GOVERNANCE REPORT

## MEMORANDUM OF THE CONTROLLING SHAREHOLDER ROSSETI PJSC ON THE CONTROLLED GRID COMPANIES

### Purpose of ownership and plans pertaining to controlled stakes

Rosseti PJSC is a public holding company where the government holds 88.04% of its authorized capital; Rosseti PJSC was founded pursuant to Presidential Order No. 1567 dd. November 11, 2012 in order to improve the efficiency and coordinate the development of the power grid complex of the Russian Federation as well as to control the grids via subsidiaries.

PJSC Rosseti owns controlling interest in 14 major distribution grid operators: Rosseti Kuban PJSC, Rosseti Lenenergo PJSC, Rosseti Moscow Region PJSC, Rosseti Volga PJSC, IDGC of the North-West PJSC, Rosseti Northern Caucasus PJSC, Rosseti Siberia PJSC, IDGC of the Urals PJSC, IDGC of Center PJSC, Rosseti South PJSC, TDC PJSC, Rosseti Tyumen JSC, and Yantarenergo JSC; and in one transmission grid operator (FGC UES PJSC).

Rosseti PJSC defines these stakes as strategic assets that are subject to no alienation.

### Key asset targets

Under the Rosseti Group Development Strategy 2030 as approved by Rosseti PJSC's Board of Directors (Minutes No. 388 dd. December 26, 2019), Rosseti PJSC seeks first and foremost to develop its grid complex by means of advanced innovations in order to meet the demands of its customers and of the Russian economy with a focus on multiplying shareholder returns and enabling career growth for the employees.

Rosseti PJSC defines the following strategic priorities for the Group:

- reliable, high-quality, and affordable electricity delivery in the new digital environment;
- further efficiency improvement for the core electricity delivery business;
- promotion of legislative initiatives to enhance the industry;
- balancing the interests of the state, customers, shareholders, and investors;
- development of new service categories (non-tariff and consumer services) by virtue of digital transformation to keep the Company stable in the light of the industry's changes;
- promotion of energy security and environmental safety.

### Principles of Corporate Governance

Rosseti PJSC manages the Group's companies in accordance with the uniform corporate standards designed to assure the efficiency and quality of business processes, and minimize all kinds of corporate risks.

Being the controlling shareholder, Rosseti PJSC is fully aware of the importance of improving corporate governance within the Group and seeks to ensure the transparency in the Group and to make the Code of Corporate Governance an integral part of these companies' business practices.

Pursuant to the best practices of corporate governance, Rosseti PJSC takes annual effort to make sure that the Group's companies involved in organized trading have enough independent directors onboard to comply with the rules of listing and with the principles of corporate governance. In order to keep the Boards of Directors in the Group independent and objective, the Group plans to keep at least as many independent directors as its companies currently have.

Besides, PJSC Rosseti's representatives take part in the General Annual Meetings of Shareholders of the Group's companies in order to have a dialogue with minority shareholders on the developmental prospects of their respective companies.

Rosseti PJSC takes effort to make sure that the Group's companies comply with the market principles in their businesses.

Being the controlling shareholder, Rosseti PJSC supports the Group's initiatives to protect the rights and interests of minority shareholders.

Pursuant to the Governmental Decree No. 1094-r dd. May 29, 2017, Rosseti PJSC strives to make sure that at least 50% of the net profit under financial statements, including consolidated IFRS statements, with the adjustments set forth the Decree, goes into dividends.

## 4.1. CORPORATE GOVERNANCE: GENERAL INFORMATION

Rosseti Tyumen JSC is part of the Rosseti Group and accounts for a substantial part of Rosseti PJSC's assets. Understanding the importance of corporate governance, the Company is duly committed to comply with the Code of Corporate Governance approved on March 21, 2014 by the Board of Directors of the Bank of Russia ('the Code').

What makes the corporate governance of Rosseti Tyumen JSC so peculiar is that Rosseti PJSC is the Company's sole shareholder.

The Company follows the principles and recommendations set forth in the Code and the MOEX Listing Rules in its annual analysis of corporate governance, which is reported to the Audit Committee and to the Board of Directors. In 2020, Rosseti Tyumen JSC's corporate governance was in line with the best practices. Some improvements could be made on a few issues. The Company does not exclude further effort to improve its company governance.

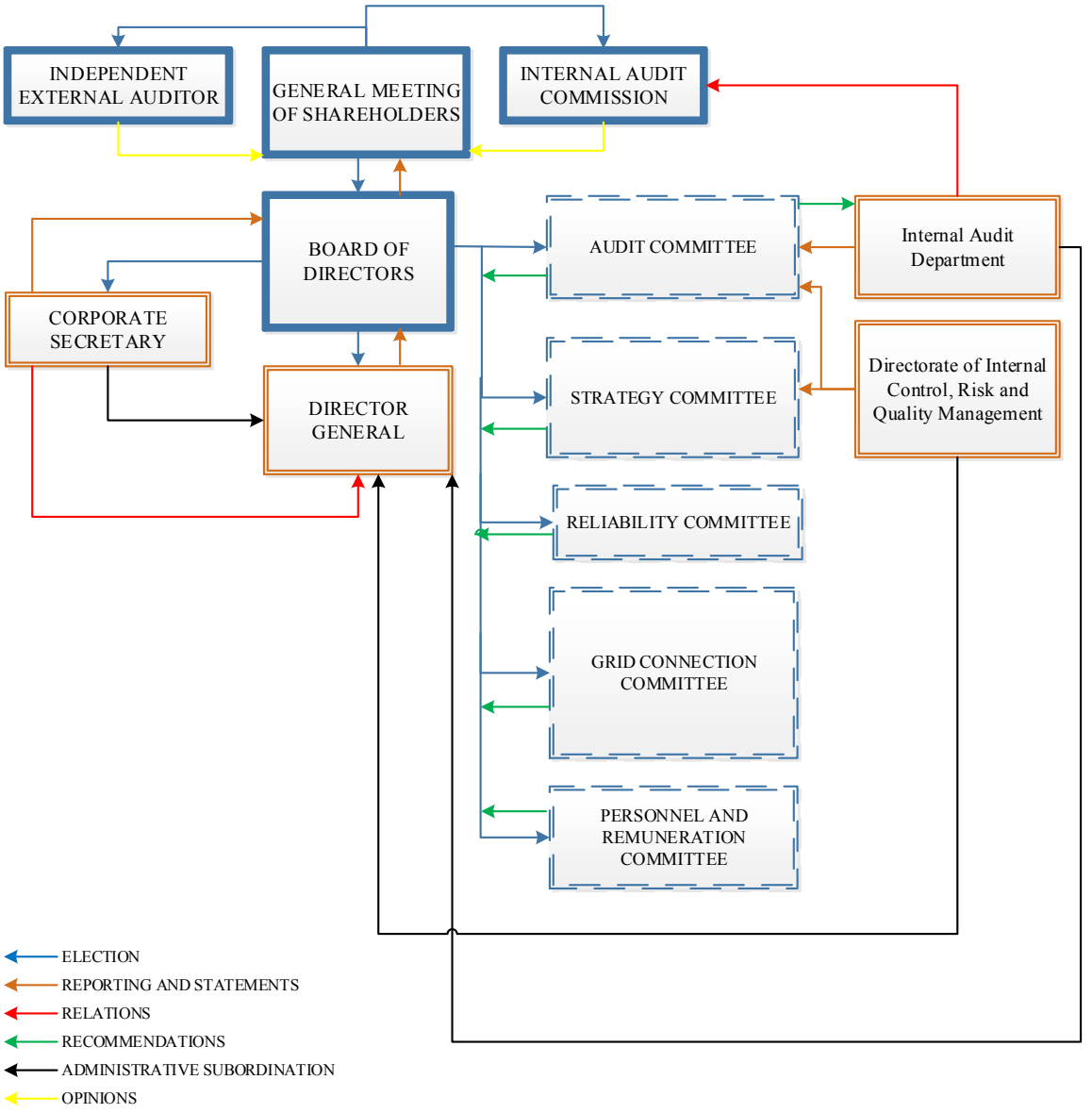
According to the Charter of Rosseti Tyumen JSC, the Company is governed by:

- General Meeting of Shareholders;
- Board of Directors;
- Director General (sole executive body).

The Internal Audit Commission is responsible for control over the financial and economic activities of the Company.`

Rosseti Tyumen JSC enlists an independent third-party auditor to audit its financial statements under the Russian Accounting Standards (RAS) as well as its consolidated statements under the International Financial Reporting Standards (IFRS). Auditor is nominated by the Board of Directors and shall be approved by the General Meeting of Shareholders.

**Corporate Governance Structure of Rosseti Tyumen JSC**




## 4.2. GENERAL MEETING OF SHAREHOLDERS

General Meeting of Shareholders is the highest governing body of the Company.

General Meeting of Shareholders is responsible for various matters as specified in the Federal Law No. 208-FZ dd. December 26, 1995 On Joint-Stock Companies and in Cl. 10.10.2 of the Company's Charter.

The Charter is available at http://www.te.ru/about/vnutrennie_dokumenty.

Matters within the competence of the GMS cannot be resolved by the Board of Directors or the Director General of the Company.

The resolutions of the General Shareholders Meeting are also available in the For Shareholders and Investors / Corporate Governance section of the Company's official website: http://www.te.ru/investors/korporativnoe_upravlenie/obshchee_sobranie_akcionerov/.

In accordance with Clause 11.1, Article 11 of the Charter of Rosseti Tyumen JSC, if all the voting shares are held by a single shareholder, all resolutions on matters within the competence of the General meeting of Shares shall be made by such shareholder or its authorized governing body in writing, and further communicated to the Company.

For Rosseti Tyumen JSC, pursuant to subclause 3, Clause 13.2, Article 13 of the Charter, the authorized governing body is a collegial executive body, the Management Board of Rosseti PJSC, which functions as the General Meeting of Shareholders for Rosseti Tyumen JSC.

May 28, 2020 the Management Border of Rosseti PJSC, acting as Rosseti Tyumen JSC's Annual General Meeting of Shareholders, made the following resolutions:

- to approve the annual report and annual financial statements of the Company for 2019;
- to approve the distribution of the Company's profits for 2019;
- to re-elect the Board of Directors;
- to re-elect the Audit Committee;
- to approve the Company's auditor;
- to approve the revised Regulations on the Board of Directors.

May 13, 2020 the Management Board of Rosseti PJSC acting as an extraordinary General Meeting of Shareholders approved Rosseti Tyumen JSC's entry into Association for Innovation in Electric Power Industry (INVEL)[9].

November 27, 2020 the Management Board of Rosseti PJSC acting as an extraordinary General Meeting of Shareholders resolved to prematurely terminate the Internal Audit Commission's powers and elect a new membership.

## 4.3. REPORT OF THE BOARD OF DIRECTORS

The Board of Directors is Rosseti Tyumen JSC's key governing body responsible for strategic management and resolving all matters except those within the responsibility of the General Meeting of Shareholders. The Board of Directors oversees the managers' performance and protects the rights and legitimate interests of Rosseti Tyumen JSC's shareholder as required by law of the Russian Federation.

In its activities, the Board of Directors is guided by the Federal Law No. 208-FZ dd. December 26, 1995 On Joint-Stock Companies, by other regulations of the Russian Federation, by the Charter of Rosseti Tyumen JSC, and by Rosseti Tyumen JSC's Regulations on the Board of Directors.

Pursuant to Cl. 13.1, Art. 13 of the Charter of Rosseti Tyumen JSC, the Board of Directors consists of eleven (11) persons.

The election procedure is set forth in said Charter and complies with the law of the Russian Federation. Persons elected to the Board of Directors can be re-elected for an unlimited number of terms. The Chairperson of the Board of Directors is elected by the Board members by majority voting.

**Competences of the Board of Directors**

The Board of Directors is responsible for various matters as specified in the Federal Law No. 208-FZ dd. December 26, 1995 On Joint-Stock Companies and in Cl. 12.1, Art. 10 of the Company's Charter.

Matters within the competence of the Board of Directors cannot be resolved by the Director General of the Company.

The Board of Directors' operations are regulated by the corresponding Regulations of Rosseti Tyumen JSC as approved by Resolution of the General Meeting of Shareholders of Rosseti Tyumen JSC on May 28, 2020 (Minutes No. 1010pr/2). 'the Regulations'.

Pursuant to Clause 5.1 of the Regulations, the Board of Directors meetings are held pursuant to the approved Agenda of the Board of Directors, or when necessary, but at least once a quarter.

The Agenda for a corporate year shall be approved at the first meeting of the Board of Directors as re-elected by the Annual General Meeting of Shareholders.

[9] However, insolvency proceedings were initiated against INVEL, which caused a denial of Rosseti Tyumen JSC's participation.

The Corporate Secretary of the Board of Directors shall comprehensively inform the Directors and notify them on meetings of the Board of Directors beforehand.

In 2020, neither the Company nor anyone on the Board of Directors entered enter into any transactions, and no member of the Board of Directors was claimed against.

In 2020, the Company did not fund the training of the Board of Directors members either by loan or in any other form.

**Report of the Board of Directors**

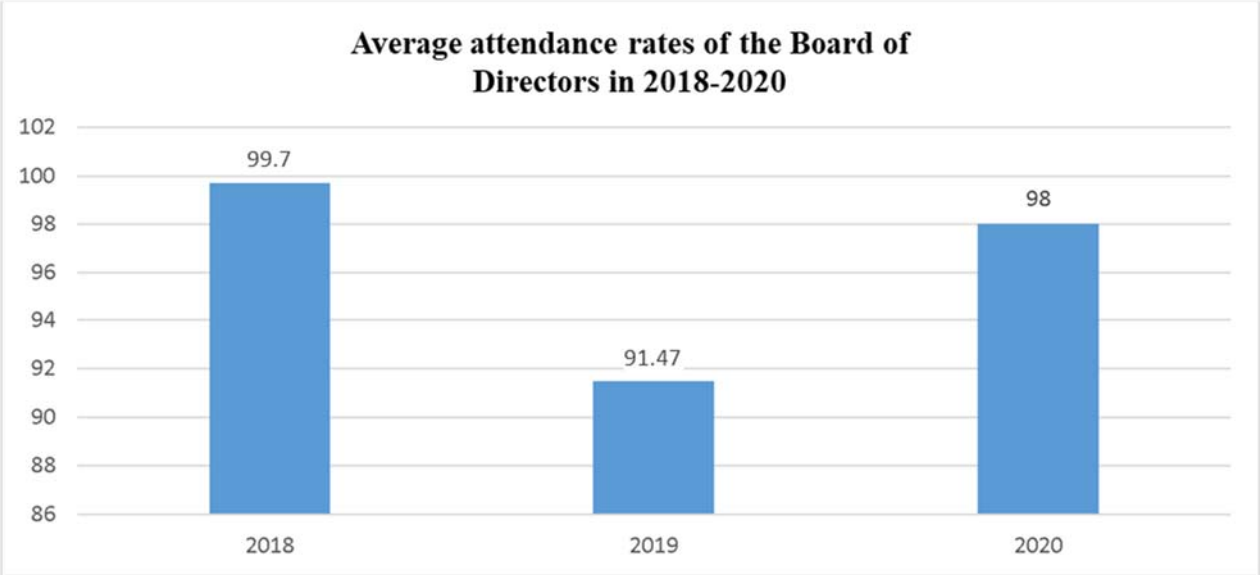
In 2020, the Board of Directors held 35 meetings, 33 of which consisted in absentee voting whereas one was held in joint presence.

156 matters were discussed in total. Meeting Minutes are available at the Company's corporate website:
http://www.te.ru/investors/korporativnoe_upravlenie/sovet_direktorov/resheniya.

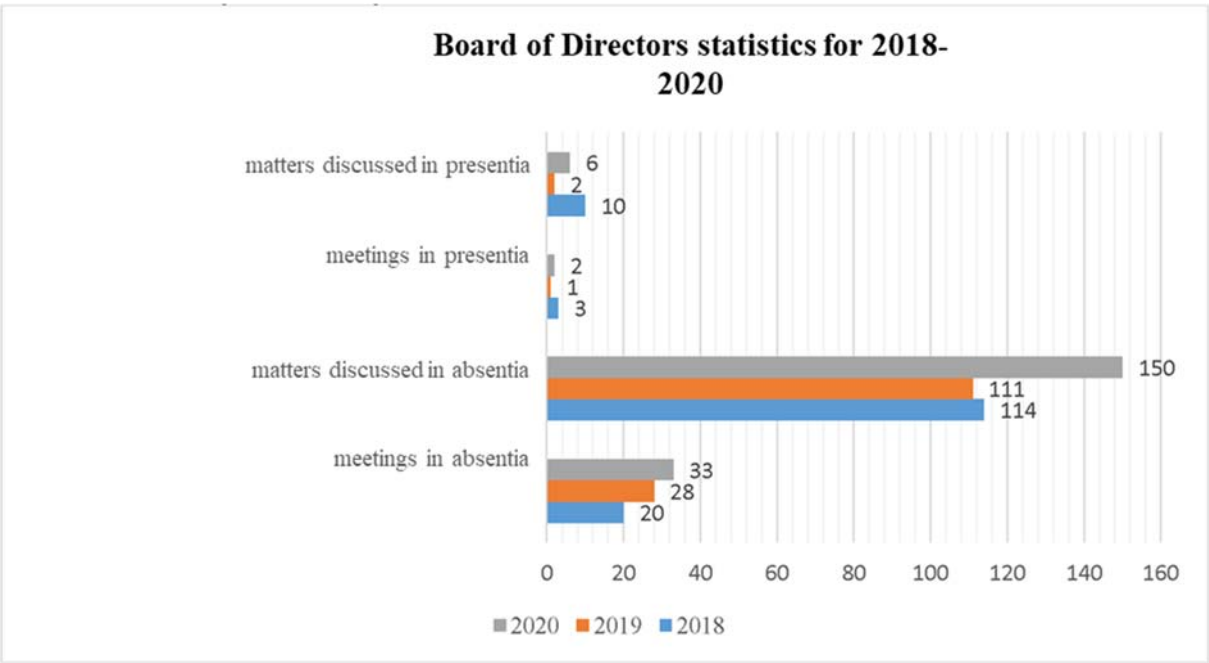
**Attendance of the Board of Directors and Committee members from January 1 to December 31, 2020**

| No. | Full Name: | Board of Directors, number of meetings | Board of Directors, % | Strategy Committee, % | Audit Committee, % | Grid Connection Committee, % |
|---|---|---|---|---|---|---|
| 1 | Yuri Vladimirovich Goncharov | 35/35 | 100 | - | - | - |
| 2 | Vladimir Fedorovich Gritsenko | 35/35 | 100 | 100 | - | - |
| 3 | Konstantin Sergeyevich Guselnikov | 35/35 | 100 | - | 100 | - |
| 4 | Andrey Aleksandrovich Demin | 35/35 | 100 | - | - | - |
| 5 | Yury Kazbekovich Zafesov | 35/35 | 100 | - | - | - |
| 6 | Aleksandr Yuryevich Korneev | 15/15 | 100 | 100 | - | 100 |
| 7 | Marina Aleksandrovna Lavrova | 35/34 | 97 | 100 | 100 | - |
| 8 | Anna Rustyamovna Latypova | 20/20 | 100 | - | - | - |
| 9 | Obrezkova Yuliya Gennadievna | 20/20 | 100 | 93 | - | - |
| 10 | Aleksey Yuryevich Perets | 35/30 | 86 | - | - | - |
| 11 | Tatyana Aleksandrovna Selivyorstova | 15/15 | 100 | 100 | - | - |
| 12 | Vladimir Nikolayevich Silkin | 35/35 | 100 | - | - | - |
| 13 | Aleksey Vladimirovich Soldatenko | 35/32 | 91 | - | - | - |

The average attendance rate in 2020 was **98%**.

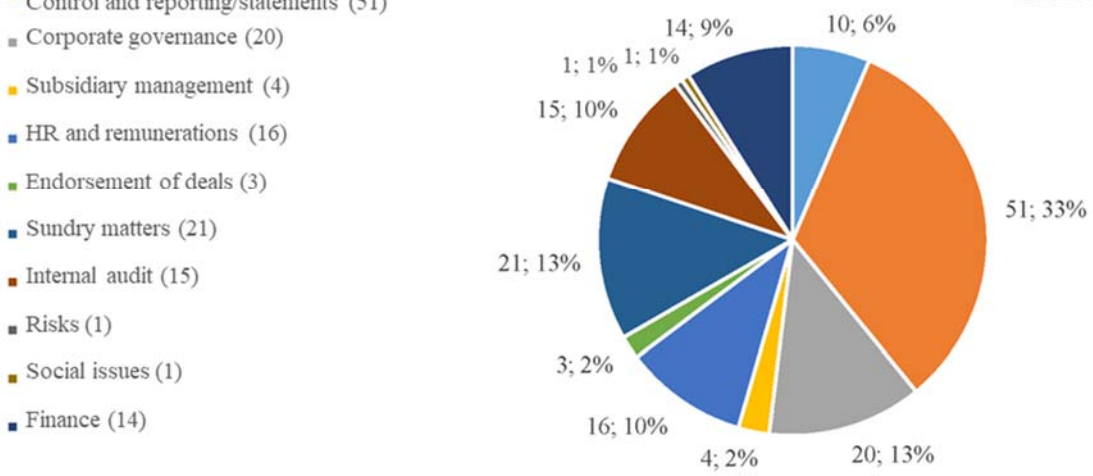



Below is the statistics on the Board of Directors, namely the meetings they held and matters they discussed in 2018-2020

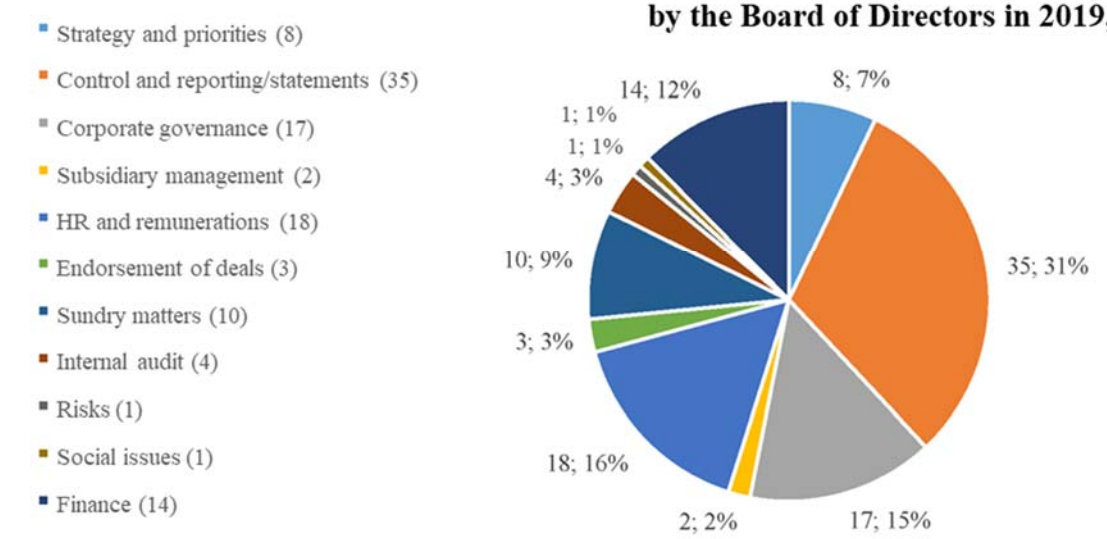



The report also presents statistics on the categories of matters discussed by the Board of Directors in 2018-2020

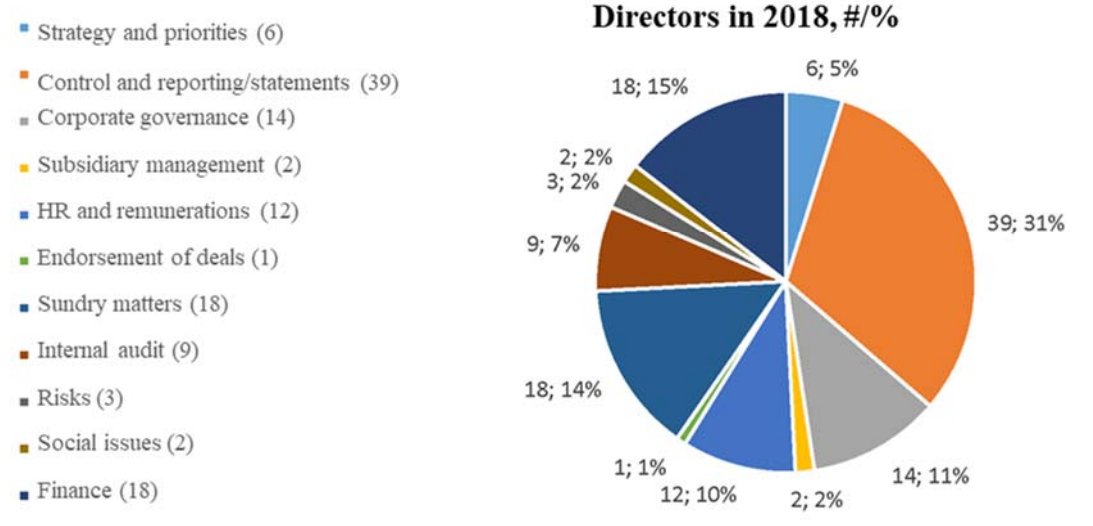
**Breakdown of matters discussed by the Board of Directors in 2020, #/%**




**Breakdown of matters discussed by the Board of Directors in 2019, #/%**




**Breakdown of matters discussed by the Board of Directors in 2018, #/%**



Orders of the Board of Directors to the Company's management, 2018-2020

| | 2018 | | | | 2019 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| **Orders in progress (as of the start of the period)** | **18** | **7** | **10** | **9** | **14** | **12** | **9** | **11** | **1** | **7** | **8** | **6** |
| Issued during the reporting period | 4 | 5 | 3 | 11 | 9 | 1 | 3 | 5 | 18 | 1 | 7 | 7 |
| Executed during the reporting period | 15 | 2 | 4 | 6 | 9 | 4 | 1 | 14 | 12 | - | 9 | 3 |
| Non-executed | - | - | - | - | 2 | - | - | 1 | - | - | - | 1 |
| **Orders in progress (as of the end of the period)** | **7** | **10** | **9** | **14** | **12** | **9** | **11** | **1** | **7** | **8** | **6** | **9** |

## Composition of the Board of Directors

May 28, 2020 the Management Board of Rosseti PJSC elected the following persons to the Board of Directors **(positions valid as of the date of election):**

| No. | Full Name: | Brief Bio |
|---|---|---|
| 1 | Goncharov Yuriy Vladimirovich<br>Non-Executive Director<br><br>First elected to the Board of Directors of the Company by the General Shareholders Meeting on 6/30/2014. | Birth year: 1977.<br>Education:<br>1. Moscow State Mining University, major in Management (Master), graduated in 2000.<br>2. Moscow Institute of Economics, Politics and Law, major in Legal Studies (Bachelor), graduated in 2014.<br>04.2013–09.2018 – Rosseti PJSC, Deputy Director General on corporate governance;<br>May 2020 to present:* Rosseti Lenenergo PJSC, member of the Board of Directors;<br>May 2020 to present: member of the Board of Directors;<br>May 2020 to present: Rosseti Northern Caucasus PJSC, member of the Board of Directors;<br>May 2020: member of the Board of Directors, IDGC of Center and Volga Region PJSC;<br>June 2020 to present: IDGC of the Urals JSC, Chairperson of the Board of Directors;<br>September 2018 to present: Rosseti PJSC.<br>**Principal position:**<br>Chief Advisor |
| 2 | Vladimir Fedorovich Gritsenko<br>Independent Director<br><br>First elected to the Board of Directors of the Company by the General Shareholders Meeting on 6/28/2019. | Birth year: 1965.<br>Education:<br>Russian State University for the Humanities, major in Jurisprudence (Master), graduated in 2007.<br>February 2016 to present: NP OPORA, member of the Management Board Presidium;<br>December 2017 to present: FGC UES PJSC, member of the Investment Committee of the Board of Directors;<br>July 2012 to present: Unitel Engineering LLC. **Principal position:**<br>Member of the Management Board Presidium |
| 3 | Konstantin Sergeyevich Guselnikov<br>Independent Director | Birth year: 1966.<br>Education:<br>1. Moscow Institute of Technology, qualification of Engineer-Technologist, graduated in 1990. |

| | | |
|---|---|---|
| | First elected to the Board of Directors of the Company by the General Shareholders Meeting on 6/28/2017. | 2. Moscow Institute of International Business, major in Trade, graduated in 1992.<br>3. Academy of National Economy in Kiel, Germany, qualification of Marketing Specialist, graduated in 1994.<br>July 2014 to present: Innovative Research and Production Centre for Textile and Consumer Goods Industry, member of the Board of Directors;<br>April 2012 to present: FinInvest Consulting LLC<br>**Principal position:**<br>CEO |
| 4 | Andrey Aleksandrovich Demin<br>Non-Executive Director<br><br>First elected to the Board of Directors by the General Meeting of Shareholders on July 29, 2013 through June 30, 2015; reelected on December 26, 2019 | Birth year: 1974.<br>Education:<br>1. Zaporozhye State University, specialty "Applied Mathematics", graduated in – 1996.<br>2. Zaporizhia Institute of Economics and Information Technologies (ZIEIT), specialty "Finance", graduated in – 1999.<br>April 2014 to May 2020: Rosseti PJSC, member of the Management Board |
| 5 | Yury Kazbekovich Zafesov<br>Non-Executive Director<br><br>First elected to the Board of Directors by the General Shareholders Meeting on June 30, 2013 through June 30, 2014; reelected on June 28, 2017. | Birth year: 1975.<br>Education:<br>1. Moscow State University of Food Industry (MGUPP), qualification of Engineer-Technologist, graduated in 1997.<br>2. Lomonosov Moscow State University, major in Management, graduated in 1999.<br><br>3. Russian Academy of State Service under the President of the Russian Federation, PhD of Economics, thesis defended in 2006.<br>4. PwC MBA in General Management, graduated in 2019.<br>May 2013 to May 2020: Rosseti PJSC (part-time), Director of the Department of Procurement;<br>September 2019 to present: Energostroysnabkomplekt UES JSC, member of the Board of Directors;<br>May 2020 to present: IDGC of Center and Volga Region, member of the Board of Directors;<br>June 2020 to date: Rosseti PJSC (part-time), Head of the Department of Consolidated Planning and Procurement;<br>June 2020 to date: FGC UES PJSC (part-time), Head of the Department of Consolidated Planning and Procurement;<br>October 2017 to date: Energostroysnabkomplet JSC.<br>**Principal position:**<br>Director of the Department of Procurement |
| 6 | Marina Aleksandrovna Lavrova<br>Non-Executive Director<br><br>First elected to the Board of Directors by the General Shareholders Meeting on June 28, 2017, | Birth year: 1982.<br>Education:<br>State University of Management, qualification of Manager majoring in Management in the Power Industry, graduated in 2004.<br>June 2013 to present: Dagestan Power Supply Company PJSC, member of the Board of Directors;<br>June 2019 to present: Sevkavkazenergo JSC, member of the Board of Directors;<br>2008 to present: Rosseti PJSC.<br>**Principal position:**<br>Deputy Director of the Department of Economics, Head of the Directorate of Subsidiary Business Planning |
| 7 | Anna Rustyamovna Latypova<br>Non-Executive Director<br><br>First elected to the Board of Directors by the General Meeting of Shareholders on May 28, 2020 | Birth year: 1987.<br>Education:<br>1. Plekhanov Russian University of Economics, major in Economics (Bachelor), graduated in 2008.<br>2. Plekhanov Russian University of Economics, major in Economics (Master), graduated in 2010.<br>June 2015 to January 2016: Sberbank Capital LLC, Head of the Internal Audit Service; |

| | | |
|---|---|---|
| | | January 2016 to May 2017: High-Speed Rail Lines JSC (Russian Railways), Assistant Director General for Cooperation with Authorities;<br>May 2017 to May 2019: High-Speed Rail Lines JSC (Russian Railways), Director for Cooperation with Authorities;<br>April 2019 to date: Rosseti PJSC.<br>**Principal position:**<br>Director of the Department of Cooperation with Public Authorities |
| 8 | Yuliya Gennadievna Obrezkova<br>Non-Executive Director<br><br>First elected to the Board of Directors by the General Meeting of Shareholders on May 28, 2020 | Birth year: 1985.<br>Education:<br>Polzunov Altai State Technical University, major in Finance and Credit, degree of an Economist, graduated in 2007.<br>December 2014 to October 2019: Rosseti PJSC, Chief Expert, Head of the Department of Strategic Projects, Head of the Directorate of Capital Markets and Strategic Investment, Department of Finance;<br>October 2019 to date: Rosseti PJSC.<br>**Principal position:**<br>Deputy Director of the Department of Strategy |
| 9 | Aleksey Yuryevich Perets<br>Non-Executive Director<br><br>First elected to the Board of Directors of the Company by the General Shareholders Meeting on 6/29/2018. | Birth year: 1980.<br>Education:<br>Saint Petersburg State University.<br>June 2018 to present: Engineering Center Real Estate UES PJSC, Chairperson of the Board of Directors;<br>June 2018 to present: IDGC of the South PJSC, member of the Board of Directors;<br>June 2018 to date: Supervisory Board of the NP LGO Association, Chairperson;<br>June 2019 to date: Far Eastern Energy Management Company of the UNEG, Chairperson of the Board of Directors;<br>2017 to present: Rosseti PJSC.<br>**Principal position:** Chief Advisor |
| 10 | Vladimir Nikolayevich Silkin<br>Chairperson of the Board of Directors<br>Independent Director<br><br>First elected to the Board of Directors of the Company by the General Shareholders Meeting on 6/28/2019. | Birth year: 1957.<br>Education:<br>1. Moscow State University of Railway Engineering, electrical engineer, Candidate of Technical Sciences,<br>graduated in – 1982.<br>2. Russian Presidential Academy of Public Service, major in Public and Municipal Administration, graduated in 1998.<br>3. Financial Academy under the Government of the Russian Federation, major in Financial Management, graduated in 2004.<br>February 2016 to date: Water Sports Foundation, Executive Director (part-time);<br>December 2012 to date: All-Russian Sailing Federation.<br>**Principal position:**<br>President of the All-Russian Sailing Federation |
| 11 | Soldatenko<br>Aleksey Vladimirovich<br>Executive Director<br><br>First elected to the Board of Directors of the Company by the General Meeting of Shareholders on June 26, 2019 | Birth year: 1976.<br>Education:<br>Krasnoyarsk State Technical University,<br>Electric Power Systems and Grids, Engineer, graduated in – 1998.<br>September 2006 to March 2017: IDGC of Siberia PJSC, Category 2 specialist, Chief Specialist, Head of the Department of Repair Organization, Head of the Directorate of Repair Organization — Deputy Head of the Department of Operation and Repair, Deputy Chief Engineer, Deputy Technical Director — Chief Engineer, Deputy Chief Superintendent Engineer<br>March 2017 to March 2019: IDGC of Siberia PJSC, Deputy Director General — Branch Director, Head Office of Chitaenergo, a branch of IDGC of Siberia PJSC; |

| | | |
|---|---|---|
| | | March 2019 to June 2019: Rosseti Tyumen JSC, First Deputy Director General;<br>June 2019 to July 2019: Rosseti Tyumen JSC, Acting Director General;<br>July 18, 2019 to date: Rosseti Tyumen JSC.<br>**Principal position:**<br>CEO |

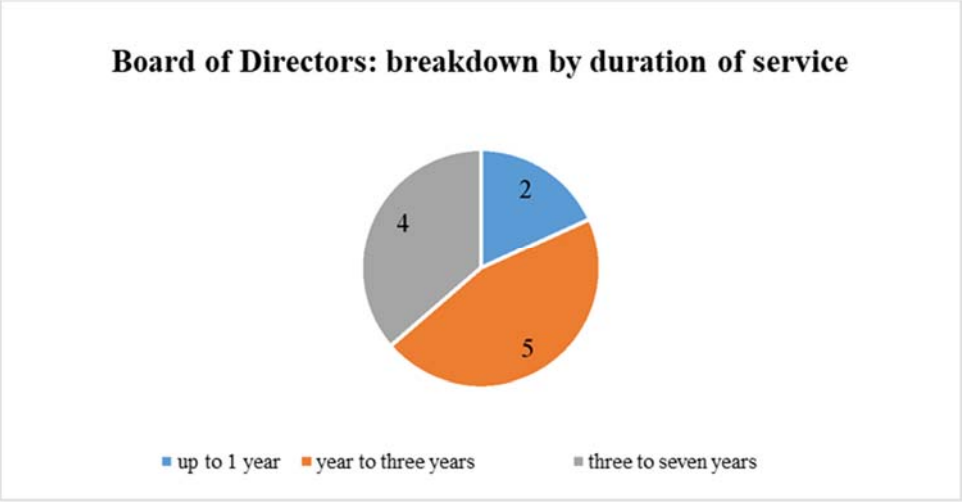
** To date means to December 31, 2020.*

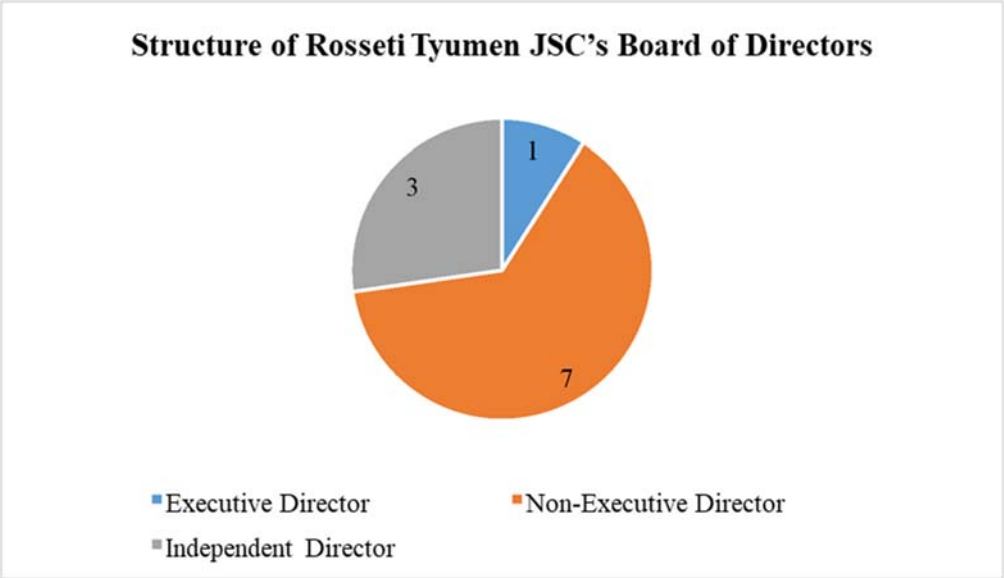
Members of the Company's Board of Directors own no shares in the Company.

All the members of the Board of Directors have consented to the disclosure of this information in the Company's Annual Report and on the corporate website.

Board of Directors had other members in 2020 before the latest election on May 28, 2020 **(positions specified as of the election date, December 26, 2019):**

| No. | Full Name: | Brief Bio |
|---|---|---|
| 1 | Aleksandr Yuryevich Korneev | Birth year: 1980.<br>Education:<br>Moscow Energy Institute, qualification of Engineer majoring in Electric Factory Equipment, graduated in 2003.<br>2018 to present: Rosseti PJSC.<br>**Principal position:**<br>Director of the Department of Grid Connection and Infrastructure Development |
| 2 | Tatyana Aleksandrovna Selivyorstova | Birth year: 1972.<br>Education:<br>1. Sergo Ordzhonikidze State University of Management, major in Management, graduated in 1995.<br>2. Russian Presidential Academy of National Economy and Public Administration, occupational retraining in Finance Management, graduated in 1997.<br>2008 to present: Rosseti PJSC.<br>**Principal position:** Chief Expert of the Directorate of Securities and Information Disclosure, Department of Corporate Governance |






**Liability insurance for directors, officers, and companies**

Liability Insurance Contract for directors, officers, and companies is intended to protect the property interests of the Company's shareholders, to compensate for the possible losses incurred by the Company and (or) its Directors and officers, or the Directors and (or) officers by any of the Company's subsidiaries ('Insured Persons') shall any insurable event occur, namely:

– shall an Insured Person be obliged to indemnify third parties against losses arising from the Insured Person's wrong action or inaction that has occurred as part of their duties except any intentional crime or fraud, if the Insured Person is made a claim against with respect to such indemnification;

– shall the Company incur costs arising from its indemnification of liability of Insured Person, or in the interests of any Insured Person, if such liability arises from losses incurred by third parties;

– shall the Company be obliged to indemnify any third parties against losses related to the Company's placement of securities.

Insured Persons are:

Director, i.e., any individual that has ever been, is, or will become during the insurance period:

– a member of the Company's Board of Directors;

– a member of the Board of Directors of any of the Company's subsidiaries, elected to the Board of Directors of such subsidiary by the Company's vote(s);

Officer, i.e., any of the following:

– any individual that has acted, acts, or shall act during the insurance period as the sole executive body (Director General) of the Company and/or any of its subsidiaries, or the Deputy Sole Executive Body (First Deputy Director General or Deputy Director General), Chief Accountant of the Company, or

– any other individual that has ever been, is, or will be entitled to sign documents and (or) give any assurances and (or) make statements on behalf of the Company during the insurance period.

Company, i.e., the Company and/or any of its subsidiaries.

The insurance is applicable globally.

The insurance period is:

– October 1, 2019 through September 30, 2020 under the insurance contract made in 2020;

– October 1, 2020 through September 30, 2020 under the insurance contract made in 2021;

The insurance amount totals eight hundred and five million (805,000,000) rubles for all and any insurable events and all and any insured persons.

## Report of the Board of Directors on Priorities

In 2020, the Board of Directors made resolutions on the key priorities described in detail in Section 2.2 of the Annual Report. In 2020, the Board of Directors did not determine priority activities.

In 2020, the Board of Directors worked on the priorities set forth in the Strategy of Rosseti PJSC and its subsidiaries.

| Priorities under the Strategy of Rosseti PJSC and its Subsidiaries (appr. December 26, 2019) | Resolutions of the Board of Directors |
|---|---|
| **Technological and Innovative Development** | – Innovative Development Program of the Company approved;<br>– Smart Metering Development Program 2020–2030 approved;<br>– Rosseti Tyumen JSC's Electricity Loss Reduction Program for 2020 and up to 2024 approved;<br>– Production Asset Management System Development Plan 2020-2022 approved;<br>– Several resolutions made on the drafting of electricity generation and transmission balance sheets |
| **Digital Transformation** | – Rosseti Tyumen JSC's Digital Transformation Program 2020–2030 approved |
| **Information and Technological Security** | – Several resolutions made to advance cooperation with the defense industry of the Russian Federation;<br>– revised Anti-Corruption Policy of Rosseti PJSC and its subsidiaries approved |
| **Further Increase in Operational and Investment Efficiency** | – Internal Control Effectiveness and Development Action Plan approved;<br>– Risk Management System Improvement Action Plan approved;<br>– Investment Program Scenarios for Rosseti Tyumen JSC approved;<br>– revised Payment Regulations for Rosseti Tyumen JSC approved;<br>– Regulations on Third Party-Initiated Redevelopment of Rosseti Tyumen JSC's Facilities approved;<br>– Rosseti Tyumen JSC's Third-Party Promissory Note Transaction Standard, a new internal document of the Company, approved;<br>– Internal Audit Improvement Action Plan 2020-2024 approved;<br>– Accession to the revised Uniform Procurement Standard of Rosseti PJSC ('the Procurement Regulations') approved;<br>– List of Rosseti Tyumen JSC's investment projects approved for technological and price audit of all project phases;<br>– Accession to the revised Power Grid Complex Environmental Policy ('the Policy') approved;<br>– List of priority anti-crisis measures adjusted for the current economic situation approved;<br>– Rosseti Tyumen JSC's Director General KPI Calculation and Assessment Guidelines approved;<br>– Rosseti Tyumen JSC's revised Credit Policy Regulations approved;<br>– Rosseti Tyumen JSC's Insurance Program 2021 approved; |

| | |
|---|---|
| | – Rosseti Tyumen JSC's Business Plan 2021 approved, projections for 2022-2025 taken into account;<br>– Rosseti Tyumen JSC's Procurement Plan 2021 approved |
| **Better Investment Appeal and Shareholder Value** | – Revised Regulations on the Implementation of Rosseti Tyumen JSC's Uniform Communication Policy approved |
| **HR Development** | – Organizational structure of Rosseti Tyumen JSC's Head Office approved |

The Company's Business Plan and its Investment Program constitute an important management tool, a strategic planning component, and a guideline for the action, monitoring, and analysis of interim and final results. Mid-term business planning is based on plans, budgets, reports, KPIs, and targeted programs, the activities under which affect production, investment, and repair, and determine the need for resources required to reach the strategic targets. This is why the Company's Board of Directors pays special attention to the matters of business planning and hence to the implementation of strategic plans. The Company's Business Plan 2020 and projections for 2021-2024 were approved by Rosseti Tyumen JSC's Board of Directors on December 25, 2019.

**In 2020, the Board of Directors made the following resolutions concerning business planning:**

– consolidated RAS and IFRS-based Rosseti Group Plan 2020 and projections for 2021-2024 approved in March 2020;

– reviewed quarterly and annual reports on the completion of the Company's Business Plan and the Rosseti Tyumen Group's consolidated RAS and IFRS-based business plans;

– reviewed quarterly and annual reports on the completion of the Company's Investment Program and on the progress of Rosseti Tyumen JSC's priority investment projects;

– approved the List of Rosseti Tyumen JSC's Investment Projects for technological and price audit of all project phases scheduled for 2021-2022, in December 2020.

In 2020, Rosseti Tyumen JSC's Board of Directors also made resolutions on the Company's operational activities.

**Concerning insurance, the Board:**

– approved the revised Insurance Regulations of Rosseti Tyumen JSC in July 2020;

– made contracts to insure its civil liability as an owner of hazardous facilities, to have voluntary insurance of its vehicles, to insure its liability to third parties as an aircraft owner, and to insure the liability of directors, officers, and companies;

– reviewed on the quarterly basis the Director General-raised matters of the Company's insurance.

**As far as its Committees are concerned, the Board of Directors:**

– re-elected the members of all the Committees in March and September 2020 once new members of the Board of Directors inaugurated;

– approved the annual budgets for such Committees;

– reviewed the Committees' reports for the corporate year 2019-2020;

– approved the revised Regulations on the Grid Committee in May 2020.

**As far as internal audit is concerned, the Board:**

– approved the Internal Audit Directorate's Agenda for 2020 and 2021;

– approved the Internal Audit Directorate's budget and the remuneration of its Head for 2020;
– reviewed the Internal Audit Directorate's report on its performance and results of 2019;
– reviewed the results of external independent assessment of internal audit;
– reviewed the internal audit reports of Rosseti Tyumen JSC on the identification and sales of non-core assets in 2019, on the performance of internal control and risk management systems in 2019, and on the assessment of Rosseti Tyumen JSC's corporate governance in the corporate year 2019-2020.

All the resolutions made by the Board of Directors are available at the Company's corporate website:
http://www.te.ru/investors/korporativnoe_upravlenie/sovet_direktorov/resheniya.

## 4.4. COMMITTEES OF THE BOARD OF DIRECTORS

Rosseti Tyumen JSC's Board of Directors has established specialized Committees tasked with the preliminary discussion of matters that are within the purview of or are otherwise supervised by the Board of Directors as the body responsible for monitoring the Company's sole executive body; the Committees are also tasked with drafting recommendations to the Board of Directors and to the Director General of the Company.

The following Committees were in place in 2020:

– Audit Committee (est. Oct. 2, 2013)
– Strategy Committee (est. Dec. 8, 2016);
– Personnel and Remuneration Committee (est. Sept. 21, 2017);
– Reliability Committee (est. Dec. 16, 2005);
– Grid Connection Committee (est. March 3, 2009).

The Board of Directors approves Committee Regulations that set forth the protocols, the assembly, the purview, and the tenure of the Committees. All the Committee-regulating documents are available on the Company's official website: https://www.te.ru/about/vnutrennie_dokumenty/.

### 4.4.1. AUDIT COMMITTEE

The Audit Committee of the Board of Directors ('the Audit Committee') is tasked with preliminary discussion of matters related to the control over the Company's financial and economic activities, see Minutes No. 18/13 dd. October 2, 2013.

The Audit Committee is governed by the Regulations on the Audit Committee of the Board of Directors, Rosseti Tyumen JSC as approved by Resolution of the Board of Directors dd. March 21, 2016 (Minutes No. 06/16, Rev. No. 21/16 dd. October 21, Rev. No. 07/17 dd. March 10, 2017).

September 23, 2020 the Board of Directors elected the following three persons to the Audit Committee (positions specified herein were valid as of the election date):

| Full Name: | Position and Employer |
|---|---|
| Leonid Yuryevich Akimov | Director of Legal Affairs, Rosseti PJSC |
| Konstantin Sergeyevich Guselnikov<br>Member of the Board of Directors | Director General, FinInvest Consulting LLC |
| Svetlana Nikolayevna Kovaleva<br>Chairperson of the Audit Committee | Director of Internal Audit, Head of the Department of Internal Audit, FGC UES PJSC |
| Olga Vladimirovna Tikhomirova | Head of the Department of Treasury, Rosseti PJSC |

The Committee had other members in 2020 before the latest election **(positions specified as of the date of election: August 29, 2019 and March 13, 2020):**

| Full Name: | Position and Employer |
|---|---|
| Irina Olegovna Posevina | Acting Director of the Department of Internal Control, Rosseti PJSC |

| | |
|---|---|
| Marina Aleksandrovna Lavrova | Deputy Director of the Department of Economics, Rosseti PJSC |

**Attendance of the Audit Committee from January 1 to December 31, 2020**

| No. | Full Name: | Number of Meetings the Member was Entitled to Attend | Number of Meetings Actually Attended | Attendance, % |
|---|---|---|---|---|
| 1 | Leonid Yuryevich Akimov | 3 | 3 | 100 |
| 2 | Konstantin Sergeyevich Guselnikov | 16 | 16 | 100 |
| 3 | Svetlana Nikolayevna Kovaleva | 3 | 3 | 100 |
| 4 | Marina Aleksandrovna Lavrova | 13 | 13 | 100 |
| 5 | Irina Olegovna Posevina | 13 | 13 | 100 |
| 6 | Olga Vladimirovna Tikhomirova | 3 | 3 | 100 |

The average attendance rate was **100%.**

The Audit Committee is mainly tasked with:

– auditing the accounting (financial) statements of the Company and supervising their preparation;

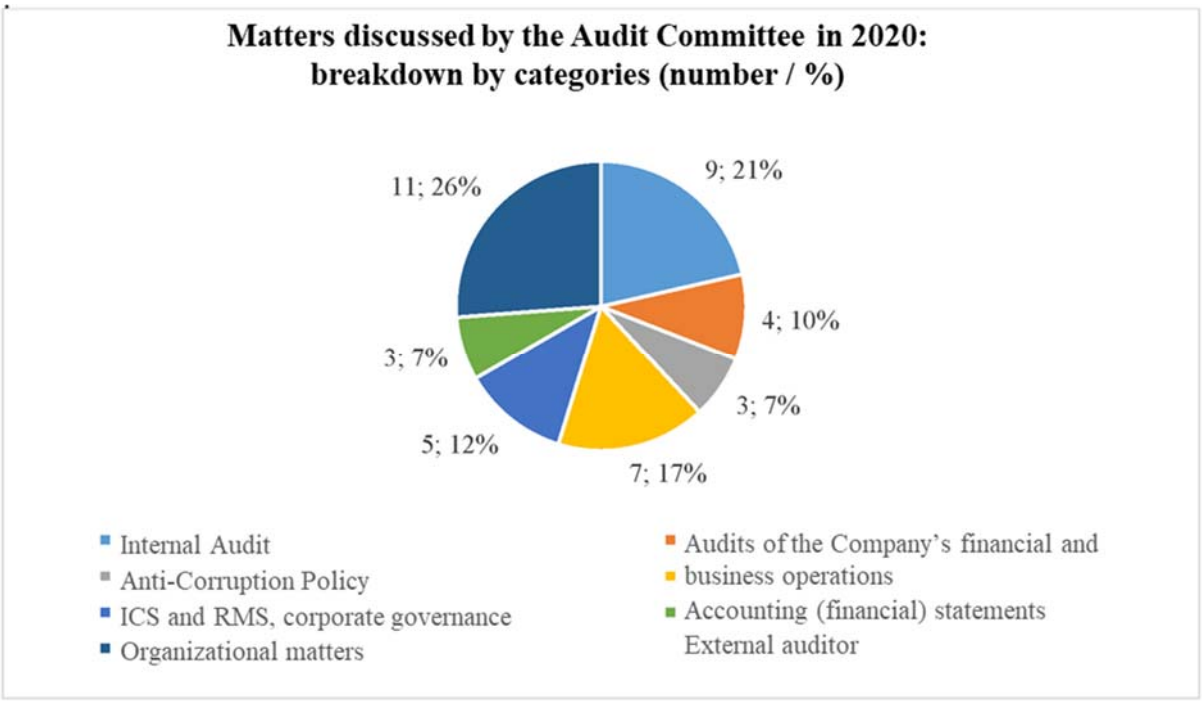
– supervision over the risk management systems, internal control and corporate governance;

– supervision over the performance of an external audit and selection of an auditor;

– arrangement and ensuring independence and objectivity of the internal audit function;

– performance management of the system of counteracting unethical practices on the part of the Company's employees and third parties.

In 2020, the Audit Committee held 16 meetings, including 3 meetings in presentia. In total, 42 matters were reviewed and discussed. The Committee had less meetings in presentia due to the yellow alert issued in connection with the novel coronavirus pandemic, for which reason the staff worked from home.




Annex 8 lists the Audit Committee's meetings with dates.

### 4.4.2. STRATEGY COMMITTEE

The Strategy Committee was established by Tyumenenergo JSC's Board of Directors on December 8, 2016 (Minutes No. 24/16 dd. December 9, 2016). The objectives, competences, and powers, as well as the election and operation procedures of the Committee are set forth in the applicable Regulations as approved by Tyumenenergo JSC's Board of Directors on October 31, 2019 (Minutes No. 24/19 dd. November 1, 2019).

The Committee is tasked to prepare and submit recommendations (opinions) to the Board of Directors on its activities, including without limitation the following:

- strategic development and its priorities;
- innovative development;
- organization of business processes;
- business planning;
- dividend policy;
- risk management;
- assessing the Company's and its subsidiaries' performance;
- other focus areas.

September 23, 2020 the following persons were elected to the Committee **(positions valid as of the election date):**

| No. p/p | Full Name: | Position and Employer |
|---|---|---|
| 1 | Marina Aleksandrovna Lavrova | Member of the Board of Directors of Rosseti Tyumen JSC, Deputy Head of the Department of Economics, Rosseti PJSC |
| 2 | Obrezkova Yuliya Gennadievna | Member of the Board of Directors of Rosseti Tyumen JSC, Deputy Head of the Department of Strategy, Rosseti PJSC |
| 3 | Nikolay Aleksandrovich Parfentiev | Director of Digitalization and IT, Head of the Department of Digitalization and IT, Rosseti PJSC |
| 4 | Aymetov Rustem Rafaelyevich | Head of the Department of Customer and Market Relations, Rosseti PJSC |
| 5 | Vyacheslav Valerievich Sotnikov | Deputy Director General for Economics and Finance, Rosseti Tyumen JSC |
| 6 | Medvedev Mikhail Vladimirovich | Advisor to Director General, Avantgarde JSC |
| 7 | Vladimir Fedorovich Gritsenko | Director for Business Development, Unitel Engineering LLC; Member of the Presidium, NP OPORA; member of the Board of Directors, Rosseti Tyumen JSC |

The Strategy Committee had other members in 2020 **(positions specified as of the election date, October 31, 2019):**

| No. p/p | Full Name: | Position and Employer |
|---|---|---|
| 1 | Yulia Gennadievna Obrezkova | Deputy Director of Department of Strategy, Rosseti PJSC |
| 2 | Dzerassa Aleksandrovna Bazoyeva | Chief Expert of the Directorate of Capital Markets and Strategic Investment, Department of Finance |
| 3 | Oleg Borisovich Basenko | Chief expert of the Department of Digital Transformation, Rosseti PJSC |
| 4 | Irina Vladimirovna Bogachyova | Head of the Directorate of Investment Planning and Pricing, Department of Investment, Rosseti PJSC |
| 5 | Tatyana Aleksandrovna Ivanova | Deputy Director of the Department of Tariff Policy, Rosseti PJSC |
| 6 | Marina Aleksandrovna Lavrova | Member of the Board of Directors, Tyumenenergo JSC; Deputy Director of the Department of Economics, Rosseti PJSC |

| No. p/p | Full Name: | Position and Employer |
|---|---|---|
| 7 | Aleksandr Yuryevich Korneev | Member of the Board of Directors, Tyumenenergo JS; Director of the Department of Grid Connection and Infrastructure Development, Rosseti PJSC |
| 8 | Vyacheslav Valerievich Sotnikov | Acting Deputy Director General of Economy and Finance, Tyumenenergo JSC |
| 9 | Mikhail Vladimirovich Medvedev | Deputy Director General of Intra Tool Holding Company LLC |
| 10 | Tatyana Aleksandrovna Selivyorstova | Member of the Board of Directors, Tyumenenergo JSC; Chief Expert of the Directorate of Securities and Information Disclosure, Department of Corporate Governance, Rosseti PJSC |

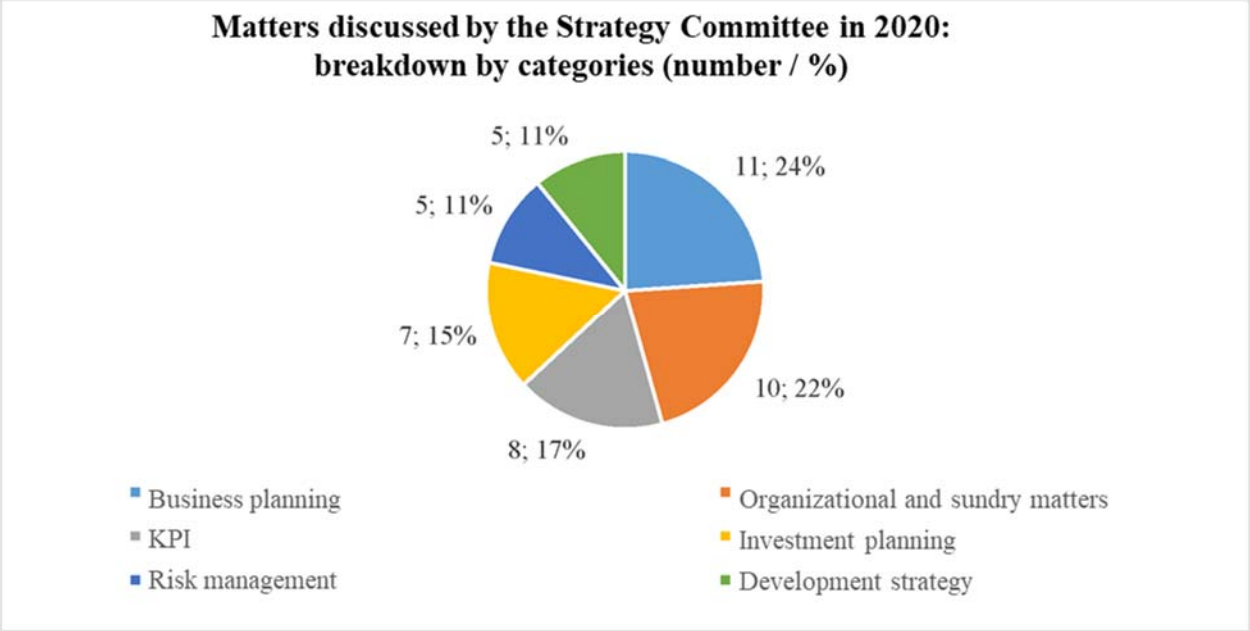
**Attendance of the Strategy Committee from January 1 to December 31, 2020**

| No. | Full Name: | Number of Meetings the Member was Entitled to Attend | Number of Meetings Actually Attended | Attendance, % |
|---|---|---|---|---|
| 1 | Yuliya Gennadievna Obrezkova | 15 | 14 | 93 |
| 2 | Dzerassa Aleksandrovna Bazoyeva | 10 | 10 | 100 |
| 3 | Oleg Borisovich Basenko | 10 | 9 | 90 |
| 4 | Irina Vladimirovna Bogachyova | 10 | 9 | 90 |
| 5 | Tatyana Aleksandrovna Ivanova | 10 | 10 | 100 |
| 6 | Marina Aleksandrovna Lavrova | 15 | 15 | 100 |
| 7 | Aleksandr Yuryevich Korneev | 10 | 10 | 100 |
| 8 | Vyacheslav Valerievich Sotnikov | 15 | 15 | 100 |
| 9 | Mikhail Vladimirovich Medvedev | 15 | 15 | 100 |
| 10 | Tatyana Aleksandrovna Selivyorstova | 10 | 10 | 100 |
| 11 | Nikolay Aleksandrovich Parfentiev | 5 | 4 | 80 |
| 12 | Rustem Rafaelyevich Aymetov | 5 | 5 | 100 |
| 13 | Vladimir Fedorovich Gritsenko | 5 | 5 | 100 |

The average attendance rate was **96%.**

The Committee had 15 meetings in 2020: 2 in presentia and 13 in absentia. In total, 45 matters were reviewed and discussed.

Annex 8 lists the Strategy Committee's meetings with dates.




### 4.4.3. RELIABILITY COMMITTEE

On December 16, 2005, the Board of Directors established the Reliability Committee tasked to ensure efficient performance of the Board of Directors with respect to the general governance over the Company's activities. The activities of the Committee are governed by the revised Regulations on the Reliability Committee as approved by the Board of Directors on July 18, 2017 (Minutes No. 21/17).

The Reliability Committee consists of no more than 7 (seven) members electable by the Board of Directors.

September 23, 2020 the Board of Directors elected a new three-member Reliability Committee as set forth in the extract from the Minutes of Rosseti Tumen JSC's Board of Directors No. 26/20 dd. September 24, 2020 (positions specified as of the election date):

| No. | Full name | Position |
|---|---|---|
| 1 | Olga Valentinovka Zuykova | Director of the Technical Supervision Center, a branch of Rosseti PJSC |
| 2 | Palina Nikolayevna Kanyuka | Head of the Department of Production, Rosseti PJSC |
| 3 | Anton Konstantinovich Bituyev | First Deputy Director General — Chief Engineer, Rosseti Tyumen JSC |

The Committee had another member in 2020 before the latest election **(position specified as of the election date, August 29, 2019, March 13, 2020):**

| No. | Full name | Position when nominated |
|---|---|---|
| 1 | Sotnikov Vyacheslav Valerievich | Deputy Director General for Economics and Finance, Rosseti Tyumen JSC |

The Reliability Committee is mainly tasked to prepare and submit recommendations (opinions) to the Company's Board of Directors related to the following activities of the Board of Directors:

– analysis of production programs, plans for retrofitting and upgrading, reconstruction, new construction and repair of power supply facilities, analysis of their development and execution from the point of view of meeting the requirements for operational reliability and technical condition of electrical networks;

– assessment of the completeness and adequacy of measures based on the accident investigation results in accordance with the Rules of accident cause investigation in electric power industry approved by the Government Resolution dd. October 28, 2009 No. 846, as well as monitoring the execution thereof;

– analysis of the quality of investigations into the causes of technological incidents (accidents);

– expertise of the Company's activity in the field of emergency response (ensuring readiness, organization and carrying out emergency recovery operations at electric grid facilities);

– review of programs intended to prevent, and reduce the risks of, injury to the Company's personnel and third parties at the Company's electrical installations, and monitoring the implementation of such programs;

– monitoring and evaluation of the Company's engineering teams in terms of ensuring reliability of electrical networks and industrial safety;

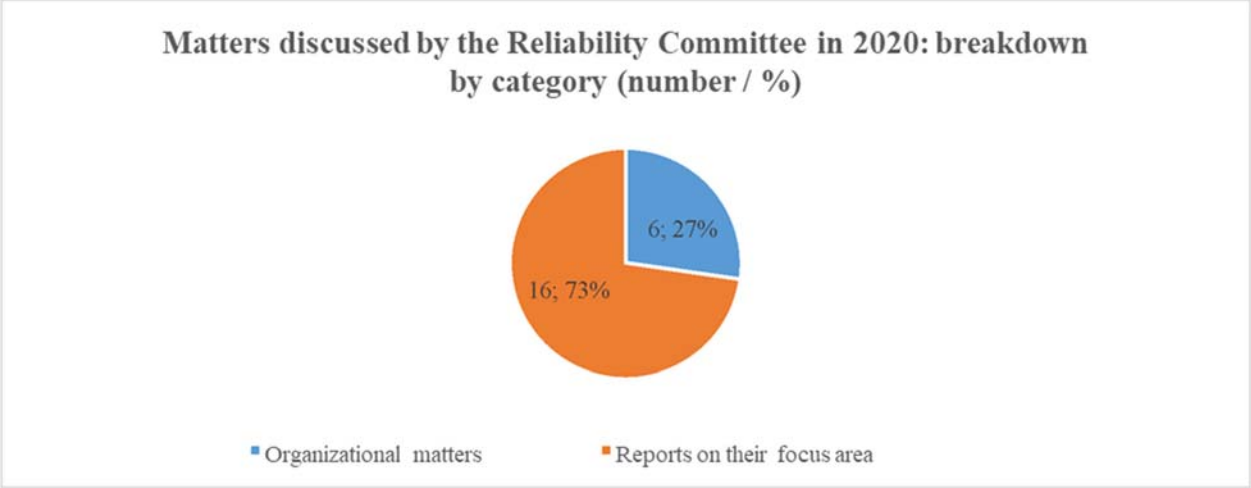
– analysis of the internal technical control system of the Company;

– examination of the occupational safety management system of the Company;

– expertise of the environmental policy implementation program;

– examination of fire and industrial safety systems.

In 2020, the Reliability Committee held 8 meetings in absentia and discussed 22 matters. For numbers and dates of minutes, see Annex 8.




**Attendance of the Reliability Committee from January 1 to December 31, 2020**

| No. | Full name | Number of Meetings the Member was Entitled to Attend | Number of Meetings Actually Attended | Attendance, % |
|---|---|---|---|---|
| 1. | Olga Valentinovka Zuykova | 8 | 8 | 100 |
| 2. | Palina Nikolayevna Kanyuka | 8 | 8 | 100 |
| 3. | Anton Konstantinovich Bituyev | 8 | 8 | 100 |
| 4. | Vyacheslav Valerievich Sotnikov | 4 | 3 | 75 |

The average attendance rate was **94%.**

### 4.4.4. PERSONNEL AND REMUNERATION COMMITTEE

September 21, 2017 Tyumenenergo JSC's Board of Directors (Minutes No. 25/17 dd. September 21, 2017) established its Personnel and Remuneration Committee consisting of three persons and approved the Regulations on the Personnel and Remuneration Committee of the Company's Board of Directors.

The Committee is mainly tasked to help the Board of Directors efficiently solve matters within its competence, as well as to prepare the necessary recommendations for the Board of Directors and the Company's executive bodies.

September 23, 2020 the Board of Directors elected four persons to the Personnel and Remuneration Committee **(positions specified as of the election date):**

| No. p/p | Full Name: | Position and Employer |
|---|---|---|
| 1 | Yevgeny Mikhailovich Babenko | Head of the Directorate of Anti-Corruption Policy, Department of Security, Rosseti PJSC |
| 2 | Yulia Viktorovna Kuznetsova | Head of the Department of HR and Organizational Design, FGC UES PJSC |
| 3 | Natalia Klimentievna Ozhegina Chairperson of the Committee | Deputy Director General for Human Resources, FGC UES PJSC |
| 4 | Vasily Vladimirovich Rozhkov | Deputy Chief Engineer, Rosseti PJSC |

The Personnel and Remuneration Committee had other members in 2020 **(positions specified as of the election date, August 29, 2019, March 3, 2020):**

| No. p/p | Full Name: | Position and Employer |
|---|---|---|
| 1. | Larisa Anatolyevna Romanovskaya | Deputy Director General on Personnel Management, Government and Mass-Media Relations of Rosseti PJSC |
| 2. | Dmitry Aleksandrovich Chevkin | Director of the Department for HR Policy and Organizational Development, Rosseti PJSC |
| 3. | Natalia Ilyinichna Erpsher | Head of the Directorate of Organizational Development, Department of HR Policy and Organizational Development of Rosseti PJSC |

**Attendance of the Personnel and Remuneration Committee from January 1 to December 31, 2020**

| No. | Full Name: | Number of Meetings the Member was Entitled to Attend | Number of Meetings Actually Attended | Attendance, % |
|---|---|---|---|---|
| 1 | Yevgeny Mikhailovich Babenko | 5 | 5 | 100 |
| 2 | Yulia Viktorovna Kuznetsova | 5 | 5 | 100 |
| 3 | Natalia Klimentievna Ozhegina | 5 | 1 | 20 |
| 4 | Vasily Vladimirovich Rozhkov | 5 | 5 | 100 |
| 5 | Larisa Anatolyevna Romanovskaya | 4 | 4 | 100 |
| 6 | Dmitry Aleksandrovich Chevkin | 4 | 4 | 100 |
| 7 | Natalia Ilyinichna Erpsher | 4 | 4 | 100 |

The average attendance rate was **89%.**

The Committee is tasked to prepare and submit recommendations (opinions), including the following:

- recommendations on remuneration for the Board of Directors;
- principles and criteria for calculating the remuneration for the Board of Directors, members of the collegial executive body, and the person functioning as the Company's sole executive body, be it the holding company or a manager;

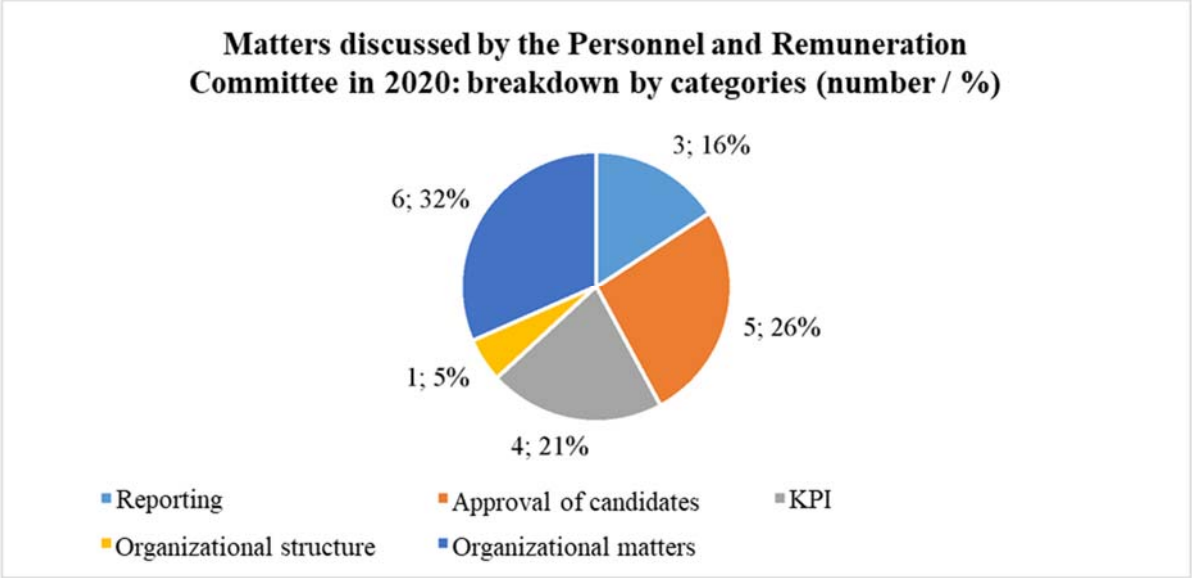
– proposals on the material terms of agreements with the Board of Directors, members of the collegial executive body, and the person functioning as the Company's sole executive body;

– – defining criteria for nominating members of the Board of Directors, members of the collegial executive body, and to the Company's sole executive body, as well as preliminary assessment of these nominees;

– regular performance audit of the sole executive body (holding company or manager) and members of the collective executive body of the Company. Drafting proposals to the Board of Directors on the reappointment of these members.

In 2020, the Personnel and Remuneration Committee held 9 meetings in absentia. In total, 19 matters were reviewed and discussed. The Committee had no meetings in presentia due to the yellow alert issued in connection with the novel coronavirus pandemic, for which reason the staff worked from home.

Annex 8 lists the Personnel and Remuneration Committee's meetings with dates.




### 4.4.5. GRID CONNECTION COMMITTEE

To make proposals for the Board of Directors on the transparency and non-discriminatory nature of access to grid connection services, the Company has a Grid Connection Committee in place. Tyumenenergo JSC's Board of Directors Grid Connection Committee ('the GC Commitee') is governed by the applicable Regulations as approved by the Company's Board of Directors on May 6, 2020, Minutes No. 14/20.

September 23, 2020 the Board of Directors elected the following three persons to the GC Committee **(positions specified as of the election date):**

| No. | Full name | Position when nominated |
|---|---|---|
| 1 | Aleksandr Yuryevich Korneev | Head of the Department of Grid Connection and Infrastructure Development, Rosseti PJSC |
| 2 | Andrey Aleksandrovich Taranenko | Deputy Director General for Investment and Grid Expansion, Ural Transmission Grids (a branch of FGC UES PJSC) |
| 3 | Vladimir Aleksandrovich Kiryukhin | Acting Deputy Director General for Development and Sales of Rosseti Tyumen JSC's Services |

The Committee had another member in 2020 before the latest election **(position specified as of the date of election: August 29, 2019 and March 13, 2020):**

| No. | Full name | Position when nominated |
|---|---|---|
| 1 | Nadezhda Ivanovna Lebedeva | Chief Grid Connection Management Expert, Rosseti PJSC |

**Attendance of the GC Committee from January 1 to December 31, 2020**

| No. | Full Name: | Number of Meetings the Member was Entitled to Attend | Number of Meetings Actually Attended | Attendance, % |
|---|---|---|---|---|
| 1 | Aleksandr Yuryevich Korneev | 4 | 4 | 100 |
| 2 | Andrey Aleksandrovich Taranenko | 1 | 1 | 100 |
| 3 | Vladimir Aleksandrovich Kiryukhin | 4 | 4 | 100 |
| 4 | Nadezhda Ivanovna Lebedeva | 3 | 3 | 100 |

The average attendance rate was **100%.**

The GC Committee is mainly tasked with the following: prepare and submit recommendations (opinions) to the Company's Board of Directors related to the following activities of the Board of Directors:

– proposals on how legislative framework and internal documents could be improved regarding and how equal access to grid connection services could be ensured;

– assessment of the Company's performance regarding grid connections and grid expansion planning improvements;

– analysis of the Company's current state of the art and proposals to the Board of Directors concerning grid connections and future grid expansion;

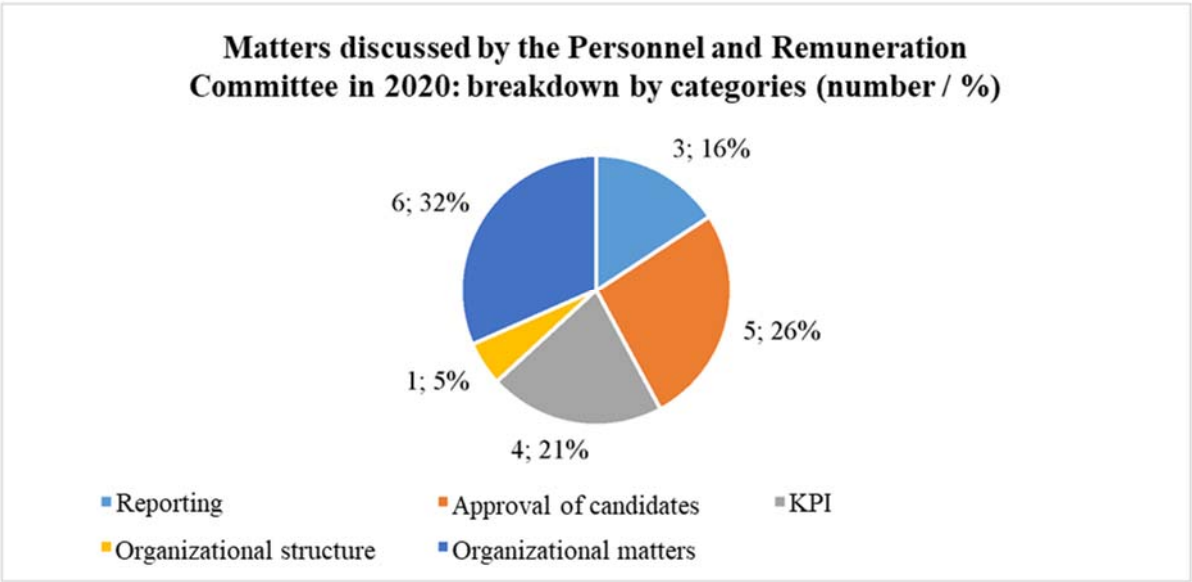
– proposals on how the Company's internal regulations and standards for additional (non-tariff) services could be improved;

– proposals on the optimization and efficiency of services, the expansion of non-tariff services and additional services available to customers as part of the Company's sundry activities. These proposals are part of the Digital Transformation 2030 Concept;

– performance assessment regarding the development and sales of additional services;

– analysis of the Company's current state of the art and proposals to the Board of Directors concerning the development and sales of additional (non-tariff) services and additional digital services for the customers.

The GC Committee had 4 meetings in 2020. In total, 9 matters were reviewed and discussed.




Annex 8 lists the GC Committee's meetings with dates.

## 4.5. CORPORATE SECRETARY

The Corporate Secretary is an officer of the Company responsible for the Company's compliance with the Russian legislation, the Charter, and the internal documents that protect the rights and lawful interests of the Company's shareholders. The Corporate Secretary is functionally subordinate to the Company's Board of Directors.

The Corporate Secretary's activities are regulated by the Regulations on the Corporate Secretary as approved by the Board of Directors on November 11, 2016 (Minutes No. 22/16 dd. November 11, 2016).

Andrey Nikolayevich Shaidurov is the Corporate Secretary of Rosseti Tyumen JSC.

Birth year: 1983.

Education:

1. Higher education, graduated from the Surgut Institute of World Economy and Business Planeta (Surgut) in 2005 majoring in Finances and Credit, qualification of Economist.
2. State University "Higher School of Economy" (Corporate Governance Center, Moscow). Advance training course "Corporate Secretary of Joint-Stock Company", 2008.
3. State University "Higher School of Economy" (Corporate Governance Center, Moscow). Advance training course in Special (Extraordinary) Transactions in Joint-Stock Companies: Purchasing More than 30% of Shares, Major Transactions, Related Party Transaction, 2012.
4. State University "Higher School of Economy" (Corporate Governance Center, Moscow). Occupational retraining program "Professional Member of the Board of Directors – Corporate Director", 2015.

Occupied positions:

2007–2018: Tyumenenergo JSC, Chief Specialist of the Department of Corporate Relations and Accountability, Corporate Policy Directorate;

2018 to present: Rosseti Tyumen JSC, Deputy Head of the Corporate Policy Directorate.

Rosseti Tyumen JSC owns no shares.

## 4.6. SOLE EXECUTIVE BODY

The Company's Director General is responsible for all matters related to managing the Company's ongoing activities except matters within the competence of the General Meeting of Shareholders or the Board of Directors.

Director General is elected by the Company's Board of Directors by majority voting (only the directors present at a meeting are eligible to vote).

The terms and conditions of the Director's employment agreement, including the term of their office, are determined by the Company's Board of Directors or by the person whom the Board of Directors has authorized to sign such employment agreement in accordance with the Company's Charter.

The Board of Directors is entitled to terminate the Director General's office and to establish a new executive body at any time.

By the resolution of the Board of Directors, Alexey Vladimirovich Soldatenko was appointed Director General of Tyumenenergo JSC from July 18, 2019 to through July 17, 2020 (Minutes No. 14/19 dd. July 17, 2019).

Mr. Soldatenko was born in 1976 in the village of Zyulzya, Nerchinsky District, Chita Region.

He graduated from Krasnoyarsk State Technical University in 1998, majoring in Electric Power Systems and Grids.

September 1998 to December 1998: Category 5 electrician responsible for the repair of relay protections and automations at Krasnoyarskenergo JSC.

December 1998 to May 2001: relay protection and automation engineer at Berezovskaya GRES□2.

June 2001 to October 2002: Category 5 electrician responsible for the of relay protections and automations at Krasnoyarskaya-500 SS, Krasnoyarsk Intersystem Grids.

October 2002 to January 2004: Category 5 electrician responsible for the repair of relay protection and automation devices at the RPA and Metrology Service, engineer at FGC UES JSC, Krasnoyarsk Transmission Grids.

February 2004 to April 2005: Chief Engineer, Deputy Head of the Department of Production and Supervision at Krasnoyarsk Grid Repairs, a branch of Krasnoyarskenergo JSC.

April 2005 to September 2006: Deputy Head, Head of the Department of Production and Engineering, Krasnoyarsk Grid Repair JSC.

September 2006 to March 2017: Category 2 specialist, Chief Specialist, Head of the Department of Repair Organization, Head of the Directorate of Repair Organization — Deputy Head of the Department of Operation and Repair, Deputy Chief Engineer, Deputy Technical Director — Chief Engineer, Deputy Chief Superintendent Engineer, IDGC of Siberia PJSC, Krasnoyarsk.

July 2017 to March 2019: Deputy Director General — Branch Director, Head office of Chitaenergo, a branch of IDGC of Siberia PJSC in Chita.

March 2019 to July 2019: First Deputy Director General, Acting Director General of Tyumenenergo JSC.

July 15, 2019 to July 24, 2019: training at Professional Training Center in occupational health and safety for managers, specialists, engineering staff responsible for the organization, management, and performance of work on site and at production units; monitoring and supervision of works.

September 2, 2019 to September 23, 2019: training at IPK TEK in Protection of Classified Information in the Industry (course counted towards state certification as a manager).

November 28, 2019 to November 29, 2019: training at Professional Training Center in Basics of In-Office Fire Safety for Managers and Fire Safety Officers.

December 1, 2020: enrollment in the Russian Presidential Academy of National Economy and Public Administration as a Master's student in Economics and Law, major in Economics.

## 4.7. REMUNERATION FOR GOVERNING BODIES AND TOP MANAGERS

Since June 28, 2019 the amounts of, and procedure for remuneration and reimbursements for, Rosseti Tyumen JSC's Board of Directors are set forth in the newly revised Regulations on Remuneration and Reimbursements for the Members of Rosseti Tyumen JSC's Board of Directors, see Rosseti PJSC's Management Board Meeting Minutes No. 888pr/1. The document texts are disclosed at the Company's corporate website: http://www.te.ru/about/vnutrennie_dokumenty, and on the Internet: http://www.e-disclosure.ru/portal/company.aspx?id=5577.

Pursuant to the Regulations, each member is remunerated for the timeframe from being elected a member of the Board of Directors until the expiry or termination of this office.

Remuneration is paid to each member of the Board of Directors on a quarterly basis.

Quarterly remuneration as a member of the Board of Directors depends on how many meetings the Board of Directors has held over the quarter and how many of them each particular member attended. Remuneration estimates are based on the Company's revenue calculated per RAS for the last completed reporting year preceding the Board of Directors election.

Besides, the Regulations set forth the following lump sum bonuses payable on top of the basic remuneration: 30% for the Chairperson of the Board of Directors; 20% for the Chairpersons of the Committees, 10% for Committee members.

The remuneration for Rosseti Tyumen JSC's Director General and senior managers is regulated by the Regulations on Remuneration for Director General as approved by the Company's Board of Directors on July 22, 2011 (Minutes No. 09/11) with amendments made by the Board's Resolutions of December 29, 2012, February 27, 105, July 18, 2017, September 30, 2019, and December 28, 2020); and by the Regulations on Remuneration and Benefits for Senior Managers as approved by the Board of Directors on July 22, 2011 (Minutes No. 09/11) with amendments made by the Board's resolution dd. December 28, 2020.

The specified documents have the following aspects:

– procedure for the calculation, approval, and adjustment of the top executive's salary;
– terms and conditions, and the amount of bonuses payable for reaching the KPI targets;
– terms and conditions, and the amount of lump sum bonuses payable for the completion of critical tasks;
– terms and conditions of, and the calculation method applicable to, additional and special bonuses.

Regulations on Remuneration and Benefits for Senior Managers also set forth:

– maximum remuneration and reimbursement payable upon the parties' consent in the event of the termination of employment, shall no breach be found on the part of a Senior Manager by the Internal Audit Commission, an internal or external auditor;
– benefits (annual hospitality expenses equal to four salaries; single paid leave whereby a single salary is paid regardless of for which period such leave was granted).

The system of incentives for Rosseti Tyumen JSC's top executives is based on the Key Performance Indicators (KPI) of the Company's Director General translated into senior manager KPIs and cascaded onto the staff of the Head Office's and branches' subdivisions.

The revised KPIs of the Company's Director General have been devised to improve the performance of Rosseti Tyumen JSC pursuant to Order of Rosseti PJSC No. 300 dd. July 15, 2020 On the Approval of the Standard Guidelines on the Calculation and Estimation of KPIs Concerning Sole Executive Bodies of Rosseti PJSC's Subsidiaries Involved in Power Transmission and Grid Connection.

The KPI system consists of annual indicators that have been relevant for years:

– Consolidated operating profit (EBITDA);
– Reduction in specific operating expenses (costs)
– Due service reliability;
– No accidents at work;
– Electricity loss rate;
– Compliance with the commissioning schedule;
– Labor productivity improvement
– Effectiveness of innovation;
– Decrease in the receivables;
– Timely grid connection;
– Debt / EBITDA;

– Return on invested capital (ROIC);

New KPIs have been added in addition to those above:

– Winter preparedness;
– Pursuit of the Company's Development Plan;
– Total shareholder return.

Key performance indicators as well as said Guidelines and the KPI targets for 2020 were approved by the Board of Directors on October 30, 2020 (Minutes No. 29/20 dd. November 2, 2020).

According to these Guidelines, reaching or failure to reach the KPI targets is directly indicative of the Company's financial, economic, and productive performance. Shall this or that indicator target be need unreached, the corresponding remuneration is not payable in full. Seven of the annual KPIs are negative, i.e., failure to reach the target entails a percentage-based deduction from the variable part of the annual remuneration; such deduction may not exceed 100%.

Therefore, the KPIs and their weights in the Director General's incentives, as well as the KPI estimation principles applicable to the remuneration of the Company's Director General also apply to the rest of the Company's senior managers (Deputy Directors General and branch directors); the list of such positions is approved by the Company's Board of Directors.

For senior managers and staff of the Company, incentives including KPI bonuses are set forth in Director General's resolutions and are subject to approval by virtue of internal local regulations.

## 4.8. REMUNERATION PAID TO THE BOARD OF DIRECTORS, COMMITTEES, AND SENIOR MANAGERS

**Payments received by the Board of Directors and Committee members from January 1 to December 31, 2020 inclusive of income tax**

Rubles

| No. | Full Name: | Board of Directors | Including the allowance for working in the Board of Directors Committees |
|---|---|---|---|
| 1 | Goncharov Yuriy Vladimirovich | 1,692,307.68 | - |
| 2 | Vladimir Fedorovich Gritsenko | 1,692,307.68 | - |
| 3 | Konstantin Sergeyevich Guselnikov | 1,861,538.48 | 169,230.76 |
| 4 | Andrey Aleksandrovich Demin | 1,269,230.76 | - |
| 5 | Yury Kazbekovich Zafesov | 1,631,868.12 | - |
| 6 | Aleksandr Yuryevich Korneev | 1,414,285.71 | 320,373.61 |
| 7 | Marina Aleksandrovna Lavrova | 1,974,358.98 | 329,059.82 |
| 8 | Anna Rustyamovna Latypova | 423,076.92 | - |
| 9 | Yuliya Gennadievna Obrezkova | 507,692.31 | 84,615 |
| 10 | Aleksey Yuryevich Perets | 1,537,851.03 | - |
| 11 | Tatyana Aleksandrovna Selivyorstova | 1,130,219.78 | 102,747.25 |
| 12 | Vladimir Nikolayevich Silkin | 2,200,000.00 | - |
| 13 | Aleksey Vladimirovich Soldatenko | - | - |

In 2020, Committee members were paid as follows for their Committee work:

**rubles**

| No. | Committee | Paid inclusive of income tax |
|---|---|---|
| 1 | Strategy Committee | **843,331.00** |

| | | |
|---|---|---|
| 2 | Audit Committee | **367,439.00** |
| 3 | Personnel and Remuneration Committee | **288,825.00** |
| 4 | Reliability Committee | **332,589.00** |

For the Annual Report 2020, the Company has made the list of senior managers consisting of five Deputy Directors General., Remuneration paid to this category of staff totaled 32,716.00 thousand rubles in 2020.

## 4.9. PREVENTION OF CONFLICTS OF INTEREST AMONG MANAGERS

Conflicts of interest that may arise within Rosseti Tyumen JSC are resolvable under the Company's Code of Corporate Ethics, Code of Corporate Governance, and Regulations on the Board of Directors. Directors shall refrain from actions that may result in a conflict of interest between them and the Company.

The Company continuously monitors the information reported by managers for possible conflict of interest.

All the members of the Board of Directors comply with Art. 82 of the Federal Law on Joint-Stock Companies as they continue to notify the Company of a possible related party transaction.

Shall a conflict of interest be found with a Director; this director is advised to refrain from voting on matters where such conflict of interest may apply.

## 4.10. INTERNAL CONTROL. RISK MANAGEMENT

**Internal Control System**

The Company's Internal Control System ('the ICS') is a component of the Company's general management system intended to reasonably assure reaching the targets in the following:

– the Company's efficiency and performance, including its financial and operational indicators as well as the security of its assets;

– compliance with the legal requirements applicable to the Company and with the internal policies and procedures applicable to (without limitations) business operations and accounting;

– reliability and timeliness of accounting (financial) statements and other reports.

The ICS is a risk-oriented structure that uses risk-adjusted control procedures configured to reasonably guarantee timely and efficient response to any risk.

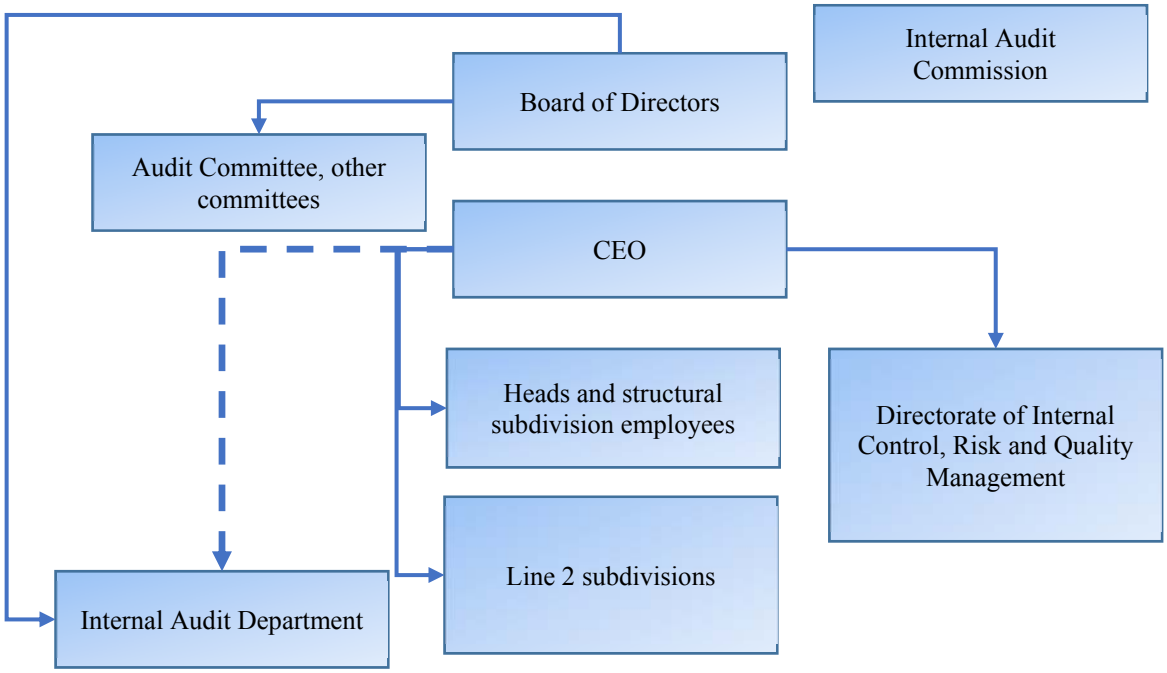
The ICS encompasses all areas of the Company's activities. Control procedures are implemented in all processes at all levels of management in compliance with a three-line defense model:

– Line 1 comprises governance bodies (the sole and the collegial executive bodies), the Company's units and subdivisions responsible for control within their functional and job duties;

– Line 2 comprises the Company's special control units;

– Line 3 comprises the Internal Audit Subdivisions.

**Participants of the Internal Control System**




Functions of the ICS agents are set forth in the Company's Internal Control Policy approved by the Board of Directors on March 21, 2016 (Minutes No. 06/16), as well as in the regulations specific to subdivisions and in job descriptions.

| Agent | Core functions in the ICS |
|---|---|
| **First line of defense** | |
| **Internal Audit Commission** | – oversees the Company's financial and business activity to make proposals/recommendations on what could be improved in the ICS;<br>– independently evaluates the accuracy of data presented in the Company's Annual Report and annual accounting statements |
| **Board of Directors** | – sets forth the principles of, and approaches to, the Company's Internal Control System, including the approval of internal documents that outline the ICS organization and development strategy; approves the Company's Internal Control Policy;<br>– oversees the activities of the Company's executive bodies in priority areas;<br>– reviews Director General's report on the organization and functioning of the Company's Internal Control System;<br>– reviews on an annual basis the internal auditor's report on the ICS effectiveness;<br>– reviews the external independent assessments of the ICS effectiveness |
| **Audit Committee of the Board of Directors** | – reviews the Company's internal documents that outline the ICS organization and development strategy, the Internal Control Policy, and further amendments to these documents before the Board of Directors approves them;<br>– reviews the internal auditor's report on the ICS effectiveness as well as the external independent assessments of such effectiveness before submitting said documents to the Board of Directors for review; makes proposals and recommendations on how the Company's ICS could be improved;<br>– oversees the ICS with a focus on the accuracy of the Company's accounting (financial) statements, verifies the choice of external auditor and the conduct of external audits for compliance with legal requirements, reviews Director General's report on the organization and functioning of internal control, and discusses matters of the analysis and progress reporting of the Internal Control Policy |

| | |
|---|---|
| **Strategy Committee of the Board of Directors** | – cooperates with the Audit Committee on the functioning and effectiveness of the Company's RMS. Such cooperation also helps take action to address the identifies and possibly critical flaws of the Risk Management System;<br>– monitors and evaluates the effectiveness of risk management procedures, estimates the effectiveness of risk management and RMS improvements;<br>– oversees the attainment of financial and operational targets, supervises the compliance with applicable laws and with the local regulations, and monitors the Company's reporting for accuracy and timeliness. |
| **Director General** | – ensures that the ICS is in place and functions effectively;<br>– is responsible for the execution of the Board of Directors' resolutions pertaining to the ICS;<br>– outlines the ICS focus areas and development/improvement plans;<br>– drafts reports on the Company's financial and business activities as well as on the organization and functioning of the Company's ICS;<br>– reviews the results of external independent effectiveness audit of the ICS, and devises steps to improve the ICS;<br>– approves the Company's regulations and guidelines pertaining to the organization and functioning of the ICS except documents approvable by the Board of Directors;<br>– ensures that the Company's plans critical for its objectives are implemented;<br>– organizes financial and managerial accounting as well as the preparation of accounting (financial) statements and sundry reports;<br>– submits reports on the Company's financial and business activities as well as on the organization and functioning of the Company's ICS to the Board of Directors for review |
| **Heads of Subdivisions and Departments** | – are responsible for the development, documenting, implementation, monitoring, and further advancement of the Internal Control System in such business activities of the Company that they are responsible for the organization, coordination, and operation of in accordance with the Company's regulations and other internal documents;<br>– ensure that the internal control principles are duly applied;<br>– organize efficient processes including the development and adoption of new or revised control procedures adjusted for the identified risks;<br>– ensure that the supervised processes (focus areas) are duly regulated;<br>– organize the execution of control procedures;<br>– monitor the execution of control procedures;<br>– assess the supervised processes (focus areas) to see if optimizations are required to make them more efficient and better fit into the changing internal and external environment; organize the drafting of proposals to improve the control procedures;<br>– make sure that the identified shortcomings of control procedures and processes (focus areas) are duly addressed |
| **Employees of subdivisions responsible for control procedures as part of their jobs** | – execute control procedures;<br>– timely inform their immediate superiors on any case where control procedures could not be applied for any reason and/or need to be redesigned due to a change in the Company's external or internal situation;<br>– submit proposals on the adoption of control procedures in relevant focus areas to their immediate superiors for review |
| **Second line of defense** | |
| **Directorate of Internal Control, Risk and Quality Management** | – develops and facilitates the introduction of core documents and guidelines on building and improving the Internal Control System; |

| | |
|---|---|
| | – assists managers in building the ICS and drafting recommendations on the description and integration of control procedures into the processes (focus areas) as well as on setting forth the liability of executive officers;<br>– reports the ICS status to the stakeholders;<br>– cooperates with public regulatory and supervisory agencies on IC issues. |
| **Department of Economic Security and Anti-Corruption** | – develops and adopts anti-corruption measures;<br>– detects and prevents conflicts of interest and sundry abuse on the part of the Company's officers;<br>– monitors all the employees for compliance with the Anti-Corruption Policy and the related internal documents of the Company in order to minimize the risks of corruption |
| **Legal Department** | – oversees the Company's compliance with legal requirements by providing legal examination and coordination in accordance with the organizational and administrative documents of the Company. Subject to such examination and coordination are: draft contracts and agreements, draft organizational and administrative documents, draft resolutions of the Company's governing bodies, draft proxies for representing the interests of the Company before third parties, draft applications, letters, appeals, and claims filed on behalf of the Company with the legislative and executive agencies, courts and law enforcement agencies; the Department also keeps track, and informs the senior managers, of any newly passed regulatory acts of the Russian Federation that may significantly affect the Company's performance, in order to minimize the risks of failure to comply |
| **Department of Business Administration** | – monitors the execution of directives contained in the Company's Orders and Director General's Minutes and Orders in order to minimize the risks attributable to the failure to execute such directives |
| **Directorate of Corporate Policy** | – monitors the executive bodies' compliance with the law of the Russian Federation, standards, organizational and administrative documents, as well as interests of the Company in order to minimize the risks of non-compliance with shareholder laws and the Company's internal regulations pertaining to governance |
| **Auditors appointed for audits within the Integrated Management System, Quality Management System, and other management systems of the Company** | – monitor all the employees for compliance with the standards, regulatory documentation, rules and procedures applicable to the Company's activities controlled by such management systems. These efforts include monitoring the effectiveness of control procedures and minimizing the risks of non-compliance with the Company's requirements |
| **Third line of defense** | |
| **Internal Audit Department** | – reviews the results of internal audit in order to draft recommendations on how to improve control procedures, certain internal control components, and the ICS;<br>– provides independent internal assessment of the ICS effectiveness and makes recommendations on how its effectiveness and performance could be improved |

The Company has a Directorate of Internal Control, Risk and Quality Management (DICRQM), which has the following functions set forth in the Internal Control Policy:

– development and facilitation of the introduction of main and methodical documents on building and improving the Internal Control System (ICS);

– assisting management in building the control environment, development of recommendations on the description and integration of control procedures into the processes (activities) as well as confirming the liability of executive officers;

– coordinating the activity on the maintenance and monitoring of the ICS target status;

– preparation of the information on the ICS state for concerned parties;

– relations with public regulatory and supervisory agencies on IC issues.

In order to ensure implementation and support of an efficient Internal Control System which (a) conforms to the established practices and standards in the field of the internal control, as well as to the requirements of regulators, and (b) is designed to help the Company reach its targets, the (revised) Internal Control Policy was approved by the Board of Directors on March 21, 2016 (Minutes No. 06/16).

The Internal Control Policy specifies the objectives, functioning principles, and components of the Company's ICS, primary functions and responsibilities of the ICS agents, as well as the ICS effectiveness assessment procedures.

The Company has an Internal Control Policy Compliance Procedure in place that defines the applied aspects of using the norms set forth in the Internal Control Policy.

The control procedures for the processes and subprocesses of primary and supporting activities, as well as for the Company's management processes, are documented in the control and risk matrices.

In order to guarantee that the ICS is efficient and conforms to the objectively changing requirements and conditions, the Company tasks the Internal Auditor to check if the ICS is sufficiently mature and performs as required.

The Internal Auditor Report on ICS Effectiveness for 2020 was discussed by the Board of Directors on May 24, 2021 (Minutes No. 13/20), with preliminary review by the Audit Committee on May 20, 2021 (Minutes No. 08/20). Resolution:

1. Take note of the Company Internal Audit Report on the effectiveness of the internal control system and risk management system for 2020 following Appendix 1 to this resolution, as well as the Internal Audit Report of Rosseti Tyumen JSC for the assessment of reliability and effectiveness of internal contol and risk management systems, and the corporate governance of the Company following Appendix 2 to this resolution.

2. Recommend the sole executive body of the Company to include the Internal Audit Report of Rosseti Tyumen JSC for the assessment of reliability and effectiveness of internal contol and risk management systems, and the corporate governance of the Company in the list of materials provided to persons that can participate in the Annual General Meeting of the Company Shareholders.

ICS maturity was rated *optimal-to-high*; in 2019, the ICS was found optimally-to-highly mature.

The Company has an approved Internal Control Effectiveness and Development Action Plan that is intended to further the maturity of the Company's ICS (Order No. 118 dd. March 19, 2020).

In the reporting year, the Company took the following key measures to improve the ICS:

- updated model and lists of business processes approved;
- organized ICS and risk management training for the Company's staff;
- tested the effectiveness of controlling the following business processes;
  - real-time process control;
  - customer relations;
- comprehensive review of the internal regulations applicable to the Company's business processes with a focus on setting forth the responsibility of officers for risk minimization and execution of control procedures. 242 documents have been reviewed, 140 of which were revoked due to loss of relevance and 102 were revised and approved.

DICRQM assists the management in building the control system; as part of the effort, it coordinates the drafting of local regulations in accordance with the procedural approach and the Internal Control Policy Compliance Procedure. 111 documents of the Integrated Management System have been coordinated in this manner, 94 of which were approved.

**Key ICS Development Measures Planned for 2021:**

1. Describing the Company's business processes in the form of regulations for further automation of control procedures.

2. Integration of the existing Anti-Corruption Compliance System in the general Internal Control System and the Risk Management System (due in 2021-2022).
3. Updating the regulatory framework applicable to internal control.
4. Adopting a mechanism to control financial sustainability and support the insolvency and liquidation proceedings of the Company's counterparties.

**Risk Management System**

In order to define the principles of, and approaches to, organization and functioning of the Risk Management System ('RMS'), the Company's Board of Directors has approved the Risk Management Policy ('the Policy'), Minutes No. 06/16 dd. March 21, 2016.

According to the Policy, Rosseti Tyumen JSC's RMS is intended to ensure reasonable confidence in reaching the Company's targets as set forth in the Development Strategy of the Electric Power Grid Complex of the Russian Federation and in the Charter of Rosseti Tyumen JSC, in such a manner that serves the best interests of all stakeholders.

RMS has the following objectives:

– operational objectives, i.e., maximizing the financial and economic performance, optimizing the use of resources, and preserving the Company's assets;
– reporting objectives, i.e., maximizing the coverage and accuracy of accounting (financial) statements, statistical reports, managerial accounting, etc.;
– legal objectives, i.e., compliance with the applicable law and the Company's local regulations.

The Company responds to risks in three methods:

– risk avoidance;
– risk acceptance or risk-taking if there is benefit to it;
– risk reduction or transfer.

Choice of method depends on risk significance, probability, and consequences as well as on the costs and benefits of each methods in each case.

Key internal documents that regulate the Company's risk management were approved by Order No. 144 dd. April 9, 2020:

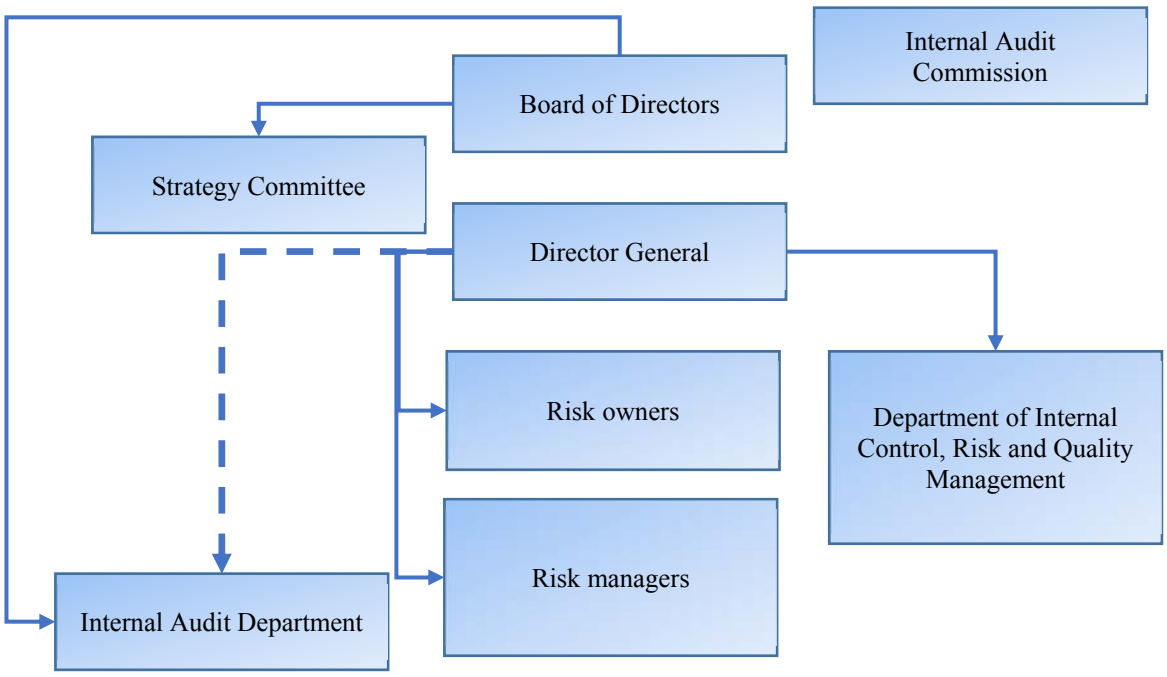
– Regulations on Risk Management;
– Risk Tree Model and Description;
– Risk Management System Maturity Model.

**RMS Participants**

Below are the key agents of the risk management process:

– Board of Directors of the Company;
– Strategy Committee of the Board of Directors, Rosseti Tyumen JSC
– Director General;
– risk owners;
– risk managers;
– Directorate of Internal Control, Risk and Quality Management;
– Department of Internal Audit.

The chart shows how the RMS agents interact.




The RMS participants functions are fixed by the Company's Risk Management Policy, Provisions on Structural Subdivisions, position descriptions.

**Key Functions of the RMS Agents**

| Agent | Key functions regarding RMS |
|---|---|
| **Board of Directors** | - Approves internal documents of the Company that describe the organization and functioning of Company's RMS;<br>- Analyzes reports from the Company's executive bodies concerning the organization, functioning, and effectiveness of the RMS, in order to assess the system and produce recommendations on its improvement |
| **Strategy Committee** | Monitors and evaluates the effectiveness of risk management procedures, estimates the effectiveness of risk management and RMS improvements |
| **Director General** | - Sets the requirements to the format and completeness of information about the Company's risks;<br>- Outlines RMS improvement foci and plans;<br>- Analyzes the risk portfolio and comes up with a strategy of response and resource reallocation to better manage specific risks |
| **Risk owners** | Are responsible for timely identification and evaluation of risks, responding to them appropriately, timely development and organization of risk management, and regular risk monitoring |
| **Risk managers** | Are responsible for timely identification and/or minimization of risks, and taking required action in time and in full |
| **Internal Audit Department** | Performs internal independent assessment of RMS effectiveness and produces recommendations on how to improve RMS effectiveness and performance |

The Directorate of Internal Control, Risk and Quality Management was established pursuant to the Risk Management Policy and the applicable Regulations, which task the Department with:

– coordination and methodological support of the Company's risk management activities;

– timely aggregation of information on all identified risks and drafting proposals to update the risk register;

– adopting risk management and RMS operation guidelines;

– RMS training for the Company's employees;

– monitoring the Company's risk management process;

– annual reporting on the organization, functioning, and effectiveness of the Company's RMS as well as on any other matters listed in the Risk Management Policy.

The Internal Audit Department runs an independent internal evaluation of the RMS effectiveness pursuant to the Policy and the Regulations on the Internal Audit Department. The results of such evaluation for 2020 are presented in the Internal Audit Report.

Internal Auditor's RMS Effectiveness Report 2020 was discussed by the Board of Directors on May 24, 2021 (Minutes No. 13/20), before which it had been discussed by the Audit Committee on May 20, 2021 (Minutes No. 08/20). Resolution:

1. Take note of the Company Internal Audit Report on the effectiveness of the internal control system and risk management system for 2020 following Appendix 1 to this resolution, as well as the Internal Audit Report of Rosseti Tyumen JSC for the assessment of reliability and effectiveness of internal contol and risk management systems, and the corporate governance of the Company following Appendix 2 to this resolution
2. Recommend the sole executive body of the Company to include the Internal Audit Report of Rosseti Tyumen JSC for the assessment of reliability and effectiveness of internal contol and risk management systems, and the corporate governance of the Company in the list of materials provided to persons that can participate in the Annual General Meeting of the Company Shareholders.

RMS maturity was rated optimal; in 2019, the RMS was found optimally mature.

Resolution of the Board of Directors (Minutes No. 01/20 dd. January 15, 2020) approved the RMS Improvement Action Plan.

In 2020, the Company took the following key measures to improve the RMS:

1. A new risk management methodology adopted in April 2020 pursuant to Rosseti PJSC's standards (Decree No. 79r dd. March 26, 2020).
2. Order of Rosseti Tyumen JSC No. 168 dd. April 30, 2020 On Risk Management System Improvement approved the Company's risk portfolio of 51 functional risks and 128 business process risks; Risk Management Action Plans were approved for 2020.
3. Staff training in ICS and RMS organized at the Company.
4. RMS effectiveness assessment procedures in place for each affected business process. Three business processes audited: customer relations, real-time process control, and protection of trade secrets. The audits helped devise Corrective Action Plans, which were approved.

**Key RMS Development Measures Planned for 2021:**

1. Control actions to assess the sufficiency, effectiveness, and performance of the Company's risk management activities.
2. Updating the Company's Risk Management Policy to comply with COSO Enterprise Risk Management — Integrating with Strategy and Performance, as well as with ISO 31000-2018 Risk Management — Guidelines.
3. Adopting a single risk appetite assessment methodology pursuant to the Rosseti Group's standards. Assessed risk appetites subject to the Board of Directors' approval.
4. RMS training for managers and employees.

**Risk Management and Internal Control Indicators**

| Indicators | Units of Measurement | Period[10] | | | |
|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | variation 2020/2019,% |
| Critical risks | units | - | - | 4[11] | |
| Significant risks | units | - | - | 11 | |

[10] Where triennial figures cannot or need not be shown, give 2020 values.

[11] Since a new risk assessment methodology was adopted in 2020, and the risk register updated to better match the Company's development strategy, this information is based on the whole reporting period.

| | | | | | |
|---|---|---|---|---|---|
| Internal assessment of the ICS | score | 286 | 289 | 289 | - |
| Internal assessment of the RMS | score | 214 | 218 | 218 | - |
| Control actions to prevent corruption and identify risks of corruption; internal audits and comprehensive inspections of financial and business activities at branches, including corruption investigations | units | 2,236 | 2,154 | 2,481 | 15 |
| Anti-corruption monitoring of procurement: review of analytical memos and matters submitted for review to the Central Bidding Commission; anti-corruption examination of contracts; verification of parties involved in procurement for possible affiliation with the Company's employees | units | 10,570 | 8,710 | 9,391 | 7 |
| Damages prevented | million rubles | 481 | 555 | 606 | 9 |
| Counterparties initiated insolvency against | number | 10 | 15 | 28 | 86 |
| The Company's claims in the registry of creditor claims or claims filed against debtors undergoing insolvency proceedings, total | million rubles | 4.1 | 0 | 1.3 | 100 |
| Total funds received by the Company from counterparties undergoing insolvency proceedings | million rubles | | 0.29 | 1.18 | 306.9 |
| Overdue payables of the counterparties undergoing insolvency proceedings | million rubles | 31.63 | 31.63 | 31.63 | 0 |
| Saved by the Company by repurchasing its debt to debtors undergoing insolvency proceedings | million rubles | - | - | - | - |
| Total value of null and void transactions made between the Company and its counterparties undergoing insolvency proceedings | million rubles | - | - | - | - |

## 4.11. INTERNAL AUDIT

The Company's Internal Audit Department is responsible for internal audit.

Internal audit reports to the Company's Board of Directors. It means that the Board of Directors controls and organizes the internal audit activities: approves the Internal Audit Action Plan, the report on its completion and the internal audit budget; it also pre-approves resolutions of the Company's Sole Executive Body to appoint or terminate the duties (unless initiated by the employee), apply sanctions against, and approve the contractual terms and conditions as well as the remuneration of, the Head of Internal Audit. Another task is to analyze the assessments of internal audit.

Internal audit is intended to assist the Board of Directors and the Company's executive bodies to optimize the management of the Company as well as its financial and economic activities by,

among other means, a systemic and consistent approach to the analysis and evaluation of the Risk Management System, Internal Control System, and Corporate Governance System as tools for securing reasonable confidence in the accomplishment of the Company's objectives.

The objectives and goals, key principles of organization, functions and powers of internal audit are set forth in the revised Internal Audit Policy of Rosseti Tyumen JSC as approved by Resolution of the Company's Board of Directors dd. November 18, 2019 (Minutes N 26/19 dd. November 20, 2019), and in the Regulations on the Internal Audit Department No. 19/1 dd. October 4, 2018 approved by the Company's Board of Directors (Minutes No. 14/18 dd. August 15, 2018).

The Company also has the following core documents that regulate internal audit:

– Internal Audit Assurance and Quality Improvement Program as approved by Resolution of the Board of Directors No. 27/16 dd. December 23, 2016;

– in-house standards of internal audit and standards of practical application developed according to the International Standards for the Professional Practice of Internal Auditing.

Internal auditors receive feedback from the Audit Committee, including the Committee's resolutions and recommendations on the matters of internal audit. Another feedback channel consists in surveying the Audit Committee members. In order to analyze the current state and the development of internal audit, said members are asked to score it on different scales; the questionnaire produces an average score. In 2020, the Audit Committee gave the Company's internal audit the maximum score.

KPMG JSC provided an independent external audit in 2019 and concluded that the Company's internal audit was in general consistent with the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics, and the Internal Audit Policy.

Based on the Audit Committee's questionnaires and the recommendations of an independent external expert, the Company's Board of Directors approved the Internal Audit Improvement Action Plan 2020-2024 ('the Action Plan'), Minutes No. 10/20 dd. March 16, 2020.

The following steps were taken in furtherance of internal audit and the Action Plan in 2020:

– internal auditor objectivity testing and conflict of interest identification procedures devised and adopted;

– internal audit agenda and results report forms and applicable guidelines updated;

– free access arranged to the best practice library on various process and aspects of internal audit in the Rosseti Group;

– Internal Audit Department's employees underwent advanced training including distance education. Internal auditors take part in the Corporate Days of Knowledge for internal auditors of the Rosseti Group.

For his work in 2020, Nikita Aleksandrovich Masyuk, Head of Internal Audit at Rosseti Tyumen JSC, was awarded Best Head of Internal Audit of the 8th National Internal Auditor of the Year, a contest organized by the Institute of Internal Auditors; the Internal Audit Department of Rosseti Tyumen JSC won the prize in Internal Audit Service of the Year.

## 4.12. INTERNAL AUDIT COMMISSION

The Audit Committee is a permanent body that monitors the Company's financial and economic activities for compliance with the Russian legislation, the Company's Charter and internal documents.

The Internal Audit Commission protects the interests of the Company's shareholder and is held accountable to the General Meeting of Shareholders. Pursuant to Clause 19, Article 19 of the Company's Charter, the Internal Audit Commission consists of 5 members.

From June 28, 2019 to May 28, 2020 Rosseti Tyumen JSC's Internal Audit Commission had the following members (positions specified as of the election date, June 28, 2019):

| Full Name: | Position and Employer |
|---|---|
| Sergey Vladimirovich Kiryukhin<br>Chairperson of the Internal Audit Commission | Acting Deputy Director General, Head of Office, Rosseti PJSC |
| Marina Alekseyevna Lelekova<br>Secretary of the Audit Committee<br>- | Director of the Department of Control and Audit, Rosseti PJSC |
| Elena Aleksandrovna Kabizskina | Deputy Head of the Directorate of Internal Audit, Department of Control and Audit, Rosseti PJSC |
| Artem Nikolaevich Kirillov | Deputy Head of the Directorate of Internal Audit, Department of Control and Audit, Rosseti PJSC |
| Yelena Stanislavovna Yerandina | Chief Expert of the Internal Audit Directorate, Department of Control and Audit, Rosseti PJSC |

May 28, 2020 the Management Board of Rosseti acting as the Annual General Meeting of Shareholders of Rosseti Tyumen JSC elected the following Internal Audit Commission (positions specified as of the election date):

| Full Name: | Position and Employer |
|---|---|
| Marina Alekseyevna Lelekova<br>Chairperson of the Internal Audit Commission | Director of the Department of Internal Control and Risk Management, Rosseti PJSC |
| Svetlana Anatolievna Kim<br>Secretary of the Audit Committee<br>- | Head of the Directorate of Supervision, Department of Internal Audit and Risk Management, Rosseti PJSC |
| Artem Nikolaevich Kirillov | Deputy Head of the Directorate of Supervision, Department of Internal Audit and Risk Management, Rosseti PJSC |
| Elena Aleksandrovna Kabizskina | Chief Expert of the Directorate of Supervision, Internal Audit and Risk Management Department, Rosseti PJSC |
| Lyudmila Stanislavovna Skrynnikova | Chief Expert of the Directorate of Supervision, Department of Internal Control and Risk Management, Rosseti PJSC |

December 2, 2020 the Management Board of Rosseti PJSC acting as an extraordinary General Meeting of Shareholders of Rosseti PJSC resolved to prematurely terminate the tenure of the Internal Audit Commission and elect new members (positions specified as of the election date):

| Full Name: | Position and Employer |
|---|---|
| Viktor Vladimirovich Tsarkov<br>Chairperson of the Internal Audit Commission | First Deputy Head of the Department of Internal Audit, Rosseti PJSC<br>Birth year: 1977.<br>Education:<br>1. Moscow Institute of Economics, degree of an Economist, graduated in 2005.<br>2. Russian Academy of State Service under the President of the Russian Federation, degree of a Manager, graduated in 2007.<br>CV:<br>2013-2016: Advisor to the Director, System Operator of the United Energy System;<br>2017 to date:* First Deputy Head of the Department of Internal Audit, FGC UES PJSC<br>2020 to date:* First Deputy Head of the Department of Internal Audit, Rosseti PJSC (part-time) |
| Svetlana Mikhailovna Trishina<br>Secretary of the Internal Audit Commission | Deputy Head of the Department of Internal Audit — Head of the Directorate of Corporate Audit and Supervision of Subsidiaries, Department of Internal Audit, Rosseti PJSC<br>Birth year: 1979.<br>Education:<br>Amur State University. Degree of an Economist in Finance, major in Finance and Credit, graduated in 2001.<br>CV:<br>2017: Head of Accounting, Department of Corporate Accounting and Reporting, RusHydro PJSC |

| Full Name: | Position and Employer |
|---|---|
| | 2017 to date: Deputy Head of the Department of Internal Audit — Head of the Directorate of Corporate Audit and Supervision of Subsidiaries, Department of Internal Audit, FGC UES PJSC;<br>2020 to date: Deputy Head of the Department of Internal Audit — Head of the Directorate of Corporate Audit and Supervision of Subsidiaries, Department of Internal Audit, Rosseti PJSC (part-time); |
| Svetlana Nikolayevna Kovaleva | Director of Internal Audit — Head of the Department of Internal Audit, FGC UES PJSC<br>Birth year: 1980.<br>Education:<br>1. Civil Aviation Academy. Degree of a Lawyer, major in Legal Studies, graduated in 2002.<br>2. Retraining at Moscow Power Engineering Institute (National Research University), major in Production and Project Management.<br>CV:<br>2013 to 2017: First Deputy Head of the Legal Department, FGC UES PJSC;<br>2017 to date:* Director of Internal Audit — Head of the Department of Internal Audit, FGC UES PJSC;<br><br>2017 to date:* Director of Internal Audit — Head of the Department of Internal Audit,<br>Rosseti PJSC (part-time) |
| Gayane Robertovna Andriasova | Deputy Head of the Directorate of Corporate Audit and Supervision of Subsidiaries, Department of Internal Audit, Rosseti PJSC<br>Birth year: 1977.<br>Education:<br>Rostov State Economic Academy, degree of an Economist and Marketer, graduated in 1997.<br>CV:<br>2014 to 2017: Project Manager at CBA;<br>2017 to date:* Deputy Head of the Directorate of Corporate Audit and Supervision of Subsidiaries, Department of Internal Audit, FGC UES PJSC;<br>2020 to date:* Deputy Head of the Directorate of Corporate Audit and Supervision of Subsidiaries, Department of Internal Audit, Rosseti PJSC (part-time) |
| Maksim Gennadievich Kormiltsev | Chief Expert of the Directorate of Corporate Audit and Supervision of Subsidiaries, Department of Internal Audit, Rosseti PJSC<br>Birth year: 1988.<br>Education:<br>Moscow State Industrial University, degree of a Lawyer, graduated in 2010.<br>CV:<br>2011 to 2016: Head of Contract Management, Expert-Consult LLC;<br>2016 to date:* Chief Expert of the Directorate of Corporate Audit and Supervision of Subsidiaries, Department of Internal Audit, FGC UES PJSC;<br>2020 to date:* Chief Expert of the Directorate of Corporate Audit and Supervision of Subsidiaries, Department of Internal Audit, Rosseti PJSC (part-time); |

** To date means to December 31, 2020.*

Members of the Internal Audit Commission do not hold any shares of Rosseti Tyumen JSC. In 2020, they did not make any transactions with the Company. Rosseti Tyumen JSC did not make any claims against the members of the Audit Committee.

In 2020, the Company's Internal Audit Commission verified the accuracy of data presented in the 2019 Annual Report as well as in the Company's accounting (financial) statements for 2019. This assessment did not reveal any violations of the law of the Russian Federation that could be classified as tampering with the Company's reporting and statements.

## 4.13. REMUNERATION AND REIMBURSEMENT PAID TO THE INTERNAL AUDIT COMMISSION

Members of the Internal Audit Commission are remunerated under the Regulations on Remuneration for the Internal Audit Commission of Rosseti Tyumen JSC as approved by Tyumenenergo JSC's General Meeting of Shareholders June 29, 2018 (Minutes No. 733 pr/1).

**Remuneration of the Internal Audit Commission of Rosseti Tyumen JSC in 2020, rubles**

| Indicator | Income Tax Charged | Net Compensation | Paid |
|---|---|---|---|
| Remuneration for the Commission membership | 647,320.00 | 84,152.00 | 563,168.00 |

## 4.14. EXTERNAL AUDITOR

Russian law obliges Rosseti Tyumen JSC to annually audit its financial (accounting) statements.

Pursuant to Federal Law No. 307-FZ dd. December 30, 2008 On Audit, the auditor shall be selected by an open bid at least every five years. Rosseti PJSC selects the external auditor by an open bid every three years. Ernst&Young LLC was contracted as a result of an open bid to provide auditing services in 2018-2020; the bid did not have a prequalification stage.

May 28, 2020 Ernst&Young LLC was approved by Rosseti Tyumen LLC's General Meeting of Shareholders.

About the Auditor: Ernst&Young Limited Liability Company. Registered with the Uniform State Register of Legal Entities on October 14, 2002, state registration number 1028600587399.

Address: 115035 Russia, Moscow, 77 Sadovnicheskaya Nab., Bld. 1.

Ernst&Young LLC is a member of the Sodruzhestvo Association, a self-regulation organization of auditors. It is listed in the check copy of the register of auditors and audit companies, entry number 12006020327.

July 23, 2020 Rosseti Tyumen JSC's Board of Directors set the following remuneration payable to Ernst&Young LLC for its audit of the RAS accounting statements for 2020 and IFRS consolidated financial statements valid as at December 31, 2020; the remuneration totaled 5,565,690.00 rubles inclusive of VAT.

Ernst&Young's auditor did not provide non-auditing services to the Company in 2020.

## 4.15. EQUITY AND SECURITIES

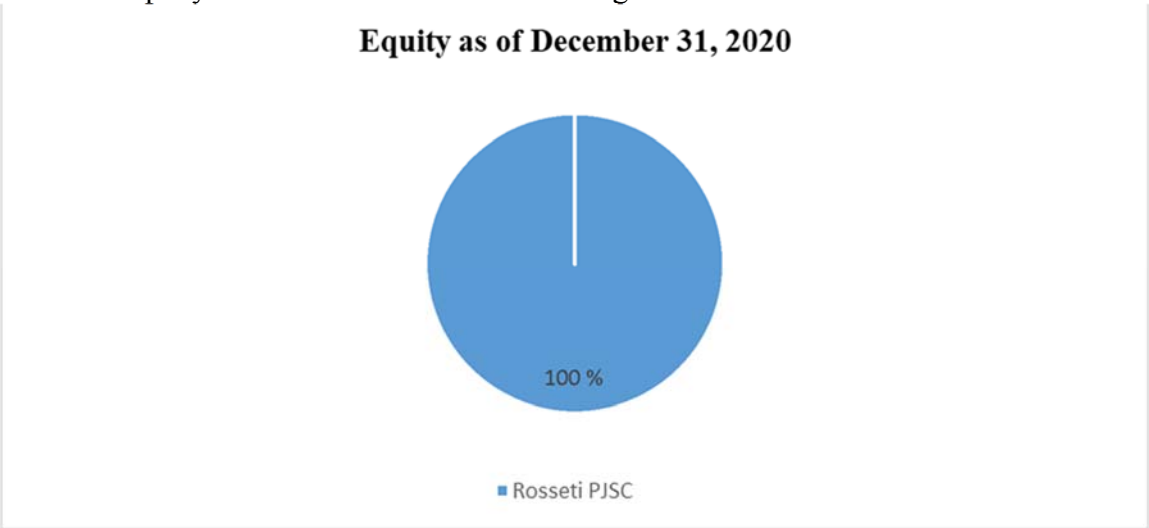
Pursuant to the Charter of Rosseti Tyumen JSC, the Authorized Capital of Rosseti Tyumen JSC amounted to 27,373,895,100 rubles as of December 31, 2020, divided into 273,738,951 ordinary registered shares each of a 100-ruble nominal value.

The Authorized Capital of Rosseti Tyumen JSC does not include any preferred shares.

The Company has authorized 3,121,409 additional ordinary shares each of a 100-ruble nominal value, for a total 312,140,900 rubles. Registered ordinary shares authorized by the Company entitle their holders to the same as the placed ordinary registered shares.

Public Joint-Stock Company Russian Grids (Rosseti) is the sole shareholder of Rosseti Tyumen JSC.

The Company's shares are not traded in the organized securities market.




Rosseti Tyumen JSC holds preferred shares of Rosseti PJSC. Information on shares in cross-ownership as of December 31, 2020:

| Name of the emitter | CB Code | Nominee holder | Rosseti Tyumen JSC's share in the Authorized Capital of Rosseti PJSC, % | Nominal value of 1 share, rubles |
|---|---|---|---|---|
| Rosseti PJSC | RSTIP | Sberbank CIB JSC | 0.0025 | 1 |

**Bonded loans**

March 1, 2017 Moscow Exchange PJSC decided to assign ID 4-00159-F-001P-02E to the Company's Program of Exchange Bonds Series 001P, which totaled 25 billion rubles and had a maximum maturity of 10,920 days (30 years).

As of December 31, 2020 and the Annual Report approval date, no bond issues of the Company were in circulation.

# 5. SUSTAINABLE DEVELOPMENT

## 5.1. HR MANAGEMENT

The key goals of the Company's HR and Social Policy ('the Policy'), which is intended to enable the Company to reach the targets set forth in the Development Strategy of the Electric Power Grid Complex of the Russian Federation, are as follows:

– to plan the staffing in order to ensure the availability of reliable information on the operational and to forecast quantitative and qualitative needs in staff that is necessary and sufficient to meet the objectives of the Company;

– to meet the Company's needs for personnel of required qualification in due time;

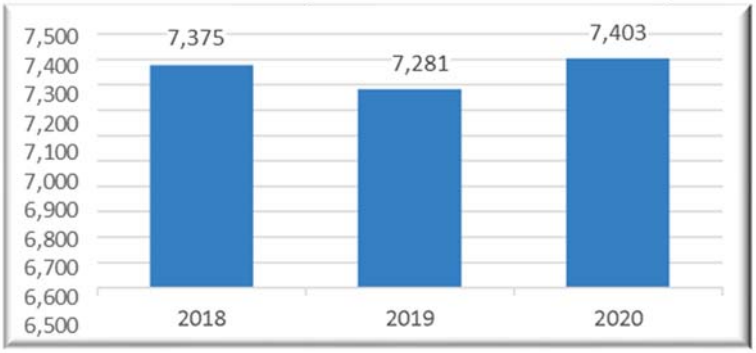
– to make sure that staff works efficiently, and the labor productivity grows.

The Company prioritizes HR development for Rosseti Tyumen JSC to successfully transform in the light of a novel digital environment.

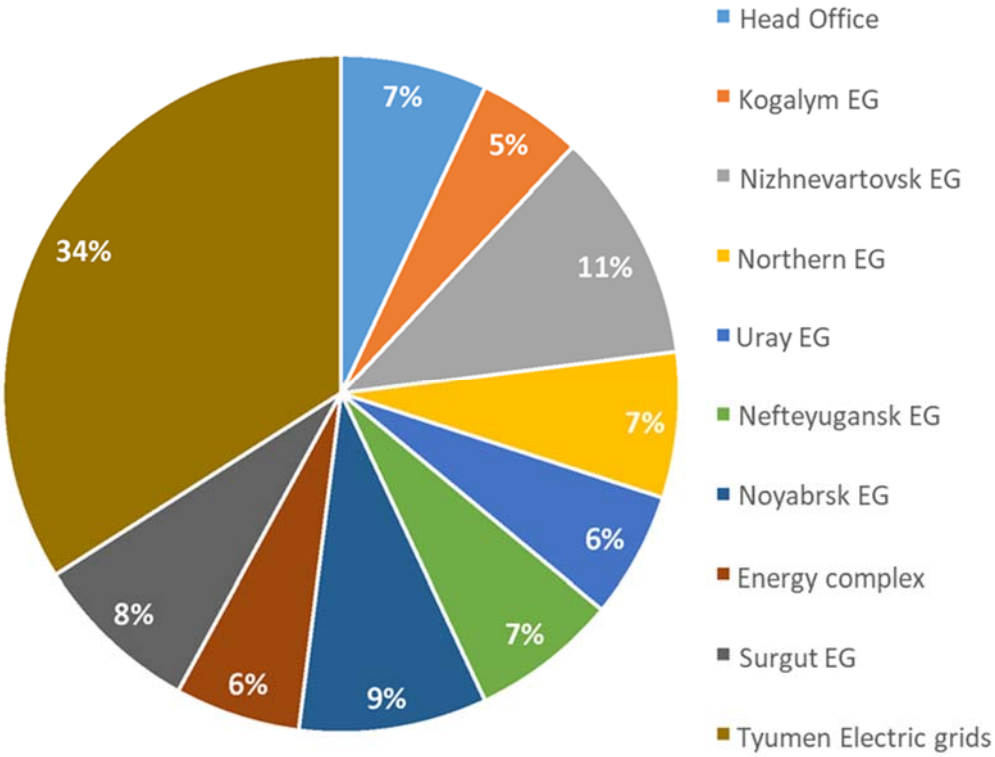
### 5.1.1. HR POLICY IMPLEMENTATION RESULTS

In 2020, the headcount of Rosseti Tyumen JSC was 7,403 persons, a 1.68% increase YoY. Headcount rose as the Company hired more staff to do a greater scope of work without outsourcing and to complete priority projects including its digital transformation.

**Headcount of Rosseti Tyumen JSC in 2018-2020, persons**




**Headcount breakdown by branch in 2020**

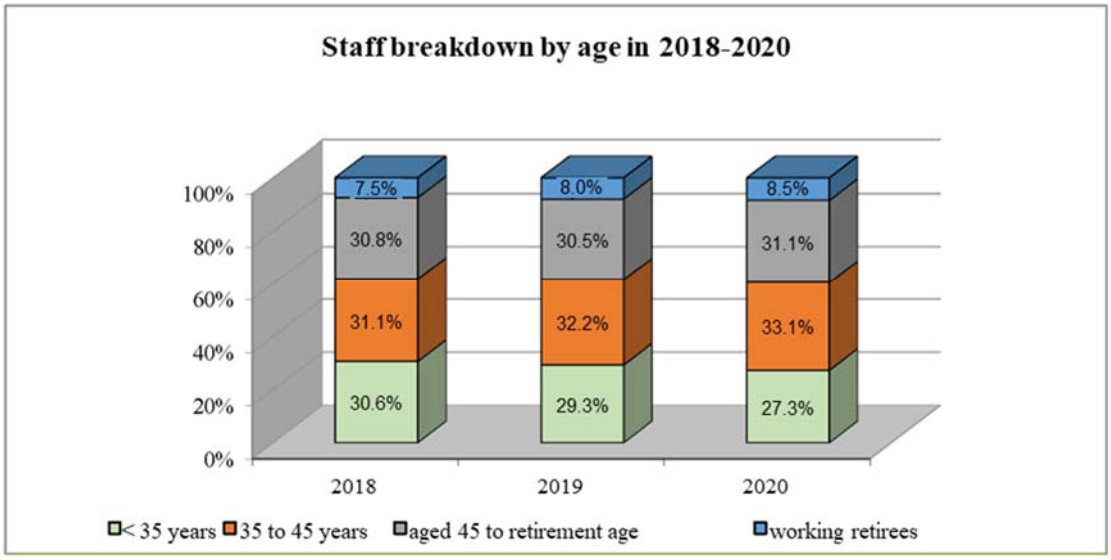



The Company's production staff covers 96.6% of its demand.

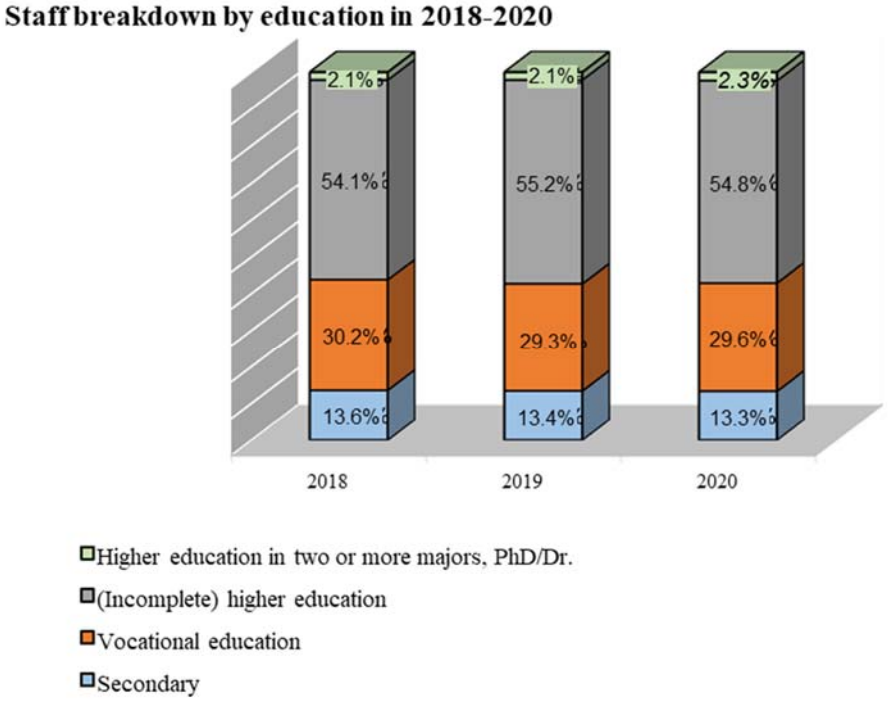
Active turnover in 2020 was 4.1%.

Employees were aged 42 on average. Rosseti Tyumen seeks to have a younger staff; to that end, it takes measures and creates a favorable environment that would attract younger workforce. In 2020, 48% of the newly hired employees were younger than 35.

64.2% are aged 35 or older, but are below the age of retirement. About a third of the employees are younger than 35. Since the latest raising of the age of retirement, the Company's share of 'working retirees' has slightly increased.

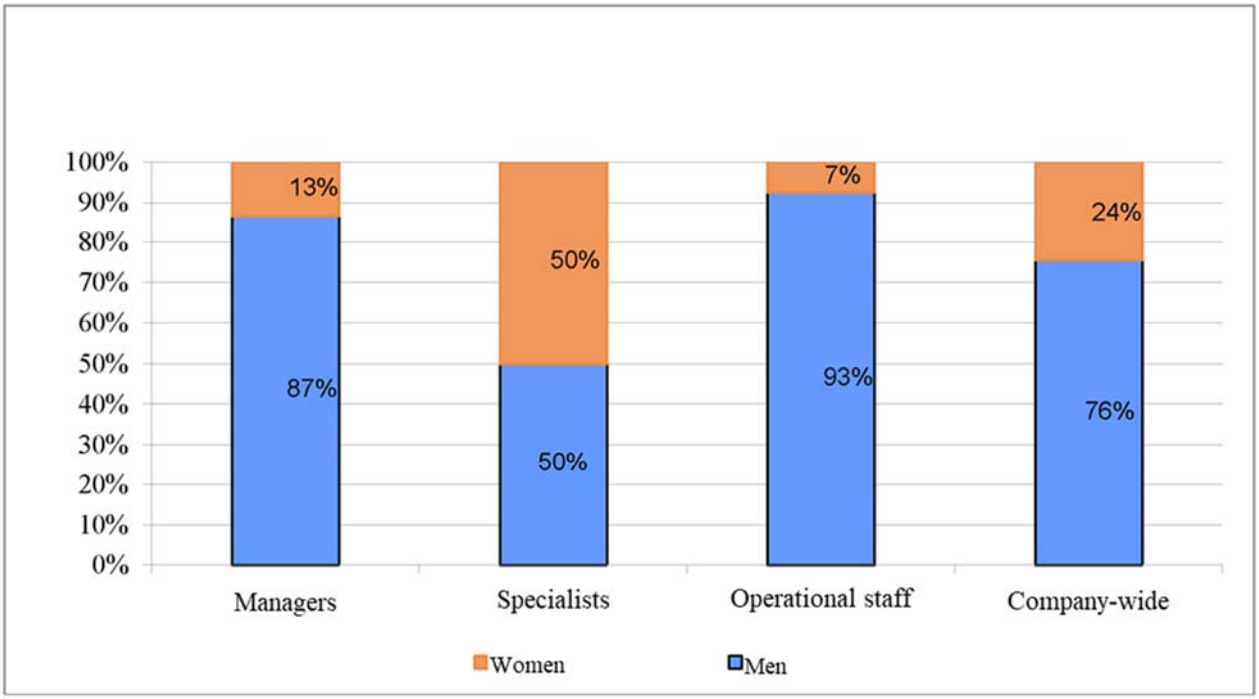



Rosseti Tyumen JSC employs high-skilled staff: 86.6% of the Company's specialists have professional education, 23% of whom have higher education, a sign that the production staff is well trained.




Women account for 24% of the total headcount, see chart below.

**Percentage of women in each category of employees in 2020**




**Breakdown by gender and type of contract, pers. GRI 102-8**

| Employment contract type | Number of employees | |
|---|---|---|
| | men | women |
| perpetual | 5724 | 1772 |
| fixed-term | 57 | 100 |

**Breakdown by gender and type of employment, pers. GRI 102-8**

| Employment contract type | Number of employees | |
|---|---|---|
| | men | women |
| full-time employment | 5765 | 1867 |
| part-time employment | 16 | 5 |

**Breakdown by subdivision and type of contract, pers. GRI 102-8**

| Head Office/Branch | Employment contract type | |
|---|---|---|
| | Perpetual | Fixed-term |
| Executive arm | 590 | 15 |
| Surgut Electric Grids | 595 | 6 |
| Nizhnevartovsk Electric Grids | 857 | 16 |
| Nefteyugansk Electric Grids | 497 | 28 |
| Kogalym Electric Grids | 393 | 2 |
| Uray Electric Grids | 426 | 6 |
| Energocomplex | 402 | 5 |
| Noyabrsk Electric Grids | 675 | 5 |
| Northern Electric Grids | 552 | 6 |
| Tyumen Electric grids | 2509 | 68 |

| | | |
|---|---|---|
| **Company-wide** | **7496** | **157** |

**Employees hired in 2020: breakdown by age, gender, and branches GRI 401-1**

| Branch | total | gender | | Age distribution | | |
|---|---|---|---|---|---|---|
| | | M | F | < 35 years | aged 35 to retirement age | working retirees |
| Head Office | 117 | 53 | 64 | 39 | 74 | 4 |
| Surgut Electric Grids | 63 | 44 | 19 | 30 | 31 | 2 |
| Nizhnevartovsk Electric Grids | 92 | 79 | 13 | 36 | 50 | 6 |
| Nefteyugansk Electric Grids | 78 | 58 | 20 | 38 | 37 | 3 |
| Kogalym Electric Grids | 31 | 22 | 9 | 18 | 12 | 1 |
| Uray Electric Grids | 24 | 18 | 6 | 20 | 4 | |
| Energocomplex | 26 | 21 | 5 | 13 | 9 | 4 |
| Noyabrsk Electric Grids | 46 | 33 | 13 | 19 | 25 | 2 |
| Northern Electric Grids | 68 | 60 | 8 | 42 | 25 | 1 |
| Tyumen Electric grids | 286 | 215 | 71 | 150 | 108 | 28 |
| **Company-wide** | **831** | **603** | **228** | **405** | **375** | **51** |

**Employees dismissed in 2020: breakdown by age, gender, and branches GRI 401-1**

| Head Office/Branch | total | % act. turnover | gender | | Age distribution | | |
|---|---|---|---|---|---|---|---|
| | | | M | F | < 35 years | aged 35 to retirement age | Working retirees |
| Head Office | 63 | 5.8 | 22 | 41 | 7 | 33 | 23 |
| Surgut Electric Grids | 50 | 2.2 | 34 | 16 | 9 | 15 | 26 |
| Nizhnevartovsk Electric Grids | 50 | 3.9 | 31 | 19 | 14 | 21 | 15 |
| Nefteyugansk Electric Grids | 58 | 7.1 | 45 | 13 | 16 | 26 | 16 |
| Kogalym Electric Grids | 24 | 2.3 | 19 | 5 | 5 | 6 | 13 |
| Uray Electric Grids | 25 | 2.8 | 17 | 8 | 7 | 13 | 5 |
| Energocomplex | 41 | 3.4 | 31 | 10 | 6 | 10 | 25 |
| Noyabrsk Electric Grids | 62 | 5.3 | 43 | 19 | 12 | 26 | 24 |
| Northern Electric Grids | 74 | 6 | 63 | 11 | 36 | 23 | 15 |
| Tyumen Electric grids | 224 | 3.6 | 170 | 54 | 73 | 83 | 68 |
| **Company-wide** | **671** | **4.1** | **475** | **196** | **185** | **256** | **230** |

### 5.1.2. STAFF TRAINING AND DEVELOPMENT

Staff training and career development is a priority of the Company's HR policy. In 2020, more than 6,000 employees had training, 45.6% of whom (3,377 persons) took off-site courses;

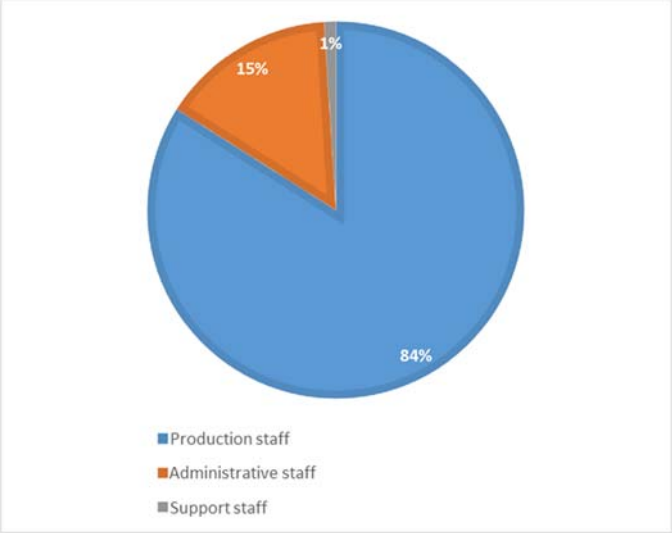
these figures are comparable to the results of 2019: 46.6,%.

The HR policy seeks to balance the development of future-oriented skills, including digital skills, and to improve the workers' personal performance.

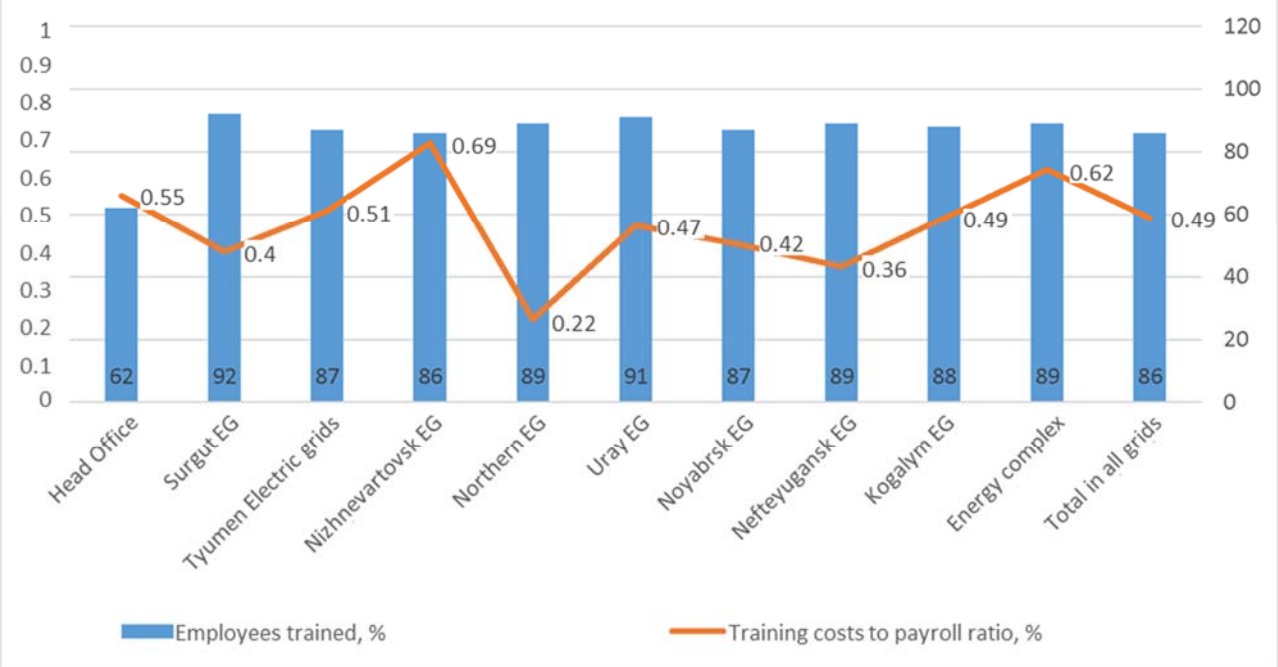
Training prioritizes engineering staff as well as the Company's talent pool. Production staff accounted for 84% (5,382) of those trained.

Below is breakdown of staff that completed training.

**Staff trained in 2020: breakdown by categories**




**Percentage of staff trained and training costs to payroll ratio in 2020, %**




In 2020, training costs (TC) totaled 0.5 % of the payroll (0.7 % in 2019).

On average, training time was 38 hours per employee in 2020.

GRI 404-1

**Average training hours per employee: breakdown by gender and staff categories**

| No. | Gender divide | Managers | Specialists | Operational staff |
|---|---|---|---|---|
| 1 | Men | 32 | 35 | 49 |
| 2 | Women | 25 | 38 | 49 |

In 2020, Rosseti Tyumen JSC inaugurated its Corporate Training Center at Nizhnevartovsk Electric Grids. The facility, which integrates advanced technology and digital environment in its learning process, trains specialists ready to work in a new context where processes are automated, digital technology is widely used, and the grid equipment is state-of-the-art.

Talent pooling is one of the key areas of the Company's HR Policy.

In 2020, the Company had 643 promising employees in the managerial and youth pool; 90 persons were on the list of the youth pool.

Talent pool was sufficient to cover 98% of the management jobs.

Focus is made on the professional development of these candidates, as Rosseti PJSC and Rosseti Tyumen JSC take effort to organize courses, career advancement trainings, and competitions for them. Internships are available to help these people advance their professional knowledge and management skills, and to share their experience.

This training and development chain creates in-house career lifts, effectively pooling skilled candidates for targeted positions.

Of all 215 candidates granted management positions in 2020 at the Company's branches and in the Head Office, 185 (60%) were from the Company itself, of whom 85 (40 %) were from the talent pools.

**Milestones of 2020**

1. Educational license acquired Corporate Training Center opened.

### 5.1.3. LABOR PRODUCTIVITY IMPROVEMENT

Productivity improvement is a Director General KPI. The indicator was adopted in its current version pursuant to the Government Directive No. 12153p-P13 dd. December 25, 2019 and is focused on Labor Productivity and Employment Support, a national project.

The actual value of the indicator has remained virtually unchanged over the past five years. In 2020, it was affected to a great extent by the reduction in net electricity output, which in turn was due to the OPEC+ agreement.

In order to reach its productivity targets, the Company systematically improves its organizational and functional structure, optimizes the load on its personnel, and automates business processes.

### 5.1.4. PERSONNEL REMUNERATION SYSTEM

The Company's social and labor relations with employees are governed by the Collective Agreement of Rosseti Tyumen JSC, where the employees are represented by the Tyumen Interregional Organization of the All-Russian Electrical Trade Union The Collective Agreement helps balance the interests of the parties to this social partnership pursuant to the current law and the terms and conditions of the Tariff Agreement for Electric Power Industry of the Russian Federation.

Remuneration for the staff is set forth in the Regulations on the Single Remuneration System for Workers, Managers, Specialists, and Officers of Rosseti Tyumen JSC, which is an annex to the Company's Collective Agreement.

The document specifies uniform rates and salaries and procedures of calculating these rates and salaries for workers, managers, specialists, and officers; it also describes the procedure for setting forth reimbursements and incentives, as well as a system of bonuses and other rewards.

The incentive system for employees is based on objective-based management, is consistent with the Company's objectives and Rosseti PJSC's strategy, and contains a number of KPIs designed with such objectives in mind.

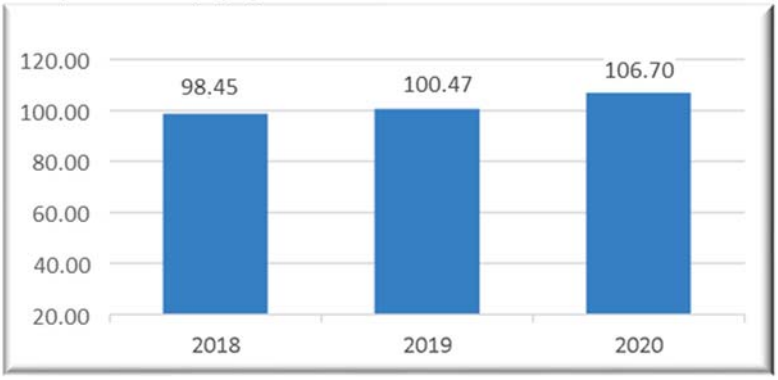
Key performance indicators revolve around the Company's priorities and are balanced for each functional focus area.

Cascading is one of the key principles behind KPIs; it stipulates that the goals and objectives of each higher level are translated or decomposed onto lower levels in order to involve all of the Company's staff in the pursuit of the same. The remuneration system also uses cross-functional assessments, in which certain indicators become part of related functional verticals.

Incentives for top managers are based on the Director General's KPIs translated for senior managers and cascaded onto the personnel of the Head Office's and branches' subdivisions.

As of year-end 2020, the average pay rose by 6.2% YoY to 106.70 thousand rubles per month.

**Average monthly pay of staff in 2018-2020, thousand rubles**




### 5.1.5. SOCIAL POLICY

Rosseti Tyumen JSC prioritizes corporate social responsibility as a development factor.

Rosseti Tyumen JSC also has a Non-State Pension Program in place to ensure a worthy standard of living for its retired workers.

Every year, the Company runs its recreation programs for children and families.

Rosseti Tyumen JSC hosts an annual corporate sports competition; besides, the Company's employees are active participants of Rosseti PJSC-wide competitions and other industry-wide and national sporting events.

The Company traditionally honors industry veterans. For the senior generation, the Company organizes festivities dedicated to the Victory Day and to the Power Engineer's Day.

The Company's employees are also active participants of events that are co-organized with the region's charities and seek to disadvantaged strata. Young professionals are profound volunteers that joined #UsTogether, a movement that arose at the height of the pandemic; these volunteers supported the residents of the Tyumen Region, Khanty-Mansi Autonomous Okrug, and Yamalo-Nenets Autonomous Okrug that were in trouble.

**Awards received by Rosseti Tyumen JSC's employees in 2020**

| Award / branch | Surgut EG | Nizhnevartovsk EG | Nefteyugansk EG | Kogalym EG | Noyabrsk EG | Northern EG | Energocomplex | Uray EG | Tyumen Electric grids | Head Office | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Russian Ministry of Energy awards** | **5** | **4** | **5** | **3** | **6** | **3** | **6** | **4** | **24** | **4** | **64** |
| Certificate of Merit | | | 2 | 2 | 2 | | | 1 | 1 | 2 | 10 |
| Commendation | 4 | 3 | 1 | 1 | 3 | 2 | 4 | 2 | 19 | 2 | 41 |
| 100th Anniversary of the GOELRO Plan (a commemorative token of the electric power industry) | 1 | 1 | 2 | | 1 | 1 | 2 | 1 | 4 | | 13 |
| **Rosseti PJSC awards** | **8** | **8** | **5** | **6** | **8** | **5** | **7** | **5** | **41** | **10** | **103** |
| Veteran of the Grid (an honorary title) | | 1 | | | 3 | | | | 5 | 3 | 12 |
| Badge for Contribution to the Grid Development, 2nd class | | | | | | | | | 1 | | 1 |
| Badge for Professional Excellence | | | | | | | | | 1 | | 1 |
| Certificate of Merit | 6 | 5 | 4 | 6 | 5 | 2 | 5 | 5 | 32 | 7 | 77 |
| Roll of honor | 1 | | | | | | | | | | 1 |
| Commendation | 1 | 2 | 1 | | | 3 | 2 | | 2 | | 11 |
| **ERA of Russia awards** | **1** | **1** | **1** | **1** | **2** | **2** | **1** | **2** | **13** | **4** | **28** |
| Certificate of Merit, roll of honor | 1 | 1 | | | 2 | 1 | 1 | 2 | 13 | 4 | 25 |
| Diploma, diploma with honors | | | | 1 | | 1 | | | | | 2 |
| Commendation | | | 1 | | | | | | | | 1 |
| **Awards issued by local self-governments** | **8** | **0** | **0** | **0** | **40** | **10** | **0** | **6** | **83** | **15** | **162** |
| Honorary titles, insignia | 1 | | | | | | | | | | 1 |
| Awards of the Governor, Okrug awards | 2 | | | | 9 | 1 | | | | 2 | 14 |
| Municipality awards | 3 | | | | 14 | 9 | | 6 | 67 | 7 | 106 |
| Letter of Appreciation from the Chairman of the City Duma | 2 | | | | 17 | | | | 16 | 6 | 41 |
| **Rosseti Tyumen JSC awards** | **39** | **44** | **29** | **34** | **35** | **27** | **28** | **23** | **121** | **52** | **432** |
| Honorary badge of Rosseti Tyumen Veteran | 1 | 2 | 1 | 1 | 1 | 1 | 2 | 2 | 5 | 3 | 19 |
| Certificate of Merit | 11 | 8 | 3 | 4 | 7 | 5 | 6 | 3 | 23 | 31 | 101 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Certificate of Merit (issued by the Branch Director) | 6 | 8 | 3 | 23 | 7 | 5 | 3 | 3 | 24 | | 82 |
| Letter of Appreciation | 10 | 9 | 4 | 4 | 2 | 6 | 3 | 1 | 25 | 18 | 82 |
| Letter of Appreciation from the Branch Director | 9 | 13 | 6 | | 14 | 8 | 2 | | 37 | | 89 |
| Roll of honor | 2 | 4 | 2 | 2 | 4 | 2 | 2 | 2 | 7 | | 27 |
| Roll of honor (at the branch) | | | 10 | | | | 10 | 12 | | | 32 |
| **TOTAL** | **61** | **57** | **40** | **44** | **91** | **47** | **42** | **40** | **282** | **85** | **789** |

### 5.1.6. OCCUPATIONAL HEALTH AND SAFETY

Rosseti Tyumen JSC's Occupational Health and Safety (OHS) Policy prioritizes life and health of the employees over the Company's economic performance.

Rosseti Tyumen JSC consistently seeks to reduce the risks of occupational diseases and prevent occupational injuries.

Pursuant to the Labor Code of the Russian Federation and in order to improve the performance of its Occupational Health and Safety Management System, Rosseti Tyumen JSC has Regulations on the Occupational Health and Safety Management System that was put into force by Order of Tyumenenergo JSC No. 546 dd. November 20, 2018. The document sets forth the OHS Policy and the procedures of the Occupational Health and Safety Management System ('OHSMS').

Rosseti Tyumen JSC's OHSMS seeks to prevent occupational injuries and diseases, teach the employees the principles of safe work and hazard prevention, and continuously improve the labor conditions. OHSMS was established with a focus on continuous betterment of the effort to preserve lives and health of the Company's and third-party employees.

Rosseti Tyumen JSC's injury prevention and OHS improvement efforts are organized in compliance with its Comprehensive Staff Injury Risk Reduction Program 2020–2021 and Comprehensive Third-Party Injury Risk Reduction Program as approved by Rosseti Tyumen JSC's Order No. 77 dd. February 25, 2020. Besides, the Company continues to pursue its Targeted Program to Dismantle Hazardous Equipment, which was devised pursuant to Tyumenenergo JSC's Decree No. 139r dd. December 6, 2018 and approved by the Reliability Committee of Tyumenenergo JSC's Board of Directors, Minutes No. 03/19 dd. July 11, 2019.

With respect to occupational health and safety, Rosseti Tyumen JSC mainly undertakes to:

- provide a healthy and safe working environment;
- consistently and continually reduce occupational injury and disease incidence;
- create and maintain a positive image as an employer;
- teach the employees to work safely and prevent hazards at work;
- create an advanced corporate culture of safety;
- continuously improve labor conditions.

| Indicators | Units of Measurement | Period | | | |
|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | variation 2020/2019,% |
| Occupational safety costs | million rubles | 248,588.784 | 279,931.815 | 292,962.662 | 4.65 |
| Fires, | number | 0 | 1* | 4* | 300 |

* Fires resulting from technological incidents.

**Fire Safety**

Four fires were reported to happen at Rosseti Tyumen JSC's facilities over the course of 2020; investigations did not reveal any fire safety breaches. Fires resulted from technological incidents.

In order to improve fire safety and to prevent fires, the Company's branches organize monthly Occupational Safety Days and conduct fire safety inspections as part of those events. The inspections produce lists of steps to address the identified breaches.

Ever since 2015, the branches also participate in the competition for best fire safety. Uray Electric Grids won the competition in 2020.

2,967 scheduled fire exercises were held, 2,142 of which were part of general accident exercises; 43 exercises were held jointly with the Federal Fire Service of the EMERCOM, and 48 involved public authorities, municipal self-government, and organizations located in the region.

**Share of total personnel represented in the official joint committees for health and safety, with the involvement of managers and employees that monitor, and make recommendations on, occupational health and safety programs**

Rosseti Tyumen has structural units responsible for industrial safety and production control ('ISPC units', 'ISPCU') that employ specialists trained in Occupational Health and Safety.

Pursuant to Article 218 of the Labor Code of the Russian Federation, Rosseti Tyumen JSC has by virtue of organizational and administrative documents established committees (commissions), which on a parity basis consist of persons representing the employer and the elective body: Primary Trade Union.

These committees (commissions) are mainly tasked to elaborate coordinated managerial decisions on how to improve the Company's OHSMS, to ensure compliance with OHS requirements, to prevent occupational injuries and diseases.

Occupational health and safety commissioners have been elected by the staff of each production unit; these officers are guided by the Labor Code of the Russian Federation, other laws and regulations applicable to OHS.

In total, there are 115 OHS commissioners. 63 such commissioners had training in 2020. In 2020, OHS commissioners ran 669 audits and made 276 proposals, 242 of which were followed by the employers in 2020, and 34 scheduled for completion in 2021.

**Occupational injury types and incidence, occupational disease incidence, lost-day and absenteeism coefficients, total casualties: breakdown by regions and gender**

No occupational disease cases were registered at Rosseti Tyumen JSC in 2020.

One accident occurred across the Company, in which one employee was injured, cf. two accidents and three injured persons in 2019.

| Region | Branch | Incident type | Number and Nature of Injuries | | | | |
|---|---|---|---|---|---|---|---|
| | | | Total | incl. men | Mild | Severe | Fatal |
| South of the Tyumen Region | Tyumen Electric grids | Electric injury | 1 | 1 | 1 | 0 | 0 |

General injury incidence rate in 2020 was 0.13.

Fatality rate was 0.

Occupational accidents were investigated pursuant to Article 227 of the Labor Code of the Russian Federation, in full compliance with Resolution of the Ministry of Labor and Social Development No. 73 dd. October 24, 2002 On the Approval of Forms for the Investigation and Reporting of Occupational Accidents, Regulations on the Investigation of Occupational Accidents in Specific Industries and Organizations (revisions No. 103n dd. February 20, 2014, and 640n dd. November 14, 2016).

Investigation into said accident produced an Act of Investigation of appropriate format; Rosseti Tyumen JSC issued its Decree No. 116r dd. June 8, 2020 On the Results of Investigation

into Accident at Tyumen Electric Grids; the document stipulates several measures to prevent similar accidents from happening in the future.

**Jobs at High Risk of Occupational Injury or Disease**

Power engineering is one of the areas where the risk of injuries is rather high. That is why Rosseti Tyumen JSC puts a special emphasis on OHS.

Rosseti Group's OHS Policy sets forth objectives pertaining to creating a safe and healthy working environment, prevention and maximum possible reduction of occupational risks that could compromise the health of employees, including those of contractors working at Rosseti Tyumen JSC's grid facilities.

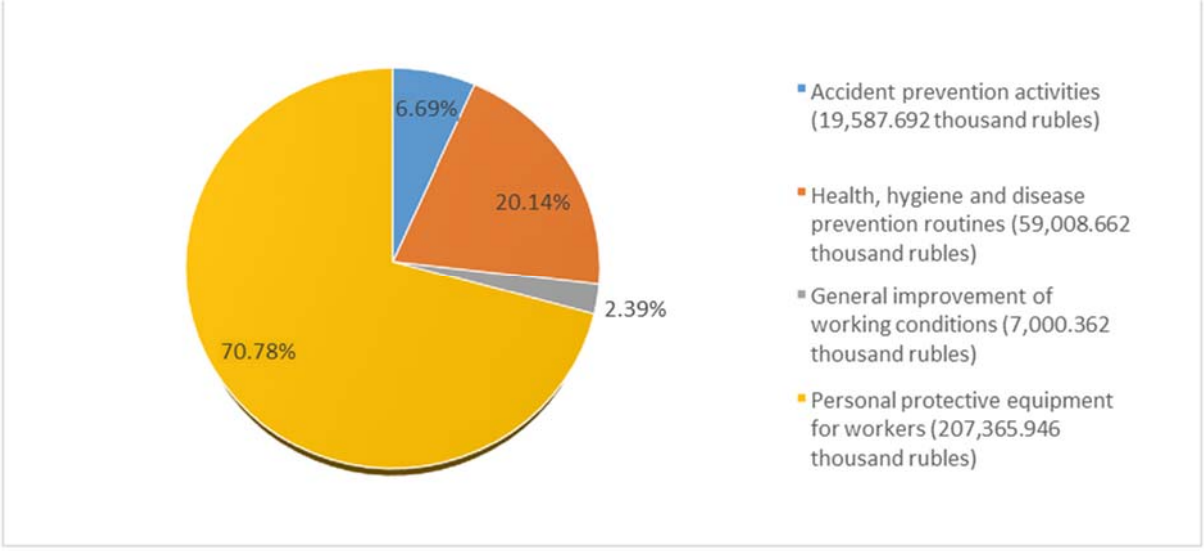
The Company's OHS objectives are set by the management with the account of the following:

- requirements of regulatory acts;
- occupational risk assessments;
- opinions of workers and their representatives.

OHS objectives are analyzed and assessed with the use of indicators reflecting performance and efficiency of measures of the Occupational Health and Safety Management System (OHSMS) procedures. The indicators are:

- reduction in accidents and injuries at work;
- reduction in the incidence of occupational diseases;
- reduction in the number of hazardous jobs;
- reduction in jobs associated with high or moderate occupational risk;
- number of employees whose medical checks identify no contraindications, precautions, or limitations;
- reducing in breaches of the OHS requirements on the part of employees, contractors (subcontractors) or other parties at Rosseti Tyumen JSC's power grid facilities;
- reduction in OHS breaches identified during OHSMS inspections by governmental supervision agencies;
- number of actions taken upon the remarks and comments issued by the governmental supervision agencies after inspecting the OHSMS;
- reduction in accidents and injuries of third-party (subcontractor) employees and other persons present at Rosseti Tyumen JSC's grid facilities;
- number of OHS-related meetings and consultations with employees and their representatives, including the meeting of the OHS Committee;
- number of implemented and executed resolutions of Rosseti Tyumen JSC's executives that were made upon previous OHSMS inspections;
- funding of benefits and compensations for employees working in hazardous and (or) harmful environments;
- reimbursements for accidents, injuries, or breaches of OHS requirements;
- funding of OHS activities.

**In total, 292,962.661 thousand rubles was spent on OHS activities in 2020, including:**




## OHS Matters in Official Agreements with Labor Unions

Occupational health and safety matters are described in the Occupational Health and Safety section of the Collective Agreement 2019-2020 (approved on February 25, 2019). The Section stipulates:

1. Mandatory social insurance against occupational accidents and diseases.
2. Ensuring that the safety and labor conditions of each workplace and each facility/site are compliant with the state occupational safety regulations.
3. Evaluating the labor conditions at workplaces to elaborate and take measures for occupational safety and labor condition improvement.
4. Training the workers hired for harmful and (or) hazardous jobs to use safe methods and techniques in their work, which is supplemented with workplace training and exams; training employees to provide first aid in case of an occupational accident, using state-of-the-art training technology and advice from qualified instructors.
5. Timely development of occupational safety rules and regulations with due account of the opinion submitted by the elected body of the Primary Trade Union in due order.
6. That employees working in harmful and (or) hazardous environments, at extreme temperature, or at contaminated facilities, be provided duly certified protective clothing, shoes, and other personal protective equipment, as well as special food and detergents/disinfectants pursuant to the applicable standards.
7. Employer-funded pre-employment and periodic medical checkups; mandatory psychiatric examinations for some jobs.
8. Measures to Improve Occupational Safety and Labor Conditions, Preserve Life and Health of Employees.

Besides, Rosseti Tyumen JSC trains its OHS commissioners, provides them with access to standards, occupational safety rules and instructions. These commissioners have four hours a week to perform their duties, paid at the same rate as their primary jobs.

## Safety Training for Employees

In order to set forth uniform requirements to staff management, the Company's has developed and adopted its Staff Management Standard applicable to people working at the Company's active energy facilities, which was approved and put into force by Order of Tyumenenergo JSC No. 666 dd. November 28, 2016; the Standard, among other things, regulates testing employees' knowledge of safety regulations, regulatory standards, user manuals of

electrical installations, OHS guidelines, fire safety regulations, and other rules and instructions provided by public supervisory agencies.

All employees are trained and tested in occupational health and safety pursuant to Tyumenenergo JSC's Occupational Health and Safety Testing Routine approved and put into force by Order of Tyumenenergo JSC No. 294 dd. May 21, 2019; specialized training institutions are involved in the process. The Company organizes workmanship contests, OHS briefings and workshops, first-aid trainings, etc. All these activities are consistent with the programs, regulations, and other effective documents.

Rosseti Tyumen JSC has OHS briefings that comply with the legislative requirements. Briefings are tailored to each employee category and falls into the following classes:

- introductory briefings;
- primary on-site briefings;
- repeated briefings;
- unscheduled briefings;
- special briefings.

All briefings are conducted by specially trained and duly qualified employees during working hours at a frequency set forth in the regulatory documents and guidelines.

For the training purposes, Rosseti Tyumen JSC uses ASOP Expert, an automated personnel training system recommended by Rosseti PJSC and Rostekhnadzor. The training sessions take place in special computer-equipped classrooms and at some workplaces that have remote access to ASOP Expert (network edition).

The following classes take place in OHS classrooms: pre-examination training, exams, first aid training. We use ASOP Expert for pre-examination and GOSHA, a robotized doll, for first aid training.

This software and hardware allow for detailed studying of the operating instructions, fire safety instructions, and OHS guidelines, as well as acquire first aid skills. Key functions and activities of the OHS classrooms are:

- training staff to work safely and to use necessary protective means;–
- studies of OHS regulations and standards;
- familiarizing with hazardous and harmful production factors by which the workers can be affected at workplaces;
–
- OHS briefings, thematic lessons and OHS knowledge testing;
- simulator-enabled first-aid training with a focus on accidents;
- learning the equipment designed to protect from exposure to occupational hazards and harm.

OHS classrooms are equipped with stands, OHS banners, and TV sets to watch educational films and carry out training sessions.

OHS information desks have the relevant information on the conducted workplace inspections, reviews of the injury rate in the electric power industry, and OHS memos.

**Measures to ensure health and safety of employees during work**

Rosseti Tyumen JSC has 50 OHS classrooms to comply with the OHS requirements applicable to staff management, prevent occupational injuries and diseases, and verify workers' preparedness and fitness for their jobs. Rosseti Tyumen JSC's OHS classrooms are equipped in compliance with the Recommendations for Organizing OHS Classrooms and Information Desks as approved by Resolution of the Ministry of Labor and Social Development No. 7 dd. January 17, 2001; and with the OHS Classroom Standard for Electric Power Companies as approved by Order of the RAO UES of Russia dd. September 27, 2001, RD 153–34.03.107–2001.

The Company established a system to respond to OHS breaches pursuant to the Regulations on Responding to OHS Breaches Committed By Employees of Rosseti PJSC's Subsidiaries and

Affiliates as approved by Decree of Rosseti PJSC No. 114r dd. March 6, 2017 and put into effect in Rosseti Tyumen JSC by Decree No. 191 dd. March 30, 2017 On Staff Injury Prevention System.

The System is based on *Three Befores* and is in line with the Regulations approved by Decree of Rosseti PJSC No. 114r dd. March 6, 2017 and put into effect in Rosseti Tyumen JSC by Decree No. 191 dd. March 30, 2017 On Staff Injury Prevention System.

The Company works to make sure that officers listed in job orders fully adhered to Guidelines on Primary Authorization to Work Under Job Orders / Guidelines on Repeated Authorization to Work Under Job Orders (approved by Decree of Rosseti PJSC No. 353r dd. July 11, 2017; put into force by Order of Rosseti Tyumen No. 395 dd. July 18, 2017 On Better Specialized Briefings).

In order to ensure safe and normal work environments at all production stages, compliance with OHS requirements at all management levels, enhancement of the efficiency and responsibility of officers organizing and supervising the efficiency of the OHSMS and Internal Technical Control System (ITCS) during the "Days 'Since'", the Company conducted inspections of compliance with current OHSMS and ITCS requirements, including compliance with them by officers of the Company's subdivisions who are responsible for implementation of such requirements. Following the identified violations, directors of the Company's subsidiaries were given the instructions; execution of such instructions was supervised by the specialists of the Industrial Safety and Production Control Services.

Upon detecting any breach of safety or any industrial hazard, Rosseti Tyumen JSC's employees can use any available method to report their finding to the manager and to the Industrial Safety and Control Unit by phone, memo, or other channels. Rosseti Tyumen JSC has adopted the Rosseti Group's Occupational Health and Safety Policy, developed and approved corresponding instructions for different professions and jobs.

**Injuries and Casualties of Non-Employees at the Company's Facilities**

| Region | Branch | Incident type | Number and Nature of Injuries | | | |
|---|---|---|---|---|---|---|
| | | | Total | incl. men | incl. teenagers | Fatal |
| the Tyumen Region South | Tyumen Electric grids | Electrical injury | 1* | 1 | 0 | 1 |
| **Total for Rosseti Tyumen JSC:** | | | **1*** | **1** | **0** | **1** |

* When performing unauthorized works.

**Occupational Health and Safety Management System (OHSMS)**

The Company has an Occupational Health and Safety Management System (OHSMS) in place.

OHSMS is part of the general management system, which ensures risk management and improvement of performance with regard to occupational health and safety.

October 23, 2020 Rosseti Tyumen JSC's OHSMS was confirmed to be in line with ISO 45001:2018 by an audit.

The certificate is valid until October 22, 2023.

### 5.1.7. YOUTH POLICY

The Company works systematically to recruit young specialists. We are seeking in-depth cooperation with specialized educational institutions and build an interregional network of such institutions in YNAO, KhMAO-Yugra, and Tyumen Region to provide early career guidance to students.

The Company supports selected talented students up to their enrolment in related majors; over the course of 2020, the Company continued to establish and operate energy classes for 10th and 11th grades in the Company-served regions; we also hosted career events as part of such classes in Surgut (Lyceum No. 3), Nizhnevartovsk (Secondary School No. 5), and Novy Urengoy (Secondary School No. 8).

In 2020, the Company inaugurated the power engineering classroom at Novy Urengoy Multidisciplinary College; the event was attended by the Governor of Yamalo-Nenets Autonomous Okrug.

Rosseti Group hosts its own All-Russian Olympiad for Schoolchildren, which was one of the most prominent career guidance events of the year. 73 high-school students took part in the Olympiad, four of whom made it to Stage 2, which was won by a school student from Tyumen, who was then awarded participation in the Energy Camp at Orlyonok 2020.

To date, the Company has signed cooperation agreements with 27 institutions that have departments specializing in power engineering. The Company's managers are members of the boards of trustees at the regional educational institutions; the Company also provides internships and advanced training for teachers, and delegates its top specialists to teach.

Practice-oriented training of young professionals is an important area of focus. 185 students had internships at the Company's facilities in 2020.

At the end of 2020, Rosseti Tyumen JSC introduced its corporate scholarship program for high-performing students to have internship at the Company.

In order to involve young people in discussing the relevant matters of the industry, to incentivize research, and to find promising researchers among young professionals, Rosseti Tyumen JSC organized research competitions for young specialists and Energy Class students in 2020, which had a total of 21 participants.

The Company's youth is always a prominent part of various events, representing the best of the Company at municipal, regional, and federal contests. In October 2020, Rosseti Tyumen JSC followed the initiative of its youth and inaugurated its Council of Young Professionals, an organization that seeks to uplift the youth as researchers, professionals, athletes, or creatives.

In 2020, the Company's young professionals volunteered actively: ran fundraising campaigns within the Company to buy food packages and deliver them contactlessly to retirees or industry veterans who found themselves in trouble due to the pandemic.

2021 will see an even greater activity of the youth in research, production, and social campaigns. In particular, the Company has plans for its young professionals to become part of regional and municipal parliaments of the youth.

**Milestones of 2020**

1. Candidates from the Company's talent pools took part in the activities of such professional communities as Young Engineers and Young Engineers of the Fuel and Energy Industry; they also participated in Forçage, an international forum for young power engineers and industrialists.
2. Tripartite cooperation agreement was signed by the Company, the Department of Education and Youth Policy of KhMAO-Yugra, and Nizhnevartovsk Polytechnic College.
3. Tripartite cooperation agreement was signed by the Company, the Department of Education of YNAO, and Novy Urengoy Multidisciplinary College. The Company also opened a specialized classroom at Novy Urengoy Multidisciplinary College.
4. Tripartite cooperation agreement was signed by the Company, the Department of Education (Novy Urengoy City Hall), and Secondary School No. 8.
5. Cooperation agreement was also signed with Surgut Polytechnic College.

6. The Company held its first ever research competition for young professionals and students of the Company's partner institutions.

7. It also inaugurated Rosseti Tyumen JSC's scholarship and internship programs for students in vocational and higher education.

## 5.2. ENVIRONMENTAL PROTECTION

### 5.2.1. ENVIRONMENTAL POLICY

By Resolution of its Board of Directors No. 25/20 dd. September 17, 2020, Rosseti Tyumen JSC joined the Power Grid Complex Environmental Policy and approved it as an internal document, whereby it also instituted the corresponding Action Plan.

The Policy mainly seeks to preserve a favorable natural environment for the current and future generations.

Key targets are:

– decommissioning 100% of the equipment based on, or containing polychlorinated biphenyls, subject to further disposal as waste by 2025;

– preserving biodiversity and organizing activities focused on environmental performance;

– continuous improvement of the Environmental Management System;

– a 3% reduction in the in-house consumption of fuel and energy up until 2022.

**Environmental Management System (EMS);**

The Company's Environmental Management System is a tool which improves the performance and effectiveness of the environmental safety activities. To that end, Rosseti Tyumen JSC has:

– identified the processes focused on environmental safety;
– identified the sequence and interconnection of these processes;
– defined the criteria and methods of evaluating the performance of the EMS;
– provided the availability of resources for the EMS functioning;
–
– undertaken to continuously monito and measure environmental safety;
– undertaken to continuously improve the EMS processes.

In 2020, the Integrated Management System underwent recertification audit for compliance with ISO 14001; auditing services were provided by DQS. According to the results of the audit, the experts recommended to extend the certificate. This confirms the Company's good performance in terms of technological and environmental safety.

### 5.2.2. ENVIRONMENTAL PERFORMANCE

**Air protection**

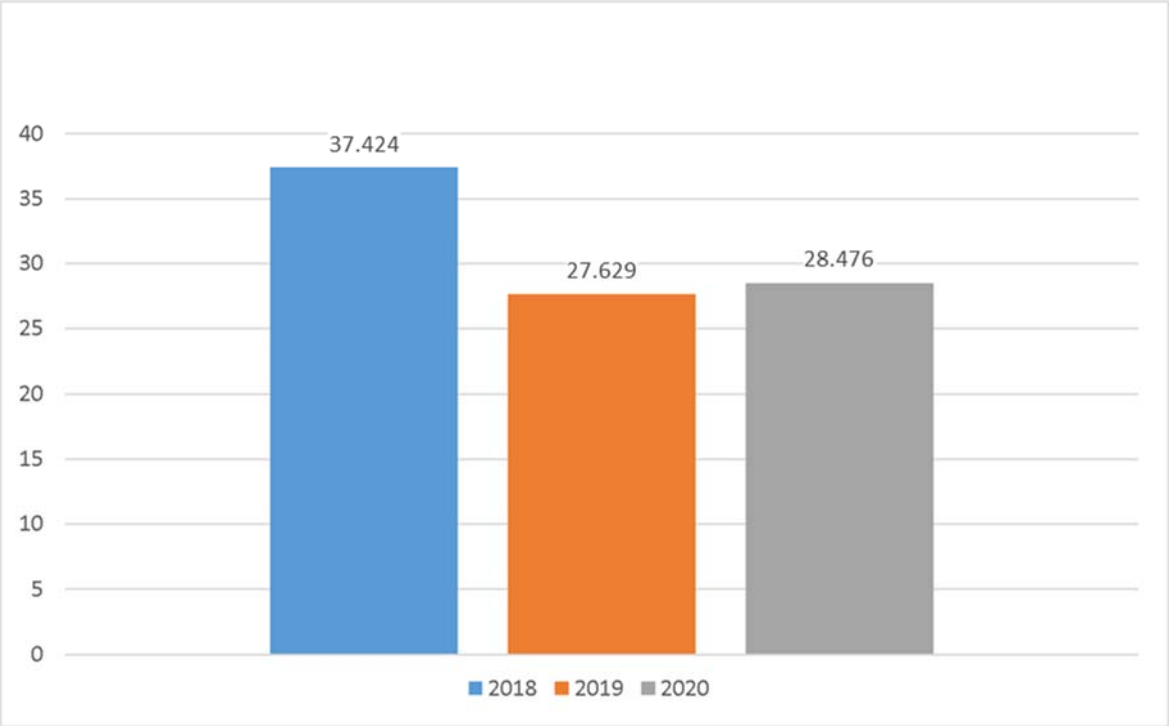
Air pollutants come from the exhausts of the Company's facilities such as welding stations, metal machining sites, vehicle M&R facilities, garages, carpentry shots, repair shots, paint shops, and diesel generators (used as backup power sources).

Besides, Noyabrsk and Northern Electric Grids operate natural gas-fired low-power heating plants. Kogalym EG operates a crude oil-fired heating plant.

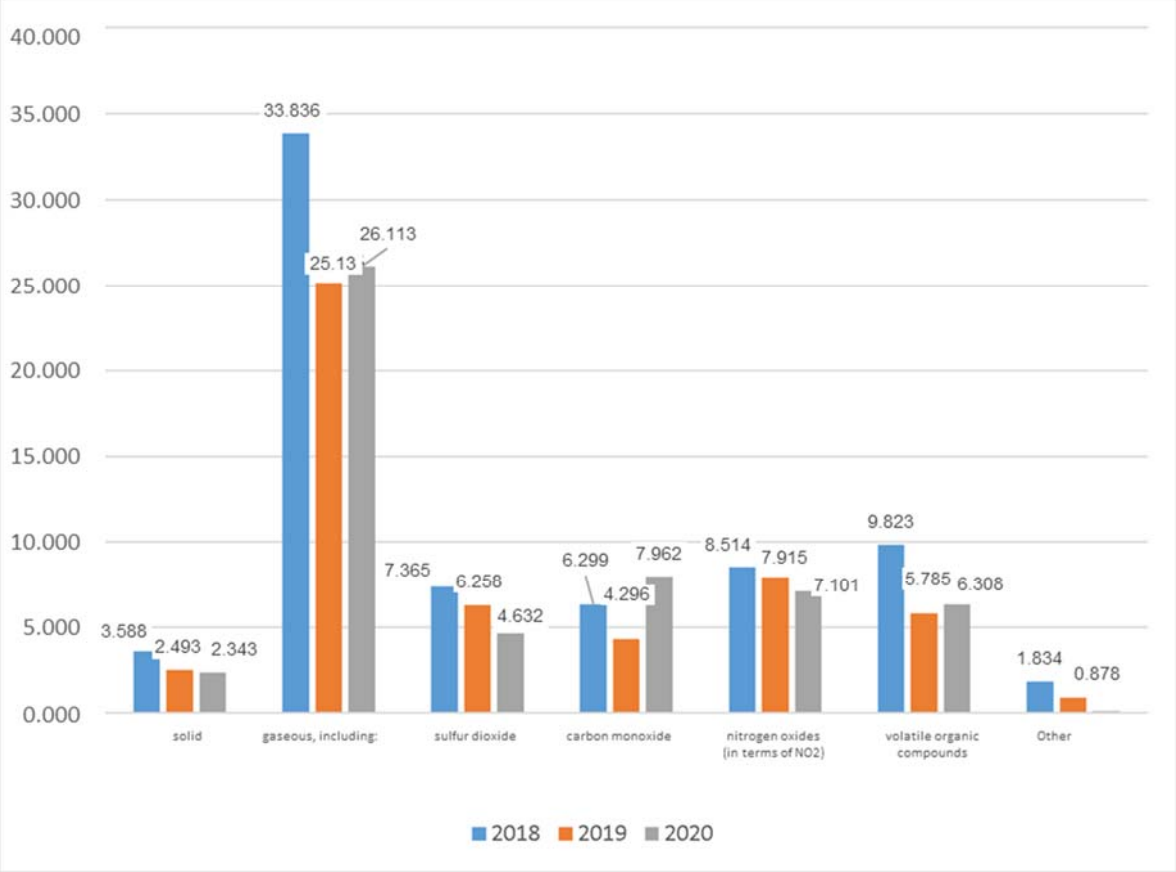
The Company tests the performance of its dust and gas collectors on an annual basis.

In 2020, the Company's facilities released a total of 28.476 tons of pollutants into the air, a 2% increase against 2019 (27.629 tons); over 2018-2020, emissions peaked in 2018 at 37.424 tons. The 23% decrease observed in 2019 compared to 2018 was due to decommissioning the heating plant operated by Nefteyugansk EG.

**Emissions of pollutants in 2018-2020, tons**




**Gross emissions of pollutants into the air across Rosseti Tyumen JSC in 2018-2020, tons**



## Protection and Rational Use of Water Resources

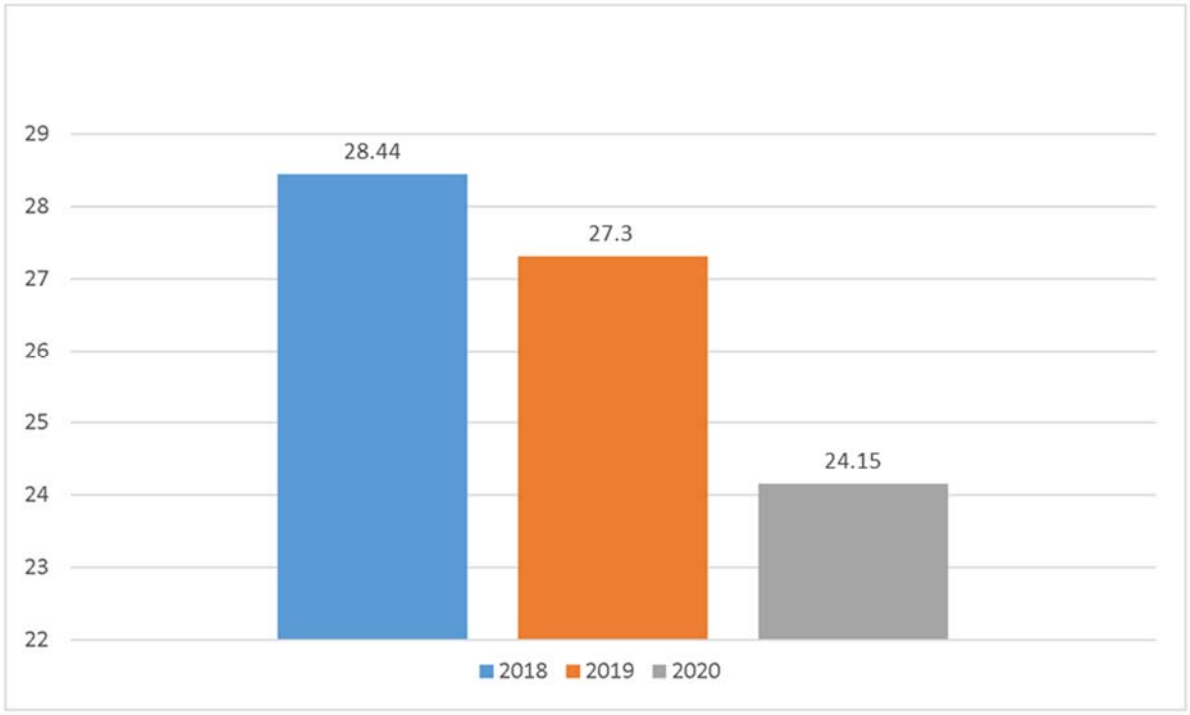
Rosseti Tyumen JSC's branches operate artesian wells, mainly for process needs. Nizhnevartovsk EG also uses groundwater as tap and household water.

Rosseti Tyumen JSC is a party to 15 licensing agreements as a subsoil user.

In 2020, the Company complied with the terms and conditions of such agreements in full. Water from artesian wells was tested for quality. Tests proved the quality was no worse than required by the licensing agreements (subsoil licenses). No artesian well was plugged or shut.

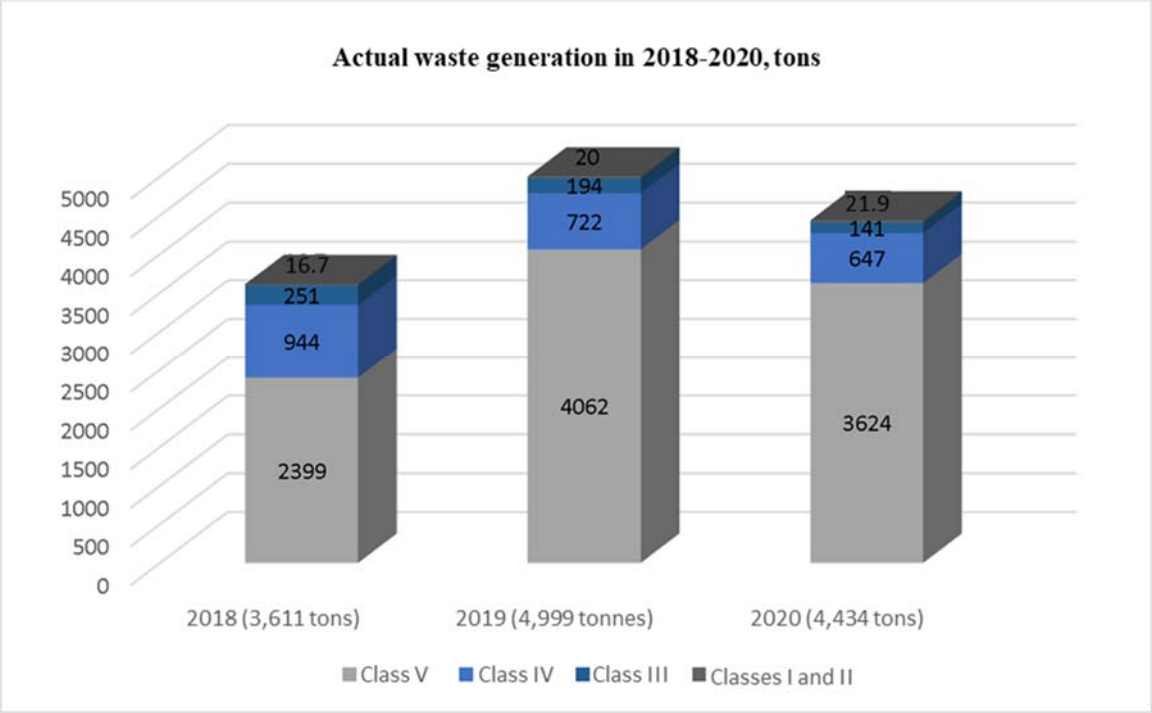
24.15 thousand $m^3$ of groundwater was extracted in 2020, a 12% increase from 2019 (27.3 thousand $m^3$). This reduction was due to overhauling the pumped artesian well operated by Nizhnevartovsk Electric Grids.

**Water extracted in 2018-2020, tons**




## Waste management

Rosseti Tyumen JSC is licensed to collect, transport, process, dispose of, neutralize, or emplace waste of Hazard Classes I to IV (License No. 66-8956 TOB dd. February 27, 2020).




The Company generated 4,434 tons of waste in 2020, an 11% decrease from 2019 (4,999 tons). Here's how the Company's waste generation changed over the past three years:

- 3,611 tons in 2018;
- 4,999 tons in 2019;
- 4,434 tons in 2020.

The chart below shows waste in breakdown by class of hazard (i.e. by the degree of its negative environmental impact):

- Class 1: extreme hazard;
- Class 2: severe hazard;
- Class 3: moderate hazard;
- Class 4: low hazard;
- Class 5: almost no hazard.

| No. | Waste management | Amount of waste, tons | | |
|---|---|---|---|---|
| | | 2018 | 2019 | 2020 |
| 1 | Landfilled | 2,197.920 | 2,077.973 | 1675.664 |
| 2 | Transferred for disposal or recycling | 1,157.222 | 2,898.163 | 3131.025 |
| | | | | |

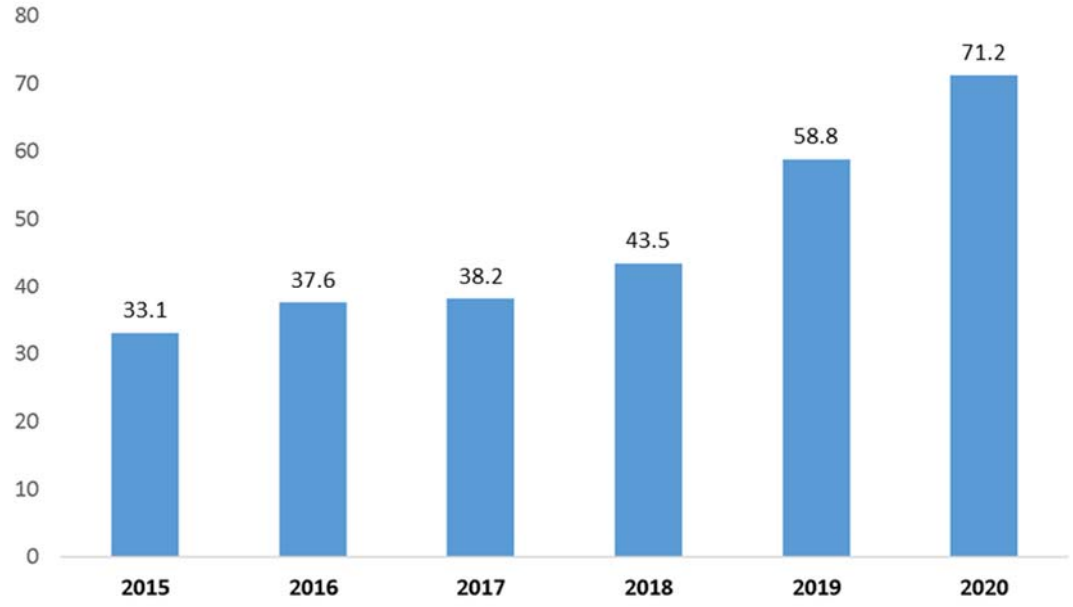
Waste generation dropped in 2020 compared to 2019 due to a 27% reduction in the generation of Class 3 waste, 10% reduction in Class 4, and 11% reduction in Class 5, which is attributable to switching staff to work from home as was necessary to prevent the spread of the novel coronavirus.

Waste sent for emplacement dropped by 19% (1,676 tons in 2020 vs. 2,078 tons in 2019).

Use of recycled materials rose by 8% (3,131 tons vs. 2,898 tons).

Over the past five years, the Company has been steadily increasing its use of recycled materials such as ferrous and non-ferrous metal scrap, spent transformer and automotive oil, and spent batteries; it also transfers more and more waste such as vehicle oil filters and oil-contaminated silica gel to neutralization facilities.

**Recycled / shipped for neutralization in 2015-2020, % of total waste**




### 5.2.3. ENVIRONMENTAL PROTECTION COSTS

Funding of the Environmental Program mainly goes into ensuring the Company's compliance with Russia's environmental laws, international standards, and local corporate standards.

Current environmental costs dropped by 16% YoY: 49,064 thousand rubles in 2020 vs. 58,508 thousand rubles in 2019.

Of the costs of environmental protection in 2020:

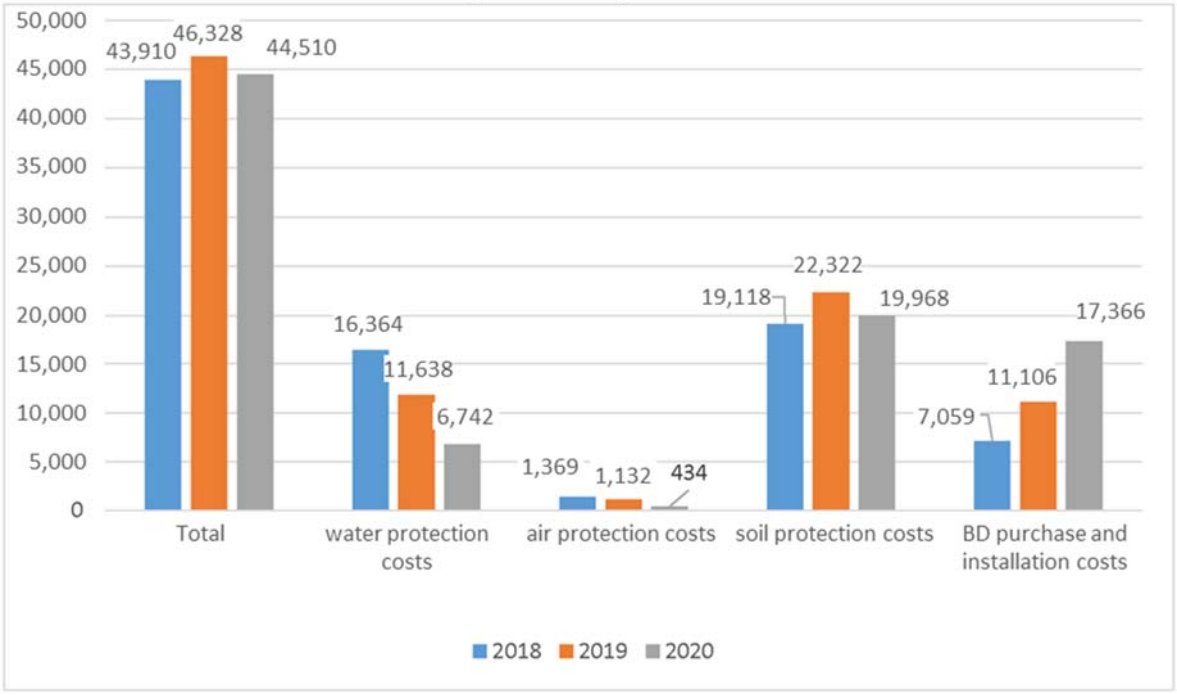
– 434 thousand rubles went into air protection, including instrumentation designed to measure the impact of the Company's production facilities on the air, an effort that involved specialized accredited centers and included the verification of gas analyzers;

– 6,742 thousand rubles went into protecting water bodies, including wastewater treatment (drainage into centralized sewerage systems and pumping out of septic tanks), water quality tests, etc.;

– 19,968 thousand rubles went into land protection, including the disposal, neutralization, and emplacement of waste, disposal of stormwater from SS oil collectors, etc.;

– 21,920 thousand rubles went into biodiversity conservation, including the purchase and installation of bird protections.

**Environmental costs incurred by Rosseti Tyumen JSC in 2020, thousand rubles**




Environmental fees totaled 299 thousand rubles in 2020.

### 5.2.4. HOW THE COMPANY PROTECTS AIR, WATER, SOIL AND LAND

Rosseti Tyumen JSC's activities have little impact on the environment.

The Company's branches use sphagnum-based petroleum sorbents to localize pollution in case of transformer oil spillage. These sorbents use a unique technology and have several advantages, as they are naturally capable of biodegrading the absorbed hydrocarbons whilst having a high absorption capacity. The sorbents are perfectly natural, organic, easy to transport and use.

This practice showcases the Company's usage of advanced, safe, and unique technology to make its grid facilities environmentally safe.

Conservation of biodiversity in the Company-served regions is another priority. To that end, the Company keeps equipping its power transmission lines with bird protections (BPs). 5,765 BPs were installed in 2020 alone, a 2% increase from 2019 (5,680). This effort makes grids safer for birds and reduces the probability of HVL outage.

**Environmental Education for Staff. Environmental Campaigns and Competitions**

Every year, Rosseti Tyumen JSC takes effort to educate its staff on the matters of environment, environmental law, environmental risks and their prevention.

52 persons were trained in 2020, of whom 29 had training in waste management, 23 in environmental safety. Training costs totaled 429 thousand rubles.

Annual subbotniks on the Company's land are a great long-standing tradition. Rosseti Tyumen JSC's staff are enthusiastic about landscaping and planting campaigns organized by city and municipal authorities. In 2020, Noyabrsk Electric Grids' staff were prominent in the Clean City Campaign of the City of Noyabrisk. Kogalym Electric Grids planted rowan trees in Kogalym.

In 2020, the Company took part in Reliable Partner for Ecology, an annual national competition of best conservation practices, where we competed for the Best Environmental Project as Part of Corporate Social Responsibility Programs. The project showcased the Company's involvement in environmental activities with a focus on forest conservation; these campaigns seek to cultivate respect for nature and to strengthen the Company's cooperation with municipal organizations.

**Industrial Environmental Control**

Rosseti Tyumen JSC's industrial environmental control efforts involve specialized licensed centers for analytics and focus on:

– evaluating natural environment outside the production facilities (air and its electromagnetic and noise parameters);
– control of technogenic facilities, including the sites of waste accumulation, platforms of in-house artesian wells, control of emission sources (flue gases of small heating plants, maintenance shops and paint stops).

A well-organized system of industrial environmental control allows evaluating the state of natural environment at the place of production facility location and timely reveal negative changes that can occur under the action of anthropogenic factors. 325 facilities were audited under industrial environmental control in 2020.

Reporting period results were as follows:
– emissions of air pollutants within the legally allowed limits;
– the quality of extracted groundwater (freshwater) in line with the license agreements;
– physical impact (noise, electric and magnetic field) does not exceed the maximum permissible level prescribed by sanitary regulations.

## 5.2.5. ENERGY CONSUMPTION AND CONSERVATION

In 2020, the Company continued to pursue its Energy Conservation and Efficiency Program 2019-2023.

The Program seeks to:
– reduce electricity losses in transmission and generation;
– reduce electricity consumed by substations;
– reduce the use of fuel and energy in production;
– optimize and improve Rosseti Tyumen JSC's internal business processes related to energy management.

Over the course of 2019-2020 since the Program was commenced, it saved 19,964 TOE of energy or 420,51 million rubles.

Throughout the reporting year, the Company pursued energy efficiency improvements based on the mandatory energy audit conducted in 2017.

Effects of energy conservation efforts in 2020

| Indicators | Energy savings | | | Monetary savings million rubles (exclusive of VAT) |
|---|---|---|---|---|
| | Absolute value | | Tons of oil equivalent, TOE | |
| Electricity loss reduction efforts | 89.350 | million kWh | 10.722 | 223.091 |
| Efforts to reduce in-house use of resources | 0.627 | million kWh | 0.075 | 2.748 |
| | 161.389 | Gcal | 0.023 | 0.377 |
| | 145.696 | thousand liters of fuel and lubricants | 0.174 | 6.005 |
| | 0.400 | thousand liters of water | | 0.021 |
| Total: | | | 10.994 | 232.241 |

69.29% of the Company's meters are smart meters; 79.95% of lighting is LED-based.

The Company spent 675 million rubles exclusive of VAT on its Energy Conservation and Efficiency Program in 2020.

## Energy Management System

Pursuant the Integrated Management System Policy, Rosseti Tyumen JSC voluntarily follows the requirements and takes measures to reduce the in-house demand for fuel and energy.

From September 28 through October 9, 2020 the Company underwent an independent audit that produced a certificate certifying that the Company's Head Office and branches operated an energy management system compliant with ISO 50001:2018.

CERTIFICATE

This is to certify that

Rosseti Tyumen JSC
4 Universitetskaya ul.
628408 Surgut
Tyumen Oblast
KhMAO-Yugra,
Russian Federation

has in its Head Office and branches listed in the Annex hereto

adopted and continues to maintain an
Energy Management System

Activities:
The audited company provides and develops lectric power transmission, distribution, and grid connection services.

The audit documented the report confirms the audited company's management system is in line with the standard

ISO 50001 : 2018

Certificate Registration Number 31100914 EM 9118
Valid from 23 October, 2020
Valid thru 2023-10-22
Certification date 23 October, 2020

DQS GmbH

Markus Stieler
Генеральный директор

Accredited Body: DQS GmbH, August-Schanz-Straße 21, 60433 Frankfurt am Main, Germany
Administrative Office: OOO SSU DEKUES, Respublikanskaya str. 3, 150003 Yaroslavl, Russian Federation 1 / 2

| Indicators | Units of Measurement | Period | | | |
|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | variation 2020/2019,% |
| In-house use of fuel and energy within administrative buildings and production facilities | thousand TOE | 16.25 | 15.20 | 13.30 | 12.52 |
| | million rubles | 309.25 | 307.41 | 293.01 | 4.69 |

## Energy used in 2020

| No. p/p | Types of resources | Units of Measurement | 2020 (planned) | 2020 (actual) | Difference, % |
|---|---|---|---|---|---|
| 1. | nuclear power | Absolute value | not used | not used | |
| | | In monetary terms | not used | not used | |
| 2. | heat | Gcal | 32,890.26 | 33,236.66 | 1.05 |
| | | million rubles | 59.88 | 59.62 | 0.43. |
| 3. | electricity | kWh | 58.68 | 51.63 | 12.02 |
| | | million rubles | 228.12 | 223.56 | 2.00 |
| 4. | electromagnetic energy | Absolute value | not used | not used | |
| | | In monetary terms | not used | not used | |
| 5. | petroleum | thousand tons | 0.34 | 0.29 | 14.14 |
| | | million rubles | 7.19 | 4.29 | 40.36 |
| 6. | gasoline (for cars) | thousand l | 1,644.60 | 1,513.27 | 7.99 |
| | | million rubles | 66.23 | 55.52 | 16.16 |
| 7. | diesel fuel | thousand l | 2,722.18 | 2,408.05 | 11.54 |
| | | million rubles | 126.79 | 104.39 | 17.67 |

| | | | | | |
|---|---|---|---|---|---|
| 8. | industrial fuel oil | Absolute value | not used | not used | |
| | | In monetary terms | not used | not used | |
| 9. | Natural gas | thousand $m^3$ | 2,459.64 | 1,676.17 | 31.85 |
| | | million rubles | 9.08 | 5.54 | 39.01 |
| 10. | coal | Absolute value | not used | not used | |
| | | In monetary terms | not used | not used | |
| 11. | oil shale | Absolute value | not used | not used | |
| | | In monetary terms | not used | not used | |
| 12. | peat | Absolute value | not used | not used | |
| | | In monetary terms | not used | not used | |
| 13. | other | Absolute value | not used | not used | |
| | | In monetary terms | not used | not used | |

## 5.3. MANAGEMENT SYSTEM

Introduced in 2008, Rosseti Tyumen JSC's Integrated Management System (IMS) has been successfully operating and developing to the present day.

The Company's IMS comprises four management systems, namely:

- Quality Management System (QMS);
- Environmental Management System (EMS);
- Energy Management System (EnMS);
- Occupational Health and Safety Management System (OHSMS).

QMS is a component of the Company's general management system and is in place to carry out continuous improvements in the quality of services pursuant to regulative documents and the customers' needs and expectations; it is there to satisfy all the concerned parties including the Company's employees, shareholders, investors, and partners.

EMS is a part of the Company's general management system and comprises an organizational structure, activity planning, responsibility assignment, practical tasks, as well as procedures, processes, and resources for preparing, implementing of environmental policies, goals, and objectives, as well as for evaluating the progress and improvement thereof.

EnMS is part of the Company's general management system that enables a systematic approach to energy conservation and energy efficiency improvement with respect to the core and auxiliary processes.

OHSMS is part of the Company's general management system used for risk management and improvements in such areas as occupational health and safety.

The Company's management systems conform to the international standards, namely:

- - ISO 9001 (GOST R ISO 9001) for the QMS;
- - ISO 14001 (GOST R ISO 14001) for the EMS;
- - ISO 45001 for the OHSMS;
- - ISO 50001 (GOST R ISO 50001) for the EnMS.

**Certificates**

| No. p/p | Subdivision/ branches | Management system / Certificate validity period | | | | Certification authority |
|---|---|---|---|---|---|---|
| | | QMS | EMS | EnMS | OHSMS | |
| 1. | Head Office | | | | | |
| 2. | Tyumen Electric grids | | | | | |
| 3. | Kogalym Electric grids | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 4. | Nefteyugansk Electric Grids | 23.10.2023 | 23.10.2023 | 22.10.2023 | 22.10.2023 | DQS Russia |
| 5. | Nizhnevartovsk Electric Grids | | | | | |
| 6. | Noyabrsk Electric Grids | | | | | |
| 7. | Northern Electric Grids | | | | | |
| 8. | Surgut Electric Grids | | | | | |
| 9. | Uray Electric Grids | | | | | |
| 10. | Energocomplex | | | | | |

**Rosseti Tyumen JSC obligations regarding IMS:**

1. Comply with legal and other Russian and international requirements regarding the IMS, timely and to a good quality.
2. Show the commitment of the senior managers to operating the IMS efficiently.
3. Determine and ensure accessibility of information and resources required for efficient operation of the IMS.
4. Identify hazards and evaluate occupational risks. Develop the necessary corrective measures.
5. Use state-of-the-art technology, equipment, and methods of workplace management.
6. Conserve the environment for the current and future generations.
7. Take effort to conserve energy and improve energy efficiency.
8. Continuously analyze and improve the IMS' performance.

**Key Parties of the Company's IMS:**

- Board of Directors;
- Company's Director General;
- IMS Officer — First Deputy Director General, Chief Engineer;
- Deputy Directors General and immediately subordinate heads of the Head Office's units (owners of the Company's business processes);
- Directorate of Internal Control, Risk and Quality Management (QMS);
- Occupational Safety and Industrial Control Service (OSHMS);
- Department of Environmental & Occupational Safety and Industrial Control (EMS);
- Innovations and Energy Efficiency Service of the Department of Development and Innovation (EnMS);
- other structural units of the Company involved in the operation of management systems;
- officers responsible for the management systems and representatives of management system officers from the Company's branches.

**The main results of IMS operation:**

а) more reliable and higher-quality electricity delivery.
For more info, see p. 168 in Performance;

б) safer electricity delivery.
For more info, see p. 168 in Performance;

в) improved occupational safety and health in production activities and ever lower accident rates with a total compliance with occupational safety and environmental protection legislation, see p. 149 in Occupational Health and Safety (Including Fire Safety);

г) energy efficiency improvement;
For more info, see p. 86 in Innovative Development and p. 164 in Energy Consumption and Conservation;

д) environmental safety and protection.
For more info, see p. 149 in Environmental Protection;

e) better quality of grid connection.
For more info, see p. 54 in Grid Connection.

In general, management systems demonstrated good results over the past year, which was confirmed by recertification audit of the IMS for compliance with ISO 9001, ISO 14001, ISO 45001, and ISO 50001 carried out by an independent auditor in October 2020.

## 5.4. PROCUREMENTS

### Essence and Principles of Procurement Regulation

Rosseti PJSC's Uniform Procurement Standard ('the Procurement Regulations') serves as the core document that governs Rosseti Tyumen JSC's procurement. The Standard furthers Rosseti PJSC's Procurement Policy and is compliant with the Federal Law No. 223-FZ dd. July 18, 2011 On the Procurement of Goods, Works, and Services by Specific Types of Legal Entities ('the Procurement Act'). The Procurement Regulations formalize procurement procedures regardless of their costs.

The principles of procurement:

| | | | |
|---|---|---|---|
| Procurement transparency | Equality, fairness, non-discrimination, no unreasonable competition restrictions for the bidders involved | Targeted and cost-effective spending on goods, works, services coupled with cost-cutting measures | No undue inaccessibility of bidding that would stem from immeasurable requirements to bidders |

Procurement Regulations list the following methods:

– competitive procurement methods: competition (open bid, electronic bid, closed bid in electronic/non-electronic formats), auction (open auction, electronic auction, closed auction in electronic/non-electronic formats), request for proposals (request for proposals in electronic formats, closed request for proposals in electronic/non-electronic formats), request for quotations (request for quotations in electronic formats, closed request for quotations in electronic/non-electronic formats), competitive pre-selection, request for prices based on the results of competitive preliminary selection.

– non-competitive methods: preliminary selection, request for prices based on the results of preliminary selection, price comparison (price comparison in electronic/non-electronic formats), procurement from a single supplier; procurement by participating in procedures organized by product sellers.

Procurement Regulations, Procurement Plan, information on the number and total value of procurement contracts, annual reports on procurement from small and medium-sized businesses and on procurement of innovative products and high-tech products, including those procured from small and medium-sized businesses, as well as other procurement details can be found in the Single Procurement Information System on the Internet at www.zakupki.gov.ru and on Rosseti Tyumen JSC's corporate website www.te.ru.

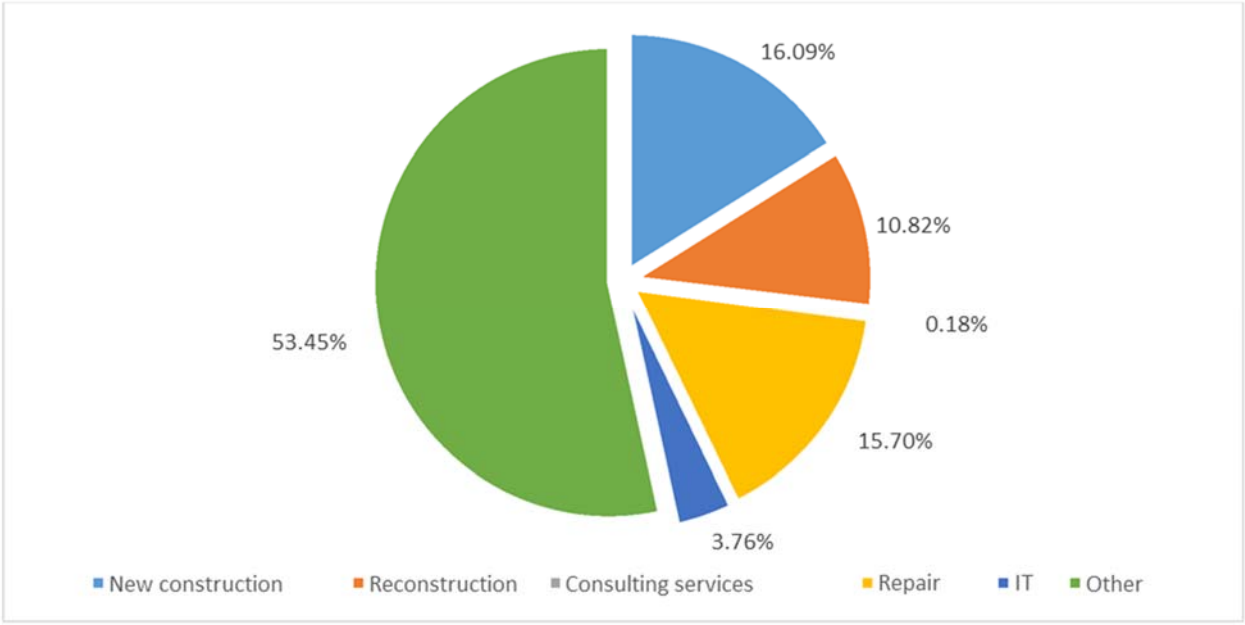
## Main Figures of the Procurement Plan

In 2020, procurements totaled 10,320.6 million rubles inclusive of VAT. Open bids accounted for 10,070.8 million rubles inclusive of vat or 97.58%. Procurements from a single source totaled 249.8 million rubles inclusive of VAT or 2.42 %.

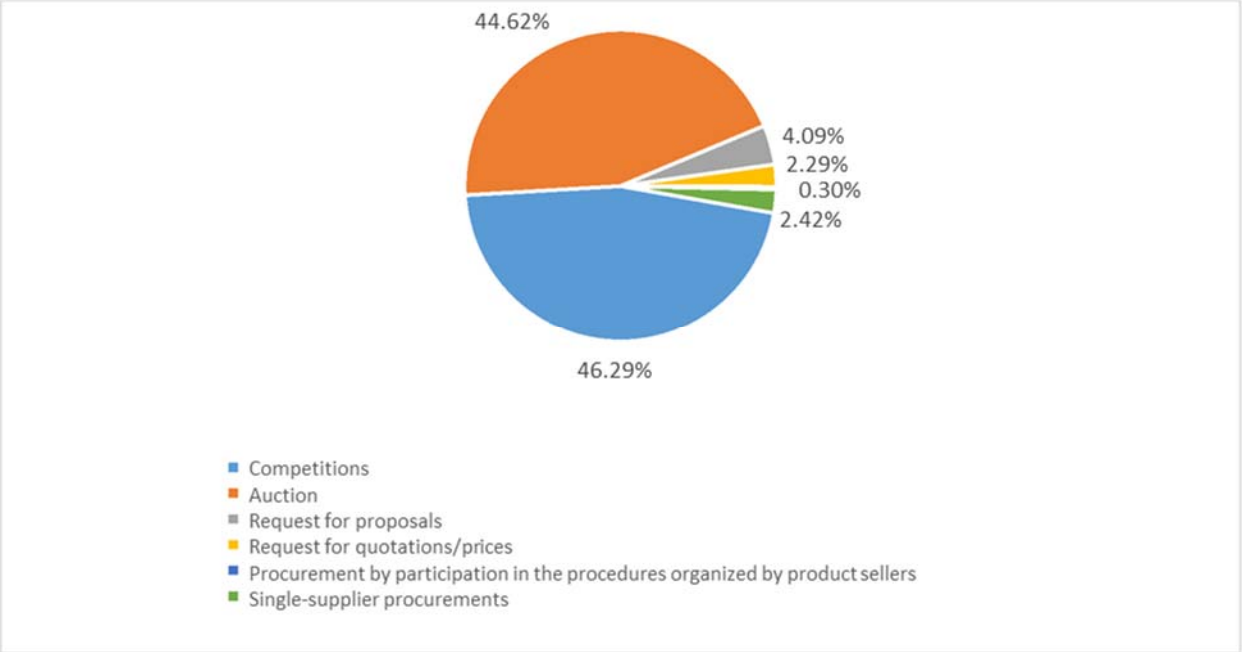
100 % of competitive procurement in 2020 was made using the Single E-Commerce Platform at www.roseltorg.ru.

Cost-effectiveness totaled 1,445.6 million rubles inclusive of VAT or 12.59% of the stated value of competitive procurements.

**Procurements by activity**



**Procurements by method**



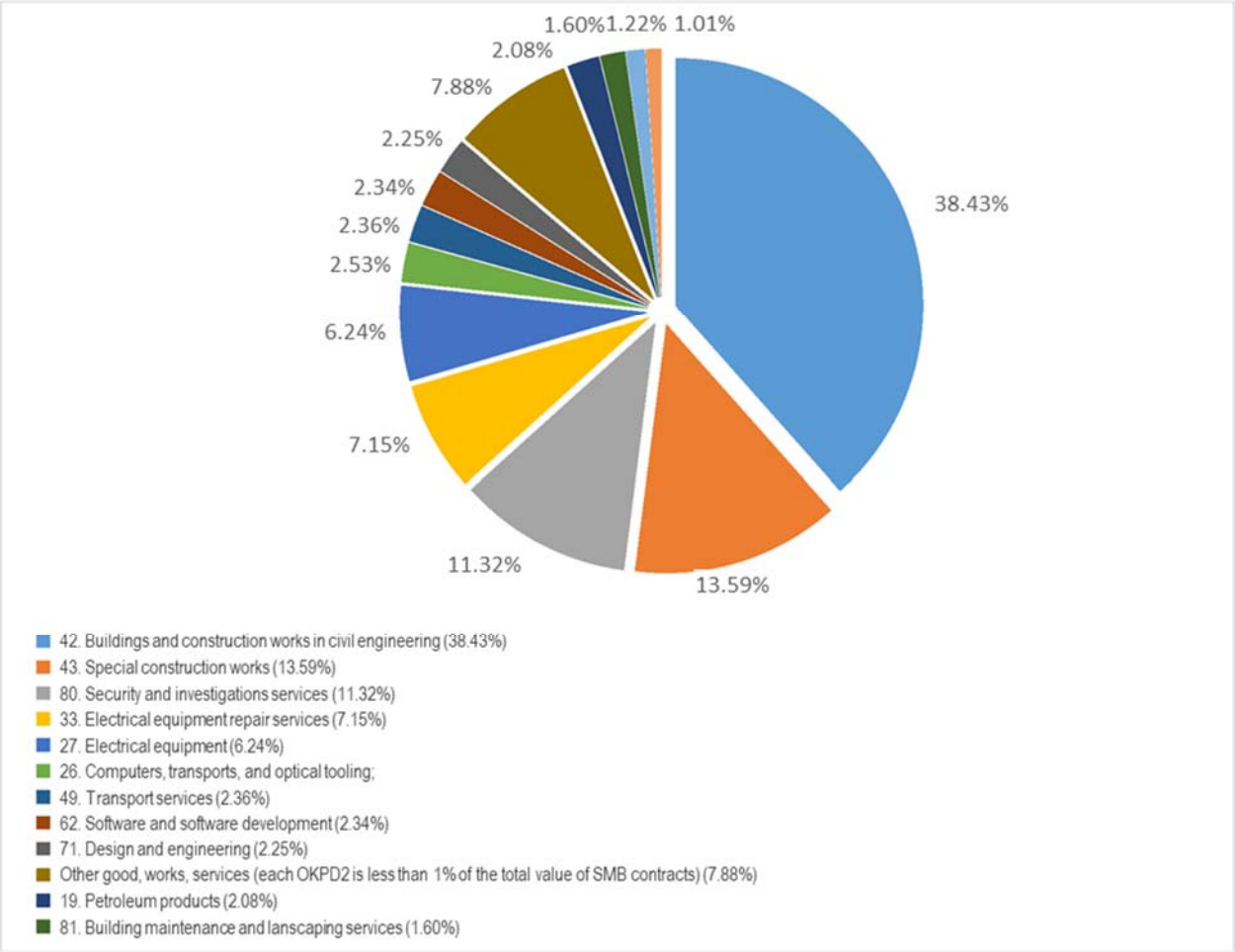

**Procurements from small and medium-sized businesses**

The annual value of contracts made with SMBs in 2020 totaled 6,952.3 million rubles inclusive of VAT or 80.35% of the total value of procurement contracts made in 2020; SMB-exclusive bids totaled 2,450.3 million rubles inclusive of VAT or 28.32%.

The annual value of payments transferred under contracts concluded with SMBs in 2017-2020 totaled 9,302.1 million rubles inclusive of VAT or 76.66% of the total value of procurement contracts made in 2020;

payments under SMB-exclusive bids totaled 2,623.3 million rubles inclusive of VAT or 21.62%.Value of innovative and high-tech procurement totaled 208.0 million rubles in 2020, 150.1 million of which went to SMBs. Procurement of innovative and high-tech products rose by 21.34% YoY, whilst procurement of the same from SMBs rose by 6.62%.

**Procurement from small and medium-sized businesses: breakdown by OKPD2 codes**




**Procurement trends for 2018-2020**

| Indicators | Unit | Period | | | |
|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | Change 2020/2019, % |
| Open bidding as percentage of the total procurement | % | 99.44 | 97.15 | 97.58 | 0.43. |
| E-commerce procurement as percentage of the total procurement | % | 99.44 | 97.15 | 97.58 | 0.43. |
| Procurement from SMBs and procurement from SMBs as subcontractors | % | 74.42 | 78.70 | 76.66 | -,2.04 |
| Cost effect | % | 3.84 | 6.85 | 12.59 | 5.74 |

In 2020, the propotion of open bidding and e-commerce procurements rose by 0.43% compared to 2019 while the percentage of single-supplier procurements fell. All competitive procurement was made on an e-commerce platform.

In 2018-2020, procurements from SMBs totaled over 70% in any year, which is more than 3x the required threshold of 20%. The cost-effectiveness of competitive procurement rises year over year. In 2020, it rose by 5.7% compared to 2019. The largest benefit was achieved in 2020 by electronic bidding.

**Steps towards better procurement**

In 2020, Rosseti Tyumen JSC implemented its strategy for end-to-end planning and management of logistics as part of reengineering its business processes in Logistics and Inventory Management and in Procurement Management.

The strategy created a functional chain that controls the entire procurement process from projecting and planning the demand for goods, works, and services, and drafting the Procurement Plan that is balanced in terms of inventory, funding, and scheduling of delivery, to drafting and executing contracts based on the winning bidder's quotation.

**Percentage of payments made to local suppliers in the regions of substantial presence (GRI 204-1)**

Rosseti Tyumen JSC serves a territory of more than 1.4 million sq. km, which comprises Tyumen Region, Khanty-Mansi Autonomous Okrug — Yugra, and Yamalo-Nenets Autonomous Okrug, with a total population of ~3.8 million people.

Companies registered in these three Russian constituent entities served by Rosseti Tyumen JSC ('local suppliers') won 407 of the Company's procurement agreements for a total of 4,420 million rubles inclusive of VAT, accounting 39.06 % of the total procurements made in 2020.

**Total number of anti-corruption and antitrust legal actions against the company, and their outcomes (GRI 206-1)**

38 claims were filed with the FAS of Russia in 2020; 15 were found to be unfounded; 13 were found to be duly substantiated in part or in full, and the antitrust regulator's instructions were executed in due time; 3 complaints were not reviewed; 3 were withdrawn by bidders; 4 were in process as of writing this Report.

**Percentage of new suppliers assessed per labor relations criteria Suppliers whose rights to freedom of associations and collective bargaining might be violated or put at a significant risk; actions taken to protect such rights (GRI 407-1)**

Rosseti Tyumen JSC does not undertake to verify its potential counterparties in procurement per labor relations criteria nor to examine its suppliers for any violation and risking of rights to freedom of association and collective bargaining.

**Significant actual or potential negative impact on the observance of human rights in the supply chain; actions taken (GRI 308-1)**

Rosseti Tyumen JSC does not undertake to examine its suppliers for any actual or potential negative impact on the observance of human rights.

**Suppliers having negative environmental impact, and actions against such (GRI 308-2)**

Rosseti Tyumen JSC does not undertake to examine its suppliers for any negative environmental impact.

## 5.5. ANTI-CORRUPTION POLICY AND ECONOMIC SECURITY

**Anti-Corruption**

Rosseti Tyumen JSC's anti-corruption activities seek to lower the risks of material and reputational damage to the Company as a result of corruption. In 2020, the Company's anti-corruption efforts followed the Federal Law No. 273-FZ dd. December 25, 2008 On Combating Corruption, the Anti-Corruption Policy of Rosseti PJSC and its subsidiaries (approved by the Company's Board of Directors, Minutes No. 18/20 dd. July 3, 2020), Tyumenenergo JSC's Code of Corporate Ethics

and Employee Conduct (approved by the Company's Board of Directors, Minutes No. 16/17 dd. May 12, 2017), and the Anti-Corruption Plan 2020 (Order No. 73 dd. February 21, 2020).

In order to reduce the risks of corruption, the Company adopted the revised Anti-Corruption Policy of Rosseti PJSC and its subsidiaries, the Regulations on the Corporate Ethics and Conflict of Interest Commission, and the Regulations on Conflicts of Interest. The Company updated its Corruption Claim Reception and Processing Procedure (Order No. 74 dd. February 21, 2020) and adopted the revised Regulations on Interactions of Parties in Procurement (Order No. 414 dd. October 12, 2020).

Procurements were monitored for conflicts of interest, and effort was made to timely detect change in the counterparties' chains of ownership; anti-corruption clauses and sundry mandatory terms and conditions were added to contracts. The Company's Automatic Beneficiary Data Collection and Analysis System (ABDCAS) generated and submitted to Rosseti PJSC reports on 11,365 contracts, 7,990 counterparties, 2,262 full ownership chains of counterparties, 1,382 supplementary agreements and contract termination agreements, and 599 subcontractors.

1,599 employees filled their declarations during the annual conflict of interest declaration campaign. Over the course of the year, the Company identified and settled three pre-conflict situations arising from close kinship with the manager, see Minutes of the Corporate Ethics and Conflict of Interest Commission No. 02/2020 dd. June 10, 2020; no unresolved conflicts.

The Company also verified the declarations of income, property, and liabilities submitted by 57 heads of the Company, its branches, departments, directorates, and Head Office services, as well as by 244 of their close relatives; no inaccuracies or breaches found.

The Company duly follows its Corruption Claim Reception and Processing Procedure, under which employees, counterparties, other individuals and legal entities can report possible corruption and breaches of the Code of Corporate Ethics and Employee Conduct on the part of the Company's employees (Order No. 74 dd. February 21, 2020). 12 such claims were received and processed in due time. Two claimed cases were confirmed, with one of the involved employees dismissed and two others applied disciplinary sanctions against.

The Company's employees study the existing administrative documents and local regulations that pertain to combating corruption. In 2020, 7,653 persons (100% of the full-time staff as at December 31, 2020) were made familiar with such documentation.

During the reporting year, 6,620 employees had interactive training and testing on combating corruption as part of Rosseti PJSC's course.

Over the course of 2020, no breaches of anti-corruption law and regulations were found within the Company.

### Information Security and Protection of Facilities

In 2020, the Company took effort to ensure the security of 11,559 IT facilities including 645 servers, 4,827 automated workstations, 1,057 units of corporate network equipment, and 5,030 text, graphics, video, and speech processing units;

- 223 security breaches were detected, the antivirus identified and blocked 2,417,032 virus events (malicious code found in emails and thumb drives);
- 12 software suites and HSPs are operated to protect information;
- a commission was established to classify critical IT infrastructures and regularly review newly constructed and upgraded facilities for possible inclusion in the corresponding register;
- by the end of the reporting year, the Company categorized 801 critical IT infrastructures, 100% of which were added to the register, 32 were assigned Class III of significance.

Critical IT infrastructures are reinforced with additional security under the Digital Transformation Program, including:

1) Network Intrusion Detection and Prevent System;
2) Contractor and Administrative Staff Monitoring System.

Information Security Events Collection, Correlation and Management System was commissioned in 2020 to detect information security breaches, computer attacks, and vulnerabilities of on server, network, OS, and software levels. The system identified vulnerabilities in the IT infrastructure of the corporate and production networks. Efforts to address vulnerabilities minimize the risks of incidents such as computer attacks, equipment disruptions, data leaks, or spoofing of sensitive data. The Company plans to sign a contract with the Corporate Cybersecurity Center (VOLS-VL Administration JSC) in order to provide services enabled by the Information Security Events Collection, Correlation and Management System; these services will help monitor and respond to computer attacks. The Company also plans to cooperate with FSB's National Coordination Center for Computer Incidents.

Software suites developed over the course of 2018-2020 to handle economic security (Threat), protect the facilities against terrorism (Data Sheet Software, DSS), and protect the critical IT infrastructures (Cyborg) (names of software packages given in parentheses). Cyborg in particular was praised at the Ministry of Energy's Fuel and Energy Complex R&D Contest held in 2020.

The software suites currently in use (DSS, Threat, and Cyborg) help save 6.5 million rubles per annum.

Work commenced to create a single automated workstation system for security officers; the system will have the functions of all the related software suites plus extra functionality to collect, consolidate, systematize, and analyze security data and events as well as to plan and monitor corresponding activities. Estimated date of completion in 2023, after which the project will be distributed on a paid basis among other Rosseti PJSC subsidiaries (the Rosseti Group); the architectural solution of choice is flexible and can be adapted for use in other industries.

Information Security, a local program, was drafted pursuant to Minutes No. 434 dd. October 6, 2020 of Rosseti PJSC's Board of Directors.

Several measures were taken to set up encrypted communication channels as staff was switched to work from home in light of the coronavirus-related lockdowns.

Timely and appropriate measures were taken in 2020 under the Company's Investment and Repair Programs to equip 31 facilities with engineering and technical security equipment.

The Company completed step-by-step transition from contractual to in-house maintenance and repair of security equipment operated at its facilities. This helped save about 9 million rubles.

The Company also optimized its physical security costs by reducing the number of security stations, switching several facilities to auto-patrolling, and replacing security officers with special equipment. The costs were cut by 13.99 million rubles; of the Company's 740 facilities including 35+ kV substations, administrative buildings and housing, repair and production facilities, 344 had physical security in place, cf. 228 in 2019.

The Company also reinforced control over the quality of services provided by security companies at the Company's facilities. The GIS system was updated to collect data on the shifting of security officers as well as on the movement of mobile security posts; it also now collects photographic and videographic evidence of emergencies or deficiencies in the security system.

128 counter-terrorism training sessions were carried out, 19 of which involved the Federal Security Service, EMERCOM, and National Guard of Russia.

**Economic Security**

Economic security consists in timely identification and prevention (localization) or threats and risks capable compromising the Company's economy and image.

In the reporting year, the Company:

carried out 225 financial, economic, and business audits, 138 of which involved related divisions and Internal Audit.

This helped prevent 606 million rubles in damages and recover 62 million rubles.

196 offenses on the part of staff or third parties were found, and decisions were made on each particular case.

27 cases were prepared and filed with law enforcement agencies, 8 of which resulted in prosecution with 4 persons convicted.

The Company took part in 730 procurements, under which it carried out 2,727 and issued 381 rejections. The value of procurement was reduced by 222 million rubles, including savings made during the initial (maximum) quotation phase.

The Company actively pursued debt collection under its executive proceedings: in 2020, 54 writs of execution were in proceedings to claim a total of 57.5 million of arrears for power transmission services; 48.9 million rubles or 85 % was collected as a result.

## 5.6. INFORMATION DISCLOSURE

The Rosseti Tyumen JSC's Communication Policy is executed in strict compliance with Rosseti Group's Uniform Communications Policy and emphasizes transparency, accessibility, operativity, and reliability of information.

Rosseti Tyumen JSC's corporate communications form a centralized and well-balanced system that handles internal and external information flows, creates the Company's sustainable positive image both internally and externally. The activities of the Company and its unit responsible for corporate communications are consistent with the goals and objectives that require state-of-the-art tools.

Effective external communication with due regard to transparency, completeness, and reliability of information is what positively impacts the Company's reputation in the business environment and in public. The Company's corporate communications generally seek to strengthen and improve relations with business and expert communities, professionals and researchers, public authorities and local self-governments, non-profit organizations, mass media, businesses and people.

Rosseti Tyumen strives to be highly transparent in its business by having a proactive dialog with all the stakeholders including federal and regional authorities, local self-governments, business partners, public organizations, educational institutions, mass media, scientific and expert communities. The appropriateness of the Company's actions was proved when the Company was awarded the Most Transparent Grid Company award of the Best Electric Grids of Russia, a national contest.

**Governmental and Public Relations**

As a result of effective communication with public authorities and local self-governments, the Company is able to synchronize its activities with the governmental action when addressing the following matters:

– investment programs being consistent with the regional development programs;

– security of the grids in the Tyumen Region, KhMAO-Yugra, and YNAO.

Rosseti Tyumen JSC's public relations officers maintain long-standing and regular contacts with press services of state authorities and local governments, agitation and PR departments of the Main Office of the EMERCOM, regional expert communities, Chambers of Commerce and Industry, regional offices of the all-Russian public organizations Delovaya Rossiya, Opora Russia, and All-Russia People's Front. The Company also cooperates with various public organizations and supports important public initiatives to create the image of a socially-minded company that serves the best interests of all stakeholders.

Cooperation with authorities and local self-governments changed in 2020. Most meetings were online. In March and April, Rosseti Tyumen JSC's Director General had several online conferences with the Governors of the Tyumen Region, KhMAO-Yugra, and YNAO, as well as with the Chief Federal Inspectors for the Tyumen Region, KhMAO-Yugra, and YNAO, who are officers of the Presidential Plenipotentiary's Office in the Ural Federal District. They discussed

the matters of reliable and uninterrupted electricity delivery, especially to health facilities, in light of the coronavirus; they also addressed preparations for the fall and winter 2020-2021. To coordinate action, Rosseti Tyumen JSC has a field office that cooperates with the regional authorities. Head of Rosseti PJSC tasked energy companies to cooperate with the regions on a going-forward basis.

The Company's specialists meet up with heads of municipalities and residents in order to answer questions of the latter. Such direct dialog creates the image of a transparent, open company.

In 2020, Rosseti Tyumen JSC signed several cooperation agreements with the Educational Offices of the Tyumen Region, KhMAO-Yugra, and YNAO; these agreements focus on training high-skilled specialists. YNAO's first power engineering group was established at Novy Urengoy Multidisciplinary College.

As part of celebrating the 75th Anniversary of the Great Victory, the Company inaugurated the Walk of Remembrance and Fame, an event attended by Governor of Khanty-Mansi Autonomous Okrug – Yugra Natalia Komarova; the Walk and landscaping nearby were the Company's contribution to the Federal Project for Comfortable Urban Environment. The Nurse Monument was opened in Nyagan as part of the Walk of Russian Fame, a Russian national project. Power engineers delivered the sculpture to the town.

The Company is active in the regions it serves; it interacts with various public organizations and supports public initiatives, thereby building its image of a socially-minded company.

**Congresses and Exhibitions**

Congresses and exhibitions are very important for Rosseti Tyumen JSC, as they contributed to brand relations and positioning as the leading electric grid company in the regions it serves, as well as to the shared positive image of Rosseti PJSC.

Rosseti Tyumen is a prolific participant of all the important exhibitions and congresses that take place in the Tyumen Region, KhMAO-Yugra, and YNAO. The pandemic of 2020 did affect this activity, too: the Company only sent delegates to 20 out of 37 planned events, and more than half of those were online-only.

The most important events were:

– International Conference on the Arctic: Offshore Projects and Sustainable Development of Regions

– Tyumen Oil and Gas Forum (September 22-24, 2020, Tyumen);

– Surgut. Oil and Gas Exhibition (September 30 to October 10, 2020, Surgut);

– Yugra Industrial Investment Forum (October 22 and 23, 2020, Khanty-Mansiysk and Surgut);

– Digital Transformation of the Rosseti Group, a seminar (November 27 and 28, 2020, Surgut);

– Conferences of Young Engineers of the Fuel and Energy Industry (July 30, 2020; December 17 and 18, 2020, online-only);

– Forçage, an international forum for young power engineers and industrialists (September 6 to 11, 2020, online-only).

Rosseti Tyumen JSC and Industrial Park – Yugra Management Company LLC made a strategic agreement that will strengthen the industries in KhMAO–Yugra; the signing ceremony was part of the Yugra Industrial Investment Forum hosted by Rosseti Tyumen JSC. At Surgut. Oil and Gas Exhibition, Rosseti Tyumen JSC's employees presented the results of the Company's procurement and pitched the additional (non-tariff) services provided by the Surgut branch. Rosseti Tyumen JSC's young professionals were part of the organizing team behind the conferences of Young Engineers of the Fuel and Energy Industry; they also took part in the Dialog On Equal Terms (Rus: Диалог на равных), and in #before_after (Rus: #было_стало), an all-Russian challenge.

Rosseti Tyumen JSC hosted the seminar Digital Transformation of the Rosseti Group in November. The participants established horizontal connections and decided on which end-to-end

technologies the Company should use to grow further. A single digital environment will help reduce operating and investment costs whilst delivering better-quality electricity in a more reliable and accessible way.

December 22, a multimedia exhibition dedicated to the 100th anniversary of the GOELRO Plan was opened at My History Park in Surgut; the event covered the history of Tyumen's energy system. The exhibition was Rosseti Tyumen JSC's initiative.

Congresses and exhibitions are important for sharing experience, building relations with hardware and software suppliers, networking with authorities and business communities, mass media and public organizations.

**Media Relations, Social Media and Blogosphere, Intracorporate Communications**

The Company's relations with mass media are built on the principles of impartiality, transparency, fairness, and professional ethics. This enables the Company to promptly and accurately notify its consumers and other target audiences on important changes in its activities and in the electric power industry in the Tyumen Region, KhMAO-Yugra, and YNAO.

In order to reinforce its positive business reputation and image, the Company has Regulations on the Implementation of Rosseti Tyumen JSC's Uniform Communication Policy in place.

The Company uses multiple channels, including its own website www.te.ru, verified Instagram, Facebook, VK, Twitter, and OK accounts, a Telegram channel started in 2020, printed and electronic media (which also includes industry-specified media).

The corporate website publishes reports on the Company's production and financial performance, annual reports, press releases, media publications on the Company and its activities, information for partners, suppliers, and customers, as well as media files.

In 2020, Rosseti Tyumen JSC had 4,135 mentions in media. The coverage of publications rose to 24 million people, an increase of 5 million YoY. 184 press releases were published on the website and submitted to the editorial boards of media specializing in the industry.

As for SMM, the Company's official Instagram account, which serves as the key SMM platform, has more than 6,000 followers, an increase of 20% YoY. Social media accounts have a total of >10k followers with more than 360 posts made in 2020.

The Company's Intraweb is another method for informing the employees of the Company's life. The key publication topics are sports, cultural, internal events involving no other people than the power engineers.

**Harmonizing Brand Architecture**

On December 23, 2019 Tyumenenergo JSC became the first company from the Rosseti Group to gain a new legal name, Rosseti Tyumen JSC, to match the common holding brand architecture.

Over the year, the Company pursued its Roadmap Towards Uniform Branding of Rosseti PJSC and Rosseti Group under the Regulations on Corporate Identity Management.

The Regulations mainly stipulate the following:

– the Company's units and standalone divisions should be able to effectively use its corporate style;

– office exteriors and interiors, corporate resources, printed and electronic documents must follow single corporate identity;

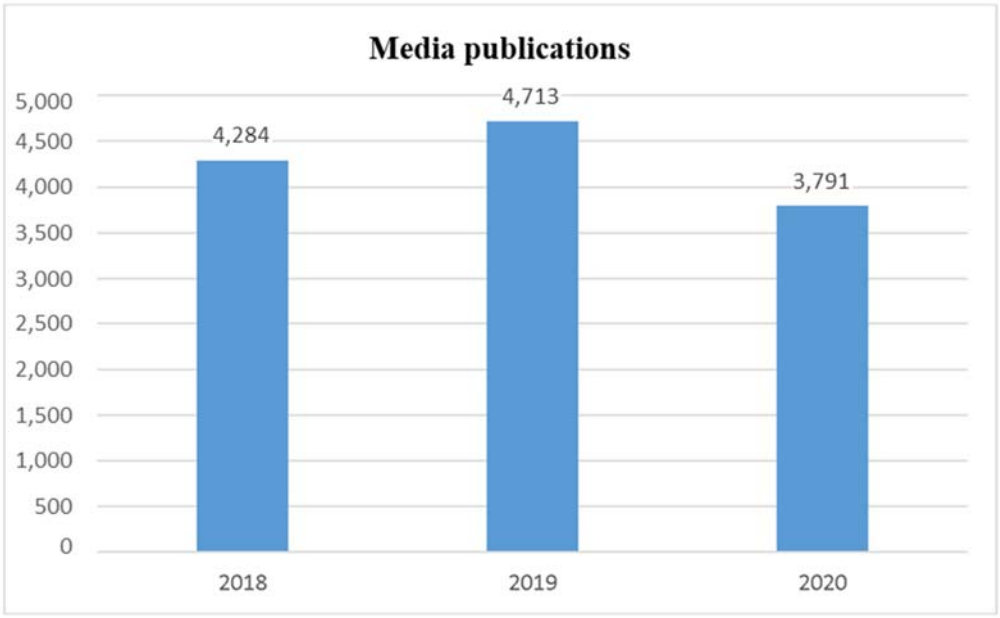
– approaches to the Company's image and its improvement must be unified;

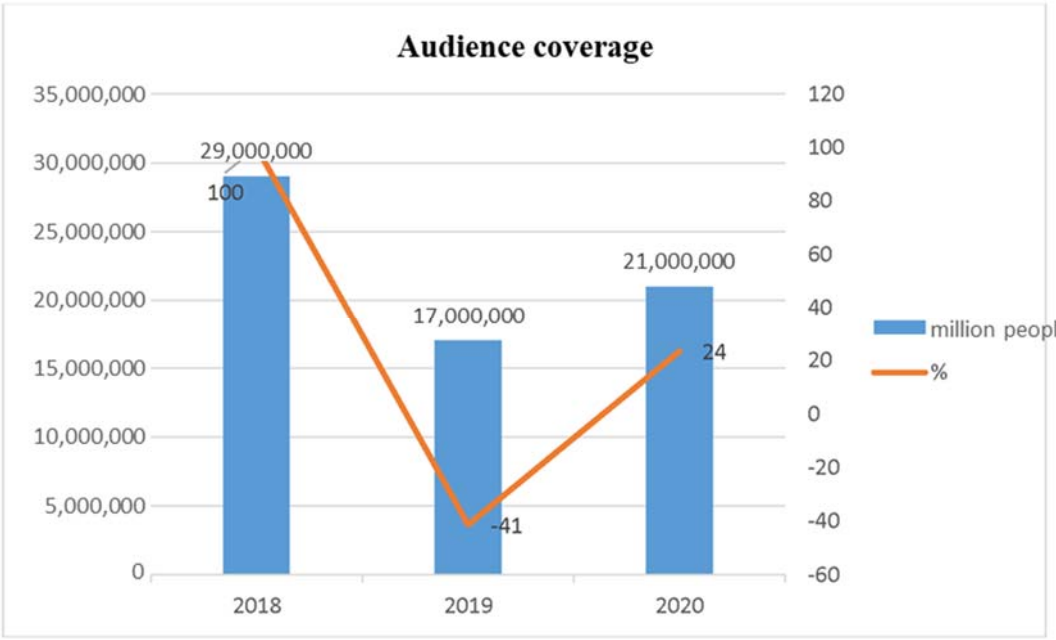
– the approach to the organization and use of corporate communications of the Rosseti Group must be efficient and uniform;

– corporate communication costs must be optimized;

– Rosseti Tyumen JSC must be recognizable as a Rosseti Group company that shares its management and quality standards.

The adoption of this single ideological platform and transition to a single brand makes Rosseti a more recognizable brand in the Tyumen Region, Yugra, and Yamal.




## 5.7. STAKEHOLDER ENGAGEMENT MAP

| SHAREHOLDER | |
|---|---|
| **Stakeholder Interests** | 1. Company's sustainable growth and efficiency.<br>2. Transparency of the Company's operation and management.<br>3. Dividend payout. |
| **Stakeholder Engagement Format** | 1. General Meeting of Shareholders.<br>2. Annual Report.<br>3. Federal and regional media.<br>4. Corporate website |
| **What was done in 2020 to serve the best interests of stakeholders** | 1. Operating costs per condition unit reduced by 6.6% in 2020 against 2019.<br>2. Information voluntarily disclosed pursuant to the Russian securities market legislation. |

| CUSTOMERS | |
|---|---|
| **Stakeholder interests** | 1. Reliable, uninterrupted and high-quality electricity delivery.<br>2. High quality service.<br>3. Information transparency and availability.<br>4. Demand for the Company's services fully covered.<br>5. Demand for electricity and capacity covered |
| **Stakeholder engagement format** | 1. Customer Service Centers and Stations.<br>2. Dashboard on the Rosseti Group's Grid Service Portal<br>3. Call Center.<br>5. Customer surveying.<br>6. Corporate website (online reception desk)<br>7. The Rosseti Group's Grid Service Portal (online reception desk).<br>8. Federal and regional media |
| **What was done in 2020 to serve the best interests of stakeholders** | 1. Contractual campaign of 2020 (Decree No. 143r dd. September 18, 2019 On the Contractual Campaign of 2020), under which the Company signed 81 contracts: 1 with an LRS, 29 with the SO, 44 with LGOs, 1 with FGC, and 6 direct contracts.<br>2. Compulsory information disclosure<br>pursuant to Government Decree No. 24 dd. January 21, 2004 On Approving the Standards of Information Disclosure by Agents in Wholesale and Retail Electricity Markets).<br>3. To inform the customers, the Company regularly publishes and upgrades information on the scheduled power outages on its corporate website as well as at портал-тп.рф (Rosseti Group's Grid Service Portal)<br>4. For convenience, Rosseti also operates a toll-free hot line available at 8-800-220-0-220, as well as светлаястрана.рф, a website where customers can report power outages or facility malfunctions |
| **GENERAL PUBLIC (RESIDENTS, PUBLIC ORGANIZATIONS, MASS MEDIA)** | |
| **Stakeholder interests** | 1. Reliable, uninterrupted and high-quality electricity delivery.<br>2. Demand for electricity and capacity covered.<br>3. New jobs.<br>4. Social and economic development of the Company-served regions.<br>5. Transparency and availability of the information regarding the Company's operations.<br>6. Energy security.<br>7. Energy conservation.<br>8. Environmental safety and protection.<br>9. Implementation of social programs. and the Company's social responsibility |
| **Stakeholder engagement format** | 1. Publications in federal, regional, and local media (electronic, printed, TV and radio).<br>2. Informing via the corporate website.<br>3. Social media.<br>4. Support of social projects in the Company-served regions plus the Company's own social projects.<br>5. Interaction of manager and specialists with public institutions, including meetings with students and veterans.<br>6. Electrical accident prevention.<br>7. Popularization of energy-saving lifestyle.<br>8. Power engineering profession popularization.<br>9. Congresses and exhibitions.<br>10. Competitions |
| **What was done in 2020 to serve the best interests of stakeholders** | 1. Corporate website www.te.ru published 184 press releases on the Company's production activities; social media accounts posted 363 posts, with over a hundred more on the Telegram channel. The Company had 4,135 mentions in mass media.<br>2. 351 events held at schools and universities in the Tyumen Region, KhMAO-Yugra, and YNAO with a focus on preventing electrical injuries, popularizing energy-saving lifestyles, and promoting power engineering as a career; over 12 thousand people attended the events.<br>3. Regional organizing committee of the National Energy Conservation and Environment Festival #BrighterTogether (Rus: #ВместеЯрче) praised Rosseti Tyumen JSC's contribution to promoting energy-saving lifestyles as well as its assistance in organizing the festival in Khanty-Mansi Autonomous Okrug — Yugra. |

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| | 4. Energy Class. Energy Profile. Energy Path, the project that the Company presented at the regional phase of the MediaTEK competition in KhMAO–Yugra, won the 2nd prize in Popularizing Fuel and Energy Industry as a Career Choice; the Company also claimed the 3rd prize as Best Press Service of a Regional Fuel and Energy Company.<br>5. Doors Open Days organized for students of specialized educational institutions that train future fuel and energy professionals (Yugra, Surgut, and Nizhnevartovsk State Universities; Novy Urengoy, Surgut, Nizhnevartovsk, Nefteyugansk, Uray, Kogalym, and Nyagan Vocational Colleges).<br>6. 5,765 BPs installed on PTLs in 2020, a 2% increase YoY. This effort makes grids safer for birds and reduces the probability of power outage.<br>7. Waste sent for emplacement dropped by 19% (1,676 tons in 2020 vs. 2,078 tons in 2019).<br>Use of recycled materials such as ferrous and non-ferrous metal scrap, spent transformer and automotive oil, and spent batteries rose by 8% (3,131 tons, cf. 2,898 tons in 2019).<br>8. 49,064 thousand rubles spent on environmental protection, 46 thousand on landscaping and greenscaping.<br>9. Noyabrsk Electric Grids supported the Clean City Campaign. Its employees took part in the city's subbotnik.<br>Kogalym Electric Grids' employees planted rowan trees in Kogalym.<br>10. In 2020, the Company took part in Reliable Partner for Ecology, an annual national competition of best conservation practices, where we competed for the Best Environmental Project as Part of Corporate Social Responsibility Programs. The project showcased the Company's forest conservation efforts. These efforts mainly seek to cultivate respect for nature and to strengthen the Company's cooperation with municipal organizations<br>11. Rosseti Tyumen won the first prize in Innovation Project of the Year, the second prize in Most Transparent Grid Operator, and the third prize in High Quality of Electric Power Transmission and Grid Connection Services at the 10th Best Electric Grids in Russia contest.<br>12. Rosseti Tyumen inaugurated the Walk of Remembrance and Fame in Surgut, a memorial dedicated to the 75th anniversary of the Great Victory; the ceremony attended by Governor of Khanty-Mansi Autonomous Okrug Natalia Komarova. The Walk and landscaping nearby were the Company's contribution to the Federal Project for Comfortable Urban Environment.<br>13. Rosseti Tyumen inaugurated the Nurse Monument in Nyagan, a memorial dedicated to the 75th anniversary of the Great Victory; the ceremony was attended by Governor of Khanty-Mansi Autonomous Okrug Natalia Komarova. Delivery of the sculpture to the town was the Company's contribution to the Walk of Russian Fame, a Russian national project.<br>14. More reliable electricity delivery to medical facilities serving COVID-19 patients |
| **PUBLIC AUTHORITIES (REGIONAL AND MUNICIPAL)** | |
| **Stakeholder interests** | 1. Reliable and sustainable power system operation.<br>2. Involvement in local development projects.<br>3. Demand for electricity and capacity covered.<br>4. Tax liabilities.<br>5. New jobs. |
| **Stakeholder engagement format** | 1. Coordinating investment programs.<br>2. Taskforces to develop and coordinate Comprehensive Grid Development Programs of the regions.<br>3. Reporting and information disclosure to regulatory bodies.<br>4. Company's officers work in Coordination Boards at various levels of government; they govern professional education among other things<br>5. Involvement with regional energy security offices |
| **What was done in 2020 to serve the best interests of stakeholders** | 1. The Company cooperates with the coordinating authorities on developing Power Industry Development Roadmaps for KhMAO-Yugra, YNAO, and Tyumen Region.<br><br>2. Comprehensive Grid Development Programs 2021-2026 developed for KhMAO–Yugra, YNAO, and Tyumen Region.<br>3. Taxes paid, including:<br>2,032,844 thousand rubles to KhMAO-Yugra; |

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| | 1,208,272 thousand rubles to YNAO;<br>738,203 thousand rubles to the Tyumen Region.<br>4. Rosseti Tyumen JSC's representative is the member of the Interdepartmental Council for Professional Education of the Government of the Khanty-Mansi Autonomous Okrug-Yugra.<br>5. The Company's representatives work in regional energy security offices. |
| **BUSINESS PARTNERS (SUPPLIERS AND CONTRACTORS)** | |
| **Stakeholder interests** | 1. Long-term win-win cooperation.<br>2. Transparency of the Company's activities.<br>3. Profit from cooperation.<br>4. Timely and accurate fulfillment of contractual obligations.<br><br>5. Fair competition |
| **Stakeholder engagement format** | 1. Procurements.<br>2. Negotiations.<br>3. Quotations.<br>4. Corporate website.<br>5. Federal and regional media.<br>6. Thematic workshops and conferences.<br>7. Advisory body to handle issues related to efficiency of procurement activities conducted by the Company, including procurement from small and medium-sized enterprises. |
| **What was done in 2020 to serve the best interests of stakeholders** | 1. 741 procurements made in 2020 for a total of 11.3 billion rubles.<br>2. Procurement info including the Procurement Plan available in the Single Procurement Information System and on the corporate website www.te.ru/<br>3. 100% of competitive procurements in 2020 were carried out using the e-commerce tools.<br>4. 76.7% of the procurement was from SMBs, 21.6% were SMB-exclusive bids |
| **PERSONNEL (EMPLOYEES, TRADE UNION, COUNCIL OF VETERANS, COUNCIL OF YOUTH)** | |
| **Stakeholder interests** | 1. Decent pay.<br>2. Social security.<br>3. Occupational safety.<br>4. Opportunities for personal and professional growth.<br>5. Decent pensions. |
| **Stakeholder engagement format** | 1. Collective agreement.<br>2. Regulation on financial motivation.<br>3. Regulation on corporate support of the Company's employees in improving living conditions.<br>4. Labor union organization.<br>5. Council of Youth.<br>6. Council of Veterans.<br>7. Corporate website and newspaper.<br>8. Corporate portal.<br>9. Talent pool.<br>10. Child and family recreation programs.<br>11. Personnel training plan.<br>12. Sports and cultural events. |
| **What was done in 2020 to serve the best interests of stakeholders** | 1. The Company has a Collective Agreement for 2019-2021.<br>2. All personnel insured (including voluntary medical insurance, voluntary insurance against accidents and diseases).<br>3. Non-governmental pensions granted to 192 employees.<br>4. Sports and cultural events worth of >2 million rubles. The Company's employees took part in ski racing events supported by Rosseti PJSC and the Ministry of Energy; they also competed in volleyball at the Company's Spartakiad.<br>More than 90 employees participated in online trainings and competitions under the Vmarafone project.<br>There were online chess competitions, too.<br>5. Due to the pandemic, the Company could only organize children's summer camps in the Southern Tyumen Region; 43 children took the opportunity.<br>6. OHS costs including PPE costs totaled 292.9 million rubles in 2020. |

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|---|---|
| | 7. Russian Ministry of Energy awarded Rosseti Tyumen JSC for its active social policies as part of the Best Social Campaign 2020 contest. The Company presented its project titled ROSSETI TYUMEN: Sound Work Enthusiasm in a Sound Body at the competition; the project was nominated for Occupational Health and Safety.<br>8. 6,387 persons had training in various areas for a total of 24.9 million rubles.<br>9. 185 out of 215 managerial positions were granted to candidates from within the Company; 85 of them were from management and youth talent pools.<br>10. The Company established its Council of Young Professionals (CYP). CYP organized a research contest for young professionals among other events. Students of partner institutions were invited to participate as well.<br>11. Yelena Lopatina, engineer of the Production Coordination Division, Department of Technology Development and Innovation, and Yelena Yeliseeva, engineer of the Industrial Safety and Control Service, Rosseti Tyumen, received Letters of Appreciation for their merit and contribution to the Young Engineers of the Fuel and Energy Industry; the letters were signed by Deputy Minister of Energy.<br>12. The Company and its Trade Union Committees support veterans (aged 65 or older) that live alone or are in trouble; they organized several campaigns to collect packages of food and essentials that were delivered to the veterans.<br>13. Some employees were switched to work from home in order to prevent the spread of the novel coronavirus (COVID-19); they retained full pay. |
| **EDUCATIONAL INSTITUTIONS** | |
| **Stakeholder interests** | 1. Supporting education development.<br>2. Training high-qualification personnel for the Company.<br>3. Improving educational programs in order to implement professional standards.<br>4. Further training of personnel, re-training of the Company's personnel. |
| **Stakeholder engagement format** | 1. Cooperation agreements signed with institutions of vocational and higher education.<br>2. Hosting research conferences.<br>3. Joint organization of contests of theses on electricity.<br>4. Internships of all kinds.<br>5. Membership in state examination commissions of educational institutions.<br>6. Tours of grid facilities for high-school students, vocational college and university students and teachers |
| **What was done in 2020 to serve the best interests of stakeholders** | 1. Cooperation agreements in place with 27 institutions of vocational and higher education.<br>2. Power engineering group established in October 2020 for students of Novy Urengoy Multidisciplinary College — the first of its kind in a Rosseti Tyumen JSC region.<br>3. The Company's managers are members of the boards of trustees at the regional educational institutions; the Company also provides internships and advanced training for teachers, and delegates its top specialists to teach.<br>4. Employees work as research advisors for students writing their graduation theses; they are also members of state examination commissions at vocational schools and universities.<br>5. The Company cooperates with the Government of KhMAO-Yugra to implement its dual training model and to build stronger partnerships in advanced training, retraining, and skill building; this effort seeks to update the curricula and to set forth formal requirements to the learning outcomes at colleges and universities.<br>6. Practice-oriented training of young professionals is an important area of focus. in 2020, 185 students completed internships at Rosseti Tyumen JSC.<br>7. In late 2020, Rosseti Tyumen JSC inaugurated its internship program for full-time students and came up with a corporate scholarship program. The best students receive a corporate scholarship and are invited to take internship in the Company.<br>8. Rosseti Tyumen JSC coordinates the organization and hosting of the Rosseti Group's All-Russian Olympiad for Schoolchildren in the Company-served region. 73 schoolchildren from the Tyumen Region, KhMAO-Yugra, and YNAO took part in the Olympiad in 2020. The Olympiad's objectives are to further talents and motivate them to pursue tertiary education in power engineering, and then a career in the Company. |

# 6. DETAILS

**Full legal name of the Company in Russian:** Акционерное общество «Россети Тюмень».
**Full legal name of the Company in English:** Joint Stock Company ROSSETI Tyumen.
**Abbreviated legal name of the Company in Russian:** АО «Россети Тюмень».
**Abbreviated legal name of the Company in English:** JSC ROSSETI Tyumen.
**Location:** Russia, Tyumen Region, Khanty-Mansi Autonomous Okrug — Yugra, Surgut.

**Address:** Russia, Tyumen Region, Khanty-Mansi Autonomous Okrug — Yugra, Surgut, 4 Universitetskaya ul. The address is listed in the Unified State Register of Legal Entities.

**State Registration Data:**

According to the information specified in the Certificate of State Registration of a Legal Entity registered before July 1, 2002:

| | |
|---|---|
| **Legal Entity State Registration Number** | 07-4784 |
| **Registration Date** | March 12, 1993 |
| **Registered By** | Administration of Surgut |

According to the information specified in the Certificate of Entry in the Unified State Register of Legal Entities (about a legal entity registered before July 1, 2002):

| | |
|---|---|
| **Primary State Registration Number** | 1028600587399 |
| **Registration Date** | October 14, 2002 |
| **Registered By** | Inspectorate of the Ministry for Taxes and Levies of the Russian Federation in Surgut, Khanty□Mansy Autonomous Okrug |

**Bank details and other information:**

A/c 40702810267170101719, Western Siberian Branch No. 8647 of Sberbank PJSC
C/a 30101810800000000651, Western Siberian Branch No. 8647 of Sberbank PJSC
INN: 8602060185
KPP (taxpayer record validity code): 860201001 (by address in Russia)
KPP (taxpayer record validity code): 997450001 (as a major taxpayer)
OGRN 1028600587399 (assigned on Oct 14, 2002)
OKPO: 05770629
OKATO: 71136000000
OKTMO: 71876000001
OKOGY: 4210008
OKOPF: 12247
OKFS: 16
OKVED (main): 35.12

**Contacts:**

Query service: +7 (3462) 77-63-99
Office (on post matters): +7 (3462) 77-61-76, 77-67-60
Reception: +7 (3462) 77-64-10
Fax: +7 (3462) 77-66-77
E-mail: can@id.te.ru
Contact a specialist: http://www.te.ru/klientam/feedback
Corporate website: www.te.ru
Shareholder and Investor Relations:
https://www.te.ru/contacts/
+7 (3462) 77-66-65
+7 (3462) 77-60-50

**Social media:**

Facebook: https://www.facebook.com/rossetitumen
VK: https://vk.com/rosseti_tumen
Instagram: @rosseti_tumen
Telegram: https://t.me/rosseti_tumen

**Registrar of Rosseti Tyumen, JSC**

The registrar keeps the register of the issuer's registered securities holders.

| | |
|---|---|
| **Registrar Full Name** | Limited Liability Company Reestr RN |
| **Abbreviated Registrar Name** | Reestr RN LLC |
| **Registrar Address** | 3-4, Podkopaevsky Per., Moscow, Russia 109028 |
| **Postal address** | Box 4, Moscow 115172 |
| **Telephone / Fax** | +7 (495) 411-79-11 / +7 (495) 411-83-12 |
| **Email** | support@reestrrn.ru |
| **Website** | http://www.reestrrn.ru |
| **The registrar's license number on the implementation of activity on keeping the register of securities holders.** | 10-000-1-00330 |
| **Issued on** | 12/16/2004 |
| **License Expiry Date** | None |
| **Licensed By** | FEDERAL FINANCIAL MARKETS SERVICE |
| **Date of Registrar Involvement** | 12/6/2010 |

# 7. GLOSSARY AND ABBREVIATIONS

| | |
|---|---|
| b2b-mrsk | an e-commerce platform |
| ISO | International Organization for Standardization |
| AEAS | Automatic Energy Accounting System |
| IBS | Inventory Boundary Certificate |

| | |
|---|---|
| ASCS | Automatic Supervisory Control System |
| ABMS | Automatic Business Management System |
| AMS | Automatic Metering System |
| APCS | Automatic Process Control System |
| AFBAS | automatic financial and business accounting system |
| HVL | high-voltage line |
| HV | high voltage |
| AGMS | Annual General Meeting of Shareholders |
| LRS | last-resort supplier |
| GRES | condensing power plant |
| subsidiary | any subsidiary or affiliated company |
| UNEG | Unified National Electric Grid |
| CSG | closed-type switchgear |
| Investment Program | Investment Program |
| SPS AAG | Smart Power System Active-Adaptive Grid |
| OCL | overhead cable line |
| SC | short-circuiters |
| OSG | outdoor switchgear |
| LR | local regulation |
| customers eligible for benefits | individuals, legal entities, and sole entrepreneurs whose power inputs are maxed out at up to 150 kW and 20 kV |
| OCB | oil circuit breaker |
| IDGC | Interregional Distribution Grid Company |
| TRR | total revenue requirement |
| LV | low voltage |
| FGC UES PJSC | Federal Grid Company of the Unified Energy System PJSC |
| OGRN | main state registration number |
| IS | isolator |
| OSG | open-type switchgear |
| WEM | wholesale electricity market |
| FA | fixed assets |
| ACCC | Aluminum Conductor Composite Core |
| SS | substation |
| PMP | Performance Management Programs |

| | |
|---|---|
| RPA | Relay protection and automation |
| REM | retail electricity market |
| DGC | distribution grid company |
| MV | medium voltage |
| TBR | tariff and balance resolution |
| M | maintenance |
| M&R | Maintenance and Repair |
| TS | Transformer substation |
| GC | grid connection |
| LGC | local generation cluster |
| LGO | local grid operator |
| CHP | combined heat and power (plant) |
| FSBEI HPE | Federal State Budgetary Educational Institution of Higher Professional Education |
| CSC | Customer Service Center |
| **Units of measurement** | |
| A/m | Ampere per meter Electrical component of the electromagnetic field |
| GW | Gigawatt, transformer power |
| Gcal | Gigacalorie. Heat energy |
| Gcal/h | Gigacalorie per hour Heating power |
| Hz | Hertz. Electromagnetic radiation |
| dB | Decibel. Unit of noise |
| kV | Kilovolt. Unit of voltage |
| kV/m | Kilovolt per meter. Unit of the magnetic component of the electromagnetic field |
| kWh | Kilowatt-hour. Unit of electricity |
| MW | Megawatt. Unit of electric power |
| MWh | Megawatt-hour |
| MVA | Megavoltampere |
| MVAr | Megavar. Reactive power |
| Mbps | Megabit per second |
| TWh | Terawatt-hour = 1 billion kWh |
| TOE | ton of oil equivalent |

# 8. ANNEXES

## 1. ROSSETI TYUMEN'S INVOLVEMENT IN SUBSIDIARIES AND OTHER COMPANIES AS OF DECEMBER 31, 2020

| No. p. p. | Company | Region | Business (for Companies in other industries) | Share in capital (%) | Revenue in 2020, thousand rubles |
|---|---|---|---|---|---|
| 1 | Federal Grid Company of the Unified Energy System PJSC | Russian Federation | Electric power transmission and connection to distribution grids | 0.0036 | 230,591,805 |
| 2 | RusHydro Group | The Russian Federation and foreign countries | Operates and maintains hydroelectric power plants | 0.0037 | 177,256,512 |
| 3 | Inter RAO UES PJSC | The Russian Federation and foreign countries | Operates and maintains thermal power plants | 0.0036 | 31,343,048 |
| 4 | Rosseti PJSC | Russian Federation | Holding management | 0.0025 | 15,752,565 |
| 5 | Mosenergo PJSC | Moscow and Moscow Region | Operates and maintains thermal power plants | 0.0039 | 181,012,822 |
| 6 | Second Generating Company of the Wholesale Electricity Market PSJC | Tyumen Region, Ryazan Region, Stavropol Krai, Leningrad Region, Chelyabinsk Region, Rostov Region, Krasnoyarsk Krai, Vologda Region, Sverdlovsk Region, Pskov Region, Chechen Republic | Operates and maintains thermal power plants | 0.0041 | 120,299,177 |
| 7 | Unipro PJSC | Tyumen Region, Krasnoyarsk | Operates and maintains thermal power plants | 0.0075 | 80,286,268 |

| | | | | | |
|---|---|---|---|---|---|
| | | Krai, Moscow Region, Smolensk Region, Perm Krai | | | |
| 8 | Enel Russia PJSC | Tver Region, Stavropol Krai, Sverdlovsk Region | Operates and maintains thermal power plants | 0.0370 | 44,036,827 |
| 9 | Tyumenenergo Engineering JSC | Tyumen Region | Engineering surveying, engineering design, construction project management, construction and design supervision, engineering consulting in these fields | 51 | 778,325 |
| 10 | TV Sfera JSC | Tyumen Region | Television broadcasting | 0.5925 | |
| 11 | Local Generating Company No. 1 PJSC | Arkhangelsk Region, Vologda Region, Kostroma Region, Novgorod Region, Yaroslavl Region | Production of electricity | 0.0045 | 88,889,000 |
| 12 | Local Generating Company No. 2 PJSC | Arkhangelsk Region, Vologda Region, Kostroma Region, Novgorod Region, Yaroslavl Region | Production of steam and hot water (heat) | 0.0040 | |

## 2. NON-CORE ASSET DISPOSAL IN 2020

Pursuant to Presidential Order No. 596 dd. May 7, 2012, Government Directives No. 4863p-P12 dd. July 7, 2016, and Government Decree No. 894-r dd. May 10, 2017 Tyumenenergo JSC's Board of Directors resolved on February 21, 2018 (Minutes No. 03/18) to approve the Company's Non-Core Asset Disposal Program ('the Program').

The Program outlines the basic approaches, principles, and procedures for the identification and sale of non-core assets, outlines the criteria that define such assets, sets forth the Non-Core Asset Register procedure, defines the approaches to valuating such assets, and contains the main regulations on their divestment. It also describes the procedure for reporting on the disposal of assets listed in the Register.

Resolution of the Board of Directors dd. November 26, 2020 (Minutes No. 31/20 dd. November 27, 2020) approved the up-to-date Non-Core Asset Register produced pursuant to the Program.

Non-Core Asset Disposal Plan is an annex to the Register; it stipulated the divestment of three (3) non-core assets in 2020. Table below details Rosseti Tyumen JSC's non-core asset disposal in 2020.

| No. p/p | Asset | Inventory number (if applicable) | Balance sheet line reflective of the asset as of the reporting date preceding the sale of the asset | Bookkeeping accounts where the income and costs of such divestment are shown, based on analytics (91.1, 91.2) | Balance-sheet value of the asset, thousand rubles | Actual sale value, thousand rubles | Actual sale value vs. balance-sheet value, thousand rubles (difference) | Cause of such difference |
|---|---|---|---|---|---|---|---|---|
| 1. | One-storey brick building (Liter A, A1), located at: Tyumen Region, Omutinsky District, Sitnikovo, unnamed substation | 3400136 | 1152 | 91030200 | 0.00 | 404.17 | 404.17 | Sold at market value |
| 2. | Non-residential building (physiotherapy) in the Tyumen Region, Isetsky District, Barkhatovo, 17 Novaya ul. | 110330000601 | 1152 | 91062010 | 433.15 | - | - | - |
| 3. | Heating plant with a heat main, Tyumen Region, Nizhnetavdinsky District, Nizhnyaya Tavda, Sakko ul. | 05025.,130330006354 | 1152 | 91062010 | 81.67 | - | - | - |

## 3. OPINION OF THE INTERNAL AUDIT COMMISSION

https://www.te.ru/upload/reports/rosseti_tumen_2020_full.pdf

## 4. RAS ACCOUNTING STATEMENTS FOR 2020 WITH THE AUDITOR'S OPINION

https://www.te.ru/upload/reports/rosseti_tumen_2020_full.pdf

## 5. CONSOLIDATED IFRS FINANCIAL STATEMENTS FOR 2020 WITH THE AUDITOR'S OPINION

https://www.te.ru/upload/reports/rosseti_tumen_2020_full.pdf

## 6. KEY REGULATORY ACTS

Below are the key regulatory acts that govern Rosseti Tyumen JSC's services in electric power transmission and grid connection of consumer-side inputs, grid facilities, and generating facilities:

| No. | Regulatory Act | Applicability |
|---|---|---|
| 1 | Federal Law No. 147-FZ dd. August 17, 1995 On Natural Monopolies | This Federal Law lays the legal foundations of the federal policy applicable to natural monopolists in Russia and seeks to balance the interests of customers and natural monopolies so that the latter could function efficiently and produce goods that are available and affordable to the customers.<br>The Law applies to relations arising in Russia's commodity markets and involving natural monopolists, customers, federal and regional executive agencies, as well as local self-governments.<br>It defines a natural monopolist as such a market agent that can cover the demand more efficiently due to lack of competition arising from the technological specifics of manufacturing or production, whereby the goods and products offered by natural monopolies do not have viable alternatives. |
| 2 | Federal Law No. 35-FZ dd. March 26, 2003 On Electric Power Industry | The Law sets forth:<br>– legal frameworks governing the economic relations in the electric power industry;<br>– the powers of public authorities with respect to regulation such economic relations;<br>– basic rights and responsibilities of the electric power industry companies and their customers;<br>– the definition and legal status of the Unified National Electric Grid;<br>– the procedure for contracting for electric power transmission services involving UNEG facilities as well as the procedures for operating and decommissioning such facilities;<br>– the definition, legal status, and procedures of supervision in electric power industry, the agents of such supervision and their hierarchy, the basic principles of supervision, as well as the specifics of supervision in cases of emergency or islanding;<br>– a detailed definition of systems and the essence of measures that the government may exert to influence the |

| | | |
|---|---|---|
| | | relations in the industry, the distribution of powers in state regulation over the industry between the Government of Russia and the authorized federal executive agencies;<br>– turnover of electricity in the wholesale and retail markets;<br>– particularities of the electricity business |
| 3 | Federal Law No. 261-FZ dd. November 23, 2009 On Energy Conservation and Better Energy Efficiency, and on Amendments to Certain Laws of the Russian Federation | This Law sets forth, among other things, the framework for incentivizing energy conservation and better energy efficiency, and defines the principles behind energy accounting |
| 4 | Federal Law No. 135-FZ dd. July 26, 2006 On Anti-Trust | This Law defines the organizational and legal frameworks to protect competition, including prevention and suppression of:<br>1) monopolism and unfair competition;<br>2) prevention, restriction, and elimination of competition by acts of federal executive agencies, regional public authorities, local self-governments, other agencies or organizations, and public non-budgetary foundations or the Central Bank of Russia.<br>The Law seeks to create a single economic space, ensure free movement of goods, protect the freedom of economic activity in the Russian Federation, enshrine competition, and enable commodity markets to function efficiently. |
| 5 | Government Resolution No. 442 dd. May 4, 2012 On the Functioning of Retail Electricity Markets and on the Complete and (or) Partial Restriction of Electricity Consumption | This Resolution approves two documents:<br>– Key Retail Electricity Market Regulations;<br>– Rules of Complete and (or) Partial Restriction of Electricity Consumption.<br>Key Retail Electricity Market Regulations set forth:<br>– regulatory frameworks applicable to retail electricity markets;<br>– rules for last-resort suppliers;<br>– procedures for the assignment of the status of, and setting (changing) the operational boundaries for, last-resort suppliers;<br>– rules of contracting the retail of electricity;<br>– key regulations on retail electricity metering.<br>Rules of Complete and (or) Partial Restriction of Electricity Consumption set forth:<br>– the basis and procedures for complete and (or) partial restriction and resumption of electricity consumption. |
| 6 | Government Resolution No. 861 dd. December 27, 2004 On the Approval of Rules of Equal Access to, and Provision of, Power Transmission Services; Rules of Equal Access to, and Provision of, Supervision Services in Electric Power Industry; Rules of Equal Access to, and Provision of, Wholesale Trade Administration Services; and Rules of Grid Connection of Consumer-Side Inputs, Generators, and Grid Facilities Owned by Grid Operators or Third Parties. | The Resolution approves four regulations, of which the following are of utmost relevance for grid companies:<br>– Rules of Equal Access to, and Provision of, Power Transmission Services.<br>These rules define the general principles and procedures of equal access to, and provision of, power transmission services. They also set forth the procedure of signing and executing power transmission contracts.<br>– Rules of Grid Connection of Consumer-Side Inputs, Generators, and Grid Facilities Owned by Grid Operators or Third Parties.<br>These rules set forth the procedure and specifics of connecting the following to the grid: consumer-side inputs, electricity generation facilities, and grid facilities owned by grid operators and other third parties. The rules govern the connection of electrical inputs on the customer side to the grid operators' grids; set forth the essential terms and conditions of grid connection contracts; set forth the |

| | | |
|---|---|---|
| | | requirements on the issuance of grid connection specifications, including custom specifications; define the procedure of testing the applicant and/or the grid operator for compliance with such specifications; list the criteria for testing grid connection feasibility by redistributing the maximum capacity between legal entities and sole entrepreneurs; and describe how a customer could waive their maximum available capacity and delegate it to the grid operator. |
| 7 | Governmental Resolution No. 24 dd. January 21, 2004<br>On the Approval of Standards for Information Disclosure by Actors in Wholesale and Retail Electricity Markets | This Resolution sets forth requirements to which information shall be disclosed by agents in the wholesale and retail electricity market except the consumers of electricity; it also defines the procedure, methods, and timing of such disclosure |
| 8 | Government Resolution No. 184 dd. February 28, 2015 On the Recognition of Grid Facility Owners as Local Grid Operators; | The document sets forth the criteria for recognizing grid facility owners as local grid operators |
| 9 | Government Resolution No. 977 dd. December 1, 2009 On Investment Programs in Electric Power Industry | This Resolution approves:<br>− Criteria for categorizing electric power industry companies with publicly owned shares and grid operators as agents, the investment programs of which (including the sources of funding) are subject to approval by related federal and (or) regional executive agencies;<br>− Rules for the approval of investment programs of electric power industry companies with publicly owned shares;<br>− Rules of monitoring the implementation of such investment programs. |
| 10 | Government Resolution No. 1178 dd. December 28, 2011 On Regulated Pricing in Electric Power Industry | This Resolution approves:<br>− Frameworks of regulated pricing in the electric power industry;<br>− Rules of governmental regulation (revision and approval) of prices (tariffs) in the electric power industry.<br>The first document defines the basic principles and methods of regulating tariffs (prices) in the electric power industry, the second one outlines the basis and procedure for setting (revising and approving) such tariffs |
| 11 | Order of the Federal Tariff Service No. 20-e/2 dd. August 6, 2004 On the Approval of Guidelines for Calculating Regulated Tariffs and Prices of Electricity (Heat) in Retail Market | These guidelines are for regulators (federal executive agency responsible for regulation of natural monopolies; regional executive agencies responsible for tariff regulation), local self-governments, and regulated organizations; they describe the calculation of economically reasonable pricing of the retail electricity (capacity) market |
| 12 | Order of the Federal Tariff Service No. 98-e dd. February 17, 2012 On the Approval of Guidelines for Calculating Electric Power Transmission Tariffs by Long-Term Indexing of the Total Revenue Requirement | These guidelines are for regional executive agencies responsible for tariff regulations as well as for local grid operators; they describe the pricing of electric power transmission services that utilize LGO-operated grids, and detail upon the state regulation of electric power transmission tariffs in the form of setting long-term tariffs based on the long-term regulation of LGO activities, the parameters of which include the baseline managed costs and their effectiveness indices, as well as the total revenue requirement that is used in calculating the uniform (down-top) electric power transmission tariffs applicable to such LGOs in the given region |
| 13 | Order of the Federal Tariff Service No. 215-e/1 dd. September 11, 2014 On the Approval of Guidelines for Calculating Shortfall in Revenue Attributable to Grid Connection Services | These guidelines describe the calculation of shortfall in revenue attributable to grid connection services (i.e., costs incurred when providing such services and not included in the grid connection fees) that is subject to compensation by raising electric power transmission tariffs; the guidelines are for the Federal Tariff Service, regional executive agencies responsible for tariff regulation, and LGOs |

| | | |
|---|---|---|
| 14 | Order of the FAS of Russia No. 1135/17 dd. August 29, 2017 On the Approval of Grid Connection Fee Calculation Guidelines | These guidelines set forth the key points of calculating fees for connecting consumer-side inputs, generating and grid facilities owned by grid operators and other persons to grid operators' facilities; they are for the Federal Antimonopoly Service, regional executive agencies responsible for tariff regulation, grid operators, and persons applying for grid connection of their consumer-side inputs. |

In addition to federal regulatory acts, the Company follows regional regulations, in particular those that govern the allocation of land and the issuance of permits for the construction of grid facilities; it also adheres to the following decrees of the Regional Energy Commission for the Tyumen Region, Khanty-Mansi Autonomous Okrug — Yugra, and Yamalo-Nenets Autonomous Okrug:

– on setting uniform (down-top) electric power transmission tariffs in the Tyumen Region, Khanty-Mansi Autonomous Okrug — Yugra, and Yamalo-Nenets Autonomous Okrug;

– on setting individual electric power transmission tariffs for settlements between Rosseti Tyumen JSC and Related grid operators;

– on setting standard tariff rates, rates per unit of maximum power (rub/kWh) for the regulatory period, and formulas for calculating grid connection fees charged by Rosseti Tyumen JSC for connecting consumer-side inputs to its grids.

## 7. TARIFF RATES

Uniform (down-top) power transmission tariffs for the Tyumen Region, Khanty-Mansi Autonomous Okrug — Yugra, and Yamalo-Nenets Autonomous Okrug as approved by Decree

No. 16 dd. December 27, 2019 of the Regional Energy Commission for the Tyumen Region, KhMAO-Yugra and YNAO:

| No. p/p | Tariff categories of electricity (capacity) customers | Unit | Voltage range | | | |
|---|---|---|---|---|---|---|
| | | | HV | MV I | MV II | LV |
| **1.** | **Sundry customers (tariffs exclusive of VAT)** | | | | | |
| H1 2020 | | | | | | |
| 1.1. | Single-rate tariff | RUB/kWh | 1.41271 | 2.30744 | 2.47249 | 2.60836 |
| 1.2. | Double-rate tariff | | | | | |
| 1.2.1. | grid maintenance rate | RUB/MW month | 953,428.56 | 1,330,322.98 | 1,478,490.60 | 717,085.10 |
| 1.2.2. | electricity loss compensation rate | RUB/MW | 75.22 | 215.65 | 242.13 | 487.93 |
| H2 2020 | | | | | | |
| 1.1. | Single-rate tariff | RUB/kWh | 1.48147 | 2.41937 | 2.59246 | 2.73487 |
| 1.2. | Double-rate tariff | | | | | |
| 1.2.1. | grid maintenance rate | RUB/MW month | 1,013,905.76 | 1,411,108.73 | 1,575,267.80 | 777,237.34 |
| 1.2.2. | electricity loss compensation rate | RUB/MW | 79.08 | 221.54 | 254.65 | 516.20 |

| No. p/p | Tariff categories of electricity (capacity) customers | Unit | H1 2020 | H2 2020 |
|---|---|---|---|---|
| **2.** | **Residents and resident-equivalent customers (tariffs exclusive of VAT)** | | | |
| 2.1. | Residents and resident-equivalent customers except those specified in Cl. 2.2 and 2.3 | | | |
| | Single-rate tariff | RUB/kWh | 0.77909 | 0.65717 |
| 2.2. | Urban residents whose households are duly equipped with electric stoves and (or) electric heating | | | |
| | Single-rate tariff | RUB/kWh | 0.04265 | 0.10398 |
| 2.3. | Rural residents | | | |
| | Single-rate tariff | RUB/kWh | 0.04265 | 0.10398 |
| 2.4. | Resident-equivalent customers | | | |
| | Single-rate tariff | RUB/kWh | 0.79909 | 0.65717 |

## 8. MINUTES OF THE COMMITTEES OF ROSSETI TYUMEN JSC'S BOARD OF DIRECTORS

| No. | Committee | No. and date of the meeting minutes |
|---|---|---|

| | | |
|---|---|---|
| 1 | Audit Committee of the Board of Directors, Rosseti Tyumen JSC | No. 01/20 dd. January 30, 2020,<br>No. 02/20 dd. January 31, 2020,<br>No. 03/20 dd. February 13, 2020,<br>No. 04/20 dd. March 3, 2020,<br>No. 05/20 dd. March 18, 2020,<br>No. 06/20 dd. April 1, 2020,<br>No. 07/20 dd. April 21, 2020,<br>No. 08/20 dd. April 24, 2020,<br>No. 09/20 dd. May 5, 2020,<br>No. 10/20 dd. May 27, 2020,<br>No. 11/20 dd. July 3, 2020,<br>No. 12/20 dd. August 19, 2020,<br>No. 13/20 dd. September 18, 2020,<br>No. 14/20 dd. October 21, 2020,<br>No. 15/20 dd. November 16, 2020,<br>No. 16/20 dd. December 29, 2020, |
| 2 | Strategy Committee of the Board of Directors, Rosseti Tyumen JSC | No. 37 dd. January 20, 2020<br>No. 38 dd. January 23, 2020<br>No. 39 dd. February 3, 2020<br>No. 40 dd. February 25, 2020<br>No. 41 dd. March 12, 2020<br>No. 42 dd. April 27, 2020<br>No. 43 dd. May 18, 2020<br>No. 44 dd. August 7, 2020<br>No. 45 dd. August 27, 2020<br>No. 46 dd. September 23, 2020<br>No. 47 dd. October 16, 2020<br>No. 48 dd. October 28, 2020<br>No. 49 dd. November 25, 2020<br>No. 50 dd. December 22, 2020<br>No. 51 dd. December 25, 2020 |
| 3 | Reliability Committee of the Board of Directors, Rosseti Tyumen, JSC | No. 03/20 dd. March 20, 2020,<br>No. 04/20 dd. April 15, 2020<br>No. 05/20 dd. May 14, 2020<br>No. 06/20 dd. May 20, 2020<br>No. 07/20 dd. October 7, 2020<br>No. 08/20 dd. October 27, 2020,<br>No. 09/20 dd. November 23, 2020<br>No. 10/20 dd. December 16, 2020 |
| 4 | Personnel and Remuneration Committee of the Board of Directors, Rosseti Tyumen JSC | No. 01/20 dd. March 27, 2020,<br>No. 02/20 dd. May 15, 2020<br>No. 03/20 dd. May 27, 2020<br>No. 04/20 dd. June 11, 2020<br>No. 05/20 dd. October 14, 2020<br>No. 06/20 dd. November 25, 2020,<br>No. 07/20 dd. December 7, 2020<br>No. 08/20 dd. December 22, 2020<br>No. 09/20 dd. December 28, 2020 |
| 5 | Grid Connection Committee of the Board of Directors, Rosseti Tyumen JSC | No. 01/20 dd. March 27, 2020,<br>No. 02/20 dd. May 19, 2020,<br>No. 03/20 dd. May 21, 2020<br>No. 04/20 dd. November 18, 2020 |