



**TOGETHER WITH
THE COUNTRY**

23

INTEGRATED ANNUAL
REPORT



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TOGETHER WITH THE COUNTRY DEVELOPING AND GROWING

27,062.2

mln kWh
delivery to the grid

1,266

MVA
capacity of existing
agreements

458

MW
connected
capacity



ABOUT THE REPORT

GRI 2-1, 2-2

The purpose of the Annual Report of Public Joint Stock Company Rosseti South for 2023 (hereinafter referred to as the Report, the Annual Report) is to inform stakeholders about the crucial events, production & financial and sustainable development performance results of the Company, as well as its impact on the economy and the environment.

The 2023 Report has been prepared in accordance with international and Russian standards and regulatory requirements, including:

- Federal Law dated No. 39-FZ dated 22 April 1996 "On the Securities Market"
- Federal Law No. 208-FZ dated 26 December 1995 "On Joint Stock Companies"
- Bank of Russia's Regulation No. 714-P "On Disclosure of Information by Issuers of Equity Securities" dated 27 March 2020
- Recommendations on by public joint stock companies disclosing non-financial information related to the activities of such companies (Information Letter of the Bank of Russia No. IN-06-28/49 dated 12 July 2021)
- Code of Corporate Governance approved by the Board of Directors of the Bank of Russia on 21 March 2014 and recommended for application by Letter of the Bank of Russia No. 06-52/2463 dated 10 April 2014 (hereinafter referred to as Code of Corporate Governance of the Bank of Russia)
- Standards on sustainable development reporting such as GRI and others

Public Joint Stock Company Rosseti South may also be referred to as PJSC IDGC of the South (the previous name until 14 February 2022), Rosseti South, PJSC Rosseti South, the Company, or the Company in the text of the Report.

GRI 3-1

In the reporting year, we identified topics reflecting the most significant economic, social and environmental impacts of Rosseti South, which involved the participation of external and internal experts. We studied their opinions, ranked the topics by degree of importance and compiled their list.

GRI 3-2

MATERIAL TOPICS OF ROSSETI SOUTH



Protecting the health of employees and creating safe working conditions



Reducing the negative impact on the environment by creating smart electricity metering systems



Ensuring high standards of quality and reliability of power supply



THE THEME OF THE REPORT IS "TOGETHER WITH THE COUNTRY"

Rosseti South plays a pivotal role in ensuring power supply to four southern regions of the Russian Federation. Despite all the difficulties and challenges of the reporting year, the Company demonstrates seamless operation, ensures reliable power supply to consumers, puts new facilities into operation, connects hospitals, schools, kindergartens to its grids, while taking care of the well-being of every resident of the regions where it operates. By doing this, our Company participates in the common cause of the entire nation, helping to implement national and regional projects. Therefore, for the 2023 Report we chose the theme "Together with the Country" and disclose it in the document.

We recognise that the expertise and experience of our staff — who are always learning new skills — along with the implementation of cutting-edge technologies and careful planning are the cornerstones for successfully completing the duties assigned by the government and society. We are convinced that only through our continuous efforts to improve people's quality of life and our responsibility to society we can maintain our leadership in the industry and ensure our success in the future.

BOUNDARIES OF THE REPORT

This Report also presents certain important events in the Company's activities that took place after the reporting date — in the period from 1 January 2024 to the preliminary approval of the Report by the Board of Directors.

This Annual Report has been prepared on the basis of information available to Rosseti South as of the date of the Report. The Annual Report provides an overview of the Company's results for 2023, as well as the historical changes in indicators for 2021–2023.

Information on members of the Company's governing and control bodies, members of the Board of Directors' Committees and the Corporate Secretary, as well as on the amount of personal remuneration is provided in this Report with consideration of the requirements of the Russian Federation legislation on personal data.

DISCLAIMER

The Annual Report contains certain forward-looking statements regarding the Company's business operations, financial and economic performance, plans, projects and expected results. The Report may also include estimates of trends in service/product prices, production and consumption volumes, costs, projected expenditures, development prospects and similar factors, as well as industry and market forecasts, start and end dates of individual projects of the Company.

The Company makes no promises or guarantees regarding the realisation of the results expressed in the forward-looking statements. Rosseti South disclaims any liability for any losses incurred by individuals or entities that bank on any forward-looking statements. In each individual case, these forward-looking statements are simply one of many scenarios that could occur and should not be taken as the most likely one.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS OF PJSC ROSSETI SOUTH

GRI 2-22



Dear shareholders, partners
and colleagues,

In 2023, Rosseti South improved its operating performance and secured a stable financial result. The Company's highly qualified management, the team's collective responsibility, the selected strategy, and critical management decisions all contributed to the positive performance outcomes.

The Company built up net electricity supply and cut down electricity losses, in part through consolidation of power grid assets and upgrade in the electricity metering system. At the year-end 2023, Rosseti South has cleared a profit of RUB 2.4 billion against a loss a year earlier. Among the primary drives behind the favourable financial outcome were an increase in revenue from electricity transmission services, other non-recurrent receipts, change in valuation of financial investments in accordance with section 6 of Accounting Regulations 19/02. EBITDA rose by 1.8 times year-on-year to RUB 8.1 billion.

The Company's revenue went up by 14% to RUB 48.1 billion, driven by the growth in the volume of services provided and changes in tariffs for electricity transmission services, as well as the provision of non-tariff services. The Company is placing special emphasis on this type of activity, as it opens up new development opportunities even when demand in the power grid services market remains stable. The Company gained a reputation as a reliable partner in improving energy efficiency and upgrading street lighting, building outdoor lighting networks and beautifying urban areas at the request of municipal administrations.

As the enabler of the strategic development of the Company, the Board of Directors focused its efforts on constructive co-operation between all the Company's shareholders and their representatives in the reporting period.

In 2023, the Board of Directors of PJSC Rosseti South held 49 meetings, addressing 189 issues. The key documents approved include the Digital Transformation Programme of PJSC Rosseti South 2020–2030, the Programme for the Upgrade (Renovation) of Power Grid Facilities of PJSC Rosseti South for 2023–2027, the Programme of Measures to Reduce Electricity Losses in the Grid Complex of PJSC Rosseti South for 2023 and until 2027, and the Roadmap for the Implementation of Customer Service Quality Standards of PJSC Rosseti South. In addition, the following documents were approved: the Risk Management and Internal Control Policy of PJSC Rosseti South, the Customer Service Quality Standard of PJSC Rosseti South, the Quality Policy of PJSC Rosseti South, the Sustainable Development Policy of PJSC Rosseti, the Climate Change Policy of PJSC Rosseti, and others.

In the reporting period, the Company outstripped the targets of its investment programme by 7% with actual spending of RUB 5.4 billion, which boosts the further social and economic development of the regions where Rosseti South operates.

The Company also over-fulfilled the plan for maintenance and repair of power facilities by 23.4%, allocating more than RUB 2.5 billion for this purpose. As a result, the Company was able to prepare in time and in full for the autumn-winter period, enhance the reliability of power supply, and reduce losses in power grids during peak load periods.

It was a milestone event in 2023 that the Ministry of Energy of the Russian Federation extended the status of a guaranteeing power supplier in the Republic of Kalmykia for PJSC Rosseti South.

The Company retains its position as one of the largest taxpayers in the regions of presence. During 2023, over RUB 2 billion was transferred to consolidated budgets.

As usual, considerable weight was given to the implementation of social corporate programmes: ensuring high standards of working conditions for the Company's employees and taking care of their health and well-being. Rosseti South, just as in previous years, keeps offering insurance and housing support to its personnel and rolls out incentive projects to attract and retain personnel. As part of a social partnership, the Company has extensive co-operation with relevant universities in the Southern Federal District, which educate specialists for the energy industry.

In 2024, the management of PJSC Rosseti South will stay the course to further stabilise the financial and economic situation in the Company and, of course, to modernise and develop the power grid complex in the four regions of the Southern Federal District. Together, this will help to bring better and more reliable power supply to consumers.

Daniil Krainskiy
Chairman of the Board of Directors
of PJSC Rosseti South



Company's revenue

RUB 48.1 bln
+ 14%

Over-fulfilment of the power facilities
maintenance and repair programme by

23.4%

MESSAGE FROM CHAIRMAN OF THE MANAGEMENT BOARD, GENERAL DIRECTOR OF PJSC ROSSETI SOUTH

GRI 2-22



Dear shareholders, partners and colleagues,

As we wrap up the 2023 results, it stands to mention that the Rosseti South team managed to accomplish the goals set. Thanks to the expertise and expert skills of its employees, the Company was able to deliver the planned production programmes, achieve targets in reducing electricity losses, make new grid connections contracted, and improve the efficiency of customer service.

In 2023, there was a strong focus on arrangements designed to reduce the level of electricity losses. The economic effect of such arrangements translates into funds for maintenance and upgrade of equipment, installation of new metering devices, renovation and construction of energy facilities. The Company's consistent efforts in this area contributed to the achievement of the targets set for the level of electricity losses with significant savings of 54.6 million kWh.

Among the most effective measures to minimise electricity losses is the installation of smart electricity metering devices. In the reporting period, the Company had about 15,000 new-generation metering devices installed, which will later enable the creation of a unified automated system of fiscal and technical electricity metering.

For grid reliability and grid connection, Rosseti South allocated RUB 5.4 billion of investment funds (with 7% ahead of the annual plan). More than half of these funds were allocated for the development of infrastructure for grid connection of privileged consumers.

As of the end of 2023, the investment programme of Rosseti South yielded the commissioning of 115 MVA of capacity and the construction of 681 km of power transmission lines.

During the year, the Company satisfied about 15,000 grid connection agreements and provided almost 460 MW of capacity to new consumers. Some major new customers of Rosseti South in 2023 are the Solnechny transport and logistics centre and asphalt concrete plant in Volgograd, distribution and storage complex and sheep breeding complex, an ecotechnopark in the Rostov Region, a machine-building enterprise in the Volgograd Region, a rubber footwear parts and blanks production plant in the Astrakhan Region. The Company secured additional capacity for one of the largest textile producers in Russia, Kamyshinsky Textile in the Volgograd Region, and new agricultural enterprises in the Don. Rosseti South was actively involved in regional projects to develop infrastructure for electric vehicle charging stations and street lighting systems, and provided grid connections to facilities built as part of the Education, Healthcare, Housing and other national projects.

Rosseti South spent more than RUB 2.5 billion, or 123.4% of the plan, to prepare power facilities in the regions where it operates for the autumn and winter period. As for the main works related to the repair and maintenance

of power transmission lines and substations, they were over-performed in absolute terms by 15% and 16%, respectively.

For the 2023–2024 heating season, 3,300 6–10/0.4 kV transformer substations, 4,600 units of switching equipment, almost 1,700 kilometres of power lines were repaired, and 7,600 PTL poles were replaced and reinforced. The maintenance and repair programme allowed increasing the reliability of power supply, improving the technical condition of equipment, and reducing losses in power grids during peak load periods.

It is worth noting that the winter preparations in 2023 were challenged by the weather conditions that were among the most adverse in Russia in the last decades. There was an upsurge in weather disasters and hazardous meteorological phenomena in the regions where Rosseti South operates. The Company's personnel confronted the challenges of nature, eliminated the consequences of natural disasters, and restored power supply in the affected areas.

In December 2023, the Rostov Region experienced an unprecedented ice storm. A few centimetres thick ice deposits added the rated load on power lines and caused wire breaks and multiple fractures of poles. More than 200 crews from Rosseti South, including employees of the Rosseti Group's companies from neighbouring regions who came to help, exhibited professional heroism and restored power supply to consumers as quickly as possible in the current situation.

During 2023, the Company went on raising the reliability of electricity supply to consumers through consolidation of power grid assets. The focus of the Company's efforts was placed on transferring municipality grids under the Company's control, as well as handling ownerless power facilities. In the reporting period, as part of the consolidation programme, Rosseti South took over almost 340 km of power transmission lines and 216 transformer substations with a total capacity of 154 MVA with putting them on the books.

The Company reached the targets for the quality of its services approved by the state regulatory authorities. In 2023, the Company rendered consulting services on the operation of power grid facilities and the functioning of Rosseti South divisions: over 290,000 customer enquiries were received and processed. The number of applications for additional services



115 MVA
commissioned

681 km
of power transmission
lines built

15,000
grid connection
contracts fulfilled



increased by 50%, with more than 18,000 applications received in the reporting period. In high demand from consumers are services on grid connection, as well as diagnostics, maintenance and repair of consumer power facilities.

i In pursuing sustainable development goals, the Company was committed to reducing its environmental impact, participating in energy saving and efficiency initiatives, contributing to the socio-economic development of the regions where it operates, and building reliable partnership relations with counterparties and suppliers in 2023.

I believe that in 2024 the Company will continue to grow as an efficient, customer-oriented and socially responsible company that enjoys the trust of consumers and partners and guarantees the fulfilment of all its obligations.

Increase in the number of applications for additional services by

50%

Boris Ebzeev

Member of the Board of Directors,
Chairman of the Management Board,
General Director of PJSC Rosseti South,
Acting General Director of PJSC Rosseti Kuban

COMPANY AT A GLANCE

GRI 2-6

CORE BUSINESS OF THE COMPANY

Core activities are electricity transmission and connection to distribution grids. The total area of the regions where PJSC Rosseti South operates is more than 337,000 km² (1.96% of the territory of Russia), with a population of 8 million people (5.4% of the total population of Russia).

Production assets



Number of power transmission lines

70,043



Length of power transmission lines

164,300.4 km



■ 0.4 kV and above PTLs



Number of substations

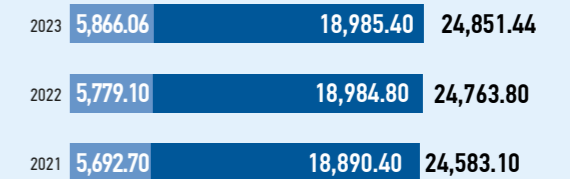
34,624



■ 35 kV and above substations

Substation capacity

24,851.4 MBA



■ 6–10/0.38 kV transformer substations, power distribution substations



GEOGRAPHIC REACH OF THE COMPANY

GRI 2-1, 2-6

REGIONS OF PRESENCE

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

The executive office is located in Rostov-on-Don.



CULTURE OF RUSSIA FEDERAL TARGET PROGRAMME



Employees of Astrakhanenergo, a branch of PJSC Rosseti South, connected to their grids the Bishop's Chambers with the family chapel of the Saviour of All Mighty Grace, part of the architectural ensemble of the Astrakhan Kremlin. Capacity provided is 150 kW.

The Astrakhan Kremlin is the main attraction of the regional centre. In the course of a full-scale repair and restoration project, the interior decoration of the chambers was recreated, and the lost dome with a cross covered with gold leaf was installed on the church.

INFORMATION ON THE REGIONS OF OPERATION

Subjects of the Russian Federation within the area of responsibility

<p>Astrakhan Region</p> <p>Service territory 49.024 thsd km²</p> <p>Population 950,557 persons</p> <p>Branch of PJSC Rosseti South – Astrakhanenergo 19 Sovetskaya Militsiya St., Astrakhan, 414000</p> 	<p>Volgograd Region</p> <p>Service territory 112.877 thsd km²</p> <p>Population 2,470,057 persons</p> <p>Branch of PJSC Rosseti South – Volgogradenergo 15 Lenin Ave., Volgograd, 400066</p> 
<p>Rostov Region</p> <p>Service territory 100.967 thsd km²</p> <p>Population 4,164,547 persons</p> <p>Branch of PJSC Rosseti South – Rostovenergo 49/42 Bolshaya Sadovaya St., Rostov-on-Don, 344002</p> 	<p>Republic of Kalmykia</p> <p>Service territory 74.731 thsd km²</p> <p>Population 264,483 persons</p> <p>Branch of PJSC Rosseti South – Kalmenergo Northern industrial zone-1, Elista, Republic of Kalmykia, 358007</p> 

No changes were made to the organisational structure of PJSC Rosseti South in 2023. As of 31 December 2023, the organisational structure of PJSC Rosseti South approved by the Board of Directors of the Company on 14 February 2022 (Minutes No. 466/2022 dated 17 February 2022) is in effect.

Branch of PJSC Rosseti South – Kubanenergo¹
12 Mira St., Kabardinka village, Gelendzhik, 353480

¹ Kubanenergo branch of Rosseti South is not engaged in operating activities.

BUSINESS MODEL

GRI 2-6

Strategic goals:

Promoting the reliability and quality of energy supply at a given level

Increasing total shareholder return

Ensuring resilience to changes in the global and local electricity market



CAPITAL

ACTIVITIES

FINANCIAL RESULTS

VALUE CREATED FOR STAKEHOLDERS

PRODUCTION CAPITAL

Total installed capacity
24,851.44 MVA:

- 35–220 kV substations **18,985.38 MVA**
- 6–10(35)/0.4 kV substations **5,866.06 MVA**

Length of overhead transmission lines along the route **157,194.1 km**

Cable length **3,355.3 km**

KNOWLEDGE-BASED CAPITAL

Funding of the Innovative Development Programme **RUB 491.2 mln**

FINANCIAL CAPITAL

Equity capital **RUB 5,190.7 mln**

Borrowed capital **RUB 32,677.8 mln**

Financing of the investment programme **RUB 5,417 mln**

HUMAN CAPITAL

Average headcount **13,535 people**

Investments in personnel development **RUB 86 mln**

ELECTRICITY TRANSMISSION

142,365 consumers – legal entities

938,601 consumers – individuals

27,062.2 mln kWh delivery to the grid

24,601.0 mln kWh delivery from the grid

SALE OF ELECTRICITY

4,291 consumers – legal entities

54,845 consumers in the Household category

GRID CONNECTION

1,266 MVA capacity of existing agreements

9,340 number of existing agreements

OTHER ACTIVITIES

Additional (non-tariff) services

18,000 number of applications for additional services

REVENUE



Revenue from electricity transmission **RUB 44,991 mln**

Revenue from electricity sales **RUB 2,099 mln**

Revenue from grid connection **RUB 607 mln, VAT excluded**

Revenues from other activities **RUB 454 mln**

EBITDA

RUB 9,741 mln

CONSUMERS

115 MVA of capacity commissioned

681 km of power transmission lines built

14,904 satisfied agreements

458 MW connected capacity

THE STATE

RUB 5,850 mln total taxes paid

SOCIETY

RUB 0.5 mln charity, sponsorship

RUB 37.7 mln environmental protection costs

EMPLOYEES

RUB 60,353 average wages and salaries of employees (10.8%)

RUB 423.1 mln occupational health and safety costs

RUB 19.4 mln allocated to provide material assistance to employees

4.6% staff turnover

SUPPLIERS AND CONTRACTORS

RUB 34.1 bln total procurement volume

RUB 3,992.6 mln purchases from SME

KEY INDICATORS AND EVENTS OF THE YEAR

Rosseti South continues to maintain a reliable and uninterrupted power supply to consumers.

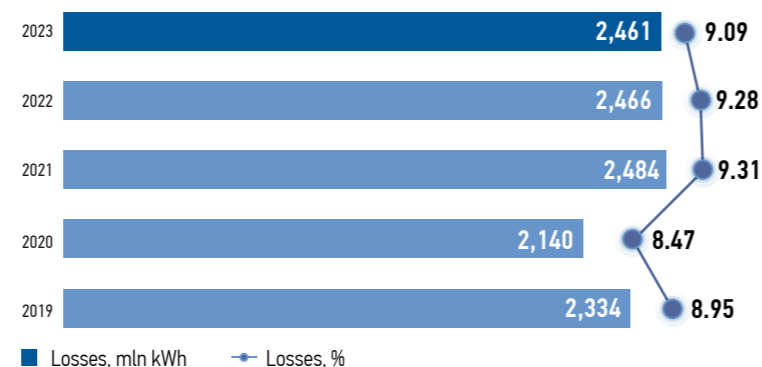


ELECTRICITY TRANSMISSION AND LOSSES

Changes in the electricity transmission and losses

Indicator	2021	2022	2023
Delivery to the grid, mln kWh	26,671	26,587	27,062
Delivery from the grid to consumers and LGO, mln kWh	24,187	24,121	24,601
Losses on the grids, %	9.31	9.28	9.09

Changes in electricity losses in 2019–2023



The level of electricity losses in 2023 decreased by

0.2 p.p.

compared to 2022

NATIONAL PROJECT: HEALTH CARE



Specialists of Volgogradenergo, a branch of PJSC Rosseti South, connected a new paramedical and midwifery station in the village of Kachalinskaya, Ilovinsky District, to the Company's power grids. For uninterrupted power supply to the medical station, the Company's power engineers provided 21 kW of capacity and built two sections of 0.4 kV overhead transmission lines.

About 550 residents of the village, as well as nearby villages and hamlets, will now be able to receive qualified medical care in a timely manner and without having to travel 60 km to the district centre. The modern building of the new paramedical and midwifery station is equipped with all the necessary equipment to provide primary health care, conduct the first stage of dispensary and preventive examinations.



GRID CONNECTION

The Company's revenue from grid connection services in 2023 totalled

RUB 607 mln

VAT excluded, against the plan of RUB 496 mln, VAT excluded.

The growth against the plan was

22%

The difference in the figures is associated with closing of revenue volumes above the forecasted values for grid connection categories of up to 150 kW, for which a number of applicants are subject to 100% payment for 'last mile' arrangements from 1 January 2023.

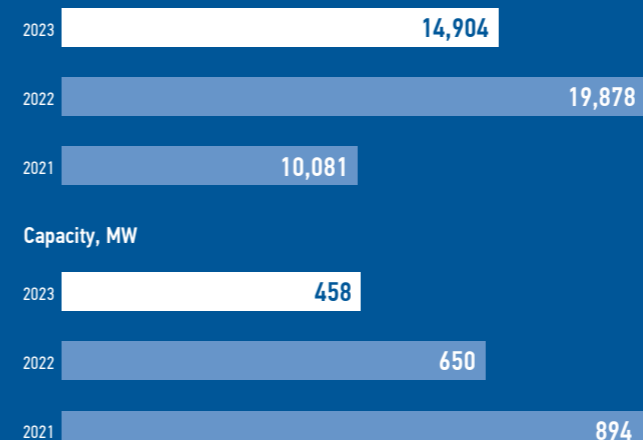
The Company completed the grid connection of new apartment complexes in the Tractorozavodsky, Dzerzhinsky, Tsentralny and Sovetsky districts.

To connect two houses in the Tractorozavodsky district, power engineers laid over 4 kilometres of cable transmission lines. Eight poles were changed to connect four houses in the Sovetsky district. In Angarskoye settlement of the Dzerzhinsky district, two more houses were connected: 400 m of cable power lines were built for one of them, and grid connection was made for the second one. A 400 kVA transformer substation was built in the Tsentralny District for a new residential complex on Selenginskaya Street.

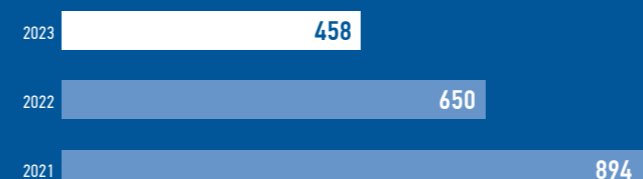


Changes in grid connection indicators

Number of concluded agreements



Capacity, MW



KEY TRENDS OF 2023 IN THE DEVELOPMENT OF SOCIAL COMMUNICATIONS

In 2023, employees of PJSC Rosseti South's branches organised online seminars with the participation of representatives of business and executive authorities of constituent entities of the Russian Federation.

The attendees discussed grid connection issues, including the general grid connection contract procedure and concerns arising from grid connection, opportunities for interactive services with detailed coverage of the Company's services available on the Company's website and the websites of its branches.



ASSESSMENT OF RELIABILITY PERFORMANCE INDICATORS SET BY THE REGIONAL TARIFF SETTING SERVICE

Branch	System average interruption duration index for a point of supply (Isaidi), hour			System average interruption frequency index for a point of supply (Isaifi), interruptions		
	Approved plan	Actual	Assessment of achievement	Approved plan	Actual	Assessment of achievement
Astrakhanenergo	3.4155	4.2116	☑ achieved	2.3025	2.6724	☑ achieved
Volgogradenergo	2.8689	3.6053	☑ achieved	1.6886	2.1542	☑ achieved
Kalmenergo	4.0987	5.1404	☑ achieved	2.5998	3.2746	☑ achieved
Rostovenergo	2.0601	2.6562	☑ achieved	1.5821	2.0267	☑ achieved

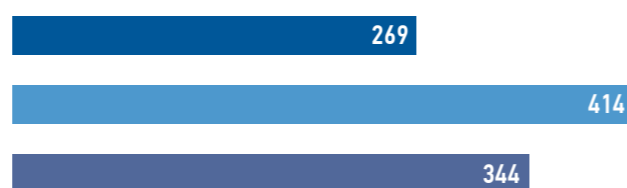
INFORMATION ON TECHNOLOGICAL DISTURBANCES

Major and significant accidents in 2023 were avoided thanks to the power grid maintenance and repair measures, planned measures under the reliability improvement programme, as well as equipment upgrade and replacement programme. These events were investigated under the chairmanship of the Federal Service for Environmental, Technological and Nuclear Supervision.

In 2023, there were 15,783 accidents in the 0.4 kV and above grid.

The system average interruption duration in the 0.4 kV and above grid was 1.8 hours.

Main causes of accidents in 110 kV and above grid



Natural impacts



Unauthorised persons, animals and birds



Wear and tear (ageing) of equipment

At year-end 2023, given the permissible deviation ratio, there was no exceedance of the values established by regional tariff regulation authorities. These indicators are met across all branches of the Company.

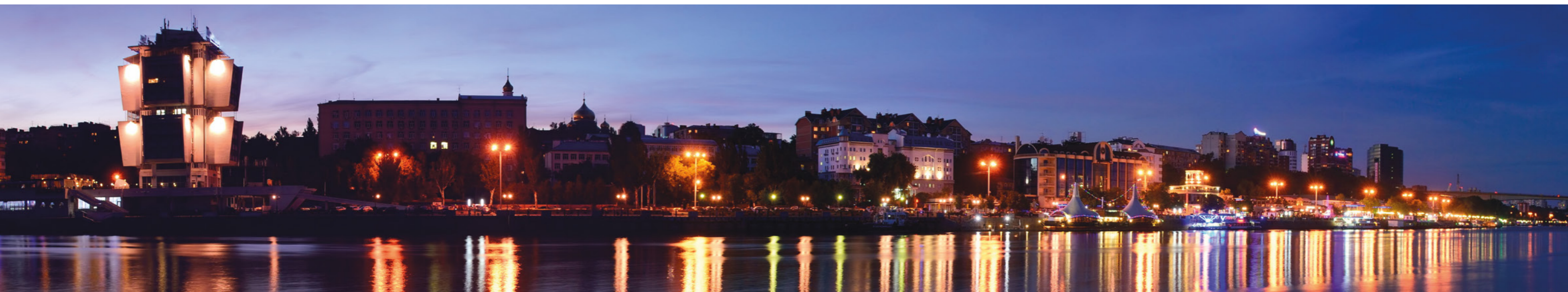
EBITDA, NET PROFIT

Changes in EBITDA and net profit

Indicators	2021	2022	2023, plan	2023, actual
EBITDA, RUB mln	7,652	4,932	5,996	9,741
Net profit, RUB mln	2,061	-559	290	2,431

EBITDA grew by

RUB 4,809 mln
year-on-year



EVENTS OF THE YEAR

On 9 January 2023, the restructuring of Public Joint Stock Company Federal Grid Company – Rosseti in the form of a merger with PJSC Rosseti Grids, JSC Far Eastern Energy Management Company – UNES, JSC Tomsk Main Power Grids, and JSC Kuban Main Power Grids was completed.

As a result, since 9 January 2023 PJSC Rosseti became the controlling shareholder of Rosseti South with an 84.16% stake in the authorised capital.

Key events of the year

JANUARY

- 24 Power engineers of Volgogradenergo, a branch of PJSC Rosseti South, supplied power to block-modular drinking water treatment plants in ten small settlements of the Mikhailovsky District, Volgograd Region. Modern four-stage systems were installed in remote farms and villages of the district under the federal Clean Water project
- 26 Astrakhanenergo, a branch of PJSC Rosseti South, provided power supply to a new kindergarten in the north of the Astrakhan Region, in the village of Cherny Yar, Chernoyarsky District. The facility was built under the national Demography project

MARCH

- 2 Specialists of the Kalmyk branch of Rosseti South repaired the equipment of a transformer substation, which determines the reliability of power supply to the Elista municipal polyclinic, the republican tuberculosis children's centre and the city emergency and urgent care station

APRIL

- 7 The Company signed a partnership agreement with the Rostov Region's education and production cluster, a participant in the federal Professional Programme project which includes the regional Ministry of Professional and General Education, industrial enterprises and secondary vocational education institutions

MAY

- 3 Volgogradenergo, a branch of PJSC Rosseti South, was ranked among the top 20 Russian power grid companies in the Best Power Grids of Russia rating (according to the data of Energonews Media Rating Agency for 2022). The scores were tallied using a combination of such parameters as the quality of services for grid connection, electricity transmission and information transparency
- 12 Astrakhanenergo, a branch of PJSC Rosseti South, provided power supply to a mini-plant for the production of pellets and wood chips, which is unique for the Astrakhan Region. Recycling and disposal of dry bulrush and branches will reduce fire risks and contribute to the landscaping of the area
- 29 Rosseti South's sightseeing project called Big City Lights won second place in the Best PR Project in the Energy Sector category of the Press Service of the Year international contest

JUNE

- 6 The Energy of Victory search team of Volgogradenergo, a branch of PJSC Rosseti South, took part in a search expedition at the site of the DULAG-205 Nazi concentration camp. In terms of participation count, the 2023 expedition to the former concentration camp site was the biggest in the last few years
- 7 Volgogradenergo, a branch of PJSC Rosseti South, completed large-scale repairs at the key power facility in Volzhsky, the Gorodskaya-3 110 kV substation. The power facility provides electricity to more than 66,000 residents of the city, as well as the largest tomato supplier in the Volgograd Region

JULY

- 17 The Company provided electricity to five medical centres in the Volgograd Region. The facilities were built under the national Health Care project, which made qualified medical care more accessible to almost 8,000 residents of remote communities
- 27 Specialists of Volgogradenergo, a branch of PJSC Rosseti South, connected a new substation supplying electricity to the largest machine-building enterprise in Kamyshin. The plant is engaged in the manufacture of forging and pressing products, mechanical and heat treatment of metal






Events after the reporting date

16 JANUARY

Rosseti South received and processed more than

97% of applications

for grid connection in 2023

 All applications accepted digitally through the Power Grid Services Portal

SEPTEMBER

- 10 A team from Rosseti South took third place in the All-Russian Professional Skills Competition for employees of the service sales unit of power grid regions of branches of subsidiaries and affiliates of PJSC Rosseti held in Miass in 2023
- 15

OCTOBER

- 4 Astrakhanenergo, a branch of PJSC Rosseti South, provided 325 kW of power to a new secondary school in the village of Liman, Astrakhan Region. The 675-strong school was built as part of the national Education project
- 23 During January-September 2023, the distribution grid of Astrakhanenergo, a branch of PJSC Rosseti South, received over 250 million kWh of electricity from solar power plants. This volume is sufficient to supply electricity to the residents of Astrakhan for seven months
- 31 According to Russian accounting standards, PJSC Rosseti South generated net profit of RUB 3.6 billion in January-September 2023, which is 2.6 times higher than in the same period last year

NOVEMBER

- 9 Specialists of Volgogradenergo, a branch of PJSC Rosseti South, completed overhaul of the Volzhskaya-Latex 110 kV overhead power line supplying power to production facilities of Volzhsky, one of the largest industrial centres of the Lower Volga Region
- 20 A team of Rosseti South took third place in the Power Grid Substation Concurrent Maintenance competence at the X International Championship of High-Tech Professions "High-Tech 2023" in Yekaterinburg
- 22 Rostovenergo, a branch of PJSC Rosseti South, provided an additional 420 kW of power to a publishing house, the largest producer of printed products in southern Russia. As a result, the declared capacity of the enterprise increased by 1.9 times to almost 900 kW

DECEMBER

- 6 The Company provided 4.4 MW of power from the grid for the Solnechny transport and logistics complex, which is being built in the Krasnooktyabrsky district in the north of Volgograd
- 17 Rosseti South restored the operation of more than 1,100 power facilities damaged by ice storm in the Rostov Region. About 80 new poles were installed to replace damaged ones. The cause of power supply disruptions was ice and frost deposits, precipitation at sub-zero temperatures and wind with gusts of up to 18 m/s
- 26 Rosseti South provided additional capacity to one of the largest textile manufacturers in Russia located in Kamyshin, the Volgograd Region
- 29 The Volgograd Region Administration and Rosseti South signed three agreements to provide regional subsidies for the development of power grid infrastructure in promising areas of Volgograd. It is planned that their volume will amount to about RUB 500 million

FEBRUARY

- 5 In 2023, the distribution grids of Rosseti South branches received **3.6 bln kWh** of electricity from renewable sources

In the total structure of delivery to the grid, the share of green energy was

13.4%

- 27 Rostov power engineers supplied electricity to a new outpatient clinic in the Kagalnitsky District and a park in the Tselinsky District of the Rostov Region

The total connection capacity of the facilities was

25 kW

STRATEGIC REPORT

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TOGETHER WITH
THE COUNTRY
**FEELING
CONFIDENT ABOUT
THE FUTURE**

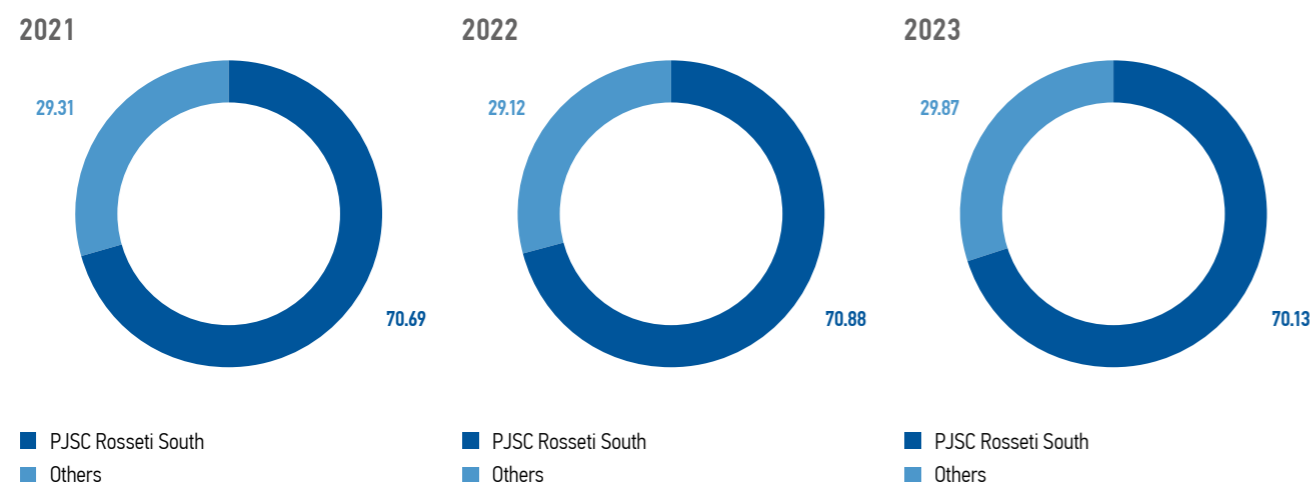
RUB **5.4** bln
investment programme
financing

> RUB **2.5** bln
power facilities maintenance
and repair programme



INDUSTRY OVERVIEW

PJSC Rosseti South's market share in the regions of presence, %¹



The year-on-year decrease in Rosseti South's share in 2023 is caused mainly by higher RGR of existing LGOs driven up a larger number of conditional units of equipment, including through consolidation of the equipment of LGOs that have been stripped of their status.

Since 2023, 15 companies in the regions where Rosseti South operates have been stripped of their LGO status due to their failure to meet the criteria approved by Resolution No. 184 of the Government of the Russian Federation of 28 February 2015 "On Classifying Owners of Power Grid Facilities as Local Grid Operators".

CHIEF COMPETITORS OF THE COMPANY

The Company's competitors are relatively small grid companies in the territory of its presence. It is important to note that smaller competitors are at the local level, are tied to certain municipal districts, and have a little impact on the issuer's business. The likely major competitors are JSC Donenergo in the Rostov Region, MUE Astrakhan Gorelektroset in the Astrakhan Region, CJSC Volgogradoblectro in the Volgograd Region due to their coverage area and a single rate of grid connection tariffs. However, due to the existing division of territorial responsibility of grid organisations

in terms of providing services, including grid connection of consumers, the above-mentioned companies have extremely limited market power.

In addition, to measure the attractiveness of investing in shares of PJSC Rosseti South in the stock market, the Company is usually compared with other Interregional distribution grid companies, although the legal entities are not competitors and, moreover, are subsidiaries of PJSC Rosseti.



NATIONAL PROJECT: CULTURE

- Rosseti South installed a new transformer substation for the former Pobeda cinema. One of the oldest buildings in the city received 520 kW of additional power.
- The legendary building will house a regional puppet theatre and theatre studios for children. Now, the name of the building is the House of Childhood.

¹ Market share is calculated from tariff and balance solutions on setting unified (common pot) tariffs for the constituent entity of the Russian Federation (in terms of RGR for grid maintenance).

MACROECONOMIC TRENDS IN 2023

GENERAL ASSESSMENT OF THE STATE AND DEVELOPMENT TRENDS IN THE ENERGY SECTOR OF THE RUSSIAN FEDERATION¹

In order to stabilise prices for socially important goods, the Government of the Russian Federation has taken a number of measures to balance the respective markets: agreements with manufacturers and retail chains, subsidy programmes, and certain foreign trade measures.

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

FACTORS THAT DETERMINE THE STATE OF THE RUSSIAN ECONOMY AS A WHOLE AND HAVE AN IMPACT ON THE ELECTRIC POWER INDUSTRY

Electricity generation by the UES of Russia power plants in 2023 totalled

1,134.0 bln kWh,

which is 1.1% higher than in 2022.

The volume of electricity consumption within the UES of Russia in 2023 totalled

1,121.6 bln kWh,

which is 1.4% higher than in 2022.

At the end of 2023, the average annual consumer price index was 105.9%, at the end of 2022 – 113.8%. The inflation rate reached 7.42% for 2023 as a whole and 11.94% for 2022, which is the highest since 2015. In 2024, the regulator forecasts a price growth rate of 4–4.5%.

Russia's GDP for 2023 totalled RUB 171.041 trillion. The index of physical volume of GDP relative to 2022 is 103.6%. The GDP deflator index for 2023 against 2022 prices was 106.3%. The index of industrial production in 2023 compared to 2022 was 103.5%.

Another factor that determines the state of the Russian economy as a whole and has an impact on the power industry is the level of the key rate of the Bank of Russia, which increased by 8.5 p.p. in 2023: from 7.5% as of 1 January 2023 to 16% as of 31 December 2023.

FORECAST OF SUSTAINABLE DEVELOPMENT OF THE ECONOMY AND THE ELECTRIC POWER INDUSTRY IN 2024

The development trajectory in 2024–2026 will largely hinge on the effective implementation of economic policy measures aimed at promoting structural adjustment of the consumer economy.

The following trends were incorporated into the Forecast of Socio-Economic Development of the Russian Federation for 2024 and for the planning period of 2025 and 2026 and the expected results of socio-economic development of the Russian Federation for 2023:

- ➔ Higher level of world oil prices compared to the level projected in early 2023
- ➔ Weakening of the rouble against foreign currencies
- ➔ Low unemployment and growth of real household incomes
- ➔ Accelerated growth of investment activity
- ➔ Outstripping growth of manufacturing output, mainly due to machine-building industries

According to the mid-term macroeconomic survey of professional market analysts published by the Bank of Russia in March 2024, the 2024 GDP is projected to improve by 0.2 p.p. to 1.8%. Expectations for the average level of the key rate at the end of the forecast horizon are 7.5% p.a. (2026) and 14.5% for 2024. Consumer price index growth is expected to be 5.2% in 2024, 4.1% in 2025 and 4.0% in 2026.

Used the data from:



→ [Russian Statistics Agency website](#)



→ [Russia Ministry of Economic Development of the Russian Federation](#)



→ [Bank of Russia website](#)



→ [Bank of Russia website](#)



→ [JSC System Operator of Unified Power System](#)

¹ In accordance with the Energy Strategy of the Russian Federation until 2035, approved by Government Order No 1523-r.

COMPANY'S POSITION IN THE INDUSTRY

PJSC Rosseti South unites the distribution grid complexes of the constituent entities of the Southern Federal District of the Russian Federation (the Republic of Kalmykia, Astrakhan Region, Volgograd Region and Rostov Region) and carries out the following core activities:

- ➔ Compensated rendering of services on electricity transmission through a package of organisationally and technologically related activities, including operational and process management
- ➔ Services for connection of consumer terminals (power plants) of legal entities and individuals to the power grids of the Company
- ➔ Repair, maintenance and operation

By Order No. 208-e of the Federal Tariff Service dated 16 June 2008, the Company was included in the register of subjects of natural monopolies in the fuel and energy

complex, which are subject to state regulation and control through setting tariffs for electricity transmission services and services for connection consumers to the electric power grids of the Company.

Services of Rosseti South are mainly consumed by electricity retailers, entities of the wholesale and retail electricity markets, and local grid operators.

Most of the electricity supplied to consumers within the service area of PJSC Rosseti South passes through the electric power grids of the Company.

Having the direct grid connection of electricity consumers to UNPG grids, PJSC Rosseti South signed grid assets lease agreements with the owner of the equipment of the UNPG grids (Public Joint Stock Company Federal Grid Company – Rosseti) (last mile agreements) and thereby acquired the right to provide electricity transmission services to such consumers.

DESIGNATION AS GUARANTEEING SUPPLIER

Since 1 January 2017, the Company has been acting as a guaranteeing supplier in the Republic of Kalmykia within the city of Elista. From 1 January 2018 through 30 September 2023, the status of a guaranteeing supplier was annually renewed under orders of the Ministry of Energy of the Russian Federation. In 2023, the guaranteeing supplier functions were exercised pursuant to Order No. 1346 of the Ministry of Energy of the Russian Federation dated 20 December 2022. Since 1 October 2023, the guaranteeing supplier functions in Elista, Republic of Kalmykia, have been transferred to JSC Chitaenergobyty under Order No. 713 of the Ministry of Energy of the Russian Federation dated 30 August 2023.

As of 1 August 2021, by Order No. 509 of the Ministry of Energy of the Russian Federation dated 29 June 2021,

due to the decision of NPP Market Council Association to revoke the status of JSC Kalmenergosbytyas a wholesale electricity and capacity market entity and to exclude it from the register of wholesale market entities, the guaranteeing supplier status in the Republic of Kalmykia (except for the Elista city area) was assigned to PJSC Rosseti South. Since 1 August 2023, the guaranteeing supplier functions in the territory of the Republic of Kalmykia, except for Elista, have been extended under Order No. 564 of the Ministry of Energy of the Russian Federation dated 27 July 2023.

Thus, from 1 January to 30 September 2023, PJSC Rosseti South acted as guaranteeing supplier on the entire territory of the Republic of Kalmykia, and since 1 October 2023 – on the territory of the Republic of Kalmykia, except for Elista.

Kalmenergo, as a guaranteeing supplier, serves 59,136 consumers in the Republic of Kalmykia, excluding Elista, including:

- **4,291 consumers** include legal entities, sole proprietorships and citizens engaged in commercial activities
- **54,845 consumers** belonging to the Population group

The level of cash payments in the retail electricity market for 2023 was 101.8% against the target of 98.6%, overshooting the plan by 3.2%, or RUB 78.97 million.

The payment level of 101.8%, recorded above the level approved by the business plan for 2023, is attributable to the absence of charges since 1 October 2023

as the function of a guaranteeing supplier in Elista was transferred to a new guaranteeing supplier – JSC Chitaenergobyty – and funds during the 4th quarter of 2023 were booked against charges of previous periods.

Expenses for the purchase of electricity on the wholesale electricity and capacity market in 2023 totalled RUB 1,344.81 million, the volume of electricity purchased was 625.52 million kWh.

Obligations to pay for purchased electricity on the wholesale electricity and capacity market were fulfilled in full, the Company has no overdue accounts payable for purchased electricity on the wholesale electricity and capacity market.

The liaison mechanism of PJSC Rosseti South acting as a guaranteeing supplier with entities of the wholesale and retail electricity (capacity) markets



IMPACT OF EXTERNAL SANCTIONS ON THE ADJUSTMENT OF THE COMPANY'S STRATEGY

Due to the specifics of the Company's operations, with services provided mainly to consumers in the domestic (Russian) market, the sanctions imposed by foreign countries did not have a direct and significant negative impact on the Company and its activities.

MISSION AND STRATEGIC PRIORITIES

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

DEVELOPMENT STRATEGY

GRI 2-23, 2-24, 3-3

PJSC Rosseti South is focused on implementing the tasks stipulated by a number of backbone strategic planning documents, such as the social and economic development

strategy, the strategic forecast of the Russian Federation, and other state strategic planning documents in the electric power industry.



The Rosseti Group’s development strategy attaches special importance to the transition to a business model of modern innovation infrastructure. Promoting the further upgrade of efficiency of current activities in order to develop the sector and ensuring reliability, quality and accessibility of infrastructure in the new digital environment are among the main strategic priorities. The main focus is on maintaining a balance of interests of all parties, including the state, consumers, shareholders, investors, as well as the development of new business areas.

It is planned to achieve the stated goals through the main strategic lines:

- technological and innovative development
- digital transformation
- business diversification
- improvement of operational and investment efficiency
- promotion of legislative initiatives
- development of global operations and human resources potential, etc.

At year-end 2023, the following results were achieved:

Level of electricity losses

9.09%
against the plan of 9.30%

Level of payment for grid companies’ services on electricity transmission

102.5%
against the plan of 100.7%

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

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

DEVELOPMENT PROSPECTS IN THE REGIONS OF OPERATIONS

To realise the strategic goals, the Company’s activities in 2024 will be aimed at solving the following tasks:

- Customer-oriented policy and higher availability of the power grid infrastructure
- Assessment of grids expansion topology and forecasting of the power and electricity demand
- Coordination of the procedure for concluding and following-up agreements between the administrations of constituent entities of the Russian Federation within the area of responsibility of the Company and PJSC Rosseti
- Efficient planning of the power grid expansion through the lens of the socio-economic trending and alternations in land use planning of regions
- Renovation and retrofitting of the power industry facilities
- New construction of power grid facilities
- Energy efficiency and energy saving



KEY PERFORMANCE INDICATORS AND FUNCTIONAL KEY PERFORMANCE INDICATORS

GRI 3-3

Starting from 2023, the system of key performance indicators of the Rosseti Group is built in accordance with Russian Government Order No. 3579-r dated 28 December 2020 (hereinafter referred to as Order No. 3579-r) based on Russian Government Directives No. 991p-P13 dated 31 January 2023.

In accordance with Order No. 3579-r, the system of key performance indicators is divided into two groups: key performance indicators (hereinafter referred to as KPIs) and functional key performance indicators (hereinafter

referred to as FKPIs). Herewith, KPIs are indicators linked to the Company’s strategic documents, which are used to assess the performance of the Company’s entire management team (Head, Deputy Heads, Chief Accountant), while KPIs are individual indicators set for the Company’s officials personally, with due regard to the specifics of the Company’s business lines supervised by them.

The KPI and FKPI system applied in the Company is interrelated with the size of the variable part of management remuneration (50% of incentive payments

for KPI achievement, 50% of incentive payments for FKPI achievement): each of the indicators has a specific weight in the volume of bonuses paid, annual bonuses are paid subject to accomplishment of the respective indicators.

No comparison of 2023 indicators with 2022 indicators is made due to significant changes in the mix and calculation procedures of KPIs and FKPIs.



KPIs and FKPIs of the Company and their target values for 2023–2025 were based on:

- Clause 15.1 of Article 15 of the Company’s Articles of Association
- Resolution of the Board of Directors of the Company dated 29 December 2023 (Minutes No. 557/2023 dated 29 December 2023)

Key performance indicators and functional key performance indicators

Indicators	Calculation procedure	Weight in the remuneration system for 2023, %	UoM	Target value for 2023	Achieved value for 2023 ¹	Assessment of achievement / reasons for deviation	Achievement, % ²	Target value for 2024 ³
Return on invested capital (ROIC)	Ratio of operating profit adjusted for impairment/(reversal of impairment) of fixed assets, revenue from grid connection services, and accrual/(reversal of) provision for expected credit losses to the sum of average equity and long-term loans and borrowings	10	%	11.1	21.0	☑ achieved	120	14.1
Operating margin	Ratio of operating profit adjusted for impairment/(reversal of impairment) of fixed assets and revenue from grid connection services to revenue, minus revenue from grid connection services	20	%	5.1	10.1	☑ achieved	120	5.9
Net profit without impairment and grid connection	Profit/(loss) adjusted for impairment/(reversal of impairment) of fixed assets and revenues from grid connection services (including relevant income tax)	20	RUB '000	–343,876	2,214,615	☑ achieved	120	–140,961

¹ The expected level of achievement of KPIs and FKPIs is given for 2023, given the timing and procedure of reporting, which is the source of information for calculating the indicators. The final actual values are to be approved by the Board of Directors of PJSC Rosseti South.

² For KPIs: if the level of achievement is more than 120%, the percentage equal to 120% is reported; if the level of achievement is less than 80%, the percentage of achievement equal to 0% is reported. For FKPIs: if the achievement level is more than 100%, a percentage equal to 100% is reported; if the achievement level is less than 90%, an achievement percentage equal to 0% is reported.

³ The composition and target values of the indicators may be adjusted by resolution of the Company’s Board of Directors.

Indicators	Calculation procedure	Weight in the remuneration system for 2023, %	UoM	Target value for 2023	Achieved value for 2023	Assessment of achievement / reasons for deviation	Achievement, %	Target value for 2024
Level of electricity losses	Ratio of the volume of electricity losses in the Company's grids (calculated as the difference between electricity delivered to the grid and electricity delivered from the grid and consumption for household needs) increased by the amount of disagreements for previous periods, settled against the Company, to the electricity delivered to the grid for the reporting period	15	%	9.60	9.41	☑ achieved	102	9.57
Readiness for operation in the heating season	Indicator that estimates the readiness of the Company to work during the heating season, based on monthly monitoring of the Ministry of Energy of Russia	20	ea	1	1	☑ achieved	100	1
Compliance with the commissioning schedule	Ratio of the total actual volume of commissioning of fixed assets in the reporting year derived from the progress report on the Company's investment programme (in monetary terms, on the basis of the date when the construction completion certificate is signed by the Acceptance Commission) to the planned one in accordance with the approved investment programme and implementation schedule	15	%	92.0	118.8	☑ achieved	120	93.5
Achievement of the factor "Efficiency of Power Connection Procedures" of the National Investment Climate Rating	The indicator is determined on the basis of the degree of achievement of benchmarks for the factor "Efficiency of Power Connection Procedures" in the National Investment Climate Rating in the constituent entities of the Russian Federation within the Company's operational responsibility zone	Indicative indicator	%	100.0	100.0	☑ achieved	100	100.0
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	Calculated as profit/(loss) before taxes, depreciation, amortisation and interest expense adjusted for impairment/(reversal of impairment) of fixed assets, and revenue from grid connection services	General Director Deputy General Director for Economics and Finance	RUB '000	5,139,775	7,862,754	☑ achieved	100	5,480,844
Achievement of readiness for the heating season	The certificate of readiness for heating season shall be received by the Company in a timely manner by 5 November of the reporting year in accordance with the Rules for Assessing the Readiness of Electric Power Entities for the Heating Season, approved by Resolution No. 543 of the Government of the Russian Federation dated 10 May 2017	General Director First Deputy General Director — Chief Engineer	unit	1	1	☑ achieved	100	1
No significant accidents in power grids investigated by Russian Federal Service for Ecological, Technological and Nuclear Supervision (Rostekhnadzor)	The indicator calculation includes accidents in the Company's power grids classified by the Rostekhnadzor commission according to clause 4 of the Rules for Investigation of the Causes of Accidents in the Electric Power Industry (approved by Resolution No. 846 of the Government of the Russian Federation dated 28 October 2009)	First Deputy General Director — Chief Engineer	fulfilled / not fulfilled	0	0	☑ achieved	100	0
Efficiency of innovations	Integrated index of innovation efficiency evaluates the degree of fulfilment of three constituent indicators: R&D expenditure indicator, innovative products procurement indicator, IDP development (update) quality indicator/ IDP implementation indicator	First Deputy General Director — Chief Engineer	%	98.0	114.0	☑ achieved	100	98.0
Year-on-year increase in labour productivity	Ratio of value added by all types of services to the average annual number of employees Comparison with the base year 2022	Deputy General Director — Head of the Office Deputy General Director for Economics and Finance	%	4.3	19.2	☑ achieved	100	11.0
Active staff turnover	Ratio of the total number of the Company's employees resigned voluntarily in accordance with Clause 3 (termination of the employment agreement on the employee's part) and Clause 5 (transfer of an employee at his/her request or with his/her consent to work for another employer, or transfer to an elective job (position)) of Article 77 of the Labour Code of the Russian Federation to the average headcount in the reporting period	Deputy General Director — Head of the Office	%	6.5	6.4	☑ achieved	100	6.5

Indicators	Calculation procedure	Weight in the remuneration system for 2023, %	UoM	Target value for 2023	Achieved value for 2023	Assessment of achievement / reasons for deviation	Achievement, %	Target value for 2024
Compliance with grid connection deadlines	Complex index assessing the quality level of grid connection, consisting of two components — the quality of grid connection application review and the quality of execution of grid connection agreements	Deputy General Director for Development and Power Grid Connection Deputy General Director for Investments and Capital Construction	relative units	1.6	1.3	☑ achieved	100	≤ value calculated in accordance with clause 3.7 of the Procedure for calculation of KPIs and FKPIs
Net attraction of loans and debentures to cover financing gaps of the investment programme	Calculated as the difference between attracted and repaid borrowed funds (loans and debentures)	Deputy General Director for Economics and Finance	RUB '000	3,084,360	-16,967	☑ achieved	100	402,458
Efficiency of transition to domestic software	Defined as the share (percentage) of installed Russian (domestic) software in the total volume of installed software in the Company, which implements its own plan for transition to all-domestic software approved by the Company's Board of Directors	Deputy General Director for Digitalisation	%	75.0	78.61	☑ achieved	100	84.3
Overdue receivables for electricity transmission services	The actual value of overdue receivables (excluding moratorium receivables) at the end of the reporting period did not exceed the target value	Deputy General Director for Sale of Services Deputy General Director for Legal and Corporate Governance	RUB '000	2,574,184.3	1,221,508.3	☑ achieved	100	2,769,042.7
Fulfilment of the Comprehensive Security Plan	Calculated as the ratio of timely fulfilled measures of the Comprehensive Security Plan to the total number of measures of the Comprehensive Security Plan	Deputy General Director for Security	%	100.0	100.0	☑ achieved	100	100.0
Assurance of insider information protection requirements,	Indicator that assesses the Company's compliance with the requirements of the Insider Law and compliance with the deadlines for submitting the list of the Company's insiders to PJSC Moscow Exchange	Deputy General Director for Security	ea	0	0	☑ achieved	100	0
Upholding of share listing and corporate governance rating	Integrated indicator that assesses the level of corporate governance in the Company from two components: upkeep of the share listing and maintenance of the corporate governance rating	Deputy General Director for Legal and Corporate Governance	fulfilled / not fulfilled	achieved	achieved	☑ achieved	100	achieved
Share of agreements resulted from electronic procedures	Calculated as a ratio of the number of electronic procurement procedures, which resulted in the conclusion of agreements associated with spending of funds, to the total number of procurement procedures (competitive and non-competitive), which resulted in the conclusion of such agreements	Deputy General Director for Investments and Capital Construction	%	54.0	67.0	☑ achieved	100	56.0
Absence of a reservation and/or modified opinion of the Auditor affecting the reliability of the data of the annual accounting (financial) statements	The indicator factors in the presence of unmodified or modified auditor's opinion (qualified opinion, negative opinion, refusal to express an opinion) on the reliability of the indicators of the Company's accounting (financial) statements	Chief Accountant – Head of the Department for Financial and Tax Accounting and Reporting	fulfilled / not fulfilled	achieved	achieved	☑ achieved	100	achieved

KEY RISKS

The Company regularly identifies, assesses and monitors risks, implements measures to lessen their probability and any potential consequences they may have, and informs shareholders and other stakeholders thereof.

To ensure effective risk management, the Company has a risk assessment system in place. The impact of risks on the Company's activities is assessed according to three levels of materiality, which are a generalised assessment of the risk probability and consequences:

M Moderate, which does not have a significant negative impact on financial and economic performance, but requires continuous monitoring for timely identification of possible increase in the level of risk materiality

S Significant, where the risk once realised may lead to significant deviations in key performance indicators, short-term suspension of operations, downgrade of independent ratings, negative publicity of operations

C Critical, when risk once realised may lead to failure to achieve the goals set by the governance bodies, long-term business interruptions, negative publicity of the Company's activities and a decrease in the market quotation of the Company's shares

PREFERRED RISK (RISK-APPETITE)

In accordance with the Risk Management and Internal Control Policy of PJSC Rosseti South, subject to the requirements of the Preferred Risk (Risk Appetite) Determination Procedure, the Board of Directors of the Company approved the preferred risk (risk appetite) (Minutes No. 546/2023 dated 6 October 2023).

In accordance with the approved risk appetite targets, PJSC Rosseti South:

- Ensures reliable and high-quality power supply
- Ensures implementation of the obligations under the Occupational Health and Safety Policy, development and improvement of the occupational health and safety management system and safety culture

- Enables the development and increased accessibility of the power grid infrastructure
- Endeavours to reduce electricity losses during transmission and distribution
- Seeks to maintain a sustainable financial position
- Strives to reduce (minimise) the negative environmental impact
- Ensures that the rights of shareholders are respected
- Does not accept violation of the requirements established by the legislation of the Russian Federation
- Strives to ensure technological and innovative development by making and integrating scientific developments
- Promotes the development of the power grid complex's human resources potential and maintains a consistently high staffing level

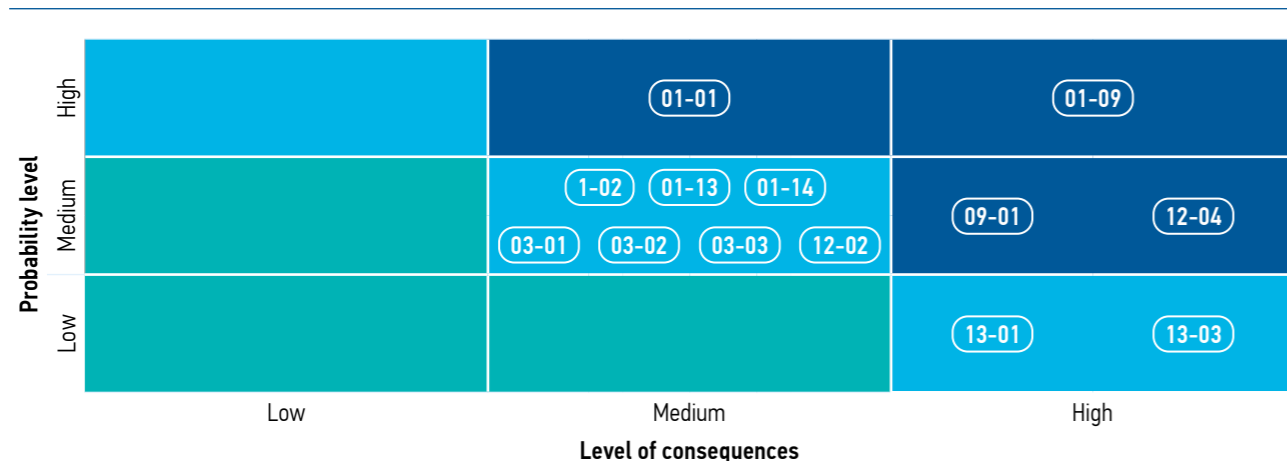
KEY RISK MANAGEMENT

Risk ID	Risk description	Impact on key performance indicators	Risk materiality level		Key risk management measures
			2022	2023	
FR01-01	Decrease in the volume of electricity transmission services to consumers connected to regional distribution grids	Achievement of consolidated earnings from operations (EBITDA) targets	C	C	<ol style="list-style-type: none"> 1. Monitoring and forecasting of electricity consumption broken down by voltage levels, by which the price (tariff) for electricity transmission services is differentiated, and by consumer categories, as well as monitoring of physical parameters of the balance of electricity and capacity. 2. Implementation of measures on taking control readings of electricity meters with the involvement of additional personnel. 3. Implementation of raids to detect off-the-meter electricity consumption, including on weekends and holidays, with the involvement of law enforcement agencies, as well as cross-check raids between territorial structural subdivisions
FR01-09	RGR penalties for non-fulfilment of investment programme parameters	Achievement of consolidated earnings from operations (EBITDA) targets	C	C	<ol style="list-style-type: none"> 1. Timely preparation of materials for approval of the draft investment programme (draft adjustment of the investment programme) and submission of them to the Ministry of Energy of the Russian Federation. 2. Timely execution of scheduled activities of the Priority Investment Project Implementation Schedule in accordance with Section 6.1 of the project certificates of the approved investment programme. 3. Timely funding of investment programme facilities, observance of payment deadlines under contracts with contractors, taking into account the fulfilment of contractors' obligations and compliance with investment programme development schedules. 4. Capital construction quality control. 5. Interaction with executive authorities in the field of state tariff regulation under the current legislation of the Russian Federation
FR09-01	Professional risks of the Company. No increase in the number of S&A employees injured in accidents	No increase in the number of S&A employees injured in accidents	C	C	<ol style="list-style-type: none"> 1. Implementation of measures of the Comprehensive Programme to reduce risks of personnel injuries. 2. Provision of a safe working environment. 3. Implementation of the Company's target programmes in terms of occupational safety. 4. Medical examinations of employees (preliminary, periodic, pre-trip, etc.). 5. Video recording of works in electrical installations
FR12-04	Involvement of the Company / Company employees in corrupt practices	Compliance with legislation, including laws on preventing and combating corruption and antitrust laws	C	C	Implementation of measures of the Anti-Corruption Plan of PJSC Rosseti South for 2023
FR01-02	Changes in the structure of electricity transmission services by voltage levels, tariff options, consumer groups	Achievement of consolidated earnings from operations (EBITDA) targets	S	M	Monitoring of risk assessment

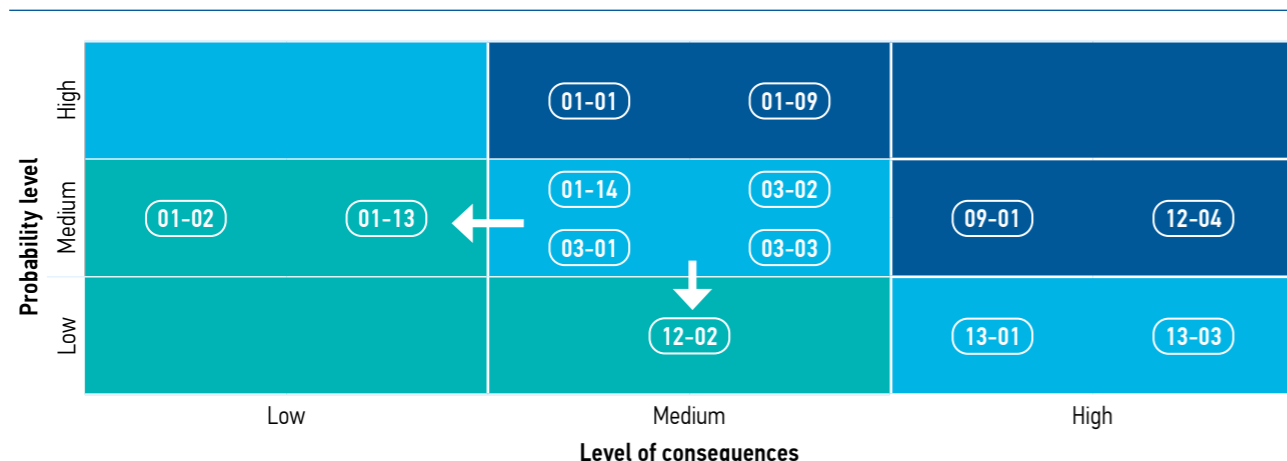
Risk ID	Risk description	Impact on key performance indicators	Risk materiality level		Key risk management measures
			2022	2023	
FR01-13	Bankruptcy and liquidation of counterparties	Achievement of consolidated earnings from operations (EBITDA) targets	S	M	Monitoring of risk assessment
FR01-14	Court rulings (dispute resolution) on recovery of debts for electricity transmission services against the Company	Achievement of consolidated earnings from operations (EBITDA) targets	S	S	<ol style="list-style-type: none"> 1. Creation of judicial practice for the recovery of disagreements over the volume of electricity transmission services and (or) the volume of electricity losses. 2. Preparation of monthly analyses of court rulings in cases of debt recovery for off-the-meter electricity consumption and forwarding of letters to the directors of the Company's branches to prevent the disputes over off-the-meter consumption, in respect of which there is negative case history. 3. Implementation of measures to settle disagreements on the volume and cost of rendered electricity transmission services under contracts for electricity transmission services and to prevent their occurrence in the future
FR03-01	Failure of counterparties to fulfil their obligations to pay for electricity transmission services within the terms and (or) in an incomplete amount as stipulated in the agreement/contract	Achievement of the planned level of accounts receivable for electricity transmission services rendered	S	S	<ol style="list-style-type: none"> 1. Imposition of penalties (forfeitures) on counterparties that have violated payment deadlines, as provided for by 307-FZ. 2. Control over the claims work maintenance and initiation procedure and timing, including by approving the reporting form and responsible persons, as well as quarterly analyses of the timing of initiation of claims work by the Company's branches. 3. Monitoring of payments and coordination of monthly payment schedules with guaranteeing suppliers. 4. Restriction of the consumption regime in respect of counterparties that violate the terms and conditions of concluded agreements on payment for electricity transmission services rendered
FR03-02	Failure to enforce judicial acts on collection of receivables	Achievement of the planned level of accounts receivable for electricity transmission services rendered	S	S	<ol style="list-style-type: none"> 1. Interaction with the Federal Bailiff Service of the Russian Federation at the stage of enforcement proceedings, signing of cooperation agreements with the Federal Bailiff Service of the Russian Federation, control over debt repayment within the framework of enforcement proceedings on received court decisions on collection of overdue debts. 2. Initiation of bankruptcy proceedings against debtor companies
FR03-03	Disagreements on the volume and cost of services rendered, including acts of off-the-meter electricity consumption	Achievement of the planned level of accounts receivable for electricity transmission services rendered	S	S	<ol style="list-style-type: none"> 1. Analyses of acts for off-the-meter consumption of over 300,000 kWh in order to prevent the generation of unjustified disagreements. 2. Implementation of measures to settle disagreements on the volume and cost of rendered electricity transmission services under contracts for electricity transmission services and to prevent their occurrence in the future

Risk ID	Risk description	Impact on key performance indicators	Risk materiality level		Key risk management measures
			2022	2023	
FR12-02	Violations of legal requirements by the Company as a result of counterparties' failure to fulfil their obligations to the Company, resulting in holding the Company liable	Compliance with legislation, including laws on preventing and combating corruption and antitrust laws	S	M	<ol style="list-style-type: none"> 1. Monitoring of risk assessment
FR13-01	Natural technical failures in protection systems of information and telecommunication systems of power grid facilities	Comprehensive security of the Company's operations	S	S	<ol style="list-style-type: none"> 1. Administration of information security systems. 2. Timely purchase and renewal of licences for specialised software. 3. Timely maintenance of the Information Security System. 4. Funding for licence purchases and technical support from the manufacturer
FR13-03	Disruption and (or) cessation of operation of information infrastructure facilities and telecommunications systems of power grid facilities	Comprehensive security of the Company's operations	S	S	<ol style="list-style-type: none"> 1. Administration of information infrastructure systems by qualified personnel. 2. Timely purchase and renewal of licences for specialised software. 3. Timely maintenance of the Information Security System. 4. Funding for licence purchases and technical support from the manufacturer

Map of key risks as at 31 December 2022



Map of key risks as at 31 December 2023



INFORMATION SECURITY RISKS AND CYBERTHREATS

1 Risk associated with the materialisation of information threats, including those caused by deficiencies (vulnerability) of the applied information technologies.

This risk may be caused by the use of obsolete equipment, lack of technical support, use of equipment after the end of its service life. Realisation of this risk may lead to a decrease in the security of power grid facilities, temporary downtime in information and telecommunication systems. The Company assesses the risk as moderate with low level of consequences.

In order to prevent the risk, the Company provides technical support for information protection means, conducts periodic performance tests of information protection means, conducts repair and (or) replacement of equipment, and controls that protection systems are provided with guaranteed and backup power supply.

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

The main risk sources may be unlawful actions of third parties resulting from a computer attack, which may lead to material damage to the Company, damage to business reputation, as well as cut-off of electricity consumers. The Company assesses the risk as significant with a high level of consequences if realised.

Implementation of information protection means at information infrastructure facilities as specified in the relevant technical design specifications.

The Company oversees the actions of the Company's employees through information security systems, monitors and analyses external information security events, and applies certified information protection means.

Inclusion of information security requirements in technical specifications for the design of information infrastructure facilities and telecommunications systems of power grid facilities.



RISKS PERTAINING TO SUSTAINABLE DEVELOPMENT

1 Environmental risk.

The probability of damage (compensation for damage) associated with the negative environmental impact of the Company's production and business activities is assessed as insignificant, since the Company does not operate production facilities that have a significant negative environmental impact. The Company operates in accordance with the requirements in the field of environmental protection and environmental safety.

The regions where the Company operates are outside the regions with a permanent increased risk of natural disasters (earthquakes, floods, storms, epidemics). The Company assesses the risk as moderate with low level of consequences.

The Company assesses the risk as moderate with low level of consequences.

2 Natural and climatic risk.

Risks related to climate change may have a certain impact on production activities and financial results.

Social rights extend to just and favourable conditions of work, protection against unemployment, fair and satisfactory remuneration, equal pay for equal work, the opportunity to maintain the health and well-being of the people and their family, and education.

Climatic risks are associated with an increase in average annual air temperature. In addition, changes in conventional climatic conditions can cause natural emergencies.

The Company takes efforts to observe the social rights of employees, including protection from unemployment, fair remuneration, reimbursement of sports costs, and upgrade of the education level of the Company's employees.

In particular, such natural phenomena caused by temperature changes as hurricane, flooding, heavy snowfall and freezing rain are capable of damaging the Company's assets, primarily power transmission lines, thus disrupting uninterrupted power supply to consumers.

Given the Company's high level of responsibility in the context of its social commitments, this risk is assessed as moderate with a low level of consequences if realised.

OPERATING RESULTS

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TOGETHER WITH
THE COUNTRY

WORKING TOWARDS THE RESULT

RUB **48.1** bln
revenue
+14%

RUB **9.7** bln
EBITDA

RUB **2.4** bln
net profit



OPERATIONAL PERFORMANCE



ELECTRICITY TRANSMISSION AND LOSSES

GRI 2-6

For the Company in 2023:

27,062.2
mln kWh
delivery to the grid

24,601.0
mln kWh
delivery from the grid

9.09%
level of electricity losses

Electricity balance indicators for 2023

Branch	Delivery to the grid, mln kWh	Delivery from the grid, mln kWh	Electricity losses	
			mln kWh	%
Astrakhanenergo	3,295.4	2,782.8	512.6	15.55
Volgogradenergo	8,682.4	8,082.6	599.8	6.91
Kalmenergo	874.9	665.2	209.7	23.97
Rostovenergo	14,209.5	13,070.4	1,139.1	8.02
PJSC Rosseti South	27,062.2	24,601.0	2,461.2	9.09

Electricity losses

Electricity losses in 2023 decreased year-on-year by 4.9 mln kWh, or 0.19%.

Changes in electricity losses in 2019–2023

Year	Electricity losses, mln kWh	Electricity losses, %
2019	2,323.8	8.95
2020	2,139.8	8.47
2021	2,483.5	9.31
2022	2,466.1	9.28
2023	2,461.2	9.09

GRID CONNECTION¹

GRI 2-6

For the Company in 2023:

14,904
satisfied agreements

458 MW
connected capacity



The Company organised:

- Roadmap activities envisaged by the target model with the grid organisation as a responsible party, and submission of branches' quarterly reports to the regional executive bodies
- Co-operation with regional executive authorities in order to take the necessary measures to deliver the roadmap indicators, with achievement of the target values being the responsibility of the relevant ministries and municipalities in the regions

Indicators	UoM	Period			Change 2023/2022, %
		2021	2022	2023	
Grid connection					
GC applications accepted for work	ea	21,368	22,624	22,035	-3
GC applications accepted for work	kW	1,687,011	1,789,549	1,770,906	-1
GC agreements concluded	ea	14,738	14,606	13,698	-6
GC agreements concluded	kW	545,647	557,283	605,354	9
GC agreements executed	ea	10,081	19,878	14,904	-25
GC agreements executed	kW	650,337	445,588	457,865	3
Current GC agreements in force	ea	17,504	11,509	9,340	-19
Current GC agreements in force	kW	1,110,193	1,195,747	1,266,866	6
Structure of executed contracts by categories of applicants					
Up to 15 kW inclusive	ea	9,151	18,693	13,459	-28
Above 15 and up to 150 kW inclusive	ea	771	1,014	1,225	21
Above 150 kW and below 670 kW	ea	65	90	110	22
Above 670 kW	ea	87	79	106	34
Generation	ea	7	2	4	100
Up to 15 kW inclusive	kW	92,616	203,804	131,100	-36
Above 15 and up to 150 kW inclusive	kW	56,936	71,786	96,905	35
Above 150 kW and below 670 kW	kW	20,785	25,617	34,966	36
Above 670 kW	kW	147,823	111,763	181,501	62
Generation	kW	332,177	32,619	13,393	-59

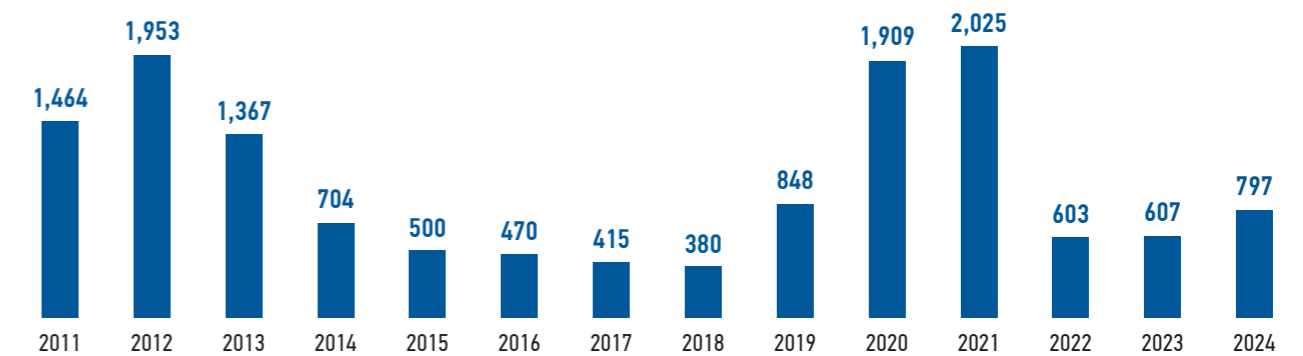
¹ A full list of normative documents regulating the grid connection works are publicly available on the Company's website at: <https://rosseti-yug.ru/potrebitelyam/tehnologicheskoe-prisoedinenie/>.

Indicators	UoM	Period			Change 2023/2022, %
		2021	2022	2023	
Revenue from grid connection by applicant category (VAT excluded)					
Up to 15 kW inclusive	RUB mln	27	97	291	200
Above 15 and up to 150 kW inclusive	RUB mln	39	82	141	72
Above 150 kW and below 670 kW	RUB mln	168	139	93	-33
Above 670 kW	RUB mln	137	109	83	-24
Generation	RUB mln	1,654	176	0	-100
Structure of executed contracts by sector					
Individuals	ea	6,844	15,154	11,061	-27
Agriculture and forestry, fisheries	ea	267	389	292	-25
Production sector	ea	238	445	265	-32
Production and distribution of electricity, gas and water	ea	74	101	90	-11
Construction	ea	114	145	136	-6
Trade	ea	176	276	268	-3
Transport and communications	ea	276	556	421	-24
Health, education, social services	ea	84	90	77	-14
Other	ea	2,008	2,722	2,294	-16
Individuals	kW	74,914	171,350	109,263	-36
Agriculture and forestry, fisheries	kW	21,299	29,424	31,409	7
Production sector	kW	44,774	12,244	36,659	199
Production and distribution of electricity, gas and water	kW	354,497	43,415	54,152	25
Construction	kW	11,379	13,406	19,796	48
Trade	kW	8,402	35,356	25,666	-27
Transport and communications	kW	12,671	29,475	15,336	-48
Health, education, social services	kW	2,147	2,663	2,494	-6
Other	kW	120,254	108,255	163,090	51



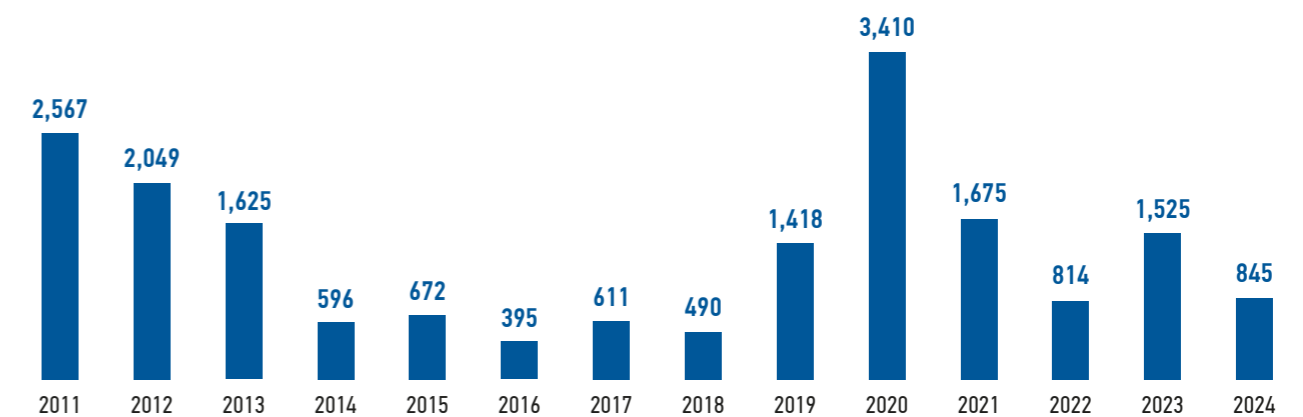
GRI 2-6

Planned revenue from grid connection services, RUB mln, VAT excluded



Planned revenue from grid connection services for 2024 is RUB 797 million, VAT excluded, which is RUB 190 million, VAT excluded, or 31% higher than the actual figures for 2023, due to the availability of relatively high-cost grid connection agreements scheduled for 2024, including for connection categories of up to 150 kW, for which a number of applicants will be charged 100% for last-mile activities since 1 January 2023.

Changes in revenues from grid connection services, RUB mln, VAT included



Planned revenues from grid connection services for 2024 are RUB 845 million, VAT included, which is RUB 680 million, VAT included, or 45% less than the actual figures for 2023, due to the availability of payments received in 2023 under grid connection agreements with a relatively high value, the size of which, being the largest share in the total revenues, cannot be clearly determined in the longer term.

SALES OF ADDITIONAL (NON-TARIFF) SERVICES

In addition to the main types of activities subject to state regulation, the Company engages in other activities as part of the provision of additional (Non-Tariff) Services.

RUB 454.3 mln

in revenue from sales
of additional services in 2023

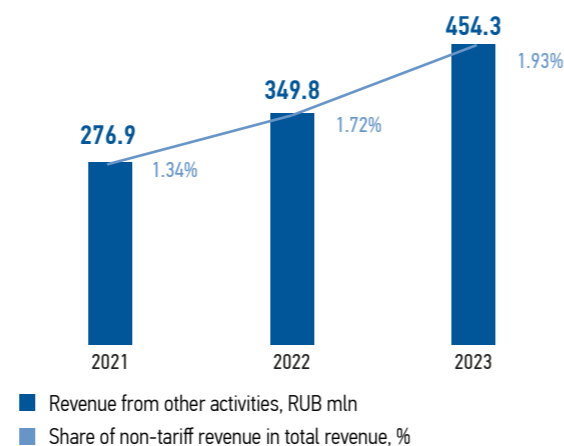
The largest amount of revenue from other activities is attributable to the provision of services for repair and maintenance of power grid facilities and outdoor lighting networks, deployment of telecommunications equipment, including fibre-optic communication lines, construction and installation works, as well as services related to the admission of third parties to the security zone of power grid facilities.

The Company renders services on a reimbursable basis to organise electricity metering, repair and operational maintenance of power grid facilities, joint use of poles, deployment of equipment, performance of construction and installation works, etc.

Sales of additional (non-tariff) services

Indicators	UoM	Period			Change 2023/2022, %
		2021	2022	2023	
Revenue from sales of additional (non-tariff) services of other activities	RUB mln	276.9	349.8	454.3	29.8
Leasing and placement services	RUB mln	113.8	127.8	161.5	26.4
Maintenance and in-service repair services	RUB mln	62.0	75.8	101.3	33.7
Construction and installation works	RUB mln	7.4	29.6	48.7	64.2

Changes in revenue from other activities for 2021–2023



Indicators	UoM	Period			Change 2023/2022, %
		2021	2022	2023	
Advisory, organisational and technical services	RUB mln	41.9	47.0	48.1	2.3
Agency services	RUB mln	0.8	5.5	5.9	8.0
Communication and information technology services	RUB mln	0.9	0.9	0.9	-5.1
Other services of miscellaneous activities	RUB mln	–	11.0	30.1	172.9
Other miscellaneous services	RUB mln	50.1	52.2	57.8	10.7
Volume of non-tariff revenue from miscellaneous activities	%	1.34	1.72	1.93	–

As of the end of 2023, PJSC Rosseti South concluded 29 compensation agreements for the rearrangement of the Company's power grid facilities initiated by third parties.

The total amount of provisional compensation in cash under the concluded agreements amounted to RUB 2,218.28 million. Counterparties are commercial enterprises, local authorities, municipal and budgetary institutions within the Company's footprint.

Revenue from the rearrangement of power grid facilities totalled RUB 52.9 million for 2023.

Measures for development and implementation of major projects in the area of other activities in 2023:

- work was carried out with LLC Svetoservis-Volgograd to install outdoor lighting as part of the Volgograd Region's state programme "Energy Saving and Energy Efficiency Improvement" and contract work was carried out with JSC Energoservis Yuga to install outdoor lighting in the town of Lagan under the state programme to improve rural areas;
- meetings were organised with potential major counterparties for long-term cooperation, such as LLC Lukoil-Energoseti, JSC Novoshakhtinsky Oil Products Plant, JSC TEKSKOR, JSC Chernomortransneft and others;

- an agency contract was concluded with LLC Spetsavtokhozhstvo for subscription services and acceptance of payments from individuals, and an agency contract was concluded with MUE Elistavodokanal for cold water supply and wastewater disposal for consumers residing in the Republic of Kalmykia;
- for possible participation in competitive procedures on electronic trading platforms as a contractor of non-tariff services/works, PJSC Rosseti South arranged and conducted training on "Procurement Management for Corporate Needs. Procurement activities in accordance with Federal Law No. 44-FZ dated 5 April 2013 On the Contract System in the Sphere of Procurement of Goods, Work, and Services for State and Municipal Needs";
- the Board of Directors of PJSC Rosseti South approved the Roadmap for the Development of Additional (Non-Tariff) Services of PJSC Rosseti South (hereinafter referred to as the Roadmap; Minutes No. 556/2023 dated 29 December 2023).

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

Plans for 2024

Currently, Rosseti South is challenged with efficient development and a significant increase in other (non-tariff) revenue. A comprehensive approach to the development of all crucial criteria in this field will enable the achievement of the set targets for the non-tariff services. Particular

emphasis is placed on the development of services in construction and installation, repair and maintenance works and execution of works within the remit of the applicant – “turnkey grid connection”. This will allow making a significant contribution not only to achievement of the targets but also to improvement of the financial and economic performance of the Company as a whole.

CONSUMER RELATIONS

GRI 2-25, 2-26, 3-3

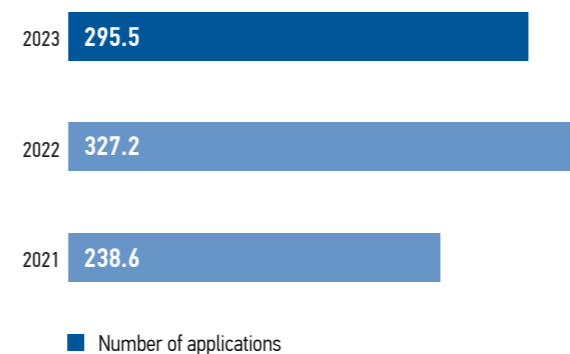
The key principle of Rosseti South’s customer-oriented policy is to build customer loyalty to the Company by providing high-quality services, comfortable customer experience, and effective interaction through corporate communication platforms.

The requirements of the Uniform Service Quality Standards approved by Order No. 186 of the Ministry of Energy of the Russian Federation dated 15 April 2014 are met timely and in full, including requirements for customer service offices and mandatory disclosure of information on the Company’s official website.

In order to improve the quality of customer service, business processes of face-to-face and off-site interaction with customers, and customer service quality assessment, the Company put the Customer Service Quality Standards of PJSC Rosseti South in place, as well as approved the Declaration of Customer Rights of PJSC Rosseti South and posted it on the Company’s official website.

The in-person service system is moved to the internet within the Company’s service zone. Remote services based on the Power Grid Services Portal are the primary means of communication with service users.

Changes in consumer applications for 2021–2023, thousand applications



Consumer engagement in 2021–2023

Indicators	2021	2022	2023
Total number of applications, thousand	238.6	327.2	295.5
Share of applications via digital channels, %	33.14	35.05	18.95
Share of complaints about inadequate quality of services, %	1.58	1.72	2.84
Customer service offices, thousand	0.22	0.00	10.65
Contact centre, thousand	111.02	166.10	165.56
Mail, thousand	48.31	46.45	62.63
Interactive services, thousand	35.87	40.18	36.34
Social networks and messengers, thousand	0.00	0.00	0.33
Other, thousand	43.20	74.50	19.97

Service via telephone communication

In 2023, the unified hotline number of PJSC Rosseti South, 8-800-220-0-220, continues to be available via the Unified Contact Centre of the Rosseti Group of Companies.

Operators receive and register incoming calls, advise service consumers as required by the Service Consumer Service Quality Standards on issues of power supply disruption, grid connection, additional services and other issues of the Company’s operations.

The unified contact centre of PJSC Rosseti South helped address the tasks of minimising lost calls, unifying the format of operator communication, and maintaining a comfortable and convenient environment for customers.

165,560

total number of telephone calls from consumers handled by operators

2,325

number of calls handled automatically by the interactive voice response system (without operator intervention)

1 min 26 s

average response waiting time for a customer

2 min 46 s

average time to process a telephone call from a consumer

Internet service

Interactive customer service is available on the following Internet resources.

- [Corporate website of PJSC Rosseti South.](#)
- [Rosseti Group’s power grid services portal \(Portal-TPRF\) \(including mobile version\).](#)
- [Federal State Information System “Unified Portal of State Services” \(FSIS UPSS\).](#)
- [Light Country feedback portal.](#)



GUIDING PRINCIPLES FOR BUILDING CONSUMER OUTREACH:



Awareness of consumers about the Company and its services



Availability and efficiency of remote and interactive services of the Company



Transparency of consumer service business processes and fair complaint investigation

Assessment of the customer satisfaction level

A questionnaire survey of service users is carried out on a regular basis to find out what they think about the quality of services they receive. In 2023, 381 respondents were surveyed.

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

The obtained statistic data prove that, in general, the consumers give a positive assessment of the customer service and are satisfied with the quality of services rendered in Rosseti South's branches.

- The Consumer section of the official website of PJSC Rosseti South was updated
- Seminars and meetings were held with potential and existing customers in the regions where the Company operates to raise awareness of its services
- A questionnaire survey of service consumers was conducted to assess their satisfaction with the quality of services provided
- The Declaration of Consumer Rights of PJSC Rosseti South was drafted and approved; it is available on the Company's official website
- Interaction with ACO Dialogue Regions' regional management centres in the regions where the Company operates was organised

The main objectives for improving customer experience are:

- To update and optimise scenarios for handling incoming and outgoing calls through the Bright Line 220 energy hotline
- To introduce a single short number 220 of the Bright Line 220 energy sector hotline
- To introduce robotic technologies (neural network agent) to handle incoming calls
- To monitor quality indicators for consumers of hotline services
- To ensure that research, surveys and questionnaires of service consumers are made through the Bright Line 220 hotline

Measures to improve customer relations

In 2023, PJSC Rosseti South implemented the following measures to improve the quality of customer relations:

- A new Procedure for consideration of applications (complaints) of service consumers was approved and put into effect
- Amendments were made to the regulations and job descriptions of employees in terms of confirming the liability for the provision of low quality services



INVESTMENT ACTIVITIES

GRI 203-1

Investment activities are one of the key areas of the general development strategy of the Company and is intended to ensure the growth of operating profit.

Investment activities are aimed towards augmenting the reliability and enhancing the operation of the power grid complex, as well as reducing losses in electric grids¹.

INDICATORS FOR INVESTMENT ACTIVITIES

Progress on the investment programme

Indicators	UoM	Period			
		2021, actual	2022, actual	2023, actual	Change 2023/2022, %
Amount of funding	RUB mln	7,008	4,813	5,417	113
Utilisation of capital investment	RUB mln	4,938	4,050	3,445	85
Additions to fixed assets	RUB mln	6,268	3,417	3,523	103
Commissioning of transformer capacity as part of fixed assets	MVA	668	325	115	35
Commissioning of power transmission lines as part of fixed assets	km	861	594	681	115

Long-term investment programme for 2024–2028

Indicators	UoM	Period				
		2024	2025	2026	2027	2028
Amount of funding	RUB mln	4,652	3,955	3,117	3,639	3,325
Utilisation of capital investment	RUB mln	3,087	3,134	2,848	2,786	2,304
Additions to fixed assets	RUB mln	3,276	3,165	2,978	2,657	2,363
Commissioning of transformer capacity as part of fixed assets	MVA	88	82	77	34	63
Commissioning of power transmission lines as part of fixed assets	km	554	466	397	382	314

¹ The final draft of amendments to the investment programme of PJSC Rosseti South for 2023 was approved by Order No. 13@ of the Ministry of Energy of the Russian Federation dated 8 December 2023 "On approval of the investment programme of PJSC Rosseti South for 2024–2028 and amendments to the investment programme of PJSC Rosseti South approved by Order No. 31@ of the Ministry of Energy of the Russian Federation dated 24 November 2022".

RUB 5,417 mln

funding of the investment programme in 2023

In 2023, the majority of the funding for investment projects went into two categories of initiatives:

- grid connection – RUB 3,431 million (VAT included), or 63% of total investments
- renovation, upgrade, modernisation, retrofitting – RUB 1,658 million (VAT included), or 31% of the total funding

The majority of investments made within the area of grid connection operations went towards executing the agreements for the grid connection of a privileged group of customers with connected capacities of up to 15 kW.

The amount of funding for these activities in 2023 totalled RUB 2,125.76 million, or 62% of the total funding for grid connection.

The main volume of investment activities related to renovation, upgrade and retrofitting included financing of measures for development and upgrade of electricity (capacity) metering, namely RUB 936 million, or 56% of the total retrofitting and upgrading financing.

In order to monitor progress in implementing investment programmes and priority investment projects, Rosseti adopted Order No. 165r dated 31 March 2023 “On Approval of the List of Priority Facilities to be Implemented at Rosseti’s S&As and Other Controlled Entities” to approve the list of priority facilities of Rosseti’s S&As for 2023.

Capital investment structure, RUB mln, including VAT

Indicators	2021	2022	2023
Total	7,008	4,813	5,417
Grid connection	4,329	2,130	3,431
Renovation, upgrading, modernisation, retrofitting	2,598	2,630	1,658
Investment projects, which are subject to the schemes and programmes for the prospective development of the electric power industry	0	2	1
Other new construction of power grid facilities	1	0	0
Purchase of land parcels for investment projects	4	0	0
Other investment projects	76	51	327

Funding of the investment programme by source for 2023:

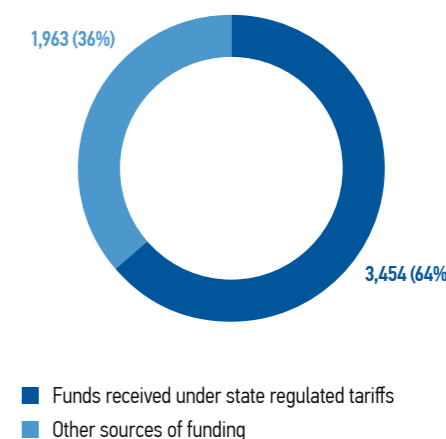
Investment Programme financing sources in 2023, RUB mln, incl. VAT, and %

Funds under state-regulated tariffs

RUB 3,454 mln, including VAT

Other sources of financing

RUB 1,963 mln, including VAT



Long-Term Investment Programme

The Investment Programme of PJSC Rosseti South for 2024–2028 was approved by Order No. 13@ of the Ministry of Energy of the Russian Federation dated 8 December 2023.

Parameters of investment activities as envisaged in the long-term investment programme

Year	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2024	973	686	283	2,710	4,652
2025	750	543	142	2,519	3,955
2026	580	496	110	1,931	3,117
2027	804	680	110	2,044	3,639
2028	804	680	110	1,731	3,325

IN ACCORDANCE WITH THE APPROVED INVESTMENT PROGRAMME, THE COMPANY LAUNCHED ONE PRIORITY INVESTMENT PROJECT IN THE REPORTING YEAR:

GRI 203-1

Renovation of AC1 110 kV substation with replacement of 2×10 MVA transformers with 2×16 MVA transformers

- ✓ In 2023, a design and survey contract was concluded and the main technical solutions and design documentation were developed. The commissioning of the facility is scheduled for the 4th quarter of 2026.
- ✓ The purpose of the renovation of the AC1 110/10 kV substation is to unload the closed power supply centre, to eliminate the existing risks of the power system operation parameters exceeding the permissible limits, and to ensure the reliability of consumers in the Aksay district of Rostov Region.
- ✓ The investment project is aligned with the approved Order of the Ministry of Energy of the Russian Federation No. 1095 dated 30 November 2023 of the Scheme and Programme of Development of Power Grid Systems of Russia for 2024–2029.

Changes in commissioning of transmission lines for 2024–2028, km

Year	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2024	144	74	57	279	554
2025	101	99	54	212	466
2026	115	64	44	173	397
2027	110	76	44	152	382
2028	91	43	44	137	314

Changes in capacity commissioning for 2024–2028, MVA

Year	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2024	45	4	1	38	88
2025	11	6	1	64	82
2026	9	3	1	64	77
2027	10	3	1	20	34
2028	10	2	1	51	63

Changes in commissioning volumes for 2024–2028, RUB mln, excluding VAT

Year	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2024	736	566	147	1,828	3,276
2025	413	464	124	2,164	3,165
2026	592	398	91	1,896	2,978
2027	627	548	91	1,391	2,657
2028	634	397	93	1,240	2,363

Changes in drawdown volumes for 2024–2028, RUB mln, excluding VAT

Year	Astrakhanenergo	Volgogradenergo	Kalmenergo	Rostovenergo	Rosseti South
2024	617	552	155	1,763	3,087
2025	523	463	118	2,030	3,134
2026	497	478	91	1,783	2,848
2027	617	524	91	1,555	2,786
2028	634	468	92	1,110	2,304

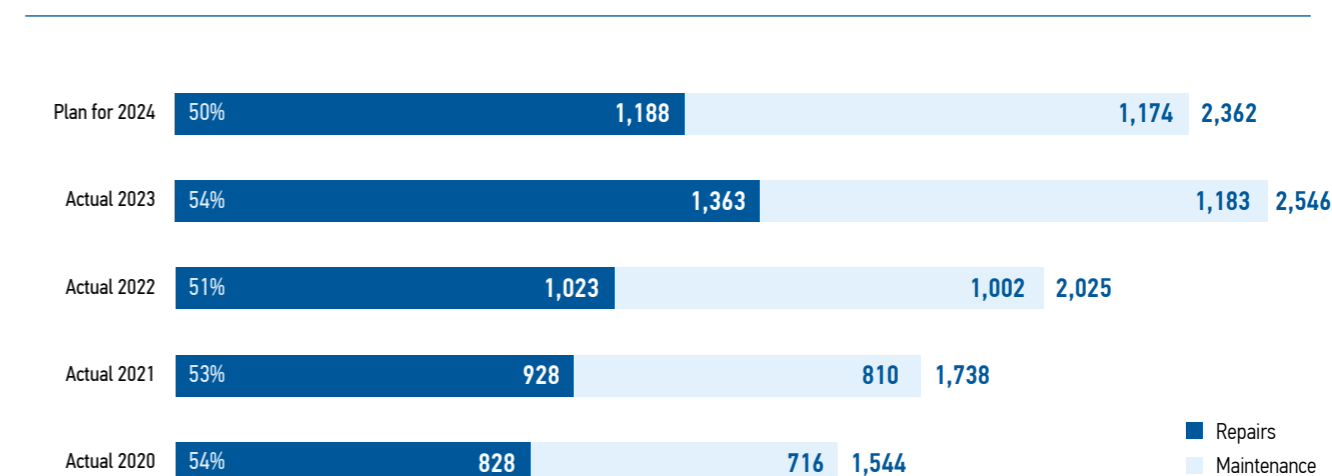
The Long-Term Investment Programme for 2024–2028 envisages capital investment of RUB 14,159 million, excluding VAT, financing of RUB 18,687 million, including VAT, commissioning of fixed assets of RUB 14,439 million. Between 2024 and 2028, it is planned to re-build and renovate 2,114 kilometres and commission 345 MVA of transformer capacity.

CAPITAL CONSTRUCTION QUALITY CONTROL

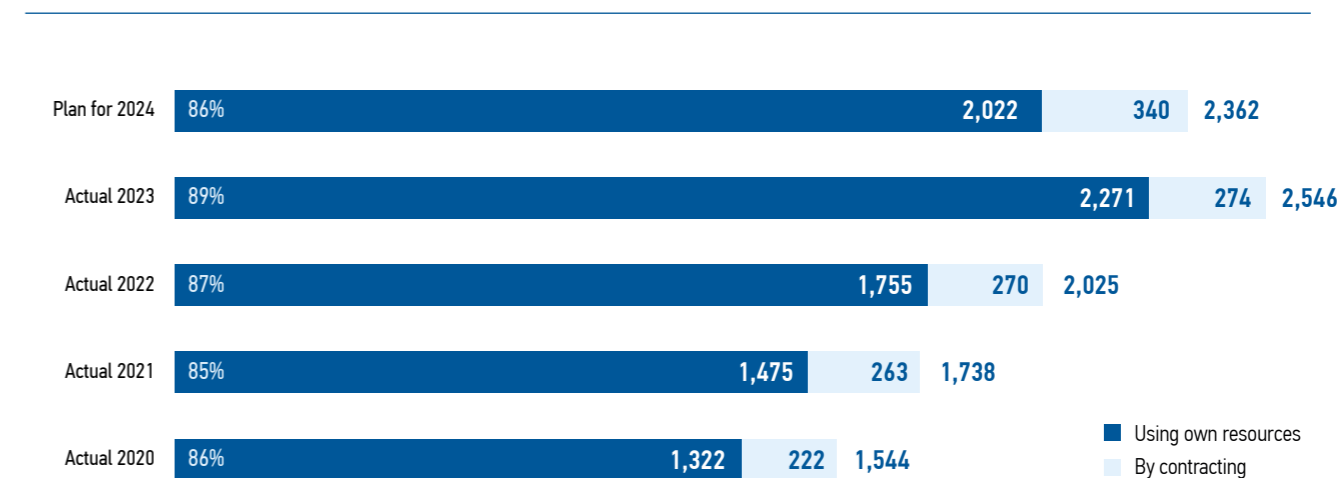
In order to verify compliance of the works performed with the design documentation, requirements of technical regulations, results of engineering surveys, requirements of the town-planning plan of the land plot in the process of construction, renovation, overhaul of capital construction facilities¹, the Company carries out construction supervision².

By the end of 2023, the quantitative indicator of the coverage of independent construction supervision of facilities of 35 kV and above class under construction reached 67%.

Distribution of M&R costs for 2020–2024, RUB mln



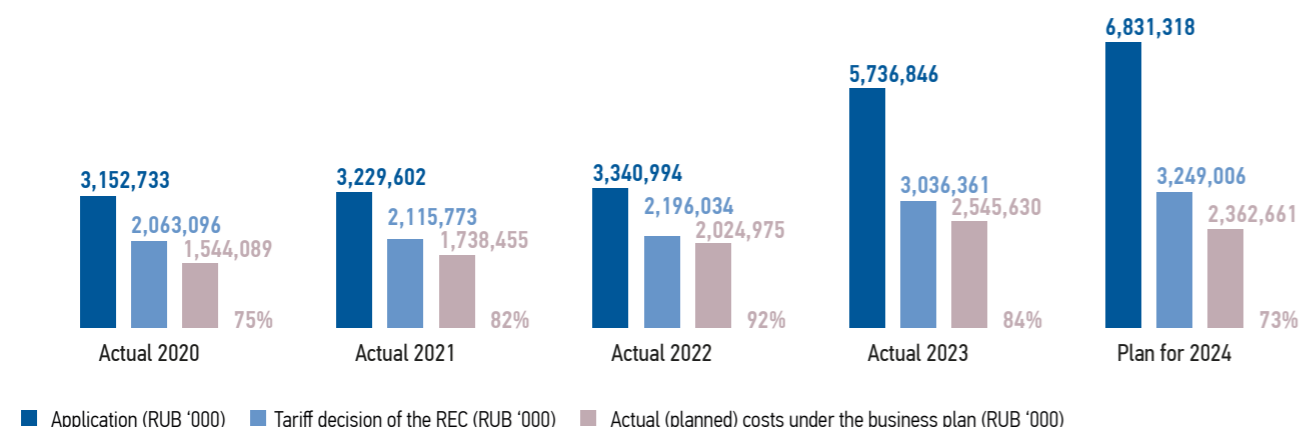
Distribution of maintenance and repair costs between in-house and contractual methods for 2020–2024, RUB mln



¹ In accordance with Article 53 of the Town-Planning Code of the Russian Federation under Resolution No. 468 of the Government of the Russian Federation dated 21 June 2010 "On the procedure for construction control during construction, renovation and overhaul of capital construction projects".

² Regulated by the Procedure for Construction Control at Power Grid Facilities of PJSC Rosseti South approved by Order No. 174 of PJSC Rosseti South dated 10 March 2020.

Maintenance and repair component in 2020–2024 tariffs



With timely and full maintenance and repair, power grid assets at the Company’s branches were successful prepared for peak loads in the autumn and winter period and consumers within Rosseti South’s area of responsibility enjoyed reliable power supply.

of contractors can be involved in power supply restoration. There are 334 reserve power supply sources with a total capacity of 13.9 MW.

Preparedness to respond to potential process-related faults

Regardless of the time of year and weather conditions, Rosseti South’s employees are prepared to respond to potential process failures: 672 teams (3,427 people, 1,686 units of equipment), including 44 mobile teams (266 people and 116 units of equipment), are prepared for emergency recovery work and large-scale outages, and can be sent out to help other subsidiaries and affiliates of PJSC Rosseti, if necessary. Moreover, 209 emergency repair crews

Training in natural and man-made emergency prevention and response is arranged on an ongoing basis with the involvement of 100% of the management and other personnel of PJSC Rosseti South.

Eight joint exercises were held with the headquarters for ensuring the security of electricity supply in the constituent entities of the Russian Federation, territorial executive authorities and local governments, the Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters, and housing and utilities organisations to practice emergency response skills.



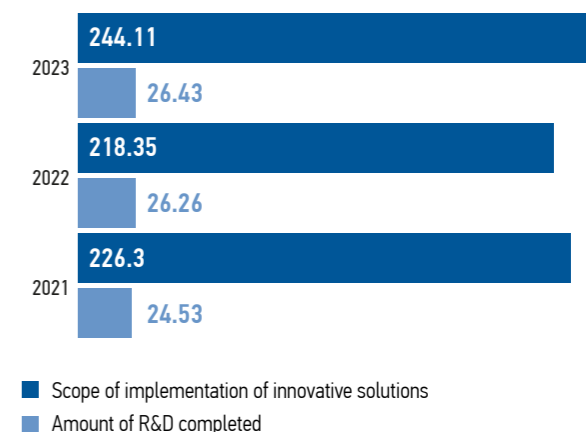
INNOVATIVE ACTIVITIES

GRI 3-3

The Company has an innovation development programme of PJSC Rosseti South for the period of 2020–2024 with an outlook until 2030¹.

The goal of the Programme is to transition Rosseti South to distribution grids of a new technological mode with qualitatively new characteristics of reliability, efficiency, accessibility, manageability, and customer focus of the distribution grid complex.

Financing of the Innovative Development Programme in 2021–2023, RUB mln



KEY AREAS OF INNOVATIVE DEVELOPMENT OF PJSC ROSSETI SOUTH:

- Transition to digital substations with the highest voltage class of 35–110 kV
- Transition to digital smart grids with a distributed intellectual automation and control system
- Transition to integrated business processes and automation of control systems
- Utilisation of new technology solutions and materials in power engineering

RUB **244.1** mln
innovation implementation scope in 2023

RUB **26.4** mln
R&D fulfilment scope in 2023

¹ Approved by the Board of Directors of the Company on 30 July 2021 (Minutes No. 445/2021).

MAIN COMPLEX INNOVATION PROJECTS IMPLEMENTED IN 2023

Transition to digital smart grids with a distributed intellectual automation and control system

Complex innovation project for installation of smart electricity metering devices (hereinafter – SEMD) for 0.22 (0.4) kV¹ voltage class in case of failure of metering devices of electricity consumers, expiry of the calibration period or service life in the Rostov, Volgograd and Astrakhan Regions.

The technology provides for effective integration of commercial (electricity volumes) and technological (current, voltage and frequency) measurement functions in a single digital device with transmission of information data to upper control levels, as well as control of switching devices by external command or according to a predetermined algorithm.

The installation of SEMDs at metering points ensures:

- Electricity metering by voltage level of 0.2–0.4 kV
- Automated calculation of power imbalances and identification of power loss centres
- Integration of information data from the APCS and Operational information complexes of dispatchers
- Remote load disconnection of 0.4 kV power consumers
- Improved efficiency of electricity services through higher share of useful electricity supply generated by electricity metering devices included in the smart data collection and transmission system

The actual utilisation of material resources in 2023 is equal to the planned value and amounted to RUB 238.9 million.

Development of the innovation development management system and establishment of innovation infrastructure

Application of the knowledge management system (hereinafter referred to as KMS) in the process model for managing technological and innovative development of PJSC Rosseti South.

The technology involves improving innovation development management systems by changing and upgrading the efficiency of Rosseti South’s business processes and creating an electronic information knowledge base with its integration with the corporate electronic knowledge base of the Rosseti Group (FSBI Russian Energy Agency of the Ministry of Energy of the Russian Federation).

The introduction of the KMS at Rosseti South made it possible:

- To increase labour productivity by reducing time spent on searching for and replicating information data, improving the quality of technical decisions made, and enhancing the efficiency of knowledge exchange between various structural divisions of PJSC Rosseti South and third-party organisations
- To promote the practices of mentoring, self-training and internal training of Rosseti South employees, as well as to raise the efficiency of material expenditures on R&D
- To boost the rationalisation and inventive activity of PJSC Rosseti South, as well as the efficiency of material investments in the training and professional development of its employees
- To ensure the preservation and exchange of experience in the operation of various electrical equipment, as well as the implementation of pilot projects with an assessment of their effectiveness and prospects for roll-out
- To ensure that errors in the operation and maintenance of electrical equipment can be reduced

Target and actual expenses by key innovative development areas

Areas of innovative development	Cost plan, RUB mln (excluding VAT)	Actual cost, RUB mln (excluding VAT)
Transition to smart substations of 35–110 (220) kV voltage class	16.400	0.000
Transition to digital smart grids with a distributed intellectual automation and control system	134.350	238.900
Transition to integrated business processes and automation of control systems	0.000	0.000
Utilisation of new technology solutions and materials in power engineering	0.000	0.000
Promotion of the system of development and introduction of innovative products and technologies, R&D activities	38.710	26.432
Development of the innovation development management system and establishment of innovation infrastructure	5.210	5.210

RUB 491.2 mln

planned total funding for the Innovative Development Programme of PJSC Rosseti South for 2023–2024 (adjusted for the current investment programme)

RESEARCH AND DEVELOPMENT

The implementation of the R&D Programme is one of the key innovative development areas for the power grid complex. This Programme covers measures to ensure reliable (uninterruptible) and high-quality power supply of electricity consumers, reduction of material expenses for repair and maintenance of overhead transmission lines with a minimum expenditure of money for repair and maintenance of the system equipment, and transition to digital signal transmission at all levels of control over substations.

The following R&D activities were performed in 2023.

- 1 **Development of an automated digital radiographic complex for monitoring the condition of high-voltage equipment in operation.** The work is aligned with the terms

and conditions of the agreement concluded between PJSC Rosseti South and JSC Inspection for Control of Technical Condition of Electric Power Facilities (JSC Technical Inspection of UES).

The planned effect from R&D: creation of a mobile instrument-analytical complex on a self-propelled automobile chassis will provide:

- Operational radiographic control of the technical condition of high-voltage electrical equipment at the place of its installation without dismantling and opening
- Increased informativeness of diagnostics and automated transmission of survey results in electronic (digital) format to the level of information data collection and/or local management of PJSC Rosseti South

¹ In accordance with the Federal Law of the Russian Federation No. 522-FZ dated 27 December 2018 "On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Development of Electricity (Capacity) Metering Systems in the Russian Federation".

2 Development of a methodology for assessing the compliance of current transformer error with datasheet data on the basis of unbalanced readings of electricity meters for the transition from periodic calibration of current transformers to condition-based calibration. The work is aligned with the terms and conditions of the agreement concluded between PJSC Rosseti South and JSC Scientific and Technical Centre of the Federal Grid Company of the Unified Energy System (JSC STC FGC UES).

Planned effect from R&D: the following technical and economic effect is expected upon implementation of the developed methodology based on the results of R&D:

- Transition from periodic calibration of current transformers to their condition-based calibration, which will result in reduction of organisational and technical measures for calibration at the place of their installation

- Reduction in the number of operations by switching devices to bring the connections into repair directly for calibration of current transformers in technical metering schemes, which, as a consequence, eliminates the risk of deteriorating the reliability of installed electrical equipment
- Reduction in the amount of electricity supply shortfalls and revenue shortfalls of Rosseti South for the provision of electricity transport services, as well as the amount of material costs for calibration and use of motor vehicles
- Improvement of reliability of the installed electrical equipment, as well as reduction of labour costs of the involved operational and maintenance personnel for the organisation of works on calibration of current transformers, especially in the period of large-scale production of works



IMPORT SUBSTITUTION AND CO-OPERATION WITH EQUIPMENT MANUFACTURERS

In order to reduce dependence on imported equipment and the use of foreign software, as well as to ensure timely implementation of measures under Rosseti’s Corporate Import Substitution Plan¹, Rosseti South put an import substitution action plan in place.

Goals of the import substitution plan:

- To implement the Uniform Technical Policy of PJSC Rosseti
- To implement the Innovative Development Programme of PJSC Rosseti
- To ensure the technological safety of power grid facilities and improve the energy security of the Russian Federation
- To promote the creation and development of domestic production of electrical equipment and components that meet modern standards and requirements in terms of quality, reliability and economic efficiency
- To stimulate the development of sectoral innovation infrastructure, promote innovative development and modernisation of enterprises in the domestic electrical industry
- To raise the level of localisation of production of electrical products in the Russian Federation

Objectives of the import substitution plan:

- To determine the composition of measures to mitigate and minimise risks associated with the use of foreign products in production and technological processes
- To improve corporate documents defining the rules of accreditation and pre-qualification of suppliers of goods (works, services) in order to ensure their admission to trade and procurement procedures
- To create organisational mechanisms and tools for information and analytical support of import substitution processes at Rosseti South, including a system for monitoring and evaluating how effectively the measures are implemented

Share of foreign equipment in the total volume of equipment purchases in 2023 decreased to

1.34%

¹ Order No. 704 dated 17 November 2023.

IMPORT SUBSTITUTION TARGETS

Import substitution targets are stipulated by the Energy Strategy of Russia until 2035, according to which the share of advanced technological equipment for the fuel and energy sector created or localised in the Russian Federation in the total amount of technological equipment specified in the list of technological equipment demanded

by organisations of the fuel and energy complex, the creation (localisation) of production of which is necessary on the territory of the Russian Federation until 2035 should amount to at least 50–60% in 2024 and up to 70–80% by 2035.

Share of foreign equipment in the total volume of equipment purchases, %

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Planned values of key indicators of the corporate import substitution plan	16	12	8	5	4.9	4.8	4.7	4.6	4.5	4.4	4.3
Actual values of key indicators of the corporate import substitution plan	11.24	4.52	7.16	4.47	1.56	2.53	1.34				



FINANCIAL RESULTS¹

REVENUE

RUB 48,151 mln
revenue in 2023

Revenue from sales of products (services) at year-end 2023 is RUB 6,038 million (14.3%) higher than in 2022, including revenue from electricity transmission – RUB 44,991 million (RUB 5,850 million (14.9%) higher than in 2022). This was due to a 12.4% increase in the tariff for electricity transmission, as well as an increase in the volume of electricity transmission services by 536 million kWh,

or 2.3%. There was a slight growth in revenue from technological connection (0.7%). Revenue from electricity sales grew by RUB 78 million due to an increase in the average tariff and an increase in net delivery by 0.48 million kWh, or 0.1%. Revenues from other activities went up by RUB 105 million due to the intensification of the Company's efforts to develop additional (non-tariff) activities and promote competitive services in construction and assembly, repair and maintenance, as well as the conclusion of agency agreements with resource supplying organisations (suppliers of public utilities) in the Republic of Kalmykia for subscription services and acceptance of payments from individuals.

Structure of revenue and profits by business lines and regions

Branch	Total revenue, RUB mln	Share in the total revenue, %	Grid services (electricity transmission)	Share in the total value across Rosseti South, %	Grid services (grid connection)	Total share across Rosseti South, %	Electricity and capacity resale	Total share across Rosseti South, %	Other services	Total share across Rosseti South, %
Astrakhanenergo	6,885	14.3	6,685	14.9	146	24	–	0	54	12
Volgogradenergo	12,544	26.1	12,287	27.3	132	21.7	–	0	126	27.7
Kalmenergo	4,147	8.6	2,020	4.5	26	4.3	2,057	98	45	9.8
Rostovenergo	24,474	50.8	23,999	53.3	304	50	–	0	171	37.7
Kubanenergo	56	0.1	0	0.0	0	0	–	0	56	12.3
Executive Office	44	0.1	0	0.0	0	0	42	2	2	0.4
Total	48,151	100.0	44,991	100.0	607	100	2,099	100	454	100.0

EXPENDITURES

Cost of sales is RUB 4,158 million (11.3%) above the 2022 level. These developments were caused mainly by an increased expenditure on purchased electricity to compensate for losses by RUB 997 million because of a 12.1% increase in the tariff for purchased electricity to compensate for losses and an increase

in expenditure on services provided by PJSC FGC-Rosseti by RUB 1,332 million, or by 17.3%. This, in turn, was conditioned by an 18.8% increase in the rate for the maintenance of UNPG facilities, as well as a 17.6% increase in the rate for compensation of electricity losses, increase in expenses on payment for LGO

¹ The main indicators describing the financial condition can be found in Appendix No. 1 to the Annual Report on the Company's website.

services by RUB 400 million, or 11%, due to a 10.95% increase in the average tariff, increase in expenditures on purchased electricity for sales by RUB 67 million, or 8.5%, due to a 5.2 million kWh or 1.2% decrease in the volume of purchased electricity, while the average tariff increased by RUB 174.6/kWh, as well as increase in personnel expenses by RUB 994 million due to indexation of minimum monthly wage rate by 10% from 1 July 2022 and by 5.4% since 1 January 2023. Other costs

are higher by RUB 368 million mainly due to the need to implement the repair programme for priority activities, as well as the growth in other revenue.

The financial result increased by RUB 2,990 million year-on-year due to an increase in revenue from electricity transmission services, as well as a decrease in the negative balance of other income and expenses due to the recognition of income in the form of reversal of provision for impairment of financial investments worth RUB 1,425 million and a decrease in interest expenses.

Key financial and economic performance indicators

Indicators	UoM	Period			Change 2023/2022, %	
		2021, actual	2022, actual	2023, actual		
Financial indicators						
1	Proceeds from product (service) sales, including:	RUB mln	41,454	42,113	48,151	14.3
1.1.	From electricity transmission	RUB mln	37,798	39,141	44,991	14.9
1.2.	From grid connections	RUB mln	2,025	603	607	0.7
1.3.	From electricity sales	RUB mln	1,354	2,020	2,099	3.9
1.4.	From other services	RUB mln	277	350	454	29.9
2	Production costs of products (services)	RUB mln	36,010	36,644	40,802	11.3
3	Gross profit	RUB mln	5,444	5,469	7,349	34.4
4	Management costs	RUB mln	877	902	944	4.6
5	Selling costs	RUB mln	87	138	149	7.8
6	Profit (loss) from sales	RUB mln	4,481	4,428	6,255	41.3
7	Interest receivable	RUB mln	379	476	313	-34.2
8	Interest payable	RUB mln	1,747	2,350	2,278	-3.0
9	Income from shareholdings	RUB mln	0	7	12	81.8
10	Other revenues	RUB mln	3,664	3,279	3,986	21.6
11	Other expenses	RUB mln	4,144	6,144	5,009	-18.5
12	Profit (loss) before tax	RUB mln	2,633	-305	3,279	-175.1
13	Income tax and other charges	RUB mln	573	254	848	233.6
14	Net profit (loss)	RUB mln	2,061	-559	2,431	-534.6
15	EBITDA¹	RUB mln	7,652	4,932	9,741	121.4

¹ EBITDA is calculated as follows: pre-tax profit before interest expense, depreciation, amortisation and net charge/(reversal of) impairment loss on fixed assets and rights-of-use assets.

RUB 9,741 mln

EBITDA

RUB 2,431 mln

net profit

Financial indicators²

Indicators	Period			Absolute variance (2023/2022)
	2021	2022	2023	
Net debt/EBITDA	2.97	3.56	2.25	-1.32
Current liquidity ratio	0.45	0.66	0.67	0.01
Share of long-term borrowings	0.63	0.69	0.66	-0.03
Net cash flow, RUB mln	-2,935.62	1,355.35	2,432.75	1,077.40

The drop in Net Debt / EBITDA by 1.32 was driven by EBITDA growth.

The increase in Net Cash Flow in 2023 comes from improved operating cash flow.

Value of net assets and share capital, RUB '000

Indicator	31.12.2023	31.12.2022	31.12.2021
Net assets	5,236,841	2,811,149	3,356,624
Authorised capital	15,164,143	15,164,143	15,164,143

The Company's net assets as at 31 December 2023 were below the share capital by RUB 9,927 million. The reasons for this ratio are as follows:

- An additional issue of shares in 2021, which increased the authorised capital of PJSC Rosseti South by RUB 6,960.2 million by placing 69,601,830,929 (Sixty-nine billion six hundred and one million eight hundred and thirty thousand nine hundred and twenty-nine) additional ordinary registered uncertificated shares with a par value of 10 (ten) kopecks each for a total par value of RUB 6,960,183,092 (Six billion nine hundred and sixty million one hundred and eighty-three thousand ninety-two) each 90 kopecks
- Recognition of an impairment loss on power grid assets as at the date of transition to FAS 6/2020 (adjusting the figures as at 31 December 2021) and retention of the impairment test value as at 31 December 2023

Considering changes in the economic situation in the country, the legislator stipulated that the above provisions do not apply after 2023 (Federal Law No. 46-FZ

dated 8 March 2022 "On Amendments to Certain Legislative Acts of the Russian Federation Concerning the Unification of the Content of Annual Reports of State Corporations (Companies), Public-Law Companies, as well as Concerning the Establishment of the Specifics of Regulation of Corporate Relations in 2023 and Suspension of the Provisions of Certain Legislative Acts of the Russian Federation" (as amended and supplemented) for the purposes of applying paragraphs 4 and 6 of Article 35 of Federal Law 208-FZ "On Joint Stock Companies".

In order to improve the financial and economic performance of Rosseti South, including bringing the net asset value in line with the authorised capital, the management put in place measures to challenge tariff and balance decisions on electricity transmission through legal proceedings, increase electricity transmission tariffs beyond the parameters stipulated by the current Forecast of Socio-Economic Development of the Russian Federation, and reduce the debt burden.

² The calculation is based on IFRS consolidated financial statements.

For example, steps have been taken to ensure growth of tariffs for electricity transmission beyond the Socio-Economic Forecast parameters from 1 December 2022 in the Volgograd and Astrakhan Regions (in the Volgograd Region – by 6.5% in terms of maintenance rates, 2.8% to 4.5% in terms of single-rate tariffs, in the Astrakhan Region – by 6.5%).

In our effort to overturn tariff balance solutions on the Astrakhanenergo branch's electricity transmission (specifically, the tariff balance solutions for 2021 and 2022),

we were able to influence the court's ruling on the matter of Interest on loans in a way that was favourable. The court decisions came into legal force, but at the moment have not been enforced by the Astrakhan Regional Tariff Service: in Case No. 3a-2/2022 (2021 RGR – the amount of disagreements is RUB 1.4 billion) and in Case No. 3a-127/2022 (2022 RGR – the amount of disagreements is RUB 1.5 billion), a total of RUB 2.9 billion.

PROCEEDS FROM SALES OF NON-CORE ASSETS

A new version of the Non-core Asset Disposal Programme of PJSC Rosseti South was approved in 2023¹. Prior to the above decision, the Company had the Programme approved by the decision of the Board of Directors dated 27 December 2021 (Minutes No. 462/2021 dated 30 December 2021).

The Programme defines the basic principles, the mechanism for identifying and disposing of non-core assets, establishes the criteria for classifying assets as non-core, the procedure for maintaining the non-core asset register and reporting on the progress of the non-core asset register.

In accordance with the Register of Non-Core Assets of PJSC Rosseti South as of 31 December 2022², the Company sold non-core assets in 2023.

The register of non-core assets of the Company and the action plan for their disposal as of 31 December 2023 were approved by the decision of the Board of Directors of the Company dated 7 March 2024 (Minutes No. 564/2024 dated 7 March 2024). Information on current asset sale

procedures and their results is disclosed on the Company's official website <https://rosseti-yug.ru/zakupki/informatsiya-o-tekushchikh-protsedurakh-prodazhi/>.

There are no non-core assets sold by PJSC Rosseti South in 2023.

In the reporting year, measures were taken to sell the property complex (production base located at 109, Shishlyannikov Street, Dubovka, Dubovsky District, Volgograd Region). The auction for the sale of the property was deemed as held successfully, the sale and purchase agreement was negotiated and signed by both parties by the Minutes dated 30 November 2023. State registration of the transfer of ownership rights in the Department of Rosreestr for the Volgograd Region are scheduled for 2024.

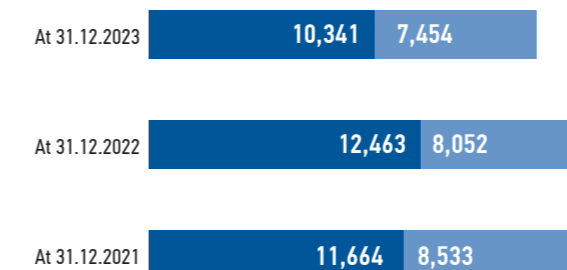
Information on the structure of the property complex of PJSC Rosseti South and its changes for the period from 1 January to 31 December 2023 is given in Appendix No. 3 to this Annual Report on the Company's website.

LIABILITIES

The results for 2023 show a decrease in accounts receivable and accounts payable.

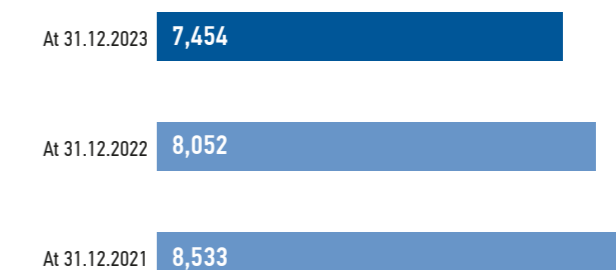
ACCOUNTS RECEIVABLE

Ratio of accounts receivable to accounts payable, RUB mln



■ Accounts payable
■ Accounts receivable

Analysis of changes in accounts receivable, RUB mln



Indicator ³	As of 31.12.2023	As of 31.12.2022	As of 31.12.2021
Accounts receivable, including:	7,454	8,052	8,533
Trade receivables	5,416	6,357	6,772
including for electricity transmission	5,220	5,949	6,441
Bills receivable	0	0	0
Advances paid	43	27	48
Other accounts receivable	1,995	1,668	1,713

The total amount of accounts receivable of PJSC Rosseti South at the end of the reporting period was RUB 7,454 million, and as of 31 December 2022 – RUB 8,052 million. The decrease totalled RUB 598 million and was due to the repayment of trade receivables for electricity transmission services.

The Company works to reduce receivables for electricity transmission services in accordance with the provisions of the Regulations for Handling Receivables for Electricity Transmission Services on the Balance Sheet of PJSC Rosseti South approved by the Company's Order No. 594 dated 3 October 2023.

¹ Approved by the decision of the Board of Directors dated 11 November 2023 (Minutes No. 552/2023 dated 13 December 2023) pursuant to Decree of the President of the Russian Federation No. 596 dated 7 May 2012 and Order of the Government of the Russian Federation No. 894r dated 10 May 2017 (as amended by Order of the Government of the Russian Federation No. 985-r dated 19 April 2023).

² Approved by resolution of the Board of Directors of the Company dated 16 February 2023 (Minutes No. 513/2023 dated 17 February 2023), subject to amendments made by resolutions of the Board of Directors of PJSC Rosseti South on 28 June 2023 (Minutes No. 530/2023 dated 29 June 2023) and 21 November 2023 (Minutes No. 550/2023 dated 22 November 2023).

³ Metrics are aligned with financial statements of the Company for the reporting period.

As a result of the Company's efforts to collect overdue receivables for electricity transmission services in the reporting year, positive court decisions were passed in 259 court cases totalling RUB 1,159.6 million, with RUB 11.6 million denied in eight cases. The share of claims satisfied in favour of the Company was 92%, which is higher than in the previous year.

During the preceding reporting year, positive court rulings were made in 164 cases totalling RUB 966.9 million, while 22 cases totalling RUB 40.3 million were denied.

Enforced collection in the reporting year was made under writs of execution totalling RUB 1,208.55 million, of which RUB 188.28 million (15.6%) was repaid. In the previous year, enforced collection totalled RUB 1,690.77 million, of which RUB 826.96 million (48.9%) was repaid.

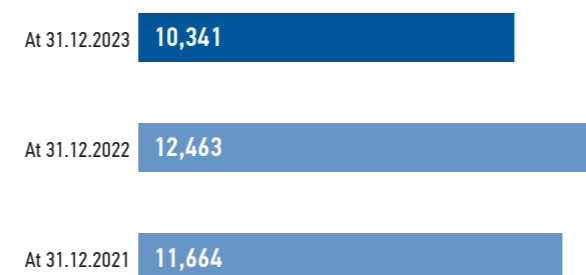
The planned indicators of overdue debt repayment as of 1 January 2023 were fulfilled by 183.7%, which is RUB 705.8 million above the planned value. RUB 1,549.0 million was repaid against the plan of RUB 843.2 million.

As of 31 December 2023, the coverage of overdue debt by reduction actions is 96.5%. The low percentage of claim-related work coverage is explained by the presence

of overdue debts under off-the-meter electricity consumption records included in the volume of electricity transferred under suspensive conditions for PJSC Astrakhan Electricity Retailer and PJSC Volgogradenergoby.

ACCOUNTS PAYABLE

Analysis of changes in accounts payable, RUB mln



Indicator ¹	As of 31.12.2023	As of 31.12.2022	As of 31.12.2021
Accounts payable, including:	10,341	12,463	11,664
suppliers and contractors	4,920	8,085	8,047
bills payable	0	0	0
advances received	2,207	1,437	1,363
taxes and charges	895	759	510
other accounts payable	2,319	2,182	1,744

Accounts payable at the end of the reporting period are lower by RUB 2,122 million (17.0%) compared to the beginning of the year and amounted to RUB 10,341 million as of 31 December 2023.

The end of the year vs. the beginning of the year changes are listed below:

- Debt under the item "Suppliers and Contractors" is lower by RUB 3,165 million, with a decrease of RUB 1,670 million in investment activities,

RUB 883 million in payments for services rendered by PJSC Federal Grid Company – Rosseti, RUB 383 million in payments for energy retailers in terms of operating activities, and RUB 215 million in payments for losses

- Debt on advances received amounted to RUB 2,207 million, which is RUB 770 million (53.6%) higher than as at 31 December 2022. This growth was mainly attributable to the advance payments received under the concluded grid connection agreements

- Taxes and levies payable as at 31 December 2023 amounted to RUB 895 million, which is RUB 136 million (17.9%) higher than at the end of 2022. The debt growth was mainly attributable to VAT and was driven by revenue growth
- Other accounts payable as of 31 December 2023 amounted to RUB 2,319 million and increased by RUB 137 million (6.3%) year-on-year

due to the provision of funding worth RUB 107 million for energy saving projects. There was also an increase in lease obligations by RUB 217 million, in compensation of expenses for relocation of PTLs by RUB 63 million, in labour remuneration by RUB 58 million, in reduction of debts to non-budgetary funds by RUB 207 million, in penalties, fines and forfeitures by RUB 92 million, and in interest on third-party money by RUB 9 million.

BONDS

Programme of exchange-traded bonds of 001P series (issue identification number and date of its assignment: 4-34956-E-001R-02E and 12 August 2016)

Type of security	Exchange-traded bonds
Authority that assigned an identification number to the issue	Public Joint Stock Company Moscow Exchange MICEX-RTS
Number of coupon periods, for which the yield on issued securities is paid:	Set by the terms of the issue
Volume of the issued securities – the value of all issues of exchange-traded bonds, under the programme, RUB	Up to and including RUB 25,000 mln
Status of the issue	Placement not yet started
Maximum circulation term of the issue under the programme	No later than 10,920th day from the date of the placement of the issue of exchange-traded bonds under the programme
Validity of the programme	Perpetual
Issues under the Programme	Not placed
Indebtedness as at 31 December 2023	None

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

¹ Metrics are aligned with financial statements of the Company for 2023, include the sum of the items "Other liabilities" 1450 and "Accounts payable" of the balance sheet (line 1520).

TARIFF POLICY

Guidelines for calculating tariffs for electricity transmission services and grid connection services are approved by the federal executive authority responsible for tariff regulation, the functions of which are exercised by the Federal Antimonopoly Service (FAS of Russia).

The maximum levels of tariffs for electricity transmission services are approved by the FAS Russia.

ELECTRICITY TRANSMISSION TARIFFS

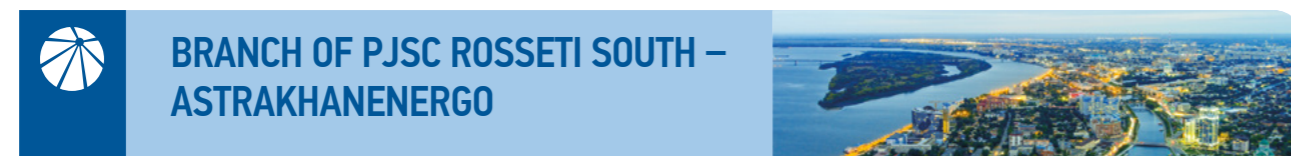
In 2023, unified (common pot) tariffs for electricity transmission services were in effect in all constituent entities of the Russian Federation within the area of responsibility of PJSC Rosseti South. The distinctive feature of this pricing scheme is that for all consumers of the same voltage class, electricity transmission is charged at a single tariff regardless of which organisation's grids they are connected to.

In the regions where PJSC Rosseti South operates, the executive bodies of the constituent entities of the Russian Federation responsible for state tariff regulation approved¹ unified (common-pot) tariffs for electricity transmission services for the period from

1 January 2022 to 31 December 2023 without a semi-annual breakdown.

Primary consumers of the Company's electricity transmission services are as follows:

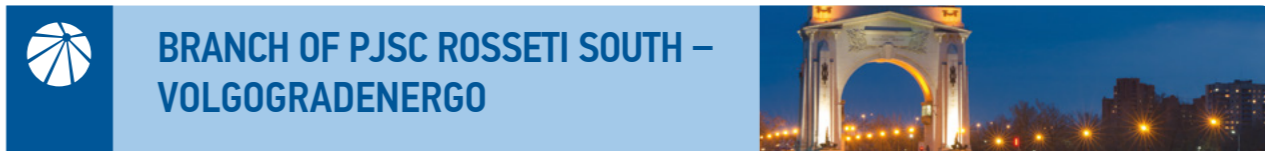
- Electricity retailers – entities of wholesale and retail markets that are selling electricity to end consumers connected to the power grids of the Company's branches and grids of other grid organisations
- End consumers of electricity
- Local grid operators – entities of retail electricity market that transmit the electricity to the end consumers via their grids



The regional common-pot model is "Pot at the top". The pot's holder is Rosseti South's branch – Astrakhanenergo. The branch collects all the grids required gross revenues (RGR) from electricity retail companies in the region, direct consumers at single tariffs and pays for the transit over grids of local grid operators (LGO) at individual rates.

Common-pot tariffs for 2023 were approved by Resolution of the Tariff Service of the Astrakhan Region No. 185 dated 28 November 2022.

The required gross revenue (RGR) of Astrakhanenergo, a branch of PJSC Rosseti South, was generated through long-term indexation of the RGR with a long-term period of 2023–2027.

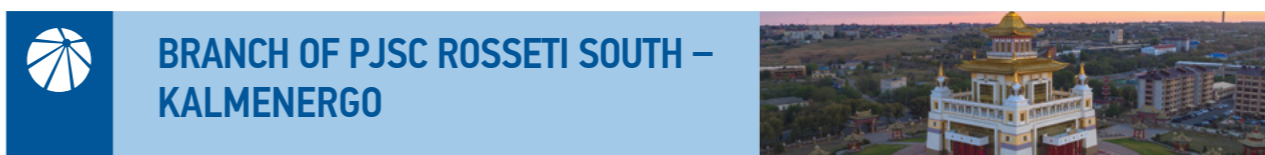


The region has in place a "mixed-pot" settlement scheme; the main holder of the pot is Volgogradenergo, a branch of Rosseti South. Volgogradenergo, a branch of PJSC Rosseti South, receives revenue from consumers of electricity transmission services at common-pot and individual tariffs.

Common-pots tariffs for 2023 were approved by Order No. 45/15 of the Committee for Tariff Regulation of the Volgograd Region dated 28 November 2022.

Individual tariffs for mutual settlements between local grid operators were approved by Order No. 45/16 of the Volgograd Region Tariff Regulation Committee dated 28 November 2022.

The RGR of Volgogradenergo, a branch of PJSC Rosseti South, was generated through long-term indexation of the RGR with a long-term period of 2019–2023.



Kalmenergo, a branch of PJSC Rosseti South, is the only LGO in the region engaged in electricity transmission.

Common-pot tariffs for 2023 were approved by Order No. 96-p/e of the Regional Tariff Service of the Republic of Kalmykia dated 28 November 2022.

In pursuance of the instruction of the President of the Russian Federation No. Pr-1792 dated 4 November 2020 and Order of the Government of the Russian Federation No. 1384-r dated 27 May 2021, uniform (common-pot) tariffs for electricity transmission services, except for uniform (common-pot) tariffs for electricity transmission services supplied to households and equivalent categories of consumers, are applied in the Rostov Region and the Republic of Kalmykia.

The RGR of Kalmenergo, a branch of PJSC Rosseti South, was generated through long-term indexation of the RGR with a long-term period of 2023–2027.

Under Order of the Ministry of Energy of the Russian Federation No. 1346 dated 20 December 2022, Kalmenergo, a branch of PJSC Rosseti South, exercised the functions of a guaranteeing supplier within the city of Elista (GS 1) as of 1 January 2023. Starting from 1 October 2023, according to Order No. 713 of the Ministry of Energy of the Russian Federation dated 30 August 2023, the functions of a guaranteeing supplier in the area of Elista (GS 1) are performed by JSC Chitaenergosbyt.

Pursuant to Order of the Ministry of Energy of the Russian Federation No. 564 dated 27 July 2023, Kalmenergo, a branch of PJSC Rosseti South, was granted the status of a guaranteeing supplier in the territory within the administrative boundaries of the Republic of Kalmykia, except for the area of Elista (GS 2) for 12 months, as of 1 August 2023.

Retail markups for 2023 were approved by Order No. 97-p/e of the Regional Tariff Service of the Republic of Kalmykia dated 28 November 2022.

¹ Pursuant to Resolution No. 1178 of the Government of the Russian Federation dated 29 December 2011, as well as Resolution No. 2053 of the Government of the Russian Federation dated 14 November 2022 "On Specifics of Indexation of Regulated Prices (Tariffs) from 1 December 2022 to 31 December 2023 and on Amendments to Certain Acts of the Government of the Russian Federation".



BRANCH OF PJSC ROSSETI SOUTH – ROSTOVENERGO



The region has a “mixed-pot” (two pots) settlement scheme. There are two large grid companies in the region – the pot’s holders: Rostovenergo, a branch of Rosseti South, and JSC Donenergo. Rostovenergo, a branch of PJSC Rosseti South, collects its part of the grid common-pot from all energy retailers, direct consumers at common-pot tariffs and from JSC Donenergo at individual tariffs, and gives part of the grid revenue to its lower-level LGOs at individual tariffs. Donenergo collects its portion of grid common pot from PJSC TNS Energo Rostov-on-Don and other energy retailers at common-pot tariffs and then gives a portion of revenues to Rostovenergo and lower-level LGOs at individual rates.

Common-pot tariffs for 2023 were approved by Resolution of the Tariff Service of the Rostov Region No. 68/2 dated 28 November 2022.

In pursuance of the instruction of the President of the Russian Federation No. Pr-1792 dated 4 November 2020 and Order of the Government of the Russian Federation

GRID CONNECTION FEE

Grid connection fee is calculated when newly commissioned and earlier connected consumer terminals with increased maximum capacity are connected and also if the power supply reliability category, connection points, type of production activities of already connected consumer terminals are changed without revising the maximum capacity, but involving the change of the external power supply scheme of such terminals.

Grid connection fee in case the category of reliability is changed is calculated for the volume of maximum capacity of the applicant’s consumer terminals with the changed category of reliability.

Grid connection fee in cases of changes in the scheme of external power supply, which do not entail revision of the maximum capacity due to changes in connection points, types of production activities, is calculated for the amount of maximum capacity specified in the application for grid connection.

No. 1384-r dated 27 May 2021, uniform (common-pot) tariffs for electricity transmission services, except for uniform (common-pot) tariffs for electricity transmission services supplied to households and equivalent categories of consumers, are applied in the Rostov Region and the Republic of Kalmykia.

Individual tariffs for mutual settlements with JSC Donenergo for 2023 were approved by Resolution of the Regional Tariff Service of the Rostov Region No. 68/3 dated 28 November 2022.

The RGR of Rostovenergo, a branch of PJSC Rosseti South, was generated through long-term indexation of the RGR with a long-term period of 2023–2027.

Information on indicators on tariffs for electricity transmission services and fees for grid connection can be found in Appendix No. 7 of this Annual Report on the Company’s website.

The state tariff regulation authorities of the constituent entities of the Russian Federation for the calculation of fees for grid connection to the territorial distribution grids approve as follows:

- 1 for the regulation period:
 - Standardised tariff rates (uniform for all local grid operators in the territory of a constituent entity of the Russian Federation – in accordance with Clause 2 of Article 23.2 of Federal Law No. 35-FZ “On the Electric Power Industry” dated 26 March 2003);
 - Preferential rates for 1 kW of requested maximum capacity (RUB/kW);
 - Formula for grid connection fee.
- 2 at the grid operator’s request: payment for grid connection to territorial distribution grids under an individual project.

CONSOLIDATION OF POWER GRID ASSETS

In pursuance of the Federal Headquarters’ instructions on the consolidation of grid assets of LGOs that will not meet the criteria for classifying owners of power grid facilities as LGOs, road maps were developed for picking up grid assets of LGOs that are losing their status, LGOs that have lost their status since 2023, and LGOs that retain their status, approved by Order No. 364 of PJSC Rosseti South dated 29 June 2023. Based on the roadmaps, consolidation proposals were sent to all LGOs, as well as to their owners and owners of power grid equipment. Meetings were also held with the concerned LCOs.

Based on the outcomes of the work done, a power grid property lease agreement was concluded with LLC NVSK and a power grid property gratuitous use agreement – with JSC Astrakhan Airport. Astrakhanenergo, a branch of PJSC Rosseti South, planned measures to consolidate power grid assets of LLC Energo Protection.

Volgogradenergo, a branch of PJSC Rosseti South, is considering a project to consolidate the power grid property of LLC Volzhsky Methanol by entering into a lease agreement.

Rostovenergo, a branch of PJSC Rosseti South, entered into a lease agreement for power grid property with LLC TOK, and the necessary measures are underway for further buyout of the said power grid property.

There are no third-party LGOs in the territory of the Republic of Kalmykia (the territory of Kalmenergo, a branch of PJSC Rosseti South), as well as LGOs that operated in previous regulation periods and were stripped of their status in 2023.

① Implementation of agreements on consolidation of power grid facilities with executive authorities of constituent entities of the Russian Federation and other power industry entities.

In order to consolidate state (municipal) owned power grid assets, branches of PJSC Rosseti South submitted proposals for the transfer of power grid facilities to PJSC Rosseti South for use to the heads of municipalities.

In 2023, the Company continued to acquire ownerless power grid property. Efforts¹ to identify ownerless power grid facilities were stepped up through co-operation with local authorities. Branches communicate with local authorities on a regular basis, and hold joint meetings when necessary.

② When identified, the Company had the ownerless facilities recognised in court, including 77 ownerless facilities in the Republic of Kalmykia, and put them on its books.

Rostovenergo, a branch of PJSC Rosseti South, took part in an auction on the RTS-Tender platform for the right to conclude a sale and purchase agreement for movable municipal property of the Bokovsky District Municipality, which resulted in the conclusion of the a sale and purchase agreement for municipal electric grid property.

¹ According to the decisions of the Minutes of the All-Russian Meeting (clauses 13.2, 15.2, 15.3, 18) No. NSh-161pr dated 20 April 2023, and in accordance with clause 1.2 of the Minutes of the meeting of PJSC Rosseti on the consolidation of ownerless power grid facilities, including the application of clause 5 of Article 225 of the Civil Code of the Russian Federation No. KDV/301/343 dated 29 May 2023.

① Interaction with owners or other legal owners of power grid facilities that do not meet the criteria for classifying owners of power grid facilities as LGOs approved by Resolution of the Government of the Russian Federation No. 184 dated 28 February 2015.

Guided by the objectives of improving the reliability of electricity supply to consumers and enhancing the controllability of the power grid complex, PJSC Rosseti South regularly engages with owners of power grid facilities that do not meet the criteria for classifying owners of power grid facilities as local grid operators to consolidate power grid assets on the basis of PJSC Rosseti South. Thus, in 2023, there was regular interaction with owners or other legal owners of power

grid facilities that do not or will not meet the criteria for classifying the owners of power grid facilities as local grid operators in terms of transferring the functions of power grid asset management.

Based on requests received by the branches, the Commission for the Consolidation of Power Grid Assets of PJSC Rosseti South made decisions on the expediency of consolidating power grid assets owned by legal entities and individuals.

Measures to consider the expediency / in expediency of consolidating electric grid facilities were carried out as soon as relevant requests were received from garden non-commercial associations and dacha non-commercial associations, individuals, in accordance with the procedure specified in the Regulations on the Activities of the Commission for the Consolidation of Power Grid Assets and the Procedure for Acquiring Power Grid Assets approved by Order No. 545 of PJSC Rosseti South dated 3 October 2022 (as amended by Order No. 618 dated 7 November 2022).

MONITORING THE SCOPE OF CONSOLIDATION OF POWER GRID ASSETS

Total consolidated power grid assets in 2023 amounted to

2,874.8 c.u.

power transmission lines with a total length of 339.13 km, transformer substations with a total capacity of 154.07 MVA.

Name of IDGCs/DGCs (S&As of IDGC)	2021			2022			2023		
	Power grid assets consolidated for the period			Power grid assets consolidated for the period			Power grid assets consolidated for the period		
	MVA	km	c.u.	MVA	km	c.u.	MVA	km	c.u.
1	2	3	4	5	6	7	8	9	10
Total PJSC Rosseti South	286	392.02	4,287.40	288.37	457.93	4,380.16	318.46	514.41	5,525.65
Grid facilities acquired ¹	6.50	3.76	31.20	80	0	121.7	0.06	0	2.30
Grid facilities leased ²	208.80	82.60	2,041	128.82	82.50	1,919.23	260.10	308.47	4,431.11
Other (permanent rights of ownership and use) ³	5.50	54.50	179.80	4.74	100.24	219	12.010	87.64	299.86
Other (temporary rights of ownership and use) ⁴	65.20	251.20	2,035.40	74.82	275.19	2,120.23	46.29	118.30	792.38

¹ The entire actual volume of power grid assets acquired during the calendar period.

² The entire actual volume of leased power grid assets at the end of the period (i.e., all ongoing agreements, including previously concluded ones, number of ongoing transactions at the end of the period).

³ All actual acquisition of property during the calendar period.

⁴ All ongoing agreements in force at the end of the period, including previously concluded agreements.

INFORMATION TECHNOLOGIES

PJSC Rosseti South is a modern energy company that relies heavily on the use of information technologies and automation tools to operate efficiently.

Material topic: Reducing the negative impact on the environment by creating smart electricity metering systems

Currently, the power grid complex at PJSC Rosseti South focuses on upgrading the reliability and continuity of power supply, accessibility, efficiency and customer-oriented nature of the company, which relies on the introduction of digital technologies and digitalisation into the power grid complex.

The implementation of new projects, as well as the development of existing projects and maintenance of those already implemented in terms of information technologies, fall within the scope of ongoing activities that are carried out in accordance with the Digital Transformation Programme of PJSC Rosseti South 2020–2030¹ (hereinafter referred to as the DTP), the Action Plan for the Transition of PJSC Rosseti South to the Predominant Use of Domestic Software for the Period of 2022–2024², and the Digital Transformation Strategy of Rosseti Group until 2030³.

In 2024, the main development area for information technologies is to ensure the Company's customer-oriented approach, introduce smart metering systems, develop the Production Asset Management System (hereinafter referred to as PAMS), implement measures to transition Rosseti South to the predominant use of domestic software for the period of 2020 to 2030, and create a single information space between Rosseti South and Rosseti.

Main development and implementation measures of programme complexes:

- 1) Development of the production asset management system based on 1C:Holding Management in accordance with Rosseti's PAMS development plan, including the introduction of the functionality of mobile solutions of the workflow management system, development of a unified corporate system based on 1C:Holding Management for the needs of Rosseti South (automation of the Grid Connection, Capital Construction, Procurement and Logistics Management, Treasury, Investment Projects, and IFRS Accounting subsystems)
- 2) Continued implementation of external and internal electronic document management in a unified corporate system based on 1C:Holding Management
- 3) Continued implementation of a development planning system for the below 35 kV power grid in a pilot zone of Rostovenergo branch of Rosseti South
- 4) Continued work to implement an integration solution for the business processes of service provision and customer relations as part of the creation of the Unified Customer Relationship Platform of the Rosseti Group in the segment of PJSC Rosseti South
- 5) Implementation of the work management logbook on the basis of RS 20
- 6) Implementation of measures to transfer the functionality of the electric power transport services subsystem (UG-Energo) based on SAP IS-U to the 1C:Holding Management system that meets the functional requirements approved by Rosseti's Order No. 299 dated 15 July 2020

- 7) Continued work on implementation of the federated messaging subsystem of the electronic document management system
- 8) Introduction of an automated system for accounting and processing of design and estimate documentation
- 9) Implementation of a standard solution: an automated information system for planning, control and management of works and an automated information system for monitoring technical and economic indicators
- 10) Implementation of "Operation" software and hardware complex with integration with third-party systems designed for automation of maintenance processes for operation of secondary devices (RPA, instrumentation, APCS)
- 11) Inclusion in the Register of Russian Software of the "Information Knowledge Base" automated information system of PJSC Rosseti South

for the implementation of Smart Metering Development Programmes Implementation of the task management and work planning subsystem (stage 1)

CORPORATE AND TECHNOLOGICAL BUSINESS APPLICATIONS

In 2023, the following measures were implemented in the Company:

- Development of a unified corporate system based on 1C:Holding Management was continued
- Implementation of a development planning system for the below 35 kV power grid in a pilot zone of Rostovenergo branch of Rosseti South was continued
- "Information Knowledge Base" automated information system was put into commercial operation
- IT Requests Management programme module of the IT Activity Accounting system based on the 1C:SPPR (Application Solution Design System) domestic software was put into commercial operation
- Single integration solution for the business processes of service provision and customer relations was put into commercial operation as part

of the creation of the Unified Customer Relationship Platform of the Rosseti Group in the segment of PJSC Rosseti South

- Programme modules of the production asset management system were put into pilot operation
- A subsystem for monitoring the quantitative and qualitative composition of power grid equipment of a unified corporate system based on 1C:Holding Management was put into pilot operation

RUB 34.87 mln

(RUB 15 mln in 2022) funding for the Digital Transformation Programme in 2023

¹ Updated in 2022 and approved by the decision of the Board of Directors of PJSC Rosseti South dated 26 January 2023 (Minutes No. 511/2023).

² Approved by the decision of the Board of Directors of PJSC Rosseti South on 31 March 2023 (Minutes No. 518/2023).

³ Minutes of the Board of Directors of PJSC Federal Grid Company – Rosseti No. 601/2022 dated 15 December 2022.

FULFILMENT OF THE IMPORT SUBSTITUTION POLICY IMPLEMENTATION PLAN

The following activities were carried out as part of the implementation of the import substitution policy in 2023:

- ➔ The Geoinformation System for Power Grid Complex Monitoring software system was included in the Register of Russian Software of the Federal Intellectual Property Service (ROSPATENT)
- ➔ The automated Service Desk system was transferred to domestic software based on "1C.SPPR"

In 2023, all measures to implement the Digital Transformation Programme and the Action Plan for the transition of PJSC Rosseti South to the predominant use of domestic software for the period of 2022–2024 were taken as scheduled.

Starting from 1 January 2023, the Company introduced a new indicator "4.9 Efficiency of Transition to the Use of Domestic Software". This indicator is defined as the share (percentage) of Russian (domestic) software installed in the Company in the total volume of software installed in the Company. The planned value of the indicator for 2023 is 75%. The actual value of the Indicator as of 31 December 2023 was 78.61%, which indicates that the IT-related key performance indicators of the General Director of PJSC Rosseti South were achieved.

78.61%

share of installed Russian software in the total volume of software installed in the Company

TECHNICAL POLICY

Pursuant to the decision of the Company's Board of Directors (Minutes No. 490/2022 dated 12 July 2022), the Regulations of PJSC Rosseti "On Uniform Technical Policy in the Power Grid Sector" was approved as an internal document of the Company.

The Uniform Technical Policy is a set of objectives, principles, effective technical, technological and organisational requirements and solutions that ensure

enhanced efficiency, reliability, safety, cost-effectiveness of electricity transmission and distribution to implement the development strategy of the power grid complex of the Russian Federation.



SUSTAINABLE DEVELOPMENT

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TOGETHER WITH
THE COUNTRY

LOOKING AFTER EVERYONE'S WELL-BEING

RUB **423.1** mln
occupational health
and safety costs

RUB **86.7** mln
personnel training
costs

RUB **37.7** mln
environmental
protection costs



SUSTAINABILITY MANAGEMENT

The United Nations Organisation (UN) defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

In pursuance of the precautionary principle, the Company is continuously working on implementing the environmental laws, improving industrial and environmental safety, contributing to consistent and efficient mitigation of the negative impact on the environment from production activities.

In its activities, the Company is committed to the UN sustainable development goals adopted on 25 September 2015.

STAKEHOLDER RELATIONS

GRI 2-29

① The quality of stakeholder relations is the key to sustainable development of Rosseti South. The Company strives to establish a responsible and open dialogue with all stakeholders with due consideration of their interests in decision-making process.

📄 In identifying stakeholder groups, we relied on the following basic principles:

- Their common interests and expectations from the Group's companies
- Their influence on the achievement of strategic goals by the Group's companies
- Stakeholder engagement tools we use

The Company's stakeholders are organisations of the Rosseti Group, S&As, members of the Board of Directors and the Management Board, and other legal entities and individuals.

HR MANAGEMENT

The following measures were adopted and implemented in 2023 to maintain a high level of social security for the personnel of PJSC Rosseti South, provide employees with guarantees and compensations, and minimise the incidence of diseases among the Company's personnel:



Conclusion of the Collective Bargaining Agreement between the employer and employees of PJSC Rosseti South for 2023–2025



Distance training of the Company's employees, to the extent of programmes for which the distance format can be used



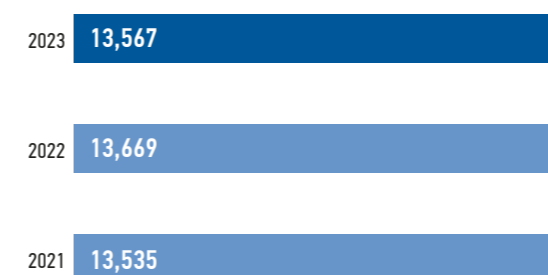
Provision of one-time financial aid to the Company's employees and veterans

HEADCOUNT AND PERSONNEL BREAKDOWN

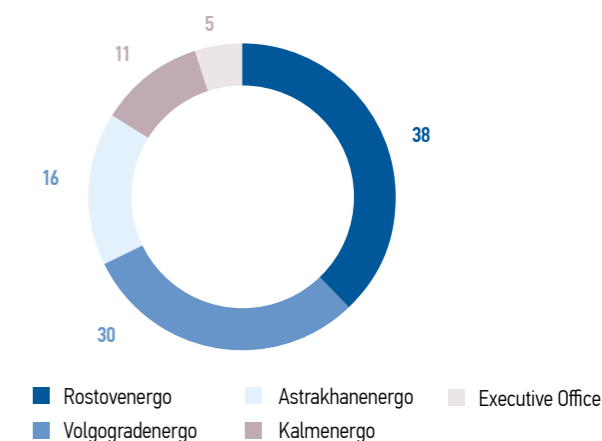
GRI 2-7, 401-1, 405-1

The headcount of employees of PJSC Rosseti South in 2023 totalled 13,567, which is 0.7% lower than in 2022. The decrease resulted from natural staff outflow and refusal to extend the status of a guaranteeing supplier in the area of Elista (Kalmenergo, a branch of Rosseti South).

Headcount in 2021–2023, persons



Distribution of headcount by branches in 2023, %

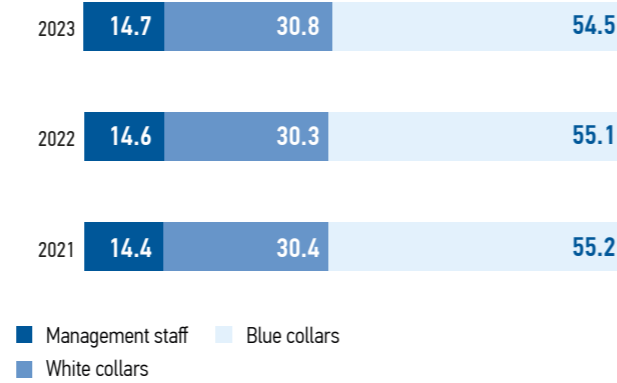


The staffing level of PJSC Rosseti South for 2023 was 93.4%. Rosseti South's production staffing level for 2023 was 93.2%.

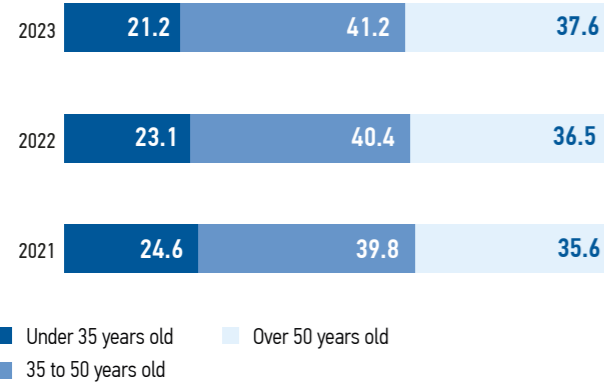
Active staff turnover rate in 2021–2023, %



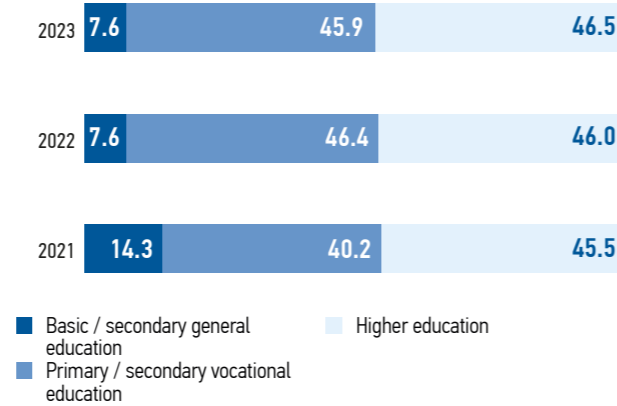
Structure of personnel by category in 2021–2023, %



Structure of personnel by age in 2021–2023, %



Structure of personnel by education in 2021–2023, %



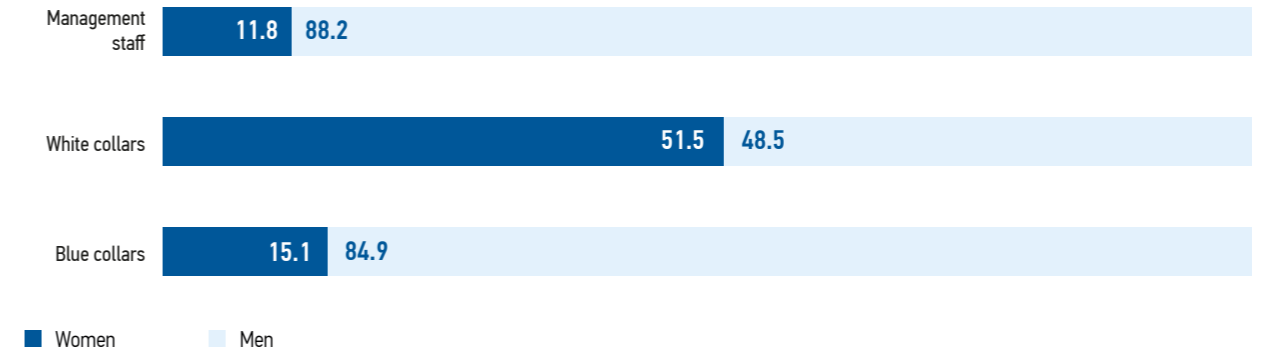
Average age of the Company's employees in 2023

45.2 years
(43.8 years in 2022)

6.4%

active staff turnover rate in 2023

Structure of gender composition of personnel by category in 2023, %



STAFF TRAINING AND DEVELOPMENT

GRI 404-2, 404-3

Training is one of the priority areas of the Company's HR policy.

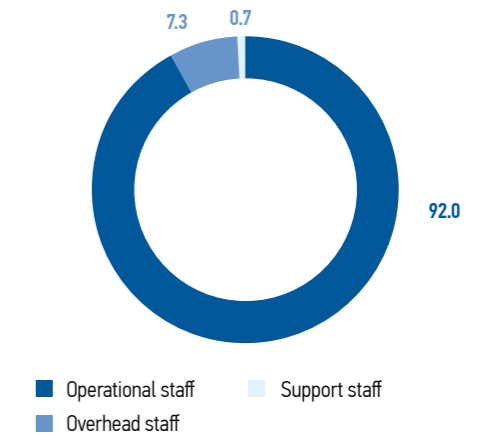
The share of employees who received on-the-job training in the reporting year against the average headcount is

61.5%

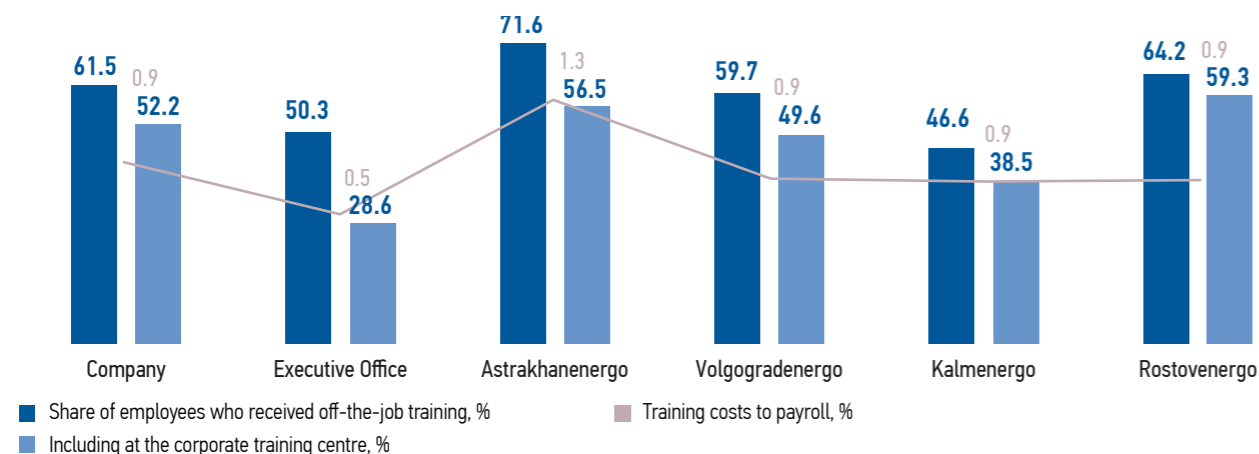
The largest share among those trained is taken by production personnel

92.7%

Breakdown of off-the-job trainees by categories, %



The share of employees involved in off-the-job training activities and the ratio of actual training costs to payroll budget in the reporting year, %



Key training needs of the Company's personnel are covered by the corporate training centre of FVE PF Interregional Energy Institute of the South.

7,077 people, or 84.9% of the total number of trainees, received professional training, retraining and advanced training at the corporate training centre in 2023



Information on the training centre

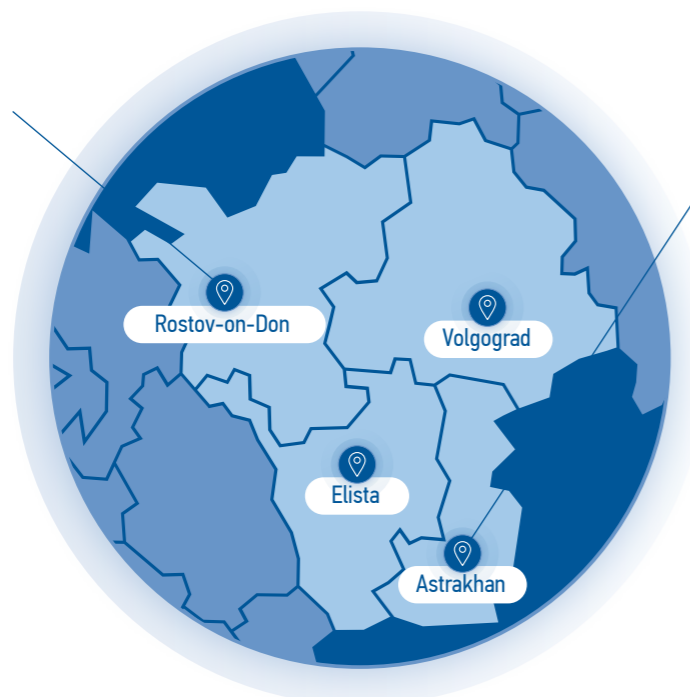
FVE PF Interregional Energy Institute of the South, Rostov-on-Don

Scope of training in 2023: **383,764 persons/hour**

of which **79.53%** – training of the Company's employees

Staffing level: **62 FTEs**

Number of teachers involved: **89 persons**



Astrakhan branch FVE PF Interregional Energy Institute of the South, Astrakhan

Scope of training in 2023: **168,564 persons/hour**

of which **40.3%** – training of the Company's employees

Staffing level: **14 FTE**

Number of teachers involved: **28 persons**

The Company's partners in the field of additional personnel training are also educational organisations that have licences to conduct educational activities in the areas of personnel training required by the Company: operational and technological management, relay protection, grid connection, tariff regulation, information technologies, software, environmental safety, accounting, anti-corruption activities, etc.

The 2023 training events ensured that the Company's mandatory training plans were met.

In 2023, training of employees in the methods of performing live-wire works in electrical installations up to 1,000 V was continued¹. To learn about the live work technology, training was given at the Centre for Live Work (Zainsk) with a visit to the power grid district and enterprises of JSC Severnaya Kompaniya for the Company's managers.

As it was necessary to organise operation of digital substations designed on the basis of SMART-KP2 software and hardware complex, the Company's personnel were offered training on the programme "Configuration and Operation of SMART-KP2 software and hardware complex".

In 2023, employees of Rosseti South participated in Rosseti's training events – Knowledge Days in video conferencing format. The project is aimed to promote the introduction of new standards, requirements, and technologies at the Rosseti Group and to inform employees

about planned changes in functional areas. For 2023, 466 employees of the Company took part in the Days of Knowledge.

Actual personnel training costs amounted to RUB 86,730.49 thousand, of which RUB 65,662.39 thousand (75.7%) were personnel training costs at the corporate training centre.

In the reporting year, the ratio of actual personnel training costs to payroll budget was

0.9%
(1% in 2022).

88.8 person/hour
average number of training hours per employee in 2023

Work with the Company's talent pools

PJSC Rosseti South seeks to form and develop talent pools (managerial and youth talent pools) on an ongoing basis.

The managerial talent pool was created to promptly and qualitatively meet the Company's needs for employees prepared to work in managerial positions.

In 2023, the managerial talent pool of the Company included 1,010 most promising employees. As of the end of the reporting period, 91.42% of existing managerial jobs were covered by the available talent pool.

The young talent pool is formed at the branches and at the Company as a whole from young specialists aged under 35 having a high potential for development, motivated for professional development and career growth in the Company. The youth talent pool of the Company as of the end of the reporting period included 175 employees.

¹ Under the Roadmap for the introduction of live work technology in 0.4–20 kV distribution grids of the Rosseti Group (Rosseti letter No. MA/116/856 dated 27 July 2020).

In order to add to the management talent pool at the level of the Company's branches and executive office, an application campaign was initiated at the end of 2023 along with screening arrangements, including formal selection and expert review by the manager.

In 2023, 253 people were appointed to managerial positions in the Company and its branches: 214 positions (85%) were filled by internal candidates, including 169 employees appointed from the managerial talent pool (66.8% of the total number of appointments and 78.9% of appointments of internal candidates).

YOUTH POLICY OF THE COMPANY

The Company's youth policy aims to provide vocational guidance to schoolchildren, raise the prestige of energy industry professions and identify potential talent, and is focused on consistent work with schoolchildren, students and young specialists.

Working with schoolchildren

Since 2018, the Company has been involved in organising and holding regional stages of the All-Russian Schoolchildren Olympiad of the Rosseti Group. In 2023, 791 schoolchildren representing the regions where the Company operates took part in the Olympiad. The winners and prize-winners of the Olympiad, as well as schoolchildren with the highest scores, also participated in the Energy Project Shift at the Orlenok All-Russian Children's Centre, where they were given the opportunity to implement the most interesting projects with experienced mentors – lecturers of the leading power engineering universities of the country.

Every year, in order to popularise technical occupations among young people, PJSC Rosseti South holds Open Doors Days for schoolchildren and students.

As part of the Ticket to the Future project running from 2023, electrical safety lessons and visits to the facilities of Volgogradenergo, a branch of PJSC Rosseti South, were held for schoolchildren in 7–11 grades.

Throughout the year, Rosseti South specialists hold vocational guidance lessons for middle and high school students at partner schools, children's camps and quantoriums.

Representatives of PJSC Rosseti South took part in the 18th International Festival of Youth Scientific and Technical Creativity "Let's get going!".

Working with college students

Key areas of work with students:

- ➔ Organisation of workshop practice and pre-graduation practice of students of industry-specific schools in the Company. In 2023, 823 students completed workshop and pre-graduation internships at the Company's divisions.
- ➔ Targeted training of specialists for the purpose of their further employment with the Company. A total of 169 students are studying at partner universities under target assignments from PJSC Rosseti South, of whom 54 students were enrolled in 2023. Support measures are offered for employer-sponsored students such as corporate scholarship in case of good academic performance.
- ➔ Student brigades at the Company's facilities. In the reporting year, during the summer labour season, 130 students from nine partner universities worked at Rosseti South's facilities.

As part of cooperation with the Russian Student Brigades, a youth all-Russian public organisation, specialists from Rosseti South took part in the opening ceremony of the third work semester of student unions in the Rostov Region (Start of the Virgin Lands).

Work with young specialists

In order to involve young people in the Company's activities, the Company engages with the youth talent pool, established the Council of Young Professionals, which includes 100 employees of the Company, and runs targeted development and social support programmes for young people of the Company.

Rosseti South's specialists act as experts at events held for students and schoolchildren, including the qualification stage of the International Engineering Case Solving Championship among university students and the regional stage of the Big Challenges All-Russian Competition of Scientific and Technological Projects.

To promote the concept of zero injuries, young specialists of PJSC Rosseti South, together with occupational safety specialists, actively contributed to Family Occupational Safety Days, where they told children about the power engineering profession, electric current, its importance in our lives, and its dangers.

A team of young specialists from Rosseti South won first place in the "What/Where/When/When.RMU" social league among the working youth of the South.


Young specialists of PJSC Rosseti South took part in the All-Russian Energy Saving and Environmental Festival #VmesteYarche – 2023. The festival programme included events on energy saving.

NATIONAL PROJECT: CULTURE

Specialists of Volgogradenergo, a branch of PJSC Rosseti South, connected an Orthodox church in the village of Obraztsy, Frolovsky District, Volgograd Region, to their grids.

The new church of the Holy Prince Alexander Nevsky was erected with voluntary donations from citizens and local farmers. Previously, there was only a prayer house for parishioners in the remote village, where Orthodox services were regularly held. A few years ago, on the initiative of the rector of the Epiphany Church in Frolovo, the construction of a church in the settlement of Obraztsy began.

Now the residents of the village have a real church.



SOCIAL POLICY

GRI 2-23, 2-24, 2-30, 3-3, 403-7

The Company's social policy in 2023 was based on the Industry Tariff Agreement in the Electric Power Industry of the Russian Federation for 2022–2024, the Collective Bargaining Agreement of PJSC Rosseti South, internal regulations, orders, and other local regulations of PJSC Rosseti and PJSC Rosseti South.

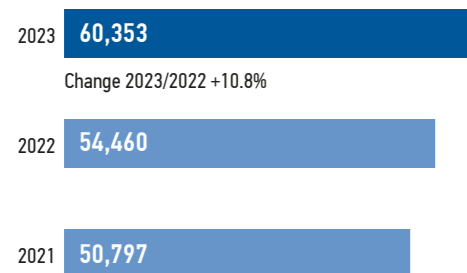
The Collective Bargaining Agreement of PJSC Rosseti South is the result of effective cooperation between the parties to the social partnership to recognise the social and economic rights and guarantees of the Company's employees.

On 1 January 2023, the Collective Bargaining Agreement of PJSC Rosseti South entered into force for the period until the end of 2025.

In order to retain personnel and ensure social protection of the Company's employees and their family members, social benefits and guarantees are provided to the employees of PJSC Rosseti South in accordance with the Collective Bargaining Agreement of PJSC Rosseti South for 2023–2025.

RUB 19,360,000

amount of funds used to provide material assistance to employees of PJSC Rosseti South



In addition, the new Collective Bargaining Agreement of PJSC Rosseti South retains additional benefits, guarantees, and compensations for mobilised employees (called up for military service due to partial mobilisation).

In 2023, health improvement recreation was offered to more than 1,000 employees and their family members at JSC Energetik Recreation Facility, and more than 900 children of employees received vouchers to health improvement camps. In 2023, 108 employees engaged in work with harmful and (or) hazardous production factors and pre-retirees were able to spend their holidays in sanatoriums in the Krasnodar Region and Caucasian Mineral Waters.

In 2023, PJSC Rosseti South and the Leninsky District Social Protection Department of Rostov-on-Don signed an agreement on cooperation and ensuring recreation and recuperation of children in the Rostov Region. Under the agreement, PJSC Rosseti South reimbursed RUB 7 million for the costs of recreational holidays for employees' children.

The Company has in place the Regulation on corporate support of branches' employees in improving housing conditions. In 2023, electric fitters, electricians, foremen, and dispatchers of the branch's production departments received compensation for interest expenses under loan (mortgage) agreements. In total, more than 340 employees used this benefit for a total amount of RUB 20,884 thousand.

Through the social partnership in 2023, agreements were reached to carry out joint activities on a regular basis to improve labour safety and working conditions at workplaces. The meetings involving the representatives of primary trade union organisations and the employer's representatives addressed issues and worked out joint solutions as related to:

- Making agreements on occupational health and safety in the Company's branches
- Ensuring sanitary working conditions
- Providing special clothing for employees
- Functioning medical aid centres
- Paying for the time spent on medical checkups, etc.

Development of corporate culture and sports

In accordance with the Collective Bargaining Agreement, the Company finances the costs of cultural, mass and physical culture and recreational activities, which are carried out jointly with primary trade union organisations. For 2023, 0.3% of payroll budget amounting to more than RUB 38 million was transferred to fund these activities.

PJSC Rosseti South devotes special attention to veterans of the Company's electric power industry. The Company has 3,155 power engineering veterans and 42 veterans of the Great Patriotic War. The Coordination Council of Veterans of the Company maintains the work of veterans' organisations on a scheduled basis in close cooperation with the HR Department of PJSC Rosseti South, the Council of Young Specialists of the Company, the Coordination Council of Veterans under the Rostov Region Government, the Rostov Region Youth Policy Committee, the Rostov Region State Autonomous Institution "Centre for Patriotic Education of Youth", veterans' organisations of cities and regions, search groups, and the command of the Southern Military District.

In 2023, financial support provided to veterans totalled RUB 7.6 million. Payments were made to render material assistance for Victory Day, Power Engineer's Day, as well as for applications on difficult life situations. In 2023, 73 veterans of the Company were given free vouchers for health resort treatment. During 2023, with the assistance of the Company's Veterans Council, joint excursion trips and theatre visits were organised for the Company's veterans and representatives of the Youth Council.



2023 activities and events

- ➔ In June 2023, a team from Rosseti South took part in the Zabeg.RF All-Russian Half Marathon.
- ➔ An event to celebrate the 80th anniversary of the victory in the Battle of Stalingrad at Volgogradenergo, a branch of PJSC Rosseti South.
- ➔ In February 2023, PJSC Rosseti South held corporate events to celebrate Defender of the Fatherland Day.
- ➔ Festive events were held on the eve of International Women's Day, 8 March.
- ➔ The annual contest "Rosseti: Children Draw!" was held. Children of employees of PJSC Rosseti South were actively involved in the contest, and the winners were awarded diplomas and memorable gifts.
- ➔ The Company held events dedicated to the International Children's Day and Knowledge Day. Gift vouchers were presented to the children of the employees.
- ➔ In May 2023, the Open Spartakiad of Power Engineers of PJSC Rosseti South was organised.
- ➔ For the first time, the Mum, Dad, and Me – a Sporty Family contest was held among employees of the executive office and Rostovenergo, a branch of PJSC Rosseti South.
- ➔ Children's drawing contest "Children Draw Energy", children's New Year's crafts contest "Children's Christmas Tree of Energy Workers", and a creative contest "Children of Energy Workers About Energy" were organised.
- ➔ The Company arranged festive events for its employees dedicated to the professional holiday – Power Engineer's Day – and the New Year.
- ➔ All branches of PJSC Rosseti South held New Year matinees for employees' children and organised visits to holiday performances.

OCCUPATIONAL HEALTH AND SAFETY

GRI 2-23, 2-24, 3-3, 403-1, 403-2, 403-7

Occupational safety and production culture are our number one priorities!

The Company's main goal in occupational health and safety is to ensure workplace safety and protect the health of employees by preventing work-related accidents and occupational diseases, as well as improving the level of safety culture.

Management in the field of occupational safety is aligned with the Labour Code of the Russian Federation No. 197-FZ dated 30 December 2001 and sectoral and local regulations.

❗ PJSC Rosseti South places a high priority on occupational safety because its employees are the most valuable resource and the secret to its success.

Health and Safety Management System

The establishment and operation of the occupational health and safety management system (hereinafter referred to as OHSMS) at PJSC Rosseti South takes into account state regulatory requirements for occupational health and safety, the commitments made on occupational health and safety, as well as international, interstate and national standards.

PJSC Rosseti South has the Regulations on the Occupational Health and Safety Management System.

The OHSMS applies to all structural subdivisions of Rosseti South, as well as employees of contractors.

Risk assessment is an important tool to identify hazards and risks in a timely and systematic manner and to take preventive measures.

An appropriate procedure is established for the identification (detection) of hazards and assessment of occupational risk levels at workplaces.

The results of hazard identification and assessment of risk levels at workplaces are communicated to employees in the following ways:

- By including in workplace health and safety briefings
- By posting summary data on the risk assessment results in publicly accessible places (information stands, occupational safety and health desks, etc.)

Information on detected (identified) hazards and occupational risk levels is used at all levels of occupational health and safety management.

A high professional level of training for the Company's employees is one of the requirements for the OHSMS to operate effectively.

Occupational health and safety training activities for employees include:

- Occupational safety briefings upon entry to and in the course of employment
- On-the-job training (for certain categories of personnel)
- Training and knowledge testing in occupational safety, safe job methods and techniques
- Training in how to separate the person from the source of electric current, first aid techniques (for certain categories of employees)
- Training in the use and application of personal protective equipment (for certain categories of employees)



Knowledge and practical skills acquired by employees are analysed with due account of the results of on-the-job training, shadowing, emergency and fire drills, as well as the results of periodic observations (various types of control) of how the employee performs the functions and tasks assigned to him/her.

In order to make occupational safety training of employees more effective, structural subdivisions ensure the availability of occupational safety rules and instructions, as well as other materials necessary for safe performance of work.

Investigation of accidents

Work-related accidents, occupational diseases, micro-injuries (micro-damage) at the Company's workplaces are investigated and recorded.

The purpose of investigating the causes of accidents, occupational diseases and other injuries is to prevent the deterioration of employee health and safety and to identify deficiencies in how the OHSMS functions.

Measures to investigate and record accidents and occupational diseases include:

- Organising the reporting of accidents and occupational diseases to the competent authorities and organisations

- Organising and ensuring a proper and timely investigation of an accident and occupational disease, drawing up investigation materials in accordance with legal requirements

Identification and prevention of hazards

The Company identifies and prevents hazards in the course of the following activities:

- Assessment and management of occupational risks, with special attention paid to high-hazard jobs
- Special assessment of work environment
- Implementation of an operational risk assessment procedure immediately at the workplace before work begins
- Industrial control of labour conditions
- Prevention of accidents and elimination of their consequences
- Special-purpose, comprehensive and operational inspections
- Use of instruments, devices, equipment and (or) complexes (systems) of instruments, equipment (if available and feasible) that provide remote video, audio or other recording of work processes, and storage of the obtained information

Industrial safety

Pursuant to Article 2 of Federal Law No. 116-FZ dated 21 July 1997 "On the Industrial Safety of Hazardous Production Facilities", PJSC Rosseti South operates 127 hazardous production facilities registered in the Unified State Register of Hazardous Production Facilities by the North Caucasus Department of the Federal Service for Environmental, Technological and Nuclear Supervision on 15 October 2020 (registration certificate No. A29-05010).

A total of 455 technical devices (truck cranes, hoists (derricks), gas supply networks, and gantry cranes) are operated at the hazardous production facilities of PJSC Rosseti South.

MEASURES TO ENSURE INDUSTRIAL SAFETY REQUIREMENTS IN 2023

Technical inspections, industrial safety examinations of technical devices used at hazardous production facilities

There were

473
technical inspections

and 321 industrial safety examinations of technical devices used at hazardous production facilities.

Insurance of hazardous production facilities

Training and certification of employees in the field of industrial safety

A total of

334
persons

received additional professional education (advanced training) and pre-certification training in the field of industrial safety.

Training in working occupations was given to

610
people

A total of 355 persons were certified in the field of industrial safety (primary and periodic certification).

Inspections in the context of industrial control over compliance with industrial safety requirements

There were

473
inspections conducted.

A total of

814
actions

were assigned for implementation. The activities were fully implemented in accordance with the established deadlines.

PJSC Rosseti South did not record any accidents at hazardous production facilities.

In order to ensure readiness for actions to contain and eliminate the consequences of an accident at hazardous production facilities of hazard class III (gas consumption networks), emergency response plans were developed and approved.

Contracts for operational maintenance of hazardous production facilities of hazard class III were concluded with emergency rescue teams.

In order to prevent accidents at the hazardous production facilities of Rosseti South, technical devices are to be operated in accordance with the requirements of regulatory legal acts in the field of industrial safety by trained and certified employees. The branches have an instruction in place that defines the actions of employees in emergency situations during the operation of technical devices at the facilities.

Work-related injuries and work-related ill-health

GRI 403-9, 403-10

PJSC Rosseti South has the Occupational Health and Safety Policy of the Rosseti Group¹ in place.

The policy is communicated to all persons, contractors doing business for the Company and sightseers visiting the Company.

To implement the Policy, as well as the obligations stated therein, and to achieve the objectives in occupational health and safety, the Company plans, develops and integrate measures to implement OHSMS procedures.

Special assessment of working conditions is a unified set of consistently implemented measures to identify harmful and (or) dangerous factors of the production environment and labour process and assess the level of their impact on the employee.

Special assessment of workplace conditions covered 13,407 workplaces, which is

100%

of the total number of workplaces by the end of 2023

Employees who perform their duties at workplaces that do not meet state regulatory requirements for occupational health and safety are paid compensation for work in hazardous working conditions, are granted additional paid leave, increased wages, and are provided with milk or other equivalent products (monetary compensation).

For protection against harmful and (or) hazardous factors of the production environment and (or) pollution, as well as at work performed in special temperature conditions, employees are provided free of charge with personal protective equipment and washing agents that received confirmation of conformity in accordance with the procedure established by the legislation of the Russian Federation on technical regulation.

Personnel of PJSC Rosseti South are completely furnished with special clothing and safety shoes.

RUB 273.576 mln

total cost of special clothing and footwear in 2023

In order to monitor, control and evaluate the OHSMS performance, the health of employees is monitored, including preliminary and periodic medical check-ups (examinations) and psychiatric examinations.

PJSC Rosseti South organises medical examinations once every two years for employees whose workplaces have harmful and/or hazardous production factors, as well as vehicle drivers, and annually for persons admitted to work at heights.

¹ Enacted by Order of PJSC Rosseti South No. 659 dated 30 October 2023.

In 2023, the cost of periodic medical examination of 7,329 employees (including 4,268 employees working in hazardous labour conditions) amounted to

RUB 18.627 mln

In 2023, the Company continued to work towards the Zero Injuries Concept, one of the development areas of safety culture.

Significant events in 2023:

- A transition from unannounced inspections of working teams to continuous monitoring of employees, relevant documents were issued, and employees received appropriate training
- Training sessions by zero Injury trainers at power grid regions and for work teams
- Promotion of safety compliance among employees and clarification of the essence of new trends in the field of occupational safety
- Training events with leaders of change
- Changed approaches to the monthly occupational safety day procedures and video recording of employees' actions in electrical installations
- Video instructions filmed for employees on the correct use of security equipment with smartphone recognition
- Solutions for gamification of work with personnel in order to study and practically apply the requirements of the Rules

Work-related accidents

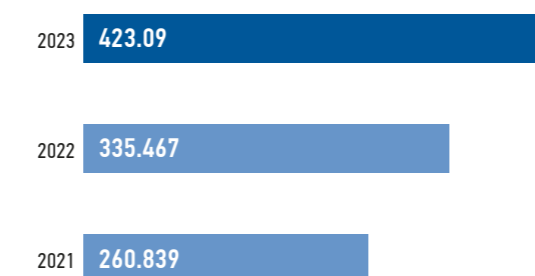
Indicators	2021	2022	2023
For employees:			
Number of victims of fatal work-related accidents, number of fatal work-related accidents	0	0	0
Number of people injured in work-related accidents with severe injuries, number of work-related accidents with severe injuries	0	1/1	0
For persons who are not employees, but whose work and (or) workplace is controlled by the Company:			
number of victims of fatal work-related accidents, number of fatal work-related accidents	0	0	0
number of people injured in work-related accidents with severe injuries, number of work-related accidents with severe injuries	0	0	0

The measures of the Comprehensive Programme for Personnel Injury Risk Reduction of PJSC Rosseti South for 2023 were implemented.

In 2023, there was a group accident with a minor outcome involving employees of Azovsky power grid region of Rostovenergo, a branch of Rosseti South. The cause of the accident was a traffic offence by a third-party driver. Based on the results of the investigation, the circumstances of the accident were brought to the attention of the labour collective, and an unscheduled briefing on compliance with traffic rules was conducted for all driving personnel.

No cases of work-related ill-health among the personnel of PJSC Rosseti South were registered in 2021–2023.

Occupational health and safety costs in 2021–2023, RUB mln



ENVIRONMENTAL PROTECTION

GRI 2-23, 2-24

In the reporting period, the Company's key objectives in the environmental compliance and environmental protection were aligned with the Power Grid Sector Environmental Policy under the Environmental Policy Implementation Programme of PJSC Rosseti South for 2023. Environmental safety measures are aimed at protecting the air basin, water and land resources, and wildlife.



NATIONAL PROJECT: ECOLOGY

Rosseti South built a power supply infrastructure for an eco-technopark in the Rostov Region. Power engineers erected a 4-km long 110 kV power transmission line and stretched more than 12 kilometres of wire. The total capacity of the connection will be over 5 MW.



ENVIRONMENTAL POLICY

Main objectives under the Environmental Policy of the power grid sector in 2023:

- ➔ Implementation of the Company's schedule of PCB-containing equipment decommissioning and delivery for complete demolition
- ➔ Implementation of measures under the Environmental Policy Implementation Programme of PJSC Rosseti South

Environmental management at PJSC Rosseti South in 2023 involved:

- ➔ Analysis of compliance of the Company's production activities with mandatory environmental requirements for 2022, with target process performance indicators set for 2023
- ➔ in November 2023, as part of the audit for compliance with the international standard ISO 14001:2015 at PJSC Rosseti South, a group of auditors concluded that the Company maintains a management system in compliance with the requirements of the standard.

For the purpose of retraining and advanced training of employees,

75 people

were trained in 2023 under advanced training programmes for managers and specialists in environmental protection & safety and environmental management system.

APPLICATION OF PROMISING TECHNOLOGIES AND ENVIRONMENTAL PROTECTION SOLUTIONS GRI 3-3



In order to improve the level of environmental safety in 2023, the following activities were undertaken:

- ➔ Replacement of oil circuit breakers with vacuum circuit breakers (85 ea)
- ➔ Replacement of oil-filled bushings with solid-insulated bushings (53 ea)
- ➔ Installation of bird diverters on 0.4 kV and above overhead power lines (5,527 ea)

Use of new technologies for environmental protection

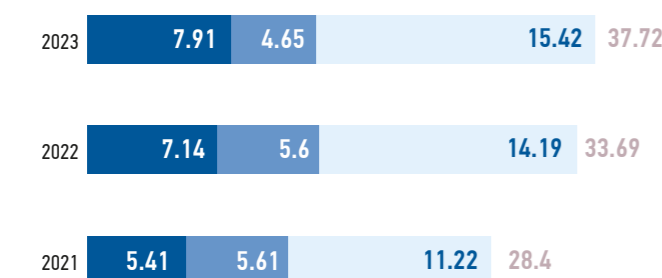
Indicators	UoM	2021	2022	2023
35 kV vacuum circuit breakers	ea	129	138	139
3–20 kV vacuum circuit breakers	ea	5,926	5,977	6,061
Self-supporting insulated wires on overhead transmission lines	km	225.0	455.0	327.5

ENVIRONMENTAL EXPENSES GRI 2-27

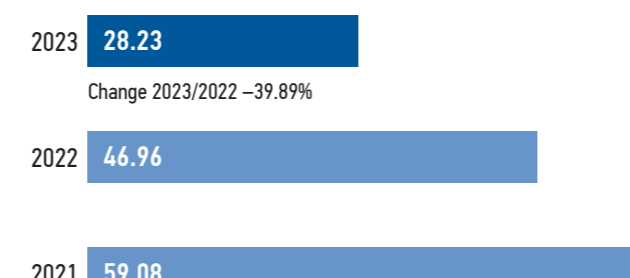
PJSC Rosseti South sponsors environmental protection activities. Current costs in 2023 totalled RUB 37.32 million.

Costs and investments to environment protection

Environmental protection costs by type of costs, RUB mln



Payments for adverse environmental effects, RUB '000



- for water conservation
- atmospheric air protection
- environmental protection from waste total

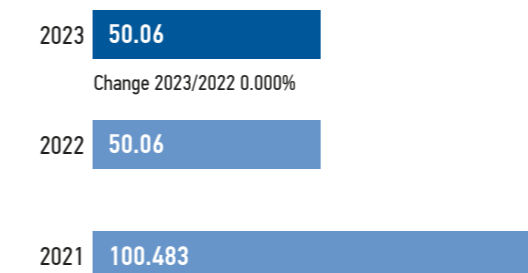
Fines and non-financial sanctions imposed on the Company for non-compliance with the requirements of environmental legislation

There were no inspections of the Company's activities and its subdivisions for compliance with environmental and sanitary-epidemiological legislation in 2023.

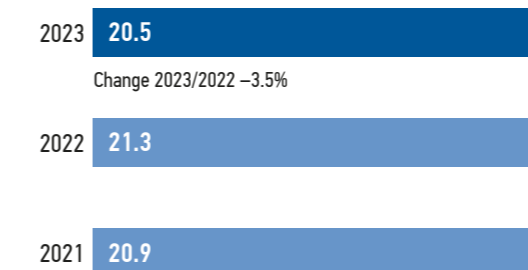
RESULTS OF 2023

Atmospheric air protection

Gross air emission, tonnes GRI 305-7



Greenhouse gas emissions (amount of CO₂-eq. emissions), thousand tonnes GRI 305-1



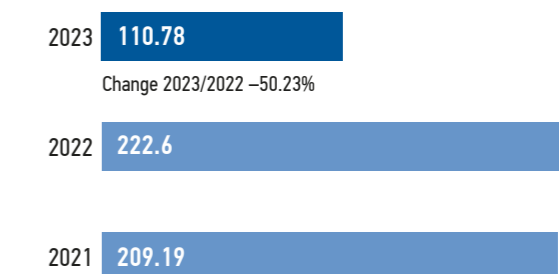
According to the results of 2023, the volume of gross air emissions remained flat with 2022 indicators because of inventory of air emission sources and establishment of standards for maximum permissible air emissions. The Company engaged accredited laboratories to control the volume of air emissions in 2023. The test results did not show any above-limit values.

2023 activities and events:

- Laboratory and instrumental control of air emissions at sources under contracts with accredited laboratories. The control results did not show any above-limit values
- Development of industrial environmental control programmes
- Development of measures to reduce emissions of harmful (polluting) substances into the atmospheric air during periods of unfavourable meteorological conditions
- Development of sanitary protection zone projects for production sites, measures on observation programme at the boundaries of sanitary protection zones
- Monitoring of carbon monoxide content in vehicle exhaust gases and timely repair of vehicles
- Improvement of operational activities and repair production technology (by the enterprise)
- Use of certified fuels
- Formation of statistical observation data on atmospheric air protection
- Generation of reports on industrial environmental control programmes at production sites of branches

Protection and rational use of water resources

Volume of water consumption, m³ GRI 303-5



In order to protect and rationally use water resources under licence agreements, groundwater quality assessment was carried out in 2023 (observation of groundwater level and temperature, recording of water consumption, sampling for bacteriological and chemical analysis, determination of physical properties of water).

2023 activities and events:

- Transfer of wastewater to specialised enterprises for treatment. To control the composition and properties of wastewater, submission of a declaration

to MUE Vodokanal on the composition and properties of wastewater discharged by the subscriber into the wastewater disposal system during 2023

- Laboratory control of wastewater quality
- Well abandonment and licence cancellation in the Volgograd Region
- Development of a suspension project for a water intake well in the Rostov Region
- Groundwater monitoring in accordance with the programmes developed and registered with the subsoil assets manager for Volgogradenergo and Rostovenergo branches

Waste management

GRI 306-3, 306-5

Indicators	2021	2022	2023	Change 2023/2022, %
Volume of generated waste, tonnes	5,991.339	7,172.023	6,826.870	-4.810
Volume of waste transferred for disposal and treatment, tonnes	3,994.560	4,625.968	4,852.450	4.900

At all production sites, waste is accumulated in places arranged in accordance with the requirements of environmental protection legislation and legislation on ensuring the sanitary and epidemiological well-being of the population, with a view to its further transfer to specialised organisations.

In order to protect and rationally use land, the Company organised regular control over separate accumulation of municipal and industrial waste (waste tyres, transformers, batteries, mercury-containing lamps, oils, metal waste, etc.), their timely transfer to specialised organisations for treatment and disposal. In 2023, 237 condensers containing trichlorodiphenyl – waste equipment containing extremely hazardous pollutants – were transferred for treatment and 184 were decommissioned.

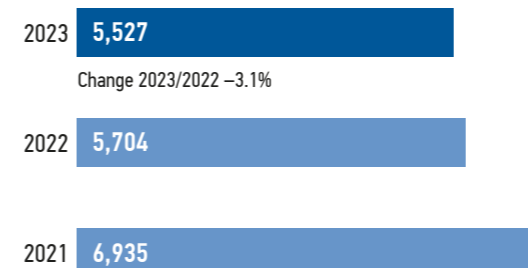
2023 activities and events:

- Timely removal of industrial and solid municipal waste by specialised organisations
- Generation of statistical observation data on generation, use, treatment, transportation and disposal of production and consumption waste
- Maintenance of records of waste generation and movement
- Control over separate accumulation of industrial waste (waste tyres, scrap metal, waste transformers, batteries, mercury-containing lamps that have lost their consumer properties, waste oil, etc.) and solid municipal waste in places specially designed and equipped for accumulation of waste of a certain type

Ecosystem and biological diversity conservation

GRI 304-2

Provision of power grid facilities with bird diverters, pcs.



Overhead power lines and open switchgear of substations of different voltage classes pose a potential threat to birds. Birds using overhead lines and substation equipment

at various stages of their life cycle can cause damage and outages to overhead transmission lines and substations, resulting in damage to equipment and birds being exposed to risks of mortality. The Company ensures the required level of ornithological safety at power grid facilities and, consequently, the required level of power supply reliability, which is achieved through the use of various types of bird diverters.

Main objectives of the Company in the field of environmental safety for 2024:

- Provision and monitoring of a safe level of pollutant atmospheric emissions from stationary sources
- Sanitary and hygienic control at the boundaries of sanitary protection zones
- Personnel upskilling in environmental protection
- Installation of pedestal-mounted bird diverters in birds habitation and migration areas
- Elimination of waste accumulation periods at production sites, timely removal of waste from the territory of production sites, fulfilment of the schedule for decommissioning of PCB-containing equipment and its delivery for destruction for 2023–2024
- Compliance with subsoil license agreements



ENERGY CONSUMPTION AND ENERGY SAVING



GRI 302-1

The energy conservation and energy efficiency improvement of PJSC Rosseti South in 2023 was in line with Federal Law of the Russian Federation No. 261-FZ “On Energy Conservation and Energy Efficiency Improvement and on Amendments to Certain Legislative Acts of the Russian Federation” (as amended), orders of the Ministry of Energy of the Russian Federation, resolutions of the executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs in the field

of energy conservation and energy efficiency improvement, with respect to entities engaged in electricity transmission activities and in accordance with the updated Energy Saving and Energy Efficiency Improvement Programme of PJSC Rosseti South for the period 2022–2026 approved by the decision of the Board of Directors of PJSC Rosseti South on 5 March 2022 (Minutes No. 429 dated 5 March 2022).

Planned and actual values of target indicators

No.	Indicators	UoM	2023	
			plan	actual
1	Electricity losses	mIn kWh	2,483.00	2,461.00
		RUB mln, VAT excl. ¹	9,538.00	9,547.00
		% of delivery to the grid	9.30	9.09
2	Consumption for own needs of substations	mIn kWh	40.17	32.95
		% of electricity losses	1.61	1.34
3	Total consumption of energy resources for housekeeping needs of administrative and industrial buildings	RUB mln, excl. VAT	324.58	296.60
		thousand TFOE	8.69	8.08
4	Total consumption of natural resources for housekeeping needs of administrative and industrial buildings (water supply)	RUB mln, excl. VAT	12.47	10.61
		thousand m ³	156.50	127.49
5	Motor fuel consumption by motor vehicles and special-purpose machinery	thousand litres	7,514.93	7,758.56
		thousand TFOE	8.76	9.05
		RUB mln, excl. VAT	296.27	342.27
6	Use of energy-efficient LED-based lighting facilities	%	87.56	89.50

DEVELOPMENT OF THE ENERGY MANAGEMENT SYSTEM

Energy Management System (EnMS) is a part of the Company’s overall management system, which has a well-defined organisational structure and focuses on fulfilling the provisions stated in the Energy Policy through implementing the programmes on energy saving and enhancing the energy efficiency.

In 2023, there were 20 internal audits of the EnMS. The audit team concluded that the organisation has established and maintained a management system in accordance with the requirements of the standard and has demonstrated the ability of the EnMS to systematically achieve agreed objectives in accordance with the organisation’s policies.

Since 2015, PJSC Rosseti South has introduced the EnMS and certified it to ISO 50001 international standard.



EFFECTS FROM THE ENMS AT PJSC ROSSETI SOUTH:

- Introduction of unified standards offering a systematic, comprehensive approach to energy saving issues
- Improvement of financial performance through saving and rational use of all types of energy resources at the Executive Office – branch – Subdivision – PGR level
- Reduction of costs, identification and elimination of non-productive expenditures
- Enhancement of the organisation’s reputation and image appeal
- Involvement of each employee of the organisation in achievement of energy efficiency and energy saving goals

Consumption of fuel and energy resources for household needs of administrative and production buildings

Indicators	UoM	Period			Change 2023/2022, %
		2021	2022	2023	
Total consumption of fuel and energy resources for housekeeping needs of administrative and industrial buildings	thousand TFOE	8.94	8.40	8.08	96.19
	RUB mln	288.07	277.56	296.60	106.86

¹ Information includes internal turnover.

Volume of energy resources used in 2023

Sr.No.	Types of resources ¹	UoM	Plan 2023	Actual 2023	Variation, %
1	Heat energy	Gcal	13,369.00	12,370.70	-7.47
		RUB mln	32.53	26.16	-19.58
2	Electrical energy	mln kWh	48.67	45.44	-6.64
		RUB mln	285.50	264.73	-7.27
3	Motor petrol	thousand litres	4,985.04	5,149.60	3.30
		RUB mln	195.07	216.04	10.75
4	Diesel fuel	thousand litres	2,529.89	2,608.96	3.13
		RUB mln	101.20	126.23	24.73
5	Natural gas	thousand m ³	528.58	532.60	0.76
		RUB mln	9.88	10.06	1.82



¹ Unused resources: nuclear energy, electromagnetic energy, oil, fuel oil, coal, oil shale, peat.

MANAGEMENT SYSTEMS



The Company has adopted and currently has in place the following management systems:

1 Quality Management System

The Quality Management System (QMS) is a part of the Company's general management system, which is designed to ensure high quality of services provided in accordance with the requirements of regulatory documents, customer needs and expectations and to satisfy all stakeholders, including employees, shareholders, investors and partners of the Company.

In 2023, PJSC Rosseti South successfully passed a supervisory audit and confirmed compliance of the Company's QMS with the requirements of ISO 9001:2015 (GOST R ISO 9001-2015).

2 Environmental Management System

Environmental Management System is a part of the Company's overall management system with its own organisational structure, mechanisms, procedures, and resources necessary for management of the environmental aspects of activities through developing and achieving the Environmental Policy goals.

In 2023, PJSC Rosseti South successfully passed a supervisory audit and confirmed compliance of the Company's EMS with the requirements of ISO 14001:2015 (GOST R ISO 14001-2016).

3 Energy Management System

Energy Management System (EnMS) is a part of the Company's overall management system, which has a well-defined organisational structure and focuses on fulfilling the provisions stated in the Energy Policy through implementing the programmes on energy saving and enhancing the energy efficiency.

In 2023, PJSC Rosseti South successfully passed a supervisory audit and confirmed compliance of the Company's EnMS with the requirements of ISO 50001:2018 (GOST R ISO 50001-2023).

4 Occupational Health and Safety Management System

The Occupational Health and Safety Management System (OHSMS) is a part of the Company's overall management system that helps manage risks and improve health and safety performance.

In 2023, PJSC Rosseti South successfully passed a supervisory audit and confirmed compliance of the Company's OHSMS with the requirements of ISO 45001:2018 (GOST R ISO 45001-2020).

The Company's management systems comply with the requirements of international and national standards such as ISO 9001 (GOST R ISO 9001), ISO 14001 (GOST R ISO 14001), ISO 45001 (GOST R ISO 45001) and are united into an integrated management system (IMS).

The Company's EnMS meets the requirements of the international and national standard ISO 50001 (GOST R ISO 50001) and is currently not included in the IMS.

Information on the availability of certificates²

Description	Management System/Certificate validity				Certification authority
	ISO 9001	ISO 50001	ISO 14001	ISO 45001	
PJSC Rosseti South	29.12.2024	18.01.2025	29.12.2024	29.12.2024	JSC SGS Vostok Limited

² ISO 9001 – Quality Management System
 ISO 14001 – Environmental Management System
 ISO 50001 – Energy Management System
 OHSAS 18001 – Occupational Health and Safety Management System.

PROCUREMENT ACTIVITIES

GRI 2-25, 2-26

STATUTORY REGULATION OF PROCUREMENT ACTIVITIES

Unified Procurement Standard of PJSC Rosseti (Regulations on Procurement)	Since 9 November 2022 – by the Uniform Procurement Standard of PJSC Rosseti (Procurement Regulations) of PJSC Rosseti South approved by the Board of Directors of the Company (Minutes No. 503/2022 dated 11 November 2022), since 2 February 2023 – by the Uniform Procurement Standard of PJSC Rosseti (Procurement Regulations) of PJSC Rosseti South approved by the Board of Directors of the Company (Minutes No. 512/2023 dated 2 February 2023), which establishes the procedure for the procurement of goods, work and services regardless of their cost
Regulations of the interaction of Rosseti South's business units during scheduled procurement of goods, works and services of the Company	The Regulations on Interaction of Business Units of PJSC Rosseti South for Regulated Procurement of Goods, Work and Services of the Company (Company Order No. 858 dated 30 December 2015) were enacted on 30 December 2015, and the Regulations on Interaction of Business Units of PJSC Rosseti South for Regulated Procurement of Goods, Work and Services of the Company (Company Order No. 684 dated 5 December 2022) were enacted on 5 December 2022 and define the procedure for interaction between business units of the executive office and branches of the Company when planning and conducting procurement, reporting on procurement results.
Regulation on the work of the Central Tender Commission of PJSC Rosseti South	The Regulations on the Operation of the Standing Procurement Commission of PJSC Rosseti South (Company Order No. 314 dated 27 May 2021) came into effect on 27 May 2021, and the Regulations on the Operation of the Standing Procurement Commission of PJSC Rosseti South (Company Order No. 473 dated 24 August 2022) came into effect on 24 August 2022, which were developed to define the functions, tasks, procedure for preparation and holding meetings of the Central Tender Commission of the Company
Regulation on the work of the standing procurement commission of PJSC Rosseti South	The Regulations on the Operation of the Standing Procurement Commission of PJSC Rosseti South (Company Order No. 311 dated 27 May 2021) were enacted as of 27 May 2021 to define the functions, tasks, preparation and holding of meetings of the standing procurement commission of the Company.

For efficient interaction with suppliers, the Company uses the electronic trading platform www.roseltorg.ru, the functionality of which makes it possible to expand the range of suppliers involved in procurement, as well as provides a competitive environment, thereby contributing to the efficiency of the Company's procurement activities.

Additional tools for interacting with suppliers include the portal of the Unified Information System for Procurement and the Suppliers section of the corporate website of PJSC Rosseti South www.rosseti-yug.ru. The Company publishes an up-to-date procurement plan (planned to be announced, ongoing and completed procurements) on these Internet sites with an option of automatic transfer to www.zakupki.gov.ru for prompt access to up-to-date information.

For more details on the methods of procurement procedures, please see Appendix No. 7 on the Company's website.

→ www.roseltorg.ru



→ www.zakupki.gov.ru



VOLUME OF PROCUREMENTS OF ROSSETI SOUTH IN 2023

919

procurement procedures

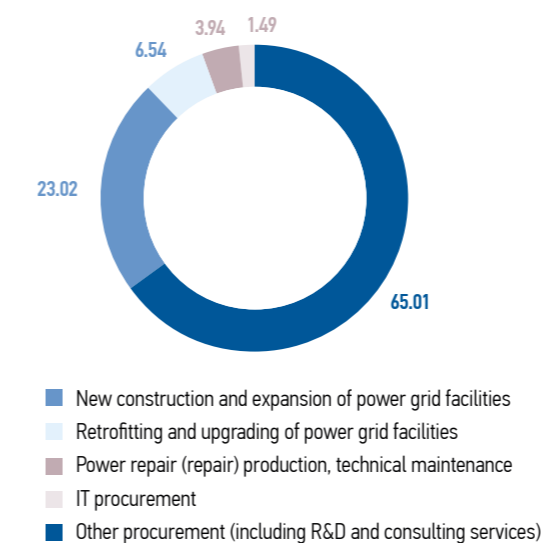
RUB 17.37 bln

The Company focuses its efforts on improving the information transparency and access of participants to procurements, including mainly electronic procurement procedures. A share of competitive procurement via the digital trading platforms amounted to 99.75%. There are no suppliers or contractors registered outside the Russian Federation.

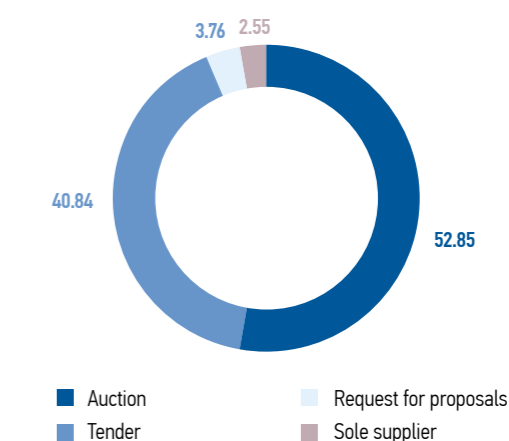
Openness of procurement procedures, %

	2022	2023	Change 2023/2022
Share of open competitive procurement procedures, as well as e-commerce procedures (using electronic trading platforms) in the total volume of procurement	98.30	67.44	0.69
Savings achieved	1.70	3.60	2.11
Share of purchases from small and medium-sized enterprises, as well as purchases in which small and medium-sized enterprises are engaged as subcontractors	66.48	72.38	0.86

Distribution of procurement by activities, %



Distribution by procurement method, %



SAVINGS ACHIEVED

RUB 535.90 mln

with VAT, or 3% of the planned announced cost of competitive procurement, – economic effect based on the results of procurement procedures in 2023

Procurements were made and contracts were concluded with suppliers classified as SMEs in the amount of RUB 3,292.63 million, including VAT, which is 72.38%

of the total volume of procurement procedures, of which special procurements (where only SMEs could be participants in the procurement) in the amount of RUB 2,558.28 million, including VAT, which is 31.65% of the total volume of procurement procedures.

In accordance with the requirements of the Government Resolution, quotas for purchases by specific customers from SMEs were approved at the level of 20% (25% for special purchases). The Company regularly exceeds the plan of purchases from SMEs.

Share of SME procurements, %



Volume of SME procurement, RUB mln



Share of procurements from SME only, %



Volume of procurements from SME only, RUB mln



ANTI-CORRUPTION POLICY AND SECURITY OF ECONOMIC ACTIVITIES

GRI 2-25, 2-26

The Anti-Corruption Policy is a single strategic document of PJSC Rosseti and its subsidiaries that defines a unified approach of the Rosseti Group to implementing the requirements of Article 13.3 of Federal Law No. 273-FZ “On Combating Corruption” dated 25 December 2008.

The Anti-Corruption Policy of PJSC Rosseti South (hereinafter referred to as the Anti-Corruption Policy) defines anti-corruption measures.

The Company actively deploys standards and procedures aimed at ensuring honest and dedicated work, follows anti-corruption standards focused on open, responsible and honest performance of activities stipulated by the Company’s Articles of Association, thus minimising corruption offences in the power grid sector that affect consumer confidence and business reputation of the Company.

The Company shall ensure publicity of its anti-corruption measures, post documents and information on anti-corruption issues on the official website, including the Anti-Corruption Policy and the Code of Corporate Ethics and Official Conduct of the Company’s employees. Read more on the Company’s official website: <https://rosseti-yug.ru/o-kompanii/protivodeystvie-korrupsii/>.

In the second half of 2023, a new version of the Anti-Corruption Policy of PJSC Rosseti South¹ was adopted.

In accordance with the Anti-Corruption Policy, PJSC Rosseti South joined the Anti-Corruption Charter of Russian Business (certificate No. 1517 dated 2 April 2015).

The effectiveness of measures to prevent and combat corruption was confirmed by the Rating Committee’s decision: for the fourth year in a row, the Rosseti Group

was assigned the highest grade, and the Company received maximum scores and retained its place among the rating leaders.

The Company has the Commission for Compliance with Corporate Ethics and Settlement of Conflicts of Interest.

Local regulatory acts adopted in the reporting period

PJSC Rosseti and subsidiaries and affiliates of PJSC Rosseti approved the anti-corruption plan for 2023 (Order No. 86 dated 10 February 2023).

The Company has drafted and updated local regulatory acts aimed at preventing and avoiding corruption in accordance with the requirements of the Russian legislation:

- The Regulations on the Reporting by Employees of PJSC Rosseti South on the Receipt of a Business Gift (Order No. 337 dated 22 June 2023) were updated
- The composition of PJSC Rosseti South’s Commission for Compliance with Corporate Ethics and Settlement of Conflicts of Interest was updated (Order No. 449 dated 4 August 2023)
- The Anti-Corruption Policy of PJSC Rosseti South was enacted (Order No. 469 dated 15 August 2023)
- PJSC Rosseti South’s own list of insider information was updated (Order No. 701 dated 17 November 2023)

Documents adopted for prevention of and counteraction to corruption are communicated to employees on a mandatory basis.

¹ Approved by the decision of the Board of Directors of PJSC Rosseti South on 2 August 2023 (Minutes No. 537/2023 dated 3 August 2023).

Prevention and avoidance of corruption

In order to ensure a unified approach to the development and implementation of measures designed to prevent and counteract corruption, the Company organises a corruption risk management process.

The Company's Management Board approved the risk register for 2023 (Minutes No. 459 dated 8 September 2022). The said register contains risks:

- FR12–04 “Involvement of the Company / Company employees in corrupt activities”, materiality level – ‘critical’
- BPR16–05 “Violations by employees of the requirements of regulatory documents, legislation of the Russian Federation that may lead to corrupt practices”, materiality level – ‘significant’
- BPR16–08 “Unfairness of the Company's employees and counterparties with regard to transactions with affiliated parties”, materiality level – ‘moderate’

In order to effectively manage risks with the ‘critical’ and ‘significant’ materiality levels, an action plan to manage these risks for 2023 was developed and approved, including the action “Execution of the anti-corruption plan of PJSC Rosseti South for 2023”.

Every quarter, the Company monitors risk assessment, updates risk profiles, and prepares a progress report on the risk management action plan.

Based on the results of 2023, all planned activities were performed in due time.

As required by the Anti-Corruption Policy and protocol decisions of the joint meeting of the heads of security, internal control and risk management, and internal audit, financial and business operations at branches of PJSC Rosseti South were reviewed and the following S&As of PJSC Rosseti South were audited such as JSC Energetik Recreation Facility, JSC Volgograd Inter-District Power Grids, FVE PF “Interregional Energy Institute of the South”, and Autonomous Nonprofit Organisation “Southern Interregional Qualification Centre for the Electric Power Industry”.

The main issues included in the audit programmes:

- Control over compliance with the requirements of the Anti-Corruption Policy
- Identification of conflicts of interest
- Enforcement of the requirements of the anti-corruption standard for procurement activities of PJSC Rosseti and subsidiaries and affiliates of PJSC Rosseti in procurement activities and contractual work

Following the verification process, the identified violations and deficiencies were recorded and communicated to the facilities checked. In order to eliminate the identified violations and deficiencies, the facilities are to develop plans of corrective actions, with assignment of those responsible for monitoring the progress of implementation, as well as responsible persons and deadlines for each plan item. The corrective actions are subject to ongoing monitoring.

Consideration and resolution of information on possible instances of corruption

GRI 205-3

The Company has a procedure for receiving and reviewing complaints and reports from applicants (employees, contractors of PJSC Rosseti South, and other individuals and legal entities) about possible instances of corruption (hereinafter referred to as the Procedure).

According to the procedure, complaints may be sent to the official email address, through the feedback form on the corporate website, by telephone hotline, through personal reception, as well as by mail and other means.

The Company accepts, registers and records incoming applications, ensures confidentiality and safety of data received from the applicant, and envisages personal liability in accordance with the legislation of the Russian Federation for disclosure of received information.

In 2023, there were two reports of possible corruption. The reports were reviewed in due time, in accordance with the current procedure in place. As a result of the work performed, no signs of corrupt practices on the part of the Company's employees were confirmed, and no signs of conflict of interest were identified.

Prevention and management of conflicts of interest

GRI 2-15

The Company takes measures to identify, prevent and resolve conflicts of interest.

In accordance with the Regulation on Settlement of Conflict of Interest in the Company (approved by Order No. 61 dated 7 February 2022), a three-level system of disclosure of information on the existence of a conflict of interest is established:

- Initial disclosure of conflicts of interest upon hiring / transfer to another position
- Annual disclosure of conflicts of interest as of 31 December of the relevant year
- Notifications from employees on the emergence of personal interest in the performance of official duties, which leads or may lead to a conflict of interest

During the reporting period, materials were checked and 574 opinions were prepared on the presence/absence of a conflict of interest in candidates for vacant positions (employment/transfer) in the Company. As regards the facts of possible conflict of interests and pre-conflict situation among the Company's employees, 20 additional checks were carried out while preparing opinions on the presence/absence of conflict of interests among candidates for vacant positions.

Measures for the annual declaration of conflicts of interest of employees of PJSC Rosseti South and its subsidiaries and affiliates using the electronic declaration subsystem of the Automated System for Analysis and Collection of Information on Beneficiaries (hereinafter referred to as AS ACIB) were implemented on time and in full.

The number of persons subject to annual declaration as of 31 December 2022 was 2,241 persons in PJSC Rosseti South and its subsidiaries and affiliates.

According to the declaration results for 2022, there were no cases of pre-conflict situations in which close relatives were in direct or solid-line subordination.

Based on the recommendations of PJSC Rosseti (letter No. EU-6290 dated 1 December 2017), situations recognised as labour dynasties do not require resolution and additional action and are considered resolved.

In the reporting period, there were no notifications from employees about any personal agenda during the conduct of official duties, which leads or may lead to a conflict of interest.

In December 2023, preparations were made for the annual declaration of conflicts of interest of employees of the Company and its S&As for 2023. Order No. 121 dated 25 December 2023 “On Organising Measures to Declare Conflicts of Interest of PJSC Rosseti South's Employees for 2023” was issued.

Legal education, counselling and training of employees

GRI 205-2

In order to improve the effectiveness of awareness-raising, educational and other corruption prevention activities, the Company regularly updates the regulatory and legal framework, counselling and training of employees.

The Company's corporate website has an Anti-Corruption section that contains up-to-date information on anti-corruption activities, hotline numbers and other ways to report possible instances of corruption.

Information stands titled “Territory without Corruption” containing up-to-date information on the requirements of anti-corruption legislation, general principles of the Anti-Corruption Policy, hotlines, and other available ways to report corruption are located in the reception areas of subdivisions and PGRs, as well as in the Customer Service Centres of Rosseti South's branches.

Under the approved training programme for Rosseti Group's employees on preventing and combating corruption, 13,620 employees underwent online training and testing in 2023 and 1,164 employees in 2022. Training is delivered on the basis of Rosseti's corporate educational portal using the resources of the distance learning systems of the Rosseti Group's companies.

In November 2023, the Company conducted an anonymous employee survey with the aim to prevent corruption and avoid the realisation of corruption risks. Employees of PJSC Rosseti South showed the highest engagement rates across the Group of Companies – 71.6%, up 5.4% year-on-year.

Anti-corruption measures of the Company for 2024

In 2024, the Company scheduled the following key tasks related to the implementation of the Anti-Corruption Policy:

- To facilitate the development of an anti-corruption plan for 2024, to organise anti-corruption activities in accordance with the anti-corruption plan
- To organise annual declaration of conflicts of interest of the Company’s employees, prepare and submit a report on the declaration of conflicts of interest to the Commission for Compliance with Corporate Ethics and Settlement of Conflicts of Interest
- To arrange for monthly collection, analysis and verification of information regarding the entire chain of ownership of counterparties, including beneficiaries

(including ultimate beneficiaries), as well as information on the composition of executive bodies, and send consolidated reports to PJSC Rosseti

The main objective of the anti-corruption measures implemented by the Company is to create an environment that would minimise corrupt practices. The achievement of this task will have a direct impact on the Company’s financial and economic activities, as well as its partners’ opinion of it and its commercial reputation.

13,620

Company’s employees received anti-corruption training in 2023

INFORMATION DISCLOSURE

COMMUNICATION WITH THE MEDIA, IN SOCIAL NETWORKS AND THE BLOGOSPHERE

The information policy of PJSC Rosseti South pursues a long-term communications strategy and the principles of the Unified Communications Policy of PJSC Rosseti, paying close attention to business reputation in the external environment. The key tasks that the Company addressed

in terms of public relations were to ensure openness and to provide shareholders and the general public with objective and timely information on the Company’s activities, current changes and development prospects.

Key performance results

642 releases

prepared and published by the Company in 2023

18,745

total number of mentions of the Company in regional mass media

29.2

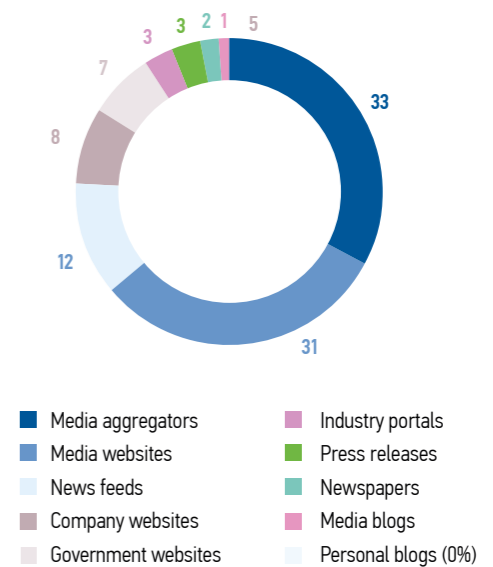
average citation index (13.1% year-on-year growth)

According to the SPI PR Performance Index (SCAN Performance Indicators), Rosseti South’s **visibility index** for the reporting period was **2,526,839 points**. The **direct speech index** is **22%**. Coverage for the period was **93,998,320 people**. There is a trend of almost doubling the coverage compared to 2022 (in 2022, the coverage was **48,011,737 people**). This is explained by the events that occurred in the Rostov Region in December 2023 (consequences of freezing rain: technological disturbances, disruption of power supply to consumers).

The **Reputation Risk Index** is **30 points** and is in the **moderate risk zone**. Media coverage of legal trials had a significant impact on the index.

Social media activity nearly **doubled** in 2023. The share of positive references exceeds the share of negative ones (9.2 and 6.1%, respectively). A total of **3,393 posts** were prepared and shared on the Company’s official social media pages with a total reach of **3.1 million people**.

Source categories, 01.01.2023–31.12.2023, %



MAIN FORMS AND CHANNELS OF INFORMATION DISCLOSURE

The corporate website represents the Company’s activities. The main objective of the corporate website is to provide consumers with expanded and well-structured information about the Company. The most relevant sections of the corporate website are “Press Centre”, “Personnel”, “To Consumers”, “About the Company”, “To Shareholder, Investor” and “Information Disclosure”.

The company website is always being updated. The efficiency of information disclosure by the Company on the corporate website is regularly improved.

Information on activities required by the current federal law “On Joint Stock Companies”, the Standards for Information

Disclosure by Entities in the Wholesale and Retail Electricity Markets (approved by Resolution No. 24 of the Government of the Russian Federation dated 21 January 2004), and other regulations is posted on the official website of PJSC Rosseti South, as well as in the Interfax Corporate Information Disclosure Centre.

Information on the Company’s current and prospective activities is published on the official website and disseminated through the mass media.

Another public relations channel is social media.

CORPORATE GOVERNANCE REPORT

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TOGETHER WITH
THE COUNTRY
**STRIVING
FOR EFFICIENCY**

NCGR 7
National Corporate
Governance Rating

86%
corporate governance score
(Well-Developed Practice)



CONTROLLING SHAREHOLDER OF PJSC ROSSETI SOUTH

Our controlling shareholder is Public Joint Stock Company Federal Grid Company – Rosseti¹ (PJSC Rosseti) with the government’s share in the authorised capital of 75.278% of the outstanding shares.

Its memorandum specifies the purpose of ownership, key objectives with respect to assets, and the corporate governance principles that Rosseti follows in managing the Group’s companies.

The Memorandum is available on the official website of PJSC Rosseti South:
 → <https://rosseti-yug.ru/aktsioneru-investoru/>



FUNDAMENTALS OF CORPORATE GOVERNANCE

Corporate Governance System

Corporate governance is a system of relations between the Company’s executive bodies, its Board of Directors, shareholders and other stakeholders.

Corporate governance within the Company complies with the legislation of the Russian Federation, Company’s Articles of Associations, bylaws for governing and control bodies of the Company, Company’s Regulations on Insider Information, Company’s Regulation on the Information Policy, and other internal documents.

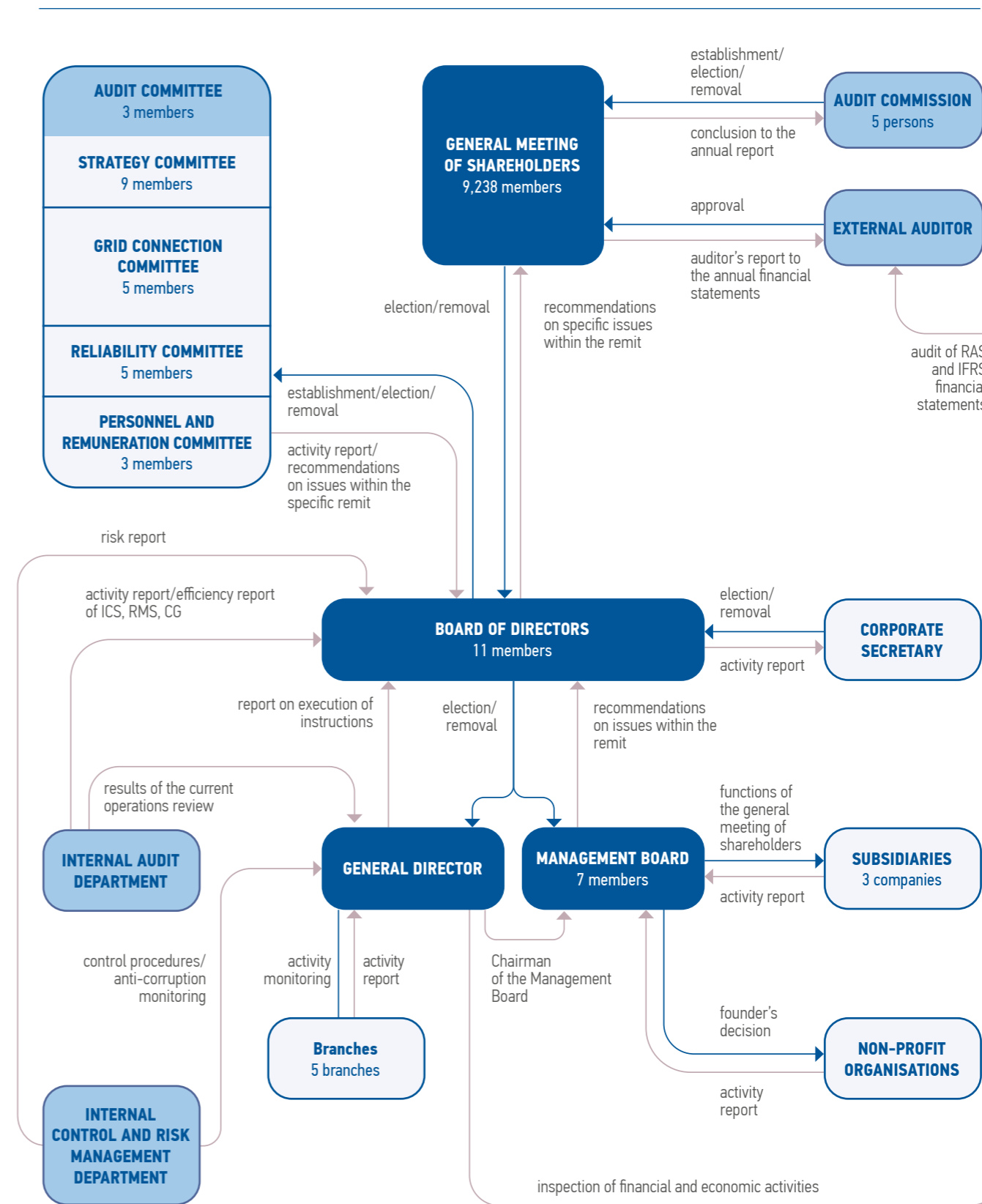
Internal documents regulating the Company’s corporate governance are published on the Company’s official website:
 → <https://rosseti-yug.ru/korporativnoe-upravlenie/vnutrennie-polozheniya/>



Principles of corporate governance

- Equal and fair treatment of all shareholders
- Responsibility and accountability of the Board of Directors to the Company’s shareholders
- Transparency and openness of information about the Company
- Effective risk management and internal control system
- Responsibility of the Company to shareholders, consumers, employees, partners, society and the state
- Sustainable development and implementation of strategic programmes and projects

Corporate governance structure



¹ Until 9 January 2023, Public Joint Stock Company Russian Grids (Rosseti); since 9 January 2023, Public Joint Stock Company Federal Grid Company – Rosseti.

DEVELOPMENT OF CORPORATE GOVERNANCE

In 2023, we focused on improving our corporate governance practices and maintaining dialogue with key stakeholders.



As a result of efforts to improve corporate governance, the corporate governance rating was maintained at a high level (NCRG 7), and there was a high level of discipline in executing decisions of the governing bodies.

Measures to improve corporate governance in 2023:

- Ensuring that the corporate governance rating is at a high level
- Updating of the Company's internal documents related to corporate governance in general, as well as documents regulating the organisation of activities of governance bodies
- Conducting evaluations of the Board of Directors and committees under the Board of Directors
- Making sure that the governance bodies' resolutions are fulfilled properly
- Disclosing non-financial statements in the form of an integrated report

New documents

In order to facilitate the fastest possible integration of newly elected members of the Board of Directors and committees of the Company into the above bodies and familiarise them with the Company's production, financial, and business operations, the General Director approved the guidelines for induction of newly elected members of the Board of Directors and committees of the Board of Directors of PJSC Rosseti South.

Self-assessment of the performance of the Board of Directors and its committees

In 2023, we conducted another self-assessment of the performance of the Company's Board of Directors and its committees based on the Methodology approved by the Board of Directors on 17 March 2020 (Minutes No. 364/2020 dated 18 March 2020), which was formulated in accordance with the laws of the Russian Federation, the Company's Articles of Association and the Corporate Governance Code of the Bank of Russia. The overall performance score of the Board of Directors of PJSC Rosseti South for the 2022/2023 corporate year was 4.8, which means 'more likely complies' with the recommendations contained in international and Russian standards of best corporate governance practices.

Preparation of non-financial statements

In the past year, the Company prepared an integrated Annual Report for 2022, which was publicly certified by the RUIE Non-Financial Reporting Council.

Plans to improve the corporate governance model and practices for 2024:

- To comply with the rules and principles of corporate governance set out in the current internal documents of the Company
- To adopt its own Corporate Governance Code
- To ensure the effective functioning of the Company's governance bodies and control over the execution of their decisions
- To maintain the corporate governance rating at the level of Well-Developed Corporate Governance Practice

- To implement action plans based on the results of the Company's corporate governance assessment

In 2024, the Company is set to continue analysing the best corporate governance practices and assess the expediency of their implementation, plans to update corporate standards, including plans to prepare amendments to the Company's Articles of Association and propose them for consideration by the General Meeting of Shareholders of the Company.

ASSESSMENT OF THE CORPORATE GOVERNANCE LEVEL

The Company's internal audit function annually assesses the corporate governance of PJSC Rosseti South.

Compliance of corporate governance with the principles and recommendations set out in the Corporate Governance Code and (or) the Listing Rules, and (or) best corporate practices is a measure used to assess corporate governance.

The assessment process covers six components of corporate governance:

- Shareholders' rights
- Board of Directors
- Executive management
- Transparency and disclosures
- Risk management, internal control and internal audit
- Corporate social responsibility, business ethics and compliance

The efficiency of the Company's corporate governance system for the 2022/2023 corporate year was assessed in accordance with the Corporate Governance Assessment Methodology of PJSC Rosseti South approved by the Company's Order No. 481 dated 25 August 2020.

The assessment determined that corporate governance is consistent with 'developed practices' (423.5 out of 489 points, 86%, which corresponds to scoring boundaries of <96% and ≥80%). The Company's corporate governance score for the 2021/2022 corporate year was at the same level (420.5 out of 489 points, 86%, corresponding to scoring boundaries of <96% and ≥80%).

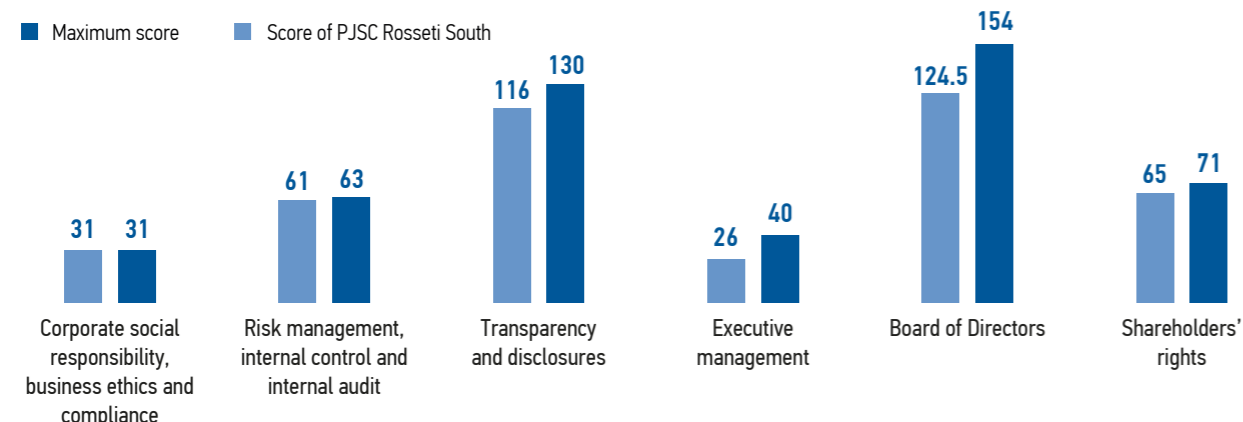
At the same time, there is an area for improvements for the components / elements as follows:

- Board of Directors – 15 points (9.7%)
- Executive management – 4 points (10.0%)
- Transparency and disclosure of information – 2 points (1.5%)

86%

corporate governance score of PJSC Rosseti South at the end of 2022/2023 corporate year

Comparison of compliance of the Company's corporate governance components with the criteria based on the assessment results of the 2022/2023 corporate year



Components	Assessment of corporate governance of PJSC Rosseti South over the last three years							
	Max. score	Weight in assessment, %	Points 2022/2023	Weight in assessment, %	Points 2021/2022	Weight in assessment, %	Points 2020/2021	Weight in assessment, %
1 Shareholders' rights	71	15	65.0	13	65.0	13	67.0	14
2 Board of Directors	154	31	124.5	25	123.5	25	119.5	24
3 Executive management	40	8	26.0	5	28.0	6	28.0	6
4 Transparency and disclosures	130	27	116.0	24	112.0	23	112.0	23
5 Risk management, internal control and internal audit	63	13	61.0	12	61.0	12	61.0	12
6 Corporate social responsibility, business ethics and compliance	31	6	31.0	6	31.0	6	31.0	6
Total score	489	100	423.5	87	420.5	86	418.5	86

For certain issues (a significant part of those assessed as 'non-compliant'), the growth potential is contingent on factors that the Company cannot influence, in particular, the position of the controlling party, PJSC Rosseti.

Based on the results of the assessment of corporate governance in the Company at the end of 2022–2023, the internal auditor's contains the following recommendations:

- To ensure that an effective level of corporate governance is maintained
- To consider the possibility of eliminating non-compliance with the corporate governance principles for the components identified in this Report

Independent assessment

The Company engages an external corporate governance consultant as an independent expert on an ongoing basis, which enables tracking the effectiveness of ongoing changes and consistently implementing management system improvement tools, as well as elements of best practices.

In October 2023, the Russian Institute of Directors confirmed Rosseti South's National Corporate Governance Rating (NCGR) at level 7, Well-Developed Corporate Governance Practice.

❶ A rating of 7 means that the Company follows a significant number of recommendations of the Russian Corporate Governance Code and sustainable development standards. The Company is characterised by sufficiently low stakeholder risks related to the quality of corporate governance and sustainability management.

Assessment of compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia

The Company strives to improve its corporate governance system, the main principles of which are as follows:

- To ensure equal and fair treatment of all shareholders when they exercise their right to participate in the management of the Company
- To provide shareholders with an equal and fair opportunity to participate in the Company's profits by receiving dividends
- To ensure equal conditions for all shareholders, including minority shareholders, and equal treatment by the Company
- To provide shareholders with reliable and efficient ways of accounting for their rights to shares, as well as the possibility of free and unencumbered disposal of their shares
- To create a system of disclosure of information on the Company's activities that is transparent and accessible to shareholders, investors and other stakeholders

The policy pursued by the Company in the context of corporate governance contributes to building relations of trust, provides a real opportunity for the Company's shareholders to exercise their rights, and reduces the risk of violation of shareholders' rights.

One of the continuing processes in developing the corporate governance structure of the Company is implementing as many elements of best practices from both abroad and Russia as possible.

In the process of improving the efficiency of the corporate governance system, the Company endeavours to follow the best Russian practices enshrined in the Corporate Governance Code of the Bank of Russia.

Statistics of compliance with the corporate governance principles

Period	Principles recommended by the Code	Principles fully complied with by the Company	Principles partially complied with by the Company	Principles not complied with by the Company
Shareholder rights and equality of conditions for shareholders in exercising their rights				
2021	13	13	–	–
2022	13	13	–	–
2023	13	13	–	–
Board of Directors of the Company				
2021	36	21	9	6
2022	36	24	10	2
2023	36	25	10	1
Corporate Secretary of the Company				
2021	2	2	–	–
2022	2	2	–	–
2023	2	2	–	–
Remuneration system for members of the Board of Directors, executive bodies and other key executives of the Company				
2021	10	8	1	–
2022	10	7	1	–
2023	10	8	–	–
Internal Control and Risk Management System				
2021	6	6	–	–
2022	6	6	–	–
2023	6	6	–	–
Disclosure of information about the Company, information policy of the Company				
2021	7	6	–	1
2022	7	7	–	–
2023	7	7	–	–
Material corporate actions				
2021	5	3	1	1
2022	5	3	2	–
2023	5	3	2	–

Indicators	2023	2022	2021
Principles fully complied with by the Company	64	62	59
Principles partially complied with by the Company	12	13	11
Principles not complied with by the Company	1	2	8

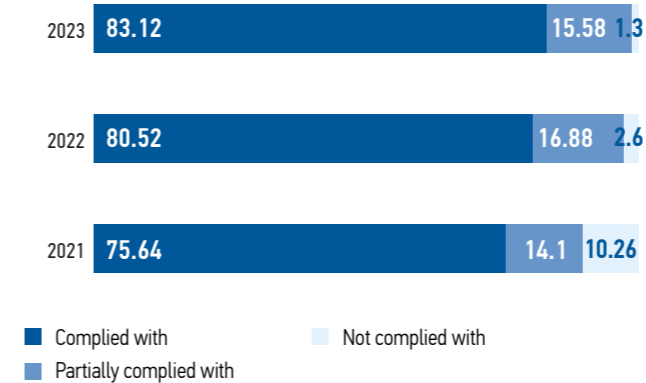
The share of principles and recommendations of the Bank of Russia’s Corporate Governance Code not followed by the Company decreased from 2.60% in 2022 to

1.30%
in 2023.

The indicator for the share of principles and recommendations of the Bank of Russia’s Corporate Governance Code fully complied with by the Company increased from 80.52% in 2022 to

83.12%
in 2023.

Compliance with the principles of the Corporate Governance Code, %



→ Full information on the Company’s compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia is provided in Appendix No. 4 to this Report.



To improve the level of corporate governance at PJSC Rosseti South in 2024, the Company plans to:

- Increase the number of in-person meetings of the Company’s governance bodies
- Update the Company’s internal documents in line with changes in the legislation of the Russian Federation



MANAGEMENT BODIES

The corporate governance system is a system of governance and control bodies operating in accordance with the legislation of the Russian Federation, the Company's Articles of Association, and the Corporate Governance Code of the Bank of Russia, and includes the General Meeting of Shareholders of the Company, the Board of Directors of the Company, committees under the Board of Directors of the Company, the Audit Commission of the Company, and the executive bodies of the Company – the General Director and the Management Board¹.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme governance body of PJSC Rosseti South. The scope of powers, the procedure for convening, holding, and summarising the results of the General Meeting of Shareholders are governed by the Federal Law "On Joint Stock Companies", Regulation of the Bank of Russia No. 660-P dated 16 November 2018 "On General Meetings of Shareholders", the Articles of Association of PJSC Rosseti South, and the Regulations on the General Meeting of Shareholders of the Company.

Materials for preparation for General Meetings of Shareholders are posted on the Company's website in compliance with the recommendations of the Corporate Governance Code on providing shareholders with additional materials to prepare for the meeting.

The Company's shareholders may participate in the meeting by filling in the electronic ballot form in the information and telecommunications network of the Internet on the website of the Company's independent registrar, JSC R.O.S.T., through the use of the "Shareholder's Personal Cabinet" service.

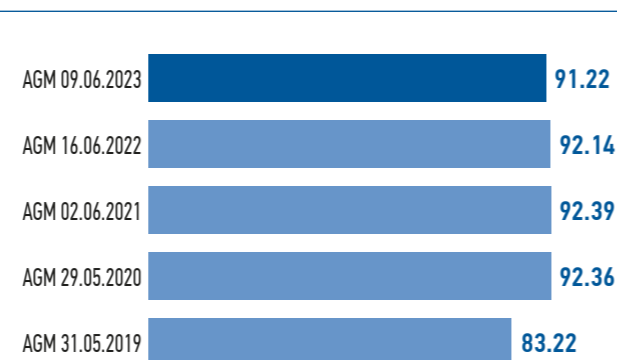
In the reporting period, the Annual General Meeting of Shareholders of PJSC Rosseti South based on the results of 2022 was held on 9 June 2023 in the form of absentee voting. The meeting was attended by 70 shareholders (seven legal entities and 63 individuals), with a quorum of 91.22%. Such quorum was secured mainly due to the participation of the majority shareholder, PJSC Rosseti, with 84.16% of voting shares, as well as minority shareholders of Prosperity Group with 6.45%. The share of other shareholders who participated in the meeting totalled 0.60% of the Company's voting shares.

In accordance with the agenda of the 2023 Annual General Meeting of Shareholders, the Annual Report, annual accounting (financial) statements of PJSC Rosseti South, and distribution of the Company's profit based on the results of the 2022 financial year were approved in absentia, the members of the Board of Directors and the Audit Commission were elected, and the Company's audit organisation for 2023 was approved. Subject to the restrictions set forth in Clause 1, Art. 43 of the Federal Law "On Joint Stock Companies", it was decided not to pay dividends based on the results of 2022.

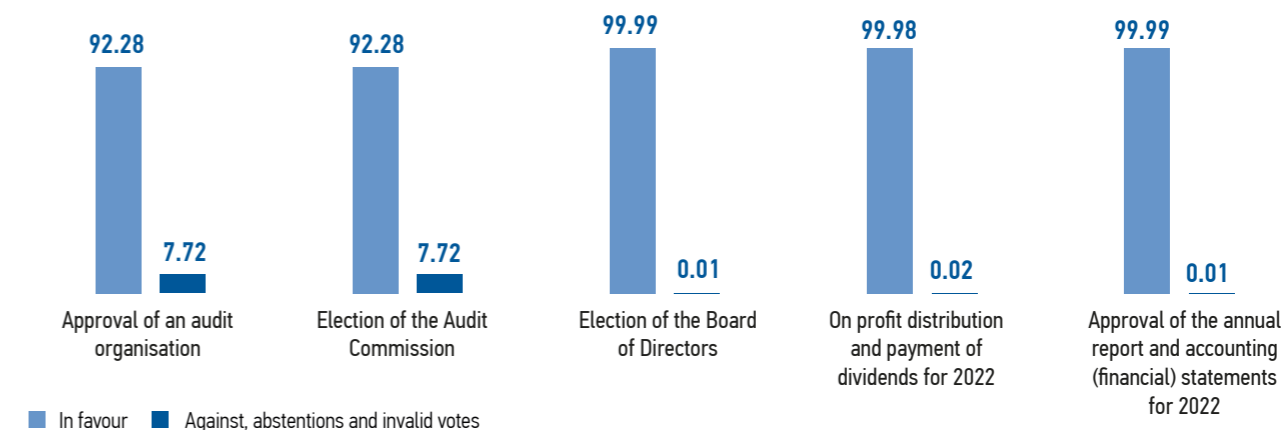
→ [Minutes of General Meetings of Shareholders are available on the Company's website in the "To the Shareholder, Investor" section.](#)



Quorum of general meetings of the Company's shareholders for the last five years, %



Voting results of shareholders at the Annual General Meeting of Shareholders on 09.06.2023, % of votes participated in voting



BOARD OF DIRECTORS OF THE COMPANY

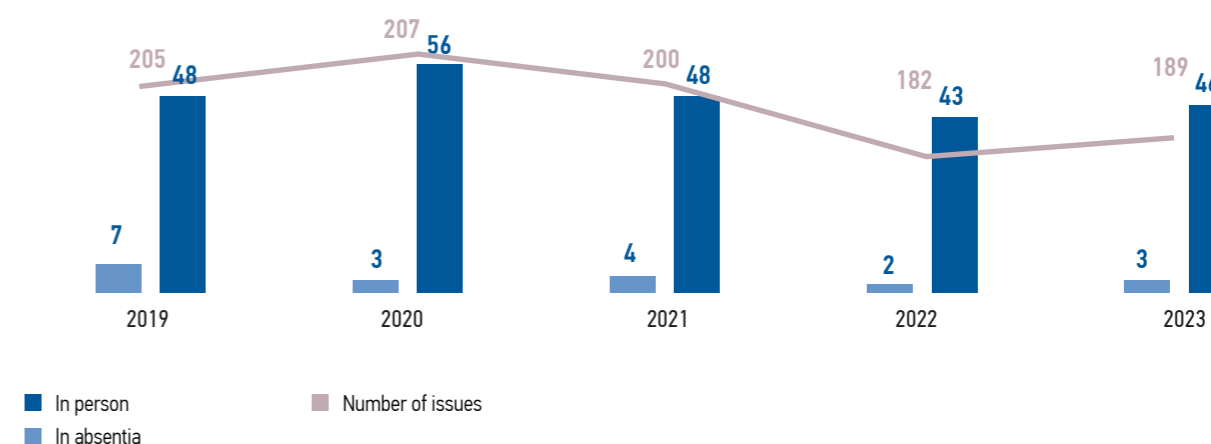
GRI 2-9

The Board of Directors is a collegial governing body that performs general management of the Company's activities, oversees the activities of the Company's executive bodies, as well as the execution of resolutions of the General Meeting of Shareholders and the safeguarding of the legitimate interests of the Company's shareholders in accordance with the requirements of the legislation of the Russian Federation. The Board of Directors is governed by the laws of the Russian Federation, the Articles of Association, and the Regulations on the Board of Directors of PJSC Rosseti South².

Performance Results of the Board of Directors in the reporting year

In 2023, 49 meetings of the Company's Board of Directors were held, of which three were held in absentia via videoconference. The Board of Directors reviewed 189 issues at its meetings in 2023.

Statistical data on the work of the Board of Directors of PJSC Rosseti South over the past five years



¹ The scope of duties of the Company's governance and control bodies is defined by the Company's internal documents, which can be found on the [Company's official website](#).

² Approved by decision of the Annual General Meeting of Shareholders on 29 May 2020 (Minutes No. 22 dated 2 June 2020), read more on the [Company's official website](#).

Participation of members of the Board of Directors of PJSC Rosseti South in meetings in 2023

First and last name of the Board member	Total number of meetings to be attended by a Board member	Total number of meetings attended by a Board member, %
Members of the Board of Directors who served on the Board throughout 2023		
Daniil Krainskiy	49	49/100
Maria Dokuchaeva	49	49/100
Vitaliy Zarkhin	49	49/100
Konstantin Kravchenko	49	49/100
Maria Korotkova	49	49/100
Maria Tikhonova	49	49/100
Oleg Klinkov	49	49/100
Alexander Kazakov	49	49/100
Ekaterina Nikitchanova	49	49/100
Boris Ebzeev	49	49/100
Members of the Board of Directors from 01.01.2023 to 08.06.2023		
Alexey Polinov	17	17/100
Members of the Board of Directors from 09.06.2023 to 31.12.2023		
Natalia Paramonova	32	32/100

Topics of issues reviewed by the Board of Directors of PJSC Rosseti South in 2021–2023

Topic	2021	2022	2023
Business planning investment projects	25	20	21
Financial and credit policy	20	16	15
Core activities, key programmes	25	26	28
Management of non-core assets, property transactions	12	11	12
Corporate governance, management of subsidiaries on key issues	65	52	51
Sustainable development (ESG)	26	27	33
Human resources issues, performance evaluation and management remuneration	8	12	13
Internal audit, internal control and risk management	14	10	12
Major transactions, related-party transactions	5	8	4

Preliminary consideration of issues by the Management Board and dedicated committees of the Board of Directors

In order to ensure efficient work of the Board of Directors of the Company, the Management Board and dedicated committees of the Company ensured the elaboration and submission of recommendations (opinions) to the Board of Directors of the Company on issues within their remit.

Thus, out of 189 issues reviewed by the Board of Directors, 169 issues (89.4%) were preliminarily reviewed by the Company’s Management Board, 19 issues (10.0%) – by the Audit Committee, 16 issues (8.5%) – by the Personnel and Remuneration Committee, 11 issues (5.8%) – by the Reliability Committee, 56 issues (29.6%) – by the Strategy Committee, 9 issues (4.8%) – by the Grid Connection Committee of the Company’s Board of Directors.

Significant resolutions of the Company’s Board of Directors in the reporting year¹

In the reporting year, the Board of Directors of the Company approved the following key programmes and plans:

- Digital Transformation Programme of PJSC Rosseti South for 2020–2030 (ESG)
- Programme for Modernisation (Renovation) of Power Grid Facilities of PJSC Rosseti South for 2023–2027 (ESG)
- Programme to reduce electricity losses in the power grid complex of PJSC Rosseti South for 2023 and until 2027
- Action Plan for the transition of PJSC Rosseti South to the predominant use of domestic software for 2022–2024 (ESG)
- Roadmap for the implementation of customer service quality standards for PJSC Rosseti South (ESG)
- A new version of the Programme for Disposal of Non-core Assets of PJSC Rosseti South
- Plan for the development of the production asset management system of PJSC Rosseti South for 2022–2024 (ESG)
- Resource Plan of PJSC Rosseti South for 2022–2024 (ESG)
- Procurement plan of PJSC Rosseti South for 2024 (ESG)
- PCB-containing equipment decommissioning plan of PJSC Rosseti South for 2023–2024 (ESG)
- Roadmap for the development of additional (non-tariff) services of PJSC Rosseti South
- Insurance Coverage Programme of PJSC Rosseti South for 2024 (ESG)
- A new version of the action plan for the professional development of internal auditors at PJSC Rosseti South

In addition, last year the Company’s Board of Directors reviewed and approved the Company’s business plan for 2024 and forecast indicators for 2025–2028, as well as approved the draft investment programme of PJSC Rosseti South for 2024–2028 and amendments to the investment programme of PJSC Rosseti South for 2023–2027.

In 2023, the Company’s Board of Directors approved the following most important documents:

- Regulations on the Placement of Temporarily Available Funds of PJSC Rosseti South
- Regulations on the rearrangement of facilities of PJSC Rosseti South initiated by third parties
- Risk Management and Internal Control Policy of PJSC Rosseti South
- A new version of the Company’s Internal Audit Policy
- Regulations on Labour Remuneration and Material Incentives for High-Ranking Executives of PJSC Rosseti South
- List of positions included in the category of the Company’s high-ranking executives
- Anti-corruption Policy of PJSC Rosseti South (ESG)
- Customer Service Quality Standard of PJSC Rosseti South (ESG)
- Regulations on the corporate identity management of PJSC Rosseti South
- Quality Policy of PJSC Rosseti South (ESG)
- Preferred risk (risk appetite) of PJSC Rosseti South
- List of KPIs and FKPIs of PJSC Rosseti South and their target values for 2023, 2024 and 2025
- Interim target values of KPIs and FKPIs of PJSC Rosseti South for each quarter of 2023 on an accrual basis from the beginning of 2023
- Calculation procedure for KPIs and functional KPIs of PJSC Rosseti South’s management personnel
- Minimum and maximum values of KPIs and FKPIs of PJSC Rosseti South for 2023, which are factored in when considering remuneration to the management of PJSC Rosseti South
- Regulations on the Protection of Insider Information of PJSC Rosseti South (ESG)
- Sustainable Development Policy of PJSC Rosseti (ESG)
- Climate Change Policy of PJSC Rosseti (ESG)

¹ Full texts of resolutions of the Company’s Board of Directors adopted in 2023 can be found on the [Company’s official website](#).

In 2023, the Company's Board of Directors reviewed the following progress reports on sustainable development programmes:

- On the implementation of the action plan for the transition of PJSC Rosseti South to the predominant use of domestic software for 2022–2024 for the 2nd half of 2022 and 2022
- On the results of anti-corruption monitoring of PJSC Rosseti South for 2022
- On securing insurance coverage for PJSC Rosseti South for 2022
- On the implementation of the plan for the development of the production asset management system of PJSC Rosseti South for 2022–2024 (ESG) in 2022
- On compliance with the Regulations on the Information Policy of PJSC Rosseti South for 2022

- On the implementation of measures under the Digital Transformation Programme of PJSC Rosseti South for 2020–2030 for 2022 and the first quarter of 2023
- On the implementation of the Innovative Development Programme of PJSC Rosseti South for 2022
- On the implementation of the Charging Infrastructure Development Programme of PJSC Rosseti South until 2025 for 2022
- On the execution of the procurement plan of PJSC Rosseti South for 2022

In 2021–2023, the Board of Directors of PJSC Rosseti South issued 158 instructions to the Company's sole executive body, including 34 instructions in 2021, 43 instructions in 2022, and 81 instructions in 2023.

At the end of 2023, 53 of the orders issued by the Board of Directors of the Company remained to be executed. These instructions are of a regular nature.

PERFORMANCE REVIEW OF THE BOARD OF DIRECTORS

GRI 2-18

Performance evaluation of the Board of Directors and Committees under the Board of Directors of the Company is based on the new edition of the Methodology for Evaluation of the Board of Directors and Committees under the Board of Directors of the Company approved by the Board of Directors¹.

According to the Methodology, there are the following methods of assessment: internal assessment (self-assessment) – annually, external independent assessment (by engaging an independent consultant) – once in three years.

Assessment of the Board of Directors	Type of assessment	Organiser
2020–2021	Self-assessment	Corporate Governance and Shareholder Relations Department
2021–2022	External assessment	JSC VTB Registrar
2022–2023	Self-assessment	Corporate Governance and Shareholder Relations Department

Self-assessment of the Board of Directors' performance for the 2022/2023 corporate year

In April 2023, the Board conducted an anonymous evaluation of its performance (including an individual evaluation) and the performance of the Company's committees for the 2022/2023 corporate year.

Subjective assessment was carried out by each member of the Board of Directors by filling in questionnaires in which they expressed their subjective opinion on the practice of the Board of Directors and the Committees under the Board of Directors.

Self-assessment used a combination of subjective and objective assessments.

The objective assessment involved a review of the Company's internal documents, including action plans and minutes of meetings of the Board of Directors and committees under the Board of Directors.

The assessment covered:

- Assessment of the effectiveness of the Board of Directors as a whole
- Individualised assessment of the Board of Directors
- Evaluation of the effectiveness of each Committee under the Board of Directors
- Evaluation of the effectiveness of the Chairman of the Board of Directors

In the questionnaires, members of the Board of Directors and committees reflected their position on certain evaluation criteria and gave suggestions for improving the work of the Board of Directors and its committees.

The overall performance score of the Board of Directors of PJSC Rosseti South for the 2022/2023 corporate year was 4.8 ('more likely complies' with the recommendations contained in international and Russian standards of best corporate governance practices).

The results of the self-assessment of the work of the Board of Directors and Board Committees for the 2022/2023 corporate year were reviewed by the Company's Board of Directors on 7 June 2023 (Minutes No. 525/2023).

There should be noted an increase of 0.1 point compared to the Board's self-assessment of the 2020/2021 corporate year.

Results of self-assessment of the work of the Board of Directors and Committees

Assessment criterion	Results of subjective self-assessment (average score) ²	
	2022/2023	2020/2021
1. Performance of key functions in the Company's management by the Board of Directors	4.7	4.6
1.1. Development of the Company's strategy and oversight of its progress	4.8	4.7
1.2. Identification of principles and approaches to the internal audit organisation, risk management and internal control systems	4.7	4.7
1.3. Assessment of the performance of the Company's high-rank management, adoption of an effective incentive system	4.6	4.5
1.4. Safeguarding of the Company's assets	4.8	4.5
2. Composition and structure of the Board of Directors	4.9	4.8
3. Work organisation of the Board of Directors	4.8	4.7
4. Chairman of the Board of Directors	4.9	4.7
5. Audit Committee	4.9	5.0
6. Personnel and Remuneration Committee	4.5	3.9
7. Strategy Committee	4.8	4.7
8. Reliability Committee	4.8	4.9
9. Grid Connection Committee	5.0	4.8
Total score	4.8	4.7

¹ Approved by the Board of Directors of the Company on 17 March 2020 (Minutes No. 364/2020).

² The assessment was based on a five-point scale.

Independent assessment

Based on the results of the 2021/2022 corporate year, an independent (external) evaluation of the Board of Directors and Board Committees was conducted in 2022 with the participation of JSC VTB Registrar, an independent consultant selected through competitive procedures established in the Company.

JSC VTB Registrar conducted the assessment through a questionnaire survey of Board members and Board committees, which included questions to assess the experience, knowledge, business reputation, conflict of interest and performance of each member of the Board of Directors and its committees.

Outcomes of the independent assessment:

- Board of Directors – 4.49
- Chairman of the Board of Directors – 4.67
- Members of the Board of Directors – 4.99 (average score, all 11 members of the Board of Directors)
- Committees of the Board of Directors – 4.82 (average score, four committees)

The minimum score from the above (4.49 on a scale of 1 to 5) corresponds to an advanced level of development of the Board of Directors and Board Committees.

COMPOSITION OF THE BOARD OF DIRECTORS

GRI 405-1

The Board of Directors is elected annually by the General Meeting of Shareholders for a term until the next Annual General Meeting of Shareholders and consists of 11 persons. Such quantitative composition of the Board of Directors optimally corresponds to the current goals and objectives of the Company, industry practice and allows to ensure the necessary balance of competences, knowledge and experience among the members of the Board of Directors.

In 2023, there were two compositions of the Board of Directors elected by the Annual General Meetings of Shareholders on 16 June 2022 and 9 June 2023.

The results of the assessment showed a high quality of work of the Company's Board of Directors:

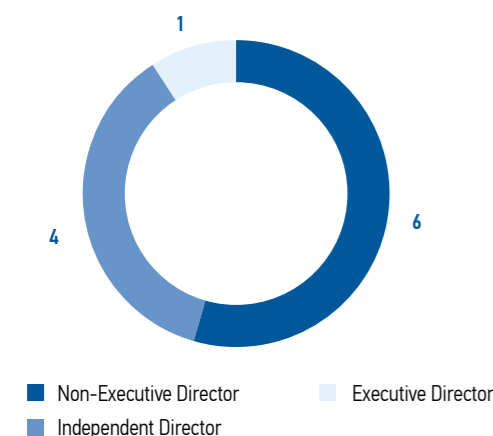
- Activities of the Board of Directors and Committees of the Board of Directors are well organised and comply with the Company's strategic principles and partially with the key recommendations of the Corporate Governance Code
- The structure of the Board of Directors and its committees fully corresponds to the Company's needs, its scale and level of business complexity
- The Board of Directors is well balanced in terms of its composition and set of skills, its structure is optimal, and attendance of Board meetings by its members is high
- There is potential to improve the efficiency of the Board of Directors by increasing the proportion of in-person meetings against absentee voting
- The Chairman of the Board of Directors efficiently runs the meetings
- Interaction between members of the Board of Directors and the Board Committees is at a high level
- Organisational and information support for the work of the Board of Directors and Board Committees was to a high standard
- The memorandum of the controlling shareholder of PJSC Rosseti is duly disclosed

According to the results of the Annual General Meeting of Shareholders in 2023, the personal composition of the Board of Directors changed by 9% (one new member of the Board of Directors was elected). Furthermore, the ratio of persons nominated to the Board of Directors by the majority shareholder, PJSC Rosseti, and the minority shareholder, the Russian Prosperity Fund, and elected to the Board of Directors remained unchanged at 10 to 1, respectively.

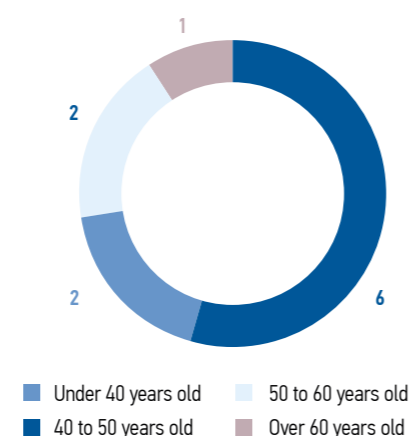
The Board of Directors of the Company acting as of the end of 2023 was composed of the following members.

Full name	Status on the Board of Directors	Key competences	Participation in the Committee of the Board of Directors	Nominated by	Year of first election
Chairman of the Board of Directors					
Daniil Krainskiy	Non-Executive Director	Law, corporate governance, property management, ESG	Member of the Strategy Committee	PJSC Rosseti	2021
Members of the Board of Directors					
Maria Dokuchaeva	Non-Executive Director	Public and media relations	–	PJSC Rosseti	2022
Vitaliy Zarkhin	Independent Director	Strategic planning and development, finance, corporate governance, ESG	Member of the Strategy Committee, Member of the Reliability Committee	The Russian Prosperity Fund	2019
Alexander Kazakov	Independent Director	Industrial organisation and management, strategic planning, finance, audit, corporate governance, ESG	Member of the Audit Committee	PJSC Rosseti	2021
Oleg Klinkov	Non-Executive Director	Technological development, customer service	Members of the Grid Connection Committee	PJSC Rosseti	2021
Maria Korotkova	Independent Director	Enterprise management, strategic planning, finance, audit, ESG	Chairman of the Audit Committee, member of the Strategy Committee	PJSC Rosseti	2020
Konstantin Kravchenko	Non-Executive Director	Information technology development, grid digitalisation, ESG	–	PJSC Rosseti	2022
Ekaterina Nikitchanova	Independent Director	Corporate governance, law, ESG	Member of the Personnel and Remuneration Committee	PJSC Rosseti	2021
Natalia Paramonova	Non-Executive Director	Business planning, finance, ESG	–	PJSC Rosseti	2023
Maria Tikhonova	Non-Executive Director	Corporate governance, property management	–	PJSC Rosseti	2022
Boris Ebzeev	Executive Director	Strategic planning and development, power generation and transmission technologies, law, ESG	–	PJSC Rosseti	2015

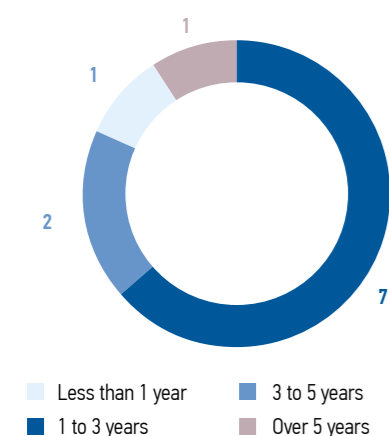
Status of directors



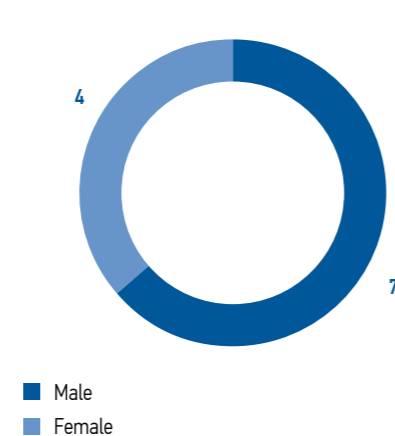
Age of directors



Period of service on the Board of Directors



Gender of directors



CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors is elected by the members of the Board of Directors of the Company from among them by a simple majority of votes. The Board of Directors may at any time re-elect the Chairman of the Board of Directors by a majority of votes of the total number of Board members. The Chairman of the Board of Directors discharges the functions stipulated by the Regulations on the Board of Directors of the Company.

Daniil Krainskiy was elected Chairman of the current Board of Directors.

During the independent assessment of the Board of Directors for the 2021/2022 corporate year, the performance of D. Krainskiy as Chairman of the Board of Directors was highly appreciated by the members of the Board of Directors, including the quality of work organisation of the Board of Directors, the quality of moderation of in-person meetings of the Board of Directors, contribution to ensuring effective communication between the Board members, the Board of Directors and the management, creation of a constructive working environment of the Board of Directors.

INDEPENDENT DIRECTORS

The Corporate Governance Code of the Bank of Russia stipulates that the Board of Directors should include a sufficient number of independent directors. The Company believes it is important to have independent directors as part of the Board of Directors.

In order to ensure compliance of PJSC Rosseti South with the recommendations of the Corporate Governance Code of the Bank of Russia, and considering the necessary grounds, the Board of Directors of the Company decided two times (on 5 August 2022 and 5 October 2023, Minutes No. 493/2022 and No. 546/2023, respectively) to declare members of the Board of Directors of the Company – Maria Korotkova, Alexander Kazakov, Ekaterina Nikitchanova, and Vitaliy Zarkhin – as independent directors, despite their formal dependence criteria (relatedness with the Company,

a significant shareholder of the Company, a significant counterparty of the Company), since such relatedness will not affect the ability of the respective member of the Board of Directors to make independent, objective and bona fide judgements.

The existing structure of the Board of Directors ensures its appropriate independence from the Company's management and, thus, the proper control over its operations. In particular, Rosseti South's Board of Directors includes only one representative of the Company's management – General Director.

The Senior Independent Director of the Company is not elected. But it shall be noted that it is not a common practice for Russian companies, both private and publicly owned, to appoint an independent director as the Chairman of the Board of Directors.

Induction of new Board members

The Regulations on the Board of Directors stipulate that first-time elected members of the Board of Directors are provided with an opportunity to get an insight into the Company's strategy, the corporate governance system adopted by the Company, the risk management and internal control system, the distribution of responsibilities between the Company's executive bodies and other essential information on the Company's production, financial and economic activities.

PJSC Rosseti South Order No. 724 dated 27 November 2023 approved the guidelines on induction of newly elected member(s) of the Board of Directors, Committees of the Board of Directors of PJSC Rosseti South. Members of the Company's Board of Directors elected in 2023 were made aware of these guidelines.

The induction of newly elected members of the Board of Directors includes the following activities:

- Familiarisation with the Articles of Association and key internal documents of the Company
- Familiarisation with rights, duties and responsibilities, disclosure of information on the Company's activities and organisation of the Board work
- Familiarisation with the activities of the Company and the Board of Directors, including meetings with the Chairman of the Board of Directors, executive bodies, and the Company's management, as well as visits to the Company's power grid facilities and detailed answers to all questions of interest

D&O INSURANCE OF BOARD MEMBERS

Period	2021	2022	From 01.01.2023 to 24.09.2023
Insurer	JSC AlfaStrakhovanie	JSC AlfaStrakhovanie	JSC AlfaStrakhovanie
Amount of insurance, RUB	300,000,000.00	300,000,000.00	300,000,000.00
Insurance premium, RUB	4,850,000.00	7,400,000.00	5,413,150.69

Starting from 25 September 2023, D&O insurance was provided under the liability insurance contract concluded between PJSC Rosseti and the leader of the collective participant, Joint Stock Company Insurance

Company of the Gas Industry (JSC SOGAZ), acting on behalf of the consortium members: Joint Stock Company VSK Insurance, Joint Stock Company AlfaStrakhovanie and Limited Liability Company Sberbank Insurance.

REGULATION OF CONFLICTS OF INTEREST OF A BOARD MEMBER

GRI 2-15, 2-16

In accordance with the Regulations on the Board of Directors, Board members shall refrain from actions that will or may lead to a conflict between their interests and the interests of the Company.

If a potential conflict of interest arises for a Board member, in particular, if there is an interest in a transaction by the Company, such Board member shall immediately

notify the Board of Directors of the Company and shall in any case put the interests of the Company above his/her own interests. Such notification shall, in any case, be made prior to the discussion of the matter, on which such Board member has a conflict of interest, at a meeting of the Board of Directors.

CVS OF THE MEMBERS OF THE BOARD OF DIRECTORS

The composition of the Board of Directors is balanced, considering the key skills of its members required for their efficient performance. The Board of Directors' members are qualified in accounting and corporate finance, strategic management, corporate governance, as well as areas specific for the Company's operations.

The current composition of the Board of Directors of the Company as of 31 December 2023 was elected by the Annual General Meeting of Shareholders on 9 June 2023 (Minutes No. 26 dated 13 June 2023). All members of the Company's Board of Directors are citizens of the Russian Federation.

The Board members are elected through a transparent procedure that allows shareholders to obtain information about candidates that is sufficient to gain an understanding of their personal and professional qualities.

Information materials for meetings (including information on candidates) shall be posted on the Company's website in Russian and English.

Members of the Company's Board of Directors have significant managerial and industry experience, have competent authority in the electric power industry, and make valuable contributions to the work of the Board of Directors and its Committees.



Daniil Krainskiy

Chairman of the Board of Directors

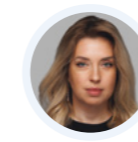
General information on a member of the Board of Directors of PJSC Rosseti South

Year of birth	1979
Information on education (year, university, qualification, major)	Higher 2002, Moscow State Law Academy, Lawyer qualification, major in Jurisprudence
Primary employment, position	PJSC Rosseti, Deputy General Director for Legal Support

Participation in governing and controlling bodies

Period	Organisation	Position	
			from
2017	2023	Public Joint Stock Company Rosseti	Deputy General Director for Legal Support, formerly Counsellor, Chief Counsellor
2018	present time	Public Joint Stock Company Rosseti Lenenergo	Counsellor to the General Director (part-time), previously Deputy General Director for Legal and Corporate Governance
2020	present time	Public Joint-Stock Company Federal Grid Company — Rosseti	Deputy General Director for Legal Support (formerly part-time)
2018	2022	Joint Stock Company Lenenergo Energy Service Company	Chairman of the Board of Directors
2018	present time	Public Joint Stock Company Rosseti Lenenergo	Member of the Board of Directors
2019	present time	Public Joint Stock Company Rosseti Lenenergo	Member of the Management Board
2020	present time	Public Joint Stock Company Rosseti Urals	Member of the Board of Directors, Chairman of the Board of Directors
2020	2023	Public Joint Stock Company Rosseti Siberia	Member of the Board of Directors
2020	2023	Public Joint Stock Company Rosseti Centre	Member of the Board of Directors
2020	2023	Public Joint Stock Company Rosseti Northern Caucasus	Member of the Board of Directors
2020	present time	Public Joint Stock Company Rosseti Moscow Region	Member of the Board of Directors
2020	present time	Limited Liability Company Energotrans	Member of the governing bodies (Board of Directors, Management Board) of the management organisation (PJSC Rosseti Lenenergo)
2021	present time	Public Joint Stock Company Rosseti South	Chairman of the Board of Directors
2021	2023	Joint Stock Company Rosseti Tyumen	Member of the Board of Directors
2021	2023	Joint Stock Company Rosseti Yantar	Member of the Board of Directors
2021	2023	Joint Stock Company Rosseti Siberia Tyvaenergo	Member of the Board of Directors
2021	2023	Joint Stock Company Rosseti Digital	Member of the Board of Directors
2021	2023	Joint Stock Company Real Estate EC UES	Chairman of the Board of Directors
2021	2023	Public Joint Stock Company Rosseti Volga	Member of the Board of Directors
2021	2022	Public Joint Stock Company Rosseti North-West	Member of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti Kuban	Chairman of the Board of Directors

Participation in governing and controlling bodies			
Period		Organisation	Position
from	to		
2021	2023	Public Joint Stock Company Tomsk Distribution Company	Member of the Board of Directors
2021	2023	Joint-Stock Company Scientific and Technical Centre of the Federal Grid Company of the Unified Energy System	Member of the Board of Directors
2022	2023	Joint Stock Company Engineering and Construction Management Centre of the Unified Energy System	Member of the Board of Directors
2022	2023	Public Joint-Stock Company Federal Grid Company — Rosseti	Member of the Board of Directors
2022	2023	Public Joint Stock Company Rosseti	Member of the Management Board
2022	present time	Public Joint-Stock Company Federal Grid Company — Rosseti	Member of the Management Board
2023	present time	Joint Stock Company Energetik	Chairman of the Board of Directors
Date of the first election to the Company's Board of Directors			02.06.2021
Date of first election as Chairman of the Board of Directors of PJSC Rosseti South			28.06.2021



**Maria
Dokuchaeva**

General information on a member of the Board of Directors of PJSC Rosseti South	
Year of birth	1979
Educational background	Higher 2000, Lomonosov Moscow State University, Bachelor qualification, major in Economics 2002, Lomonosov Moscow State University, Master qualification, major in Management
Primary employment, position	PJSC Rosseti, Chief Counsellor

Participation in governing and controlling bodies			
Period		Organisation	Position
from	to		
2018	2021	Public Joint Stock Company Novatek	Press Secretary
2021	2023	Public Joint Stock Company Rosseti	Chief Counsellor
2023	present time	Public Joint-Stock Company Federal Grid Company — Rosseti	Chief Counsellor
2022	present time	Public Joint Stock Company Rosseti Centre	Member of the Board of Directors
2022	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
Date of the first election to the Company's Board of Directors			16.06.2022



**Vitaliy
Zarkhin**

General information on a member of the Board of Directors of PJSC Rosseti South	
Year of birth	1976
Educational background	Higher 1998, State University – Higher School of Economics, Bachelor of Economics, major in Economics 2000, State University – Higher School of Economics, Master of Management, major in Management
Primary employment, position	Currently unemployed

Participation in governing and controlling bodies			
Period		Organisation	Position
from	to		
2019	2021	Public Joint Stock Company Enel Russia	Member of the Board of Directors
2019	present time	Public Joint Stock Company Rosseti Centre and Volga Region	Member of the Board of Directors
2019	present time	Public Joint Stock Company Rosseti Centre	Member of the Board of Directors
2019	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
2021	2023	Public Joint Stock Company Rosseti Siberia	Member of the Board of Directors
2022	2023	Public Joint Stock Company EL5-Energo	Member of the Board of Directors
Date of the first election to the Company's Board of Directors			31.05.2019
Independent Director pursuant to the decision of the Board of Directors of PJSC Rosseti South dated 05.10.2023 (Minutes of the Meeting of the Board of Directors No. 546/2023)			



**Alexander
Kazakov**

General information on a member of the Board of Directors of PJSC Rosseti South	
Year of birth	1948
Educational background	Higher 1971, Sergo Ordzhonikidze Moscow Engineering and Economic Institute, Engineering Economist qualification, major in Economics and Organisation of Machine-Building Industry Academic degree: Doctor of Economics
Primary employment, position	Currently unemployed

Participation in governing and controlling bodies			
Period		Organisation	Position
from	to		
2011	2019	Open Joint Stock Company Far Eastern Energy Management Company	Chairman of the Board of Directors, member of the Board of Directors
2018	2021	Public Joint Stock Company Rosseti Centre	Chairman of the Board of Directors, member of the Board of Directors
2018	present time	Public Joint Stock Company Rosseti Centre and Volga Region	Chairman of the Board of Directors, member of the Board of Directors
2020	2021	Public Joint Stock Company Rosseti Volga	Member of the Board of Directors
2022	present time	Public Joint Stock Company Rosseti Volga	Member of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti Kuban	Member of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
Date of the first election to the Company's Board of Directors			31.08.2021
Independent Director pursuant to the decision of the Board of Directors of PJSC Rosseti South dated 05.10.2023 (Minutes of the Meeting of the Board of Directors No. 546/2023)			



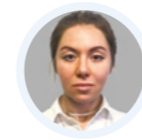
Oleg Klinkov

General information on a member of the Board of Directors of PJSC Rosseti South

Year of birth	1972
Educational background	Higher 1994, Military Space Engineering Academy named after n.a. Mozhaisky, Electrical Engineer qualification, major in Automatic Control Systems for Aircraft
Primary employment, position	PJSC Rosseti, Director for Customer Relations, Head of the Technological Development Department

Participation in governing and controlling bodies

Period		Organisation	Position
from	to		
2015	2022	Public Joint Stock Company Federal Grid Company of the Unified Energy System	Head of the Technological Development Department, Director for Consumer Relations – Head of the Technological Development Department
2020	2022	Public Joint Stock Company Rosseti	Director for Customer Relations – Head of the Technological Development Department (part-time)
2022	present time	Public Joint-Stock Company Federal Grid Company — Rosseti	Director for Customer Relations, Head of the Technological Development Department
2021	2023	Open Joint Stock Company Tomsk Main Power Grids	Member of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
2023	present time	Public Joint Stock Company Rosseti Siberia	Member of the Board of Directors
2023	present time	Public Joint Stock Company Rosseti Siberia Tyvaenergo	Member of the Board of Directors
Date of the first election to the Company's Board of Directors			31.08.2021



Maria Korotkova

General information on a member of the Board of Directors of PJSC Rosseti South

Year of birth	1984
Educational background	Higher 2006, N.I. Lobachevsky Nizhny Novgorod State University, Manager qualification, major in Management of Organisations
Primary employment, position	LLC Technoinnovation, Development Director

Participation in governing and controlling bodies

Period		Organisation	Position
from	to		
2013	2021	Limited Liability Company MKS	Director
2017	2023	Public Joint Stock Company Rosseti Volga	Member of the Board of Directors
2020	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
2021	present time	Limited Liability Company Technoinnovation	Development Director
2021	present time	Public Joint Stock Company Rosseti Centre	Member of the Board of Directors
Date of the first election to the Company's Board of Directors			29.05.2020
Independent Director pursuant to the decision of the Board of Directors of PJSC Rosseti South dated 05.10.2023 (Minutes of the Meeting of the Board of Directors No. 546/2023)			



**Konstantin
Kravchenko**

General information on a member of the Board of Directors of PJSC Rosseti South	
Year of birth	1973
Educational background	Higher 1995, Voronezh State Technical University, Design and Process Engineer qualification, major in Design and Technology of Power Grid Regions Academic degree: Candidate of Technical Sciences
Primary employment, position	PJSC Rosseti, Deputy General Director for Digital Transformation

Participation in governing and controlling bodies			
Period		Organisation	Position
from	to		
2018	2020	Moscow Representative Office of Joint Stock Company F.E. Dzerzhinsky Uralvagonzavod Research and Production Corporation	IT Director at the Corporate Governance Centre – Moscow office
2020	2021	Joint Stock Company Uralvagonzavod Concern	Deputy General Director for Information Technologies
2021	2023	Public Joint Stock Company Rosseti	Chief Counsellor, Deputy General Director for Digital Transformation
2021	2022	Public Joint Stock Company Federal Grid Company of the Unified Energy System	Chief Counsellor to the General Director, Acting Deputy General Director for Digital Transformation (part-time)
2022	present time	Public Joint-Stock Company Federal Grid Company — Rosseti	Deputy General Director for Digital Transformation (formerly part-time)
2021	2023	Joint Stock Company Rosseti Digital	Acting General Director (part-time)
2021	present time	Joint Stock Company Chitatekhenergo	Member of the Board of Directors
2021	present time	Joint Stock Company Moscow Power Industry Communications Hub	Member of the Board of Directors
2021	present time	Joint Stock Company Rosseti Digital	Member of the Board of Directors
2021	present time	Limited Liability Company IT Energy Service	Member of the Board of Directors
2021	present time	Joint Stock Company Rosseti Tyumen	Member of the Board of Directors
2021	2023	Public Joint Stock Company Rosseti Siberia	Member of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti Kuban	Member of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti Centre and Volga Region	Member of the Board of Directors
2021	2023	Joint Stock Company Federal Testing Centre	Member of the Board of Directors
2021	2022	Limited Liability Company Infrastructure Investments-3	Member of the Board of Directors
2022	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
2022	present time	Joint Stock Company North-West Energy Management Company	Member of the Board of Directors
Date of the first election to the Company's Board of Directors			16.06.2022



**Ekaterina
Nikitchanova**

General information on a member of the Board of Directors of PJSC Rosseti South	
Year of birth	1973
Educational background	Higher 1996, Voronezh State University, Lawyer qualification, major in Jurisprudence
Primary employment, position	NPP RID, Deputy Director – Head of the Centre of Expertise

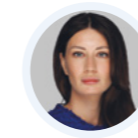
Participation in governing and controlling bodies			
Period		Organisation	Position
from	to		
2002	present time	Non-Profit Partnership Russian Institute of Directors	Deputy Director – Head of the Centre of Expertise
2011	present time	Joint Stock Company "Higher School" Publishing House	Member of the Board of Directors
2011	present time	Joint Stock Company Central Gorky Children's and Youth Film Studio	Member of the Board of Directors
2016	present time	Joint Stock Company St. Petersburg Documentary Film Studio	Member of the Board of Directors
2020	present time	Joint Stock Company Sovetskaya Siberia	Member of the Board of Directors
2021	2022	Public Joint Stock Company Rosseti North-West	Member of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
Date of the first election to the Company's Board of Directors			31.08.2021
Independent Director pursuant to the decision of the Board of Directors of PJSC Rosseti South dated 05.10.2023 (Minutes of the Meeting of the Board of Directors No. 546/2023)			



**Natalia
Paramonova**

General information on a member of the Board of Directors of PJSC Rosseti South	
Year of birth	1970
Educational background	Higher 1995, Gubkin State Academy of Oil and Gas, Engineer in Process Automation qualification 2005, Institute of Business and Politics (Moscow), Economics qualification, major in Accounting, Analysis and Audit
Primary employment, position	PJSC Rosseti, First Deputy Head of the Economics Department

Participation in governing and controlling bodies			
Period		Organisation	Position
from	to		
2018	2023	Public Joint Stock Company Rosseti	Head of the Planning and Economic Division of the Tariff Policy Department, Director of the Economics Department, Head of the Economics Department
2023	present time	Public Joint-Stock Company Federal Grid Company — Rosseti	First Deputy Head of the Department of Economic Planning and Tariff Setting, First Deputy Head of the Economics Department
2019	2021	Public Joint Stock Company Siberia	Member of the Board of Directors
2019	2021	Joint Stock Company Federal Testing Centre	Member of the Board of Directors
2020	2021	Public Joint Stock Company Rosseti Volga	Member of the Board of Directors
2020	2022	Joint Stock Company Kuban Main Power Grids	Member of the Board of Directors
2022	present time	Public Joint Stock Company Rosseti Northern Caucasus	Member of the Board of Directors
2022	2023	Joint Stock Company Rosseti Yantar	Member of the Board of Directors
2022	2023	Joint Stock Company Real Estate EC UES	Member of the Board of Directors
2023	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
2023	present time	Public Joint Stock Company Rosseti North-West	Member of the Board of Directors
Date of the first election to the Company's Board of Directors			09.06.2023



**Maria
Tikhonova**

General information on a member of the Board of Directors of PJSC Rosseti South	
Year of birth	1980
Educational background	Higher 2002, Volga-Vyatka Academy of Public Administration, major in State and Municipal Management Academic degree: Candidate of Economic Sciences
Primary employment, position	PJSC Rosseti, Deputy General Director for Corporate Governance

Participation in governing and controlling bodies			
Period		Organisation	Position
from	to		
2013	2020	Public Joint Stock Company Federal Grid Company of the Unified Energy System	Member of the Management Board
2020	2022	Public Joint Stock Company Rosseti	Deputy General Director for Corporate Governance (part-time)
2013	present time	Public Joint-Stock Company Federal Grid Company — Rosseti	Deputy General Director for Corporate Governance
2018	2019	Joint Stock Company Far Eastern Energy Management Company	Member of the Board of Directors
2019	2020	Joint Stock Company Electromagistral	Member of the Board of Directors
2021	2021	Public Joint Stock Company Rosseti Kuban	Member of the Board of Directors
2021	2022	Joint Stock Company Rosseti Yantar	Member of the Board of Directors
2021	2022	Public Joint Stock Company TNS Energy Group	Member of the Board of Directors
2021	2023	Public Joint Stock Company TNS Energy Group	Member of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti Siberia	Member of the Board of Directors, Chairman of the Board of Directors
2021	2023	Joint Stock Company Rosseti Siberia Tyvaenergo	Member of the Board of Directors, Chairman of the Board of Directors
2021	present time	Public Joint Stock Company Tomsk Distribution Company	Member of the Board of Directors, Chairman of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti Urals	Member of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti Volga	Member of the Board of Directors
2021	2023	Joint Stock Company Rosseti Tyumen	Member of the Board of Directors
2021	2023	Joint Stock Company Real Estate EC UES	Member of the Board of Directors
2022	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
2022	2023	Public Joint Stock Company Rosseti Moscow Region	Member of the Board of Directors
2022	present time	Public Joint Stock Company Rosseti North-West	Member of the Board of Directors
2022	present time	Joint Stock Company Electromagistral	Member of the Board of Directors
2022	present time	Joint Stock Company Regional Power Grids	Member of the Board of Directors
Date of the first election to the Company's Board of Directors			16.06.2022



**Boris
Ebzeev**

General information on a member of the Board of Directors of PJSC Rosseti South

Year of birth	1975
Educational background	Higher 1997, Lomonosov Moscow State University, Lawyer qualification, major in Jurisprudence Academic degree: Candidate of Legal Sciences
Primary employment, position	PJSC Rosseti South, General Director

Participation in governing and controlling bodies

Period		Organisation	Position
from	to		
2014	present time	Public Joint Stock Company Rosseti South	General Director, Chairman of the Management Board
2014	2019	Joint Stock Company Donenergo	Member of the Board of Directors
2015	present time	Public Joint Stock Company Rosseti South	Member of the Board of Directors
2018	present time	Joint Stock Company Volgograd Inter-District Power Grids	Chairman of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti Kuban	Acting General Director (part-time), Chairman of the Management Board
2021	present time	Public Joint Stock Company Rosseti Kuban	Member of the Board of Directors
2023	present time	Joint Stock Company Energoservis Yuga	Chairman of the Board of Directors
Date of the first election to the Company's Board of Directors			27.03.2015

In the reporting period:

- Members of the Board of Directors of PJSC Rosseti South did not hold any shares in the Company or legal entities controlled by the Company, and did not have any interest in the authorised capital of PJSC Rosseti South
- Members of the Board of Directors did not enter into any transactions involving the acquisition or disposal of shares in PJSC Rosseti South during 2023
- No loans from PJSC Rosseti South or the Company's S&As were granted to members of the Board of Directors
- The Company or the Company's S&As did not enter into any civil law agreements, including those involving property benefits, with members of the Board of Directors
- The Company was not aware of any claims made against any of the Board members
- The Company did not receive any information about any conflicts of interest (including those related to participation in the governing bodies of the Company's competitors) among the members of the Board of Directors
- Members of the Board of Directors did not have any connections with persons who were members of the management and/or control bodies of Rosseti South's financial and economic activities
- Members of the Board of Directors were not held administratively liable for violations in the field of finance, taxes and fees, securities market, or criminally liable for economic and/or public-order crimes
- Members of the Board of Directors did not hold positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under the Russian insolvency (bankruptcy) laws were initiated against these organisations
- Members of the Board of Directors submitted no information on certain shareholders that might purchase or purchased a degree of control disproportionate to their shareholdings in the Company, including under shareholder agreements, availability of ordinary shares with different share denomination

Changes in the composition of the Board of Directors during the reporting year

In the reporting year, there was a change in the composition of the Board of Directors of PJSC Rosseti South: on 9 June 2023, Natalia Paramonova was elected a member of the Board of Directors of the Company, and Alexey Polinov stepped down from the Board of Directors of the Company as of 9 June 2023. The remaining ten members of the Company's Board of Directors were in office throughout the reporting period.

CV of A. Polinov elected as a member of the Board of Directors on 16 June 2022, is published in the Company's Annual Report for 2022.

CVs of the Board members acting in 2023 can be found on the official website of the Company.

→ <https://rosseti-yug.ru/aktsioneru-investoru/godovoy-otchet-za-2022-god/>



→ <https://rosseti-yug.ru/korporativnoe-upravlenie/organy-upravleniya/sovet-direktorov/>



COMMITTEES UNDER THE BOARD OF DIRECTORS

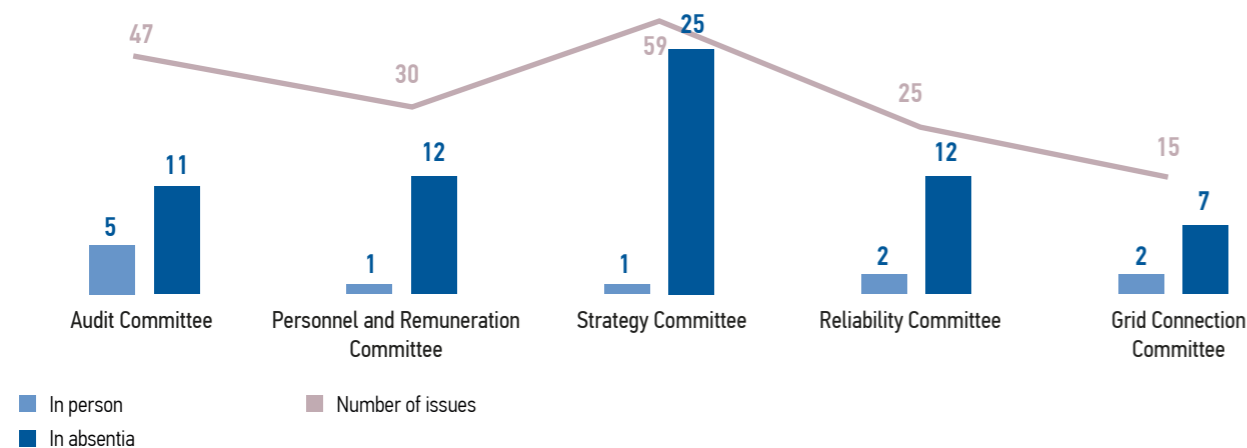
In accordance with the Company's Articles of Association, five dedicated committees were established by resolution of the Board of Directors for preliminary consideration of issues within the Board purview, as well as development of necessary recommendations to the Board of Directors and executive bodies of the Company.

Audit committee	Personnel and remuneration committee	Strategy committee	Reliability committee	Grid connection committee
Information on establishment				
Resolution of the Board of Directors of the Company dated 01.12.2009 (Minutes No. 37/2009 dated 04.12.2009)	Resolution of the Board of Directors of the Company dated 01.12.2009 (Minutes No. 37/2009 dated 04.12.2009)	Resolution of the Board of Directors of the Company dated 01.12.2009 (Minutes No. 37/2009 dated 04.12.2009)	Resolution of the Board of Directors of the Company dated 01.12.2009 (Minutes No. 37/2009 dated 04.12.2009)	Resolution of the Board of Directors of the Company dated 27.02.2009 (Minutes No. 23/2009 dated 02.03.2009)

The Committees are accountable to the Board of Directors of the Company. To fulfil the recommendations of the Code of Corporate Governance of the Bank of Russia, the Chairmen of the Committees submit annual progress reports to the Board of Directors. The progress reports of the committees of the Company's Board of Directors

for the 2022/2023 corporate year were reviewed by the Board of Directors on 8 June 2023 (Minutes No. 526/2023 dated 9 June 2023). Committee reports for the 2023/2024 corporate year will be presented to the Company's Board of Directors in the second quarter of 2024.

Statistical data on meetings and issues addressed in 2023



AUDIT COMMITTEE



The Committee's operations are governed by the Regulations on the [Audit Committee of the Board of Directors](#) of PJSC Rosseti South¹.

The Goal of the Committee is to assist in effective exercising of functions of the Board of Directors related to preliminary consideration of issues related to control of the financial and economic activities of the Company.

Principles of formation and term of office of the Committee members

- Quantitatively, the Committee shall consist of at least three members.
- The members of the Committee are to be elected by the Board of Directors of the Company from among the candidates nominated by the members of the Board of Directors of the Company.
- When nominating a candidate to the Audit Committee for the next reporting period, his/her participation in the Committee meetings in the previous reporting period shall be taken into account.
- The members of the Committee are to be elected for a term until the next Committee is elected.
- The term of office of any member of the Committee may be terminated early.

Personal composition and information on participation in 2023

Full name	Position ²	Participation	Participation, %
Membership effective from 01.01.2023 to 01.08.2023, elected by the resolution of the Board of Directors on 29.08.2022 (Minutes No. 494/2022 dated 30.08.2022)			
Total number of meetings held – 11, of which: 3 – in person (joint attendance), 8 – in absentee			
Korotkova Maria	Development Director, LLC Technoinnovation, member of the Board of Directors of PJSC Rosseti South	11/11	100
Chairman of the Committee			
Independent Director			
Kazakov Alexander	Member of the Board of Directors of PJSC Rosseti South	11/11	100
Independent Director			
Nikitchanova Ekaterina	Deputy Director – Head of the Centre of Expertise of NPP RID, member of the Board of Directors of PJSC Rosseti South	11/11	100
Independent Director			
Composition effective from 02.08.2023 to 31.12.2023, elected by decision of the Board of Directors dated 02.08.2023 (Minutes No. 537/2023 dated 03.08.2023)			
Total number of meetings held – 5, of which: 2 – in person (joint attendance), 3 – in absentee			
Korotkova Maria	Development Director, LLC Technoinnovation, member of the Board of Directors of PJSC Rosseti South	5/5	100
Chairman of the Committee			
Independent Director			
Kazakov Alexander	Member of the Board of Directors of PJSC Rosseti South	5/5	100
Independent Director			
Ulyanov Anton	Director for Internal Audit – Head of the Internal Audit Department of PJSC Rosseti	5/5	100

¹ Approved by resolution of the Board of Directors of the Company on 11 March 2016 (Minutes No. 180/2016 dated 14 March 2016), subject to amendments approved on 2 November 2016 (Minutes No. 206/2016 dated 7 November 2016), 10 October 2022 (Minutes No. 499/2022 dated 13 October 2022).

² The position is as of the date of election.

The committee during 2023 consisted of:

- from 1 January 2023 to 1 August 2023 solely from independent directors who are members of the Board of Directors of the Company and was chaired by an independent director
- from 2 August 2023 to 31 December 2023, two of the three elected members were independent directors and at the same time members of the Board of Directors of the Company, chaired by an independent director

In doing so, the Company shall endeavour to ensure that all or at least a majority of the members of the Committee are independent directors.

Activities in 2023

In the reporting year,

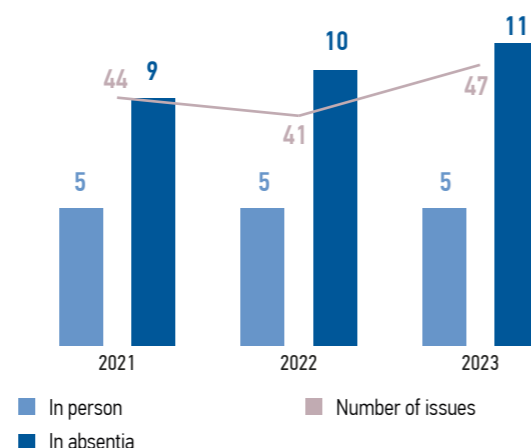
16 meetings

were held, including five meetings in person (joint attendance), and

47 issues

were considered.

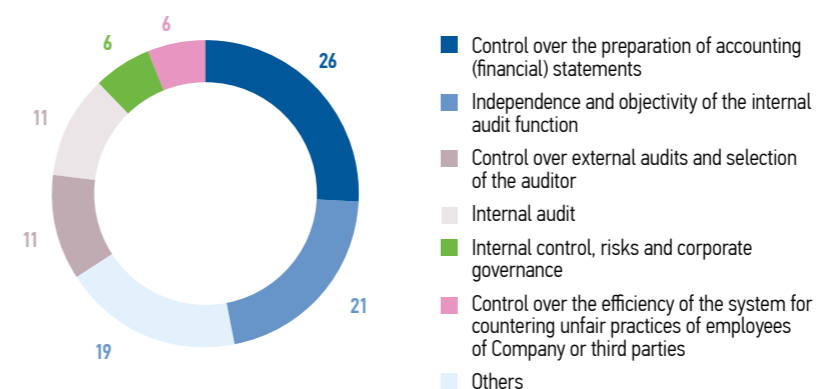
Statistical data on meetings for 2021–2023



Analysis of the 2023/2022 changes

Meetings/issues	2022, ea	2023, ea	Changes 2022/2023, ea	Changes 2022/2023, %
In person	5	5	0	0
In absentia	10	11	+1	10
Total meetings	15	16	+1	6.6
Total issues	41	47	+6	14.63

Topics and categories of issues, %



In 2023, the Committee issued 20 recommendations to the Company's Board of Directors. The recommendations issued to the Board of Directors based on the Committee's

work in 2023 enabled the improvement of financial reporting and audit practices, which is in the interests of the Company's shareholders.

PERSONNEL AND REMUNERATION COMMITTEE

The Committee's activities are regulated by the Regulations on the [Personnel and Remuneration Committee of the Board of Directors of the Company](#)¹.

The main purpose of the Committee is to ensure efficient work of the Board of Directors of the Company in resolving issues within its purview and to develop necessary recommendations to the Board of Directors and executive bodies of the Company.

Principles of formation and term of office of the Committee members

- Quantitatively, the Committee's membership shall be determined by resolution of the Board of Directors of the Company and shall consist of at least three members.
- The members of the Committee are to be elected by the Board of Directors of the Company from among the candidates nominated by the members of the Board of Directors of the Company.
- Committee members are elected for a term until the first meeting of the newly elected Board of Directors.
- The powers of any member of the Committee may be early terminated by resolution of the Board of Directors of the Company.

¹ Approved by the decision of the Board of Directors of the Company on 31 July 2014 (Minutes No. 140/2014 dated 4 August 2014).

Personal composition and information on participation in 2023

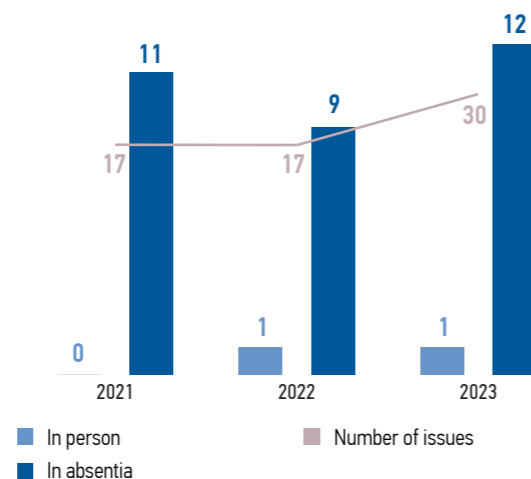
Full name	Position ¹	Participation	Participation, %
Membership effective from 01.01.2023 to 20.06.2023, elected by decision of the Board of Directors on 19.07.2022 (Minutes No. 491/2022 dated 20.07.2022)			
Total number of meetings held – 7 in absentia			
Kuznetsova Julia ² ,	Acting Deputy General Director for Personnel Management of PJSC Rosseti	7/7	100
Chairman of the Committee			
Zarkhin Vitaliy	Member of the Board of Directors of PJSC Rosseti South	7/7	100
Independent Director			
Erpsher Natalia	Head of the Personnel Training Centre of PJSC Rosseti	7/7	100
Borisova Daria ³ ,	HR Director of PJSC Rosseti	–	–
Chairman of the Committee			
Membership effective from 14.08.2023 to 31.12.2023, elected by decision of the Board of Directors on 14.08.2023 (Minutes No. 538/2023 dated 15.08.2023)			
Total number of meetings held – 6, of which:			
1 – in the form of joint attendance (in person), 5 – in absentee form			
Borisova Daria,	Director for HR Management, PJSC Rosseti	6/6	100
Chairman of the Committee			
Nikitchanova Ekaterina	Deputy Director – Head of the Centre of Expertise of Non-Profit Partnership Russian Institute of Directors, member of the Board of Directors of PJSC Rosseti South	6/6	100
Independent Director			
Suvorovskiy Konstantin	Head of the Remuneration, Organisational Design and Personnel Administration Department at PJSC Rosseti	6/6	100

Activities in 2023

In the reporting year, the Committee held

13 meetings,
including one meeting in the form of joint attendance (in person), and considered
30 issues.

Statistical data on meetings



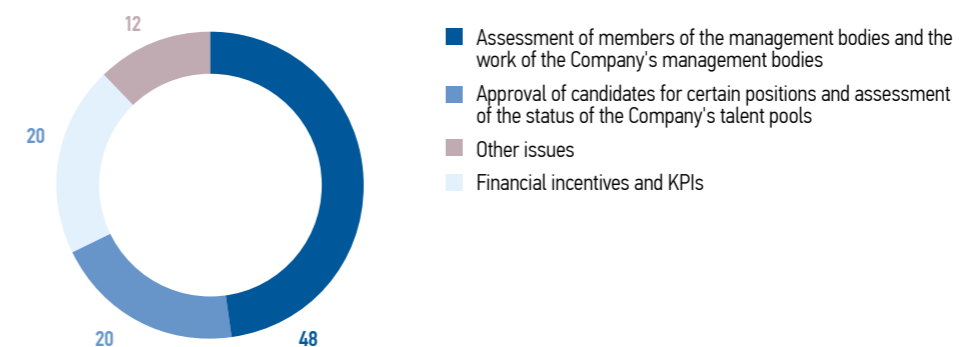
¹ The position is as of the date of election.
² Pursuant to the decision of the Board of Directors of PJSC Rosseti South on 7 June 2023 (Minutes No. 525/2023 dated 8 June 2023), her powers were early terminated and she was excluded from the Personnel and Remuneration Committee.
³ Pursuant to the decision of the Board of Directors of PJSC Rosseti South on 7 June 2023 (Minutes No. 525/2023 dated 8 June 2023), she was elected a member and Chairman of the Personnel and Remuneration Committee.

Analysis of the 2023/2022 changes

Meetings/issues	2022, ea	2023, ea	Changes 2022/2023, ea	Changes 2022/2023, %
In person	1	1	0	0
In absentia	9	12	+3	33.33
Total meetings	10	13	+3	30
Total issues	17	30	+13	76.47

The increase in the number of issues reviewed in the reporting period is attributable to the Committee’s review of the performance of the Deputy General Directors due to the expiration of their terms of office.

Topics and categories of issues, %



In the reporting period, the Committee issued 15 recommendations to the Board of Directors.

There was particular emphasis on:

- Formation of the Company’s governance bodies
- Selection and evaluation of persons to be appointed to certain positions in the Company’s executive office and provision of recommendations to the Company’s Board of Directors
- Review of the performance results of the Deputy General Directors and issuance of relevant recommendations to the Company’s General Director
- Preliminary assessment of the candidates included in the list of candidates for election to the Board of Directors of PJSC Rosseti South for the 2023/2024 corporate year

At the Committee’s meeting in the form of joint attendance (in presentia), the updated compositions of the Company’s management talent pool and youth talent pool were carefully reviewed and approved.

STRATEGY COMMITTEE



The Committee's activities are regulated by the [Regulations on the Strategy Committee](#)¹ of the Board of Directors of the Company.

The main task of the Committee is to develop and submit recommendations to the Board of Directors of the Company regarding the scope of activities of the Board of Directors that fall within the remit of the Committee, in particular strategic development and priority areas of activities, innovative development,

organisation of business processes, business planning, dividend policy, risk management, assessment of the performance of the Company and its subsidiaries, as well as other tasks and areas defined by the Corporate Governance Code of the Bank of Russia.

Principles of formation and term of office of the Committee members

- The quantitative composition of the Committee shall be determined by resolution of the Board of Directors of the Company and may not be less than 5 (five) or more than 11 (eleven) persons.
- The members of the Committee are to be elected by the Board of Directors of the Company from among the candidates nominated by the members of the Board of Directors of the Company.
- The members of the Committee are to be elected for a term until the next Committee is elected.
- The powers of any member of the Committee may be early terminated by resolution of the Board of Directors of the Company.

Personal composition and information on participation in 2023

Full name	Position ²	Participation	Participation, %
Membership effective from 31.08.2022 to 10.09.2023, elected by decision of the Board of Directors on 31.08.2022 (Minutes No. 495/2022 dated 01.09.2022)			
Total number of meetings held – 16 in absentia			
Polinov Alexey	Acting Deputy General Director for Economics and Finance of PJSC Rosseti, member of the Board of Directors of PJSC Rosseti South ³	16/16	100
Zarkhin Vitaliy	Member of the Board of Directors of PJSC Rosseti South	16/16	100
Independent Director			
Iordanidi Kirill	Deputy General Director for Economics and Finance of PJSC Rosseti South, member of the Board of Directors of PJSC Rosseti South	16/16	100
Kaloeva Madina	Director for Corporate Governance – Head of the Corporate Governance Department of PJSC Rosseti	16/16	100
Korotkova Maria	Development Director, LLC Technoinnovation, member of the Board of Directors of PJSC Rosseti South	16/16	100
Independent Director			
Korneev Alexander	Head of the Department for Grid Connection and Infrastructure Development of PJSC Rosseti	16/16	100
Krainskiy Daniil	Deputy General Director for Legal Support of PJSC Rosseti, Chairman of the Board of Directors of PJSC Rosseti South	16/16	100

¹ Approved by resolution of the Board of Directors of the Company on 25 July 2019 (Minutes No. 327/2019 dated 29 July 2019).

² The position is as of the date of election.

³ Member of the Board of Directors of PJSC Rosseti South until 9 June 2023.

Full name	Position ²	Participation	Participation, %
Leschevskaya Julia	Acting Deputy General Director for Corporate Governance of PJSC Rosseti	16/16	100
Tulba Andrey	Director for Economics and Finance – Head of the Economic Planning and Tariff Setting Department of PJSC Rosseti	16/16	100
Membership effective from 11.09.2023 to 31.12.2023, elected by decision of the Board of Directors on 11.09.2023 (Minutes No. 542/2023 dated 12.09.2023)			
Total number of meetings held – 10, of which 11 were held in absentia and 1 – in the form of joint attendance (in presentia)			
Polinov Alexey	Deputy General Director for Economics and Finance of PJSC Rosseti	10/10	100
Leschevskaya Julia	Deputy General Director for Corporate Governance of PJSC Rosseti	10/10	100
Korneev Alexander	Head of the Department for Grid Connection and Infrastructure Development of PJSC Rosseti South	10/10	100
Korotkova Maria	Development Director of LLC Technoinnovation	10/10	100
Independent Director			
Kaloeva Madina	Director for Corporate Governance – Head of the Corporate Governance Department of PJSC Rosseti	10/10	100
Iordanidi Kirill	Deputy General Director for Economics and Finance of PJSC Rosseti South, member of the Board of Directors of PJSC Rosseti South	10/10	100
Krainskiy Daniil	Deputy General Director for Legal Support of PJSC Rosseti, Chairman of the Board of Directors of PJSC Rosseti South	10/10	100
Tulba Andrey	Director for Economics – Head of the Economics Department of PJSC Rosseti	10/10	100
Zarkhin Vitaliy	Member of the Board of Directors of PJSC Rosseti South	10/10	100
Independent Director			

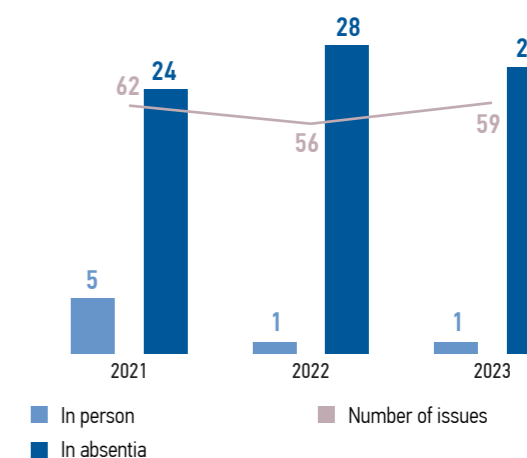
Activities in 2023

In the reporting year, the Committee held

26 meetings, including one meeting in the form of joint attendance (in person), and considered

59 issues.

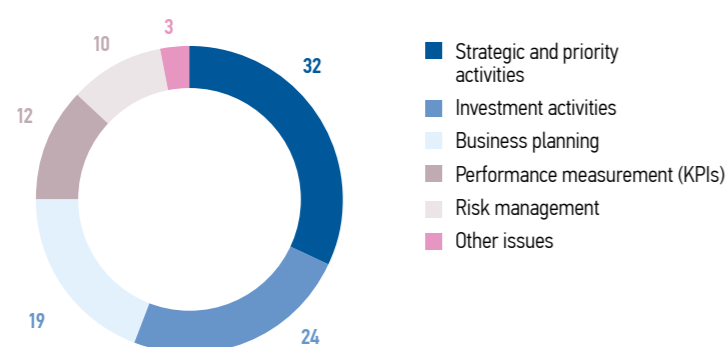
Statistical data on meetings



Analysis of the 2023/2022 changes

Meetings/issues	2022, ea	2023, ea	Changes 2022/2023, ea	Changes 2022/2023, %
In person	1	1	0	0
In absentia	28	25	-3	-10.71
Total meetings	29	26	-3	-10.34
Total issues	56	59	+3	5.36

Topics and categories of issues, %



In the reporting period, the Committee issued 56 recommendations to the Company's Board of Directors,

including in the area of strategic development and priority activities, business planning, investment activities, performance evaluation (KPIs), and risk management.

RELIABILITY COMMITTEE

The Committee's activities are regulated by the [Regulations on the Reliability Committee](#)¹ of the Board of Directors of the Company.

The main task of the Committee is to develop and submit recommendations to the Company's Board of Directors related to the analysis of production activities, assessment of the quality of planning and analysis of energy facilities renovation activities, activities of the Company's technical

services, as well as preliminary consideration of proposals to reorganise the Company's management system (change in the number of management levels, creation/liquidation/re-grouping of production departments, power grid regions).

Principles of formation and term of office of the Committee members

- Quantitatively, the Committee's membership shall be determined by resolution of the Board of Directors of the Company and shall consist of at least seven members.
- The members of the Committee are to be elected by the Board of Directors of the Company from among

- the candidates nominated by the members of the Board of Directors of the Company.
- Committee members are elected for a term until the first meeting of the newly elected Board of Directors.
- The powers of any member or all members of the Committee may be early terminated by resolution of the Board of Directors of the Company.

¹ Approved by resolution of the Company's Board of Directors on 19 July 2017 (Minutes No. 240/2017 dated 24 July 2017).

Personal composition and information on participation in 2023

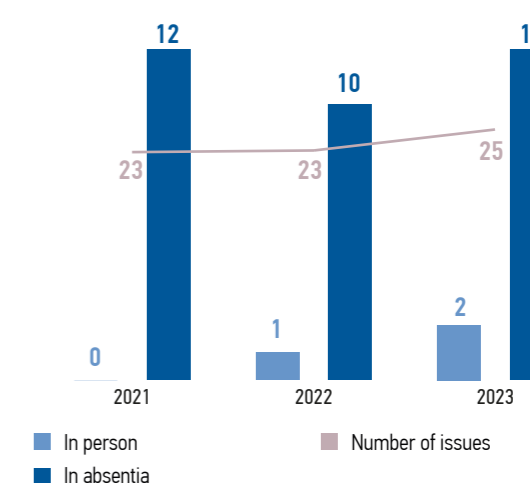
Full name	Position ²	Participation	Participation, %
Membership effective from 29.07.2022 to 20.06.2023, elected by decision of the Board of Directors on 29.07.2022 (Minutes No. 492/2022 dated 29.07.2022)			
Total number of meetings held – 8, of which 1 – in the form of joint attendance (in presentia), 7 – in absentia			
Ukolov Vladimir	Head of Situation Analysis Centre of PJSC Rosseti	8/8	100
Chairman of the Committee			
Goncharov Pavel	First Deputy Director General – Chief Engineer of PJSC Rosseti South, member of the Management Board of PJSC Rosseti South	8/8	100
Zarkhin Vitaliy	Member of the Board of Directors of PJSC Rosseti South	8/8	100
Independent Director			
Iordanidi Kirill	Deputy General Director for Economics and Finance at PJSC Rosseti South, member of the Management Board of PJSC Rosseti South	8/8	100
Pilyugin Alexander	Deputy Director of Centre for Technical Supervision – branch of PJSC Rosseti	8/8	100
Membership effective from 14.08.2023 to 31.12.2023, elected by decision of the Board of Directors on 14.08.2023 (Minutes No. 538/2023 dated 15.08.2023)			
Total number of meetings held – 6, of which 1 – in the form of joint attendance (in presentia), 5 – in absentia			
Ukolov Vladimir	Deputy Chief Engineer – Chief Dispatcher of PJSC Rosseti	6/6	100
Chairman of the Committee			
Goncharov Pavel	First Deputy Director General – Chief Engineer of PJSC Rosseti South, member of the Management Board of PJSC Rosseti South	6/6	100
Zarkhin Vitaliy	Member of the Board of Directors of PJSC Rosseti South	6/6	100
Independent Director			
Iordanidi Kirill	Deputy General Director for Economics and Finance of PJSC Rosseti South, member of the Board of Directors of PJSC Rosseti South	6/6	100
Pilyugin Alexander	Deputy General Director of PJSC Rosseti's branch – Technical Supervision Centre	6/6	100

Activities in 2023

In the reporting year, the Committee held

14 meetings,
including two meetings in the form of joint attendance (in person), and considered **25 issues.**

Statistical data on meetings

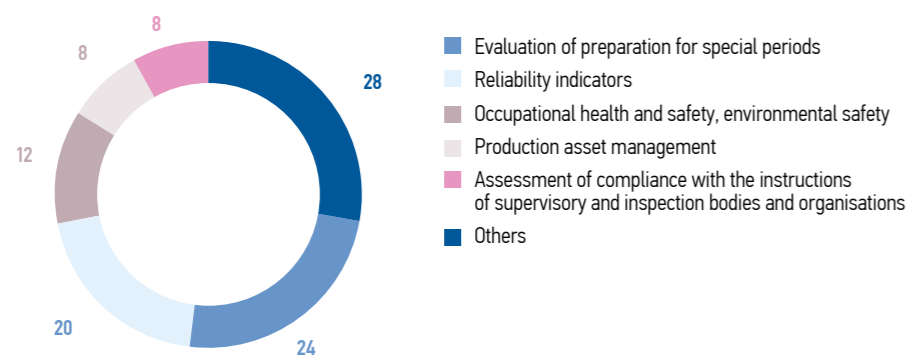


² The position is as of the date of election.

Analysis of the 2023/2022 changes

Meetings/issues	2022, ea	2023, ea	Changes 2022/2023, ea	Changes 2022/2023, %
In person	1	2	+1	+100
In absentia	10	12	+2	+20
Total meetings	11	14	+3	+27.27
Total issues	23	25	+2	+8.7

Topics and categories of issues, %



In 2023, the Committee issued 10 recommendations to the Company’s Board of Directors.

In the reporting period, special attention was paid to the passing of the autumn-winter period of 2022–2023, preparation for work in the thunderstorm and fire-prone

periods of 2023, as well as the enforcement of instructions issued by supervisory authorities and measures defined by acts of investigation of mass violations that occurred in 2023. These issues were scrutinised during the Committee’s in-person meetings and recommendations were made to the Company’s management.

GRID CONNECTION COMMITTEE

The Committee’s activities are governed by the [Regulations on the Grid Connection Committee](#)¹ of the Board of Directors of PJSC Rosseti South.

The main purpose of the Committee is to ensure openness of activities and non-discriminatory access to services on connection of consumers to the Company’s power grids and to increase the efficiency of the Company’s activities

in the provision of additional (non-tariff) services and to ensure profitability of additional (non-tariff) services of the Company.

¹ Approved by the decision of the Board of Directors of the Company on 31 January 2020 (Minutes No. 355/2020 dated 31 January 2020).

Principles of formation and term of office of the Committee members

- Quantitatively, the Committee’s membership shall be determined by resolution of the Board of Directors of the Company and shall consist of at least five members.
- The members of the Committee are to be elected by the Board of Directors of the Company from among the candidates nominated by the members of the Board of Directors of the Company.
- The members of the Committee shall be elected in accordance with the terms of these Regulations for a period until the next Committee is elected.
- The powers of any member of the Committee may be early terminated by resolution of the Board of Directors of the Company.

Personal composition and information on participation in 2023

Full name	Position ²	Participation	Participation, %
Membership effective from 31.08.2022 to 13.08.2023, elected by decision of the Board of Directors on 31.08.2022 (Minutes No. 495/2022 dated 01.09.2022)			
Total number of meetings held – 4 in absentia			
Molsky Alexey Chairman of the Committee	Deputy General Director for Investments, Capital Construction and Sales of Services of PJSC Rosseti	4/4	100
Gazdanova Marina	Deputy Head of the Department for Grid Connection and Infrastructure Development – Head of the Department for Development of Additional Services and Customer Services of PJSC Rosseti	4/4	100
Zhuravlev Dmitriy	Deputy General Director for Development and Power Grid Connection at PJSC Rosseti South	4/4	100
Kalashnikov Nikita	Deputy General Director for Investments and Capital Construction of PJSC Rosseti South	4/4	100
Klinkov Oleg	Director for Customer Relations – Head of the Technological Development Department of PJSC Rosseti, member of the Board of Directors of PJSC Rosseti South	4/4	100
Membership effective from 14.08.2023 to 31.12.2023, elected by decision of the Board of Directors on 14.08.2023 (Minutes No. 538/2023 dated 15.08.2023)			
Total number of meetings held – 5, of which 2 – in the form of joint attendance (in presentia), 3 – in absentia			
Molsky Alexey Chairman of the Committee	Deputy General Director for Investments and Capital Construction of PJSC Rosseti	5/5	100
Gazdanova Marina	Deputy Head of the Department for Grid Connection and Infrastructure Development – Head of the Department for Development of Additional Services and Customer Services of PJSC Rosseti	5/5	100
Zhuravlev Dmitriy	Deputy General Director for Development and Power Grid Connection at PJSC Rosseti South	5/5	100
Kalashnikov Nikita	Deputy General Director for Investments and Capital Construction of PJSC Rosseti South	5/5	100
Klinkov Oleg	Director for Customer Relations – Head of the Technological Development Department of PJSC Rosseti, member of the Board of Directors of PJSC Rosseti South	4/5	80

² The position is as of the date of election.

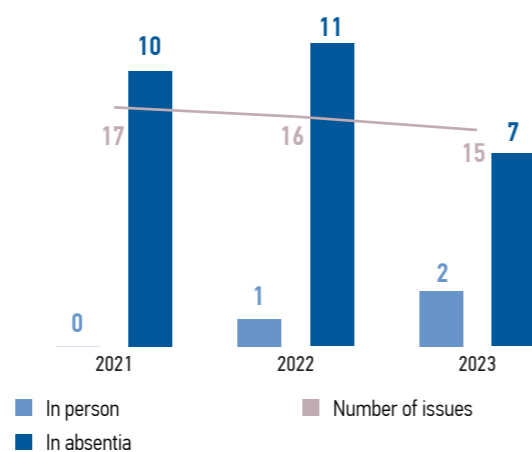
Activities in 2023

In the reporting year, the Committee held

9 meetings,
including two meetings in the form of joint attendance (in person), and considered

15 issues.

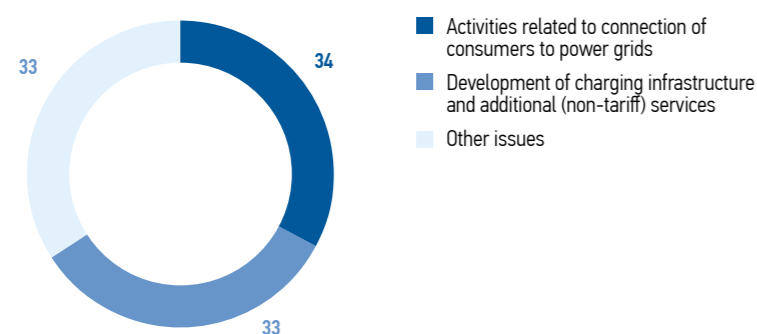
Statistical data on meetings



Analysis of the 2023/2022 changes

Meetings/issues	2022, ea	2023, ea	Changes 2022/2023, ea	Changes 2022/2023, %
In person	1	2	+1	+100
In absentia	11	7	-4	-36.36
Total meetings	12	9	-3	-25
Total issues	16	15	-1	-6.25

Topics and categories of issues, %



In the reporting period, the Committee issued 10 recommendations to the Board of Directors.

In the reporting period, particular attention was paid to updating and implementing the Roadmap for the Development of Additional (Non-Tariff) Services

of Rosseti South, as well as analysing the current situation in Rosseti South's activities related to grid connection. These issues were reviewed at in-person meetings of the Committee, and the Company's management was given appropriate recommendations and instructions.

CORPORATE SECRETARY

The Board of Directors elected the Company's Corporate Secretary to ensure proper implementation of the Company's procedure for preparation and holding of the General Meeting of Shareholders, meetings of the Board of Directors, to provide efficient cooperation of the Board of Directors with the Board's Committees, Audit Commission, Company's Auditor, executive bodies and Executive Office.

The activities of the Company's Corporate Secretary are regulated by the Federal Law "On Joint Stock Companies", other Russian laws and regulations, the Company's Articles of Associations and internal documents, the [Regulation on the Corporate Secretary of PJSC Rosseti South](#) approved by the resolution of the Board of Directors on 30 September 2016 (Minutes No. 202/2016 dated 3 October 2016).

The Corporate Secretary is accountable to the Board of Directors.

E. Pavlova, Head of the Department of Corporate Governance and Shareholder Relations, was elected Corporate Secretary of the Company by resolution of the Board of Directors on 20 December 2013.



Elena Pavlova

Corporate Secretary, Head of the Department for Corporate Governance and Shareholder Relations at PJSC Rosseti South

Born in 1977.

Education

- Rostov State Academy of Economics, Economist, Economics of Nature Use, 1999.
- Rostov State University of Economics, Lawyer, Jurisprudence, 2004.

Professional background

- Until 2016, Head of the Department of Corporate Governance and Shareholder Relations of PJSC IDGC of the South, Corporate Secretary of PJSC IDGC of the South.
- 2016–2018 – Head of the Department for Corporate Governance and Shareholder Relations – Corporate Secretary at PJSC IDGC of the South.
- Since 2019 – Head of the Department for Corporate Governance and Shareholder Relations at PJSC Rosseti South.

Participation in governing bodies

2014–2019 – member of the Board of Directors of JSC Energoservis Yuga.

E. Pavlova, Corporate Secretary of the Company:

- In the reporting year, did not own shares of the Company and its S&As and did not enter into any transactions therewith
- Has no family ties with persons who are members of the governing and (or) control bodies of Rosseti South
- Was not held administratively liable for violations in the field of finance, taxes and fees, securities market, or criminally liable for economic and/or public-order crimes
- Did not hold positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under the Russian insolvency (bankruptcy) laws were initiated against these organisations
- There are no indications of personal interest that could or may lead to a conflict of interest

EXECUTIVE BODIES

The current activities of the Company are governed by the executive bodies of PJSC Rosseti South (General Director and Management Board), which report to the General Meeting of Shareholders and the Board of Directors of the Company.

GENERAL DIRECTOR

The General Director is elected by the Company's Board of Directors and acts as the sole executive body and the Chairman of the Management Board of the Company.

The rights and responsibilities of the General Director are determined by the legislation of the Russian Federation, the Articles of Associations of the Company, and the employment agreement between the Company and the General Director.

The authority of the General Director includes issues related to the management of the Company's day-to-day operations, except for issues within the purview of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.

When exercising their rights and fulfilling duties, the General Director acts in favour of the Company reasonably and in good faith.



On 17 June 2014, Boris Ebzeev was appointed acting General Director of the Company.

Boris Ebzeev was elected General Director of the Company from 29 July 2014 (resolution of the Board of Directors of the Company on 28 July 2014, Minutes No. 139/2014 dated 31 July 2014)¹.

By resolution of the Board of Directors of the Company on 5 May 2017 (Minutes No. 230/2017 dated 10 May 2017), his term of office was extended for a new term up to and including 28 July 2020.

By resolutions of the Board of Directors of the Company on 29 June 2020 (Minutes No. 382/2020 dated 30 June 2020) and then on 5 June 2023 (Minutes No. 524/2023 dated 7 June 2023), the powers of Boris Ebzeev were extended for a new term, first until 28 July 2023 and then until and including 28 July 2026.

In 2019, Boris Ebzeev was awarded the title of "Honoured Power Engineer".

Besides, in 2019, Boris Ebzeev, General Director of PJSC Rosseti South, was awarded the Order of Friendship for his labour achievements, many years of conscientious work, and active contribution to the preparation and holding of the FIFA World Cup.

The decree on the state award was signed by the President of the Russian Federation, Vladimir Putin. Boris Ebzeev, General Director of PJSC Rosseti South, was presented with a badge of the Order of Friendship by Vasily Golubev, Governor of the Rostov Region, at a official ceremony in Rostov-on-Don.

The results of management decisions regarding the Company's focus areas adopted by the Company's General Director in 2023 are reflected in the relevant sections of the present Annual Report.

MANAGEMENT BOARD

The Management Board of the Company is the collegial executive body of the Company responsible for the practical implementation of the objectives, development strategies and policies of the Company. In accordance with the PJSC Rosseti South's Articles of Associations, the General Director of the Company chairs the Management Board.

The main tasks of the Management Board of the Company are:

- To organise effective management of the Company's operational activities
- To make sure the plans and resolutions of the General Meeting of Shareholders and the Board of Directors of the Company are delivered
- To implement the Company's financial and economic policy, develop decisions on the most important issues of its current business activities and coordinate the work of its subdivisions
- To increase the efficiency of the internal control and risk monitoring systems
- To devise and implement the Company's current business policy in order to raise its profitability and competitiveness

The activities of the Company's Management Board² are regulated by the Federal Law "On Joint Stock Companies", the Articles of Associations of the Company, the [Regulation on the Management Board](#) approved

by the decision of the annual General Meeting of Shareholders on 31 May 2019 (Minutes No. 20 dated 5 June 2019).

Pursuant to the Articles of Association, members of the Management Board are elected by the Company's Board of Directors in a number determined by a resolution of the Board of Directors on the proposal of the General Director.

The quantitative composition of the Management Board of the Company was determined by the decision of the Board of Directors of the Company on 26 May 2023 (Minutes No. 523/2023 dated 29 May 2023) and is set at seven persons.

Pursuant to Article 22 of the Articles of Association of PJSC Rosseti South, among other issues, the Management Board of the Company makes decisions on matters within the purview of the supreme governing bodies – general meetings of shareholders – of business entities in which PJSC Rosseti South holds 100% of the authorised capital.

COMPOSITION OF THE MANAGEMENT BOARD

As of May 2023, the Management Board has seven members, including the Chairman of the Management Board – General Director of the Company.

¹ CV of B. Ebzeev can be found in the "CVs of Members of the Board of Directors and the Management Board" section of this Annual Report.

² The remit of the Management Board of PJSC Rosseti South is defined by the Company's Articles of Association.



Boris Ebzeev

Year of birth: 1975.

Education: higher.

Lomonosov Moscow State University, Lawyer qualification, major in Jurisprudence, 1997.

Academic degree: Candidate of Legal Sciences.

Title awarded: "Honorable Power Engineer".

Information on places of employment of a member of the Management Board for the last five years and on participation in governing and controlling bodies of other organisations

From/to	Organisation	Position
2014	present time	Public Joint Stock Company Rosseti South General Director, Chairman of the Management Board
2014	2019	Joint Stock Company Donenergo Member of the Board of Directors
2015	present time	Public Joint Stock Company Rosseti South Member of the Board of Directors
2018	present time	Joint Stock Company Volgograd Inter-District Power Grids Chairman of the Board of Directors
2021	present time	Public Joint Stock Company Rosseti Kuban Acting General Director (part-time), Chairman of the Management Board
2021	present time	Public Joint Stock Company Rosseti Kuban Member of the Board of Directors
2023	present time	Open Joint Stock Company Energoservis Yuga Chairman of the Board of Directors
Member of the Management Board since 29 July 2014		



Pavel Goncharov

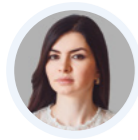
Year of birth: 1966.

Education: higher.

Pavlodar Industrial Institute, Electrical Engineer qualification, major in Electrical Systems, 1992.

Information on places of employment of a member of the Management Board for the last five years and on participation in governing and controlling bodies of other organisations

From/to	Organisation	Position
2011	present time	Public Joint Stock Company Rosseti South Member of the Management Board
2013	2022	Public Joint Stock Company Rosseti South Deputy General Director for technical issues – Chief Engineer
2013	present time	Open Joint Stock Company Energoservis Yuga Chairman of the Board of Directors, member of the Board of Directors
2021	2022	Public Joint Stock Company Rosseti Kuban Assistant Director General, Administration Department (part-time)
2022	present time	Public Joint Stock Company Rosseti South First Deputy General Director — Chief Engineer
Date of first election as a member of the Management Board		16.09.2011



Yulianna Dzhabrailova

Year of birth: 1981.

Education: higher.

Higher Kuban Institute of International Business and Management, Economist qualification, major in Finance and Credit, 2003;

Kuban State Agrarian University, Bachelor’s degree, major in Agroengineering, 2016.

Information on places of employment of a member of the Management Board for the last five years and on participation in governing and controlling bodies of other organisations

From/to	Organisation	Position
2016	present time	Public Joint Stock Company Rosseti South Deputy General Director — Head of the Office
2016	present time	Public Joint Stock Company Rosseti South Member of the Management Board
2016	present time	Joint Stock Company Energetik Recreation Facility Chairman of the Board of Directors
2017	present time	Public Joint Stock Company Rosseti South Director of Kubanenergo, a branch of PJSC Rosseti South (part-time)
2018	present time	All-Russian Branch Association of Employers of the Electric Power Industry “Energy Employment Organisation Association of Russia” Member of the Supervisory Board
2021	present time	Public Joint Stock Company Rosseti Kuban Deputy General Director – Head of the Office (part-time)
2021	present time	Public Joint Stock Company Rosseti Kuban Member of the Management Board
Date of first election as a member of the Management Board		07.09.2016



Kirill Iordanidi

Year of birth: 1985.

Education: higher.

University of Indianapolis (Indiana, USA), Bachelor’s degree, major in Economics and Finance, 2006;

International College (Republic of Cyprus), Bachelor of Management’s degree 2007;

South-Russian State University of Economics and Service, Master’s degree in Management, 2011.

Information on places of employment of a member of the Management Board for the last five years and on participation in governing and controlling bodies of other organisations

From/to	Organisation	Position
2016	2021	Public Joint Stock Company Rosseti South Head of the Department of Economics
2017	present time	Joint Stock Company Energetik Recreation Facility Member of the Board of Directors
2018	2021	Joint Stock Company “Agricultural enterprise Sokolovskoe” Member of the Board of Directors, Chairman of the Board of Directors
2019	2021	Limited Liability Company YugStroyMontazh Member of the Board of Directors
2021	2021	Public Joint Stock Company Rosseti Kuban Assistant General Director of Documentary and Protocol Support Branch of Administration Department; Assistant General Director of Administration Department (part-time)
2021	present time	Public Joint Stock Company Rosseti South Deputy General Director for Economics and Finance
2021	present time	Public Joint Stock Company Rosseti South Member of the Management Board
2021	present time	Public Joint Stock Company Rosseti Kuban Deputy General Director for Economics and Finance (part-time)
2021	present time	Public Joint Stock Company Rosseti Kuban Member of the Management Board
Date of first election as a member of the Management Board		29.10.2021



Oleg Musinov

Year of birth: 1972.

Education: higher.

Khabarovsk State Academy of Economics and Law, Lawyer qualification, major in Jurisprudence, 1998;

Don State Agrarian University, Master’s degree, major in Electric Power Engineering and Electrical Engineering, 2016.

Additional education:

Moscow State Institute of International Relations (University) of the Ministry of Foreign Affairs of the Russian Federation, Executive MBA programme, Master of Business Administration (MBA).

Information on places of employment of a member of the Management Board for the last five years and on participation in governing and controlling bodies of other organisations

From/to	Organisation	Position
2014 2022	Public Joint Stock Company Rosseti South	Deputy General Director for Corporate Governance
2018 present time	Joint Stock Company Volgograd Inter-District Power Grids	Member of the Board of Directors
2019 present time	Public Joint Stock Company Rosseti South	Member of the Management Board
2021 2022	Public Joint Stock Company Rosseti Kuban	Assistant Director General, Administration Department (part-time)
2022 present time	Public Joint Stock Company Rosseti South	Deputy General Director for Legal and Corporate Governance
Date of first election as a member of the Management Board		27.02.2019



Alexey Rybin

Year of birth: 1972.

Education: higher.

Kharkov Aviation Institute named after N.E. Zhukovsky, Mechanical Engineer qualification, major in Aviation Engines and Power Plants, 1994;

Rostov State University, Lawyer qualification, major in Jurisprudence, 1998.

Information on places of employment of a member of the Management Board for the last five years and on participation in governing and controlling bodies of other organisations

From/to	Organisation	Position
2012 2021	Public Joint Stock Company Rosseti South	Deputy General Director for Economics and Finance
2013 present time	Public Joint Stock Company Rosseti South	Member of the Management Board
2021 present time	Public Joint Stock Company Rosseti South	Deputy General Director – Director of Volgogradenergo – a branch of PJSC Rosseti South
2021 present time	Joint Stock Company Volgograd Inter-District Power Grids	General Director (part-time)
2021 present time	Joint Stock Company Volgograd Inter-District Power Grids	Member of the Board of Directors
Date of first election as a member of the Management Board		30.09.2013



Alexander Chasovskoy

Year of birth: 1957.

Education: higher.

Moscow Higher Frontier Command Red Banner College of the KGB under the Council of Ministers of the USSR named after Mossovet, General Military Officer with Higher General Education qualification, major in Command, General Military, 1978;

Andropov Red Banner Institute of the USSR KGB, Specialist on International Affairs qualification, major in international relations, 1985.

Information on places of employment of a member of the Management Board for the last five years and on participation in governing and controlling bodies of other organisations

From/to	Organisation	Position
2013	present time	Public Joint Stock Company Rosseti South Deputy General Director for Security
2014	present time	Public Joint Stock Company Rosseti South Member of the Management Board
2022	present time	Public Joint Stock Company Rosseti Kuban Assistant General Director of General Management of the Executive Office; Assistant General Director of the Administration Department (part-time)
Date of first election as a member of the Management Board		21.04.2014

In the reporting period, Dmitry Hakobyan and Grigory Savin, members of the Management Board of the Company, were terminated by the decision of the Board of Directors of the Company on 26 May 2023.

Member of the Management Board, Pavel Goncharov, owns ordinary shares of PJSC Rosseti South in the amount of 0.0002% of the Company's authorised capital. Other

members of the Company's Management Board do not own shares of PJSC Rosseti South, shares of subsidiaries and affiliates of PJSC Rosseti South. The Company had no information on transactions made by the members of the Management Board on acquiring or disposing the shares. The consent of all members of the Company's Management Board was obtained to disclose information about them in the present Annual Report.

Statistical data on meetings

Indicator	2019	2020	2021	2022	2023
Number of meetings held	39	38	41	53	61
• in the form of joint attendance	3	0	0	0	0
Matters reviewed	171	167	221	239	253

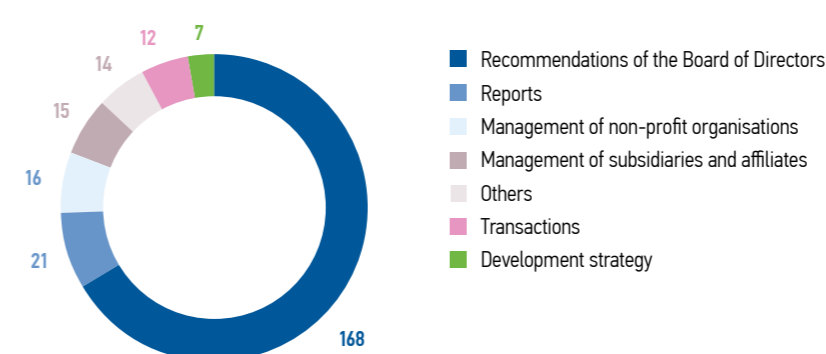
In the reporting period,

61 meetings

meetings were held (all in absentia).

Meetings of the Management Board were held in accordance with its action plans and on the initiative of the Chairman of the Management Board.

Subjects discussed by the Management Board



Among the most important issues addressed by the Company's Management Board in 2023 are as follows:

- On reviewing the information of the Company's Management on implementation of the corrective measures to eliminate gaps identified by the Company's Audit Commission, Company's Internal Audit, Third-Party Control and Supervision Bodies on implementation of measures taken to address the information about potential cases of unfair practices of employees, and following the results of investigations made at year-end 2022
- On recognising the acquisition of the property constituting fixed assets to be expedient, with the purpose of the assets being the production, transmission, dispatching, distribution of electric and thermal energy, – power grid property belonging to JSC Energoservis Yuga, worth RUB 132,000,000 (One hundred thirty-two million) 00 kopecks
- On considering reports of risk owners on management of functional risks and business process risks of the Company
- On reviewing progress reports on the RAS composite and IFRS consolidated business plans of the Rosseti South Group for 2022
- On reviewing reports on the financial and business performance of subsidiaries and affiliates of PJSC Rosseti South
- On reviewing the report on acquiring power industry facilities, which can be acquired without approval of the Board of Directors
- On reviewing quarterly reports on concluded compensation agreements of PJSC Rosseti South
- On previewing the parameters of the business plan of PJSC Rosseti South and forecast indicators for subsequent periods
- On approving the Risk Register of PJSC Rosseti South for 2024, the Company's Risk Management Action Plan, and the Risk Map of PJSC Rosseti South
- On pre-approving the agreement on amendments to the collective bargaining agreement of PJSC Rosseti South for 2023–2025

Additionally, a sizable portion of the issues that were examined in 2023 had to do with choosing how to close deals involving property, works and services, the value of which ranged from 1 to 25% of the Company's assets' book value as stated in the accounting (financial) statements as of the last reporting date.

In addition to the current management of the Company, the Management Board, as one of the main participants of the risk management process, devoted a significant part of its time to streamlining the internal control and risk management system, as well as to proposals for its development and improvement at the Company.

Prevention of conflicts of interest

GRI 2-15

The Company is more focused on preventing and reducing the effects of any conflicts of interest among government body members of the Company.

The settlement of conflicts of interest is based on the Code of Corporate Ethics, the Regulations on the Board of Directors and the Regulations on the Management Board of the Company approved by the Company.

As recommended by the Corporate Governance Code of the Bank of Russia, members of the Board of Directors

are advised to refrain from actions that will or may lead to a conflict between their interests and the interests of the Company. The executive bodies of the Company are likewise subject to the duty to act fairly and honestly in the best interests of the Company.

The requirements of Article 82 of the Federal Law "On Joint Stock Companies" for the sending of notices to PJSC Rosseti South regarding indications of potential interest in the Company's transactions were satisfied by all members of the management bodies of the Company.

MANAGEMENT OF THE COMPANY'S S&AS

Corporate governance of PJSC Rosseti South's subsidiaries and affiliates is implemented through its representatives in S&A's governing bodies in accordance with the applicable Law of the Russian Federation, Articles of Associations of PJSC Rosseti South and S&As, Regulations on relations of PJSC Rosseti South with S&A/their S&A, approved Order No. 577 of the Company dated 1 August 2019, Regulations on making and giving final instructions to the representatives of PJSC Rosseti South regarding

agenda items of the meetings of the Boards of Directors of PJSC Rosseti South's S&As and their S&A approved by Order No. 685 of the Company dated 9 September 2019.

As of 31 December 2023, PJSC Rosseti South owns 100% of the voting shares of three subsidiaries:

- JSC Energoservis Yuga
- JSC Energetik Recreation Facility
- JSC VMES

REMUNERATION SYSTEM

GRI 2-19, 2-20

REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS

The procedure for calculating and paying remuneration to members of the Company's Board of Directors is governed by the [Regulations on Payment of Remuneration and Compensation to the Members of PJSC Rosseti South's Board of Directors](#) (hereafter the Regulations)¹.

The Regulations envisages the following payments.

- Remuneration for attendance of the Board meetings

Remuneration to the members of the Company's Board of Directors is paid quarterly.

The remuneration to each Board member for attending the meetings is calculated taking into account the total number of meetings of the Company's Board of Directors for the reporting quarter, the number of meetings attended by a member of the Board of Directors, and the base remuneration. The basic part of remuneration is based on the Company's revenue calculated under RAS for the previous fiscal year. For PJSC Rosseti South, the amount of the basic part of remuneration in 2023 was RUB 2,200,000.

In addition to the remuneration for attendance of the Board meetings, the following premiums are established:

- 30% – for the Chairman of the Company's Board of Directors
- 20% – for the Chairman of the dedicated Committee of the Company's Board of Directors
- 10% – for the membership in the dedicated Committee of the Company's Board of Directors

Total remuneration to one member of the Board of Directors, including premiums, cannot exceed 1/4 of the base remuneration (RUB 550,000).

No remuneration is payable:

- To sole executive body (General Director) of the Company
- Persons that are subject to legal restraints or prohibition on receiving payments from the profit-making organisations
- To Board members who attended less than 50% of the meetings held

The Regulations do not provide for long-term incentives for the members of the Board of Directors, as well as accrual of severance pay in connection with the termination of their powers.

Remuneration is paid at the expense of revenues from the non-regulated types of activity.

In 2023, no training was given to the Board members of the Company.

- Remuneration to the Board members

Board members are reimbursed for expenses associated with attending the meetings of the Board of Directors, dedicated committee under the Board of Directors, General Meetings of Shareholders of the Company according to the rules for reimbursement of travel expenses valid at the time of the meeting and established for top managers of the Company.

Compensation is paid by the Company within three working days after submission of the documents confirming the expenses incurred.

There are no arrears on payment of remunerations to the members of the Board of Directors based on the results of the last completed financial year.

RUB 90,823.50

reimbursements of expenses related to the performance of the Board member functions paid in 2023.

RUB 14,167,032.98

(including personal income tax) aggregate amount of remuneration to the members of the Company's Board of Directors for 2023. No other payments were made to the members of the Board of Directors of the Company.

¹ Approved by resolution of the Annual General Meeting of Shareholders on 31 May 2019 (Minutes No. 20 dated 5 June 2019), the text is available on the [Company's website](#).

Remuneration of Board members in 2023 for serving on the Board of Directors (including serving on committees under the Board of Directors)¹

Member of the Board of Directors	A	B	Remuneration (actual), RUB	Information on membership in dedicated committees under the Board of Directors	Additional remuneration, RUB			Total	Maximum payment, RUB	Total to be paid, RUB
					To the Chairman of the Board of Directors	To a Committee Chairman	To a Committee member			
Daniil Krainskiy	36	36	1,269,230.76	SC	380,769.24	–	126,923.07	1,776,923.07	1,650,000.00	1,650,000.00
Vitaliy Zarkhin	36	36	1,269,230.76	SC	–	–	126,923.07	1,607,692.31	1,650,000.00	1,607,692.31
				RC	–	–	126,923.08			
				PRC	–	–	84,615.40			
Maria Korotkova	36	36	1,269,230.76	AC (Chairman)	–	253,846.17	–	1,650,000.00	1,650,000.00	1,650,000.00
				SC	–	–	126,923.07			
Alexey Polinov	17	23	664,835.16	SC (Chairman)	–	132,967.04	–	797,802.20	1,100,000.00	797,802.20
Oleg Klinkov	36	36	1,269,230.76	GCC	–	–	126,923.10	1,396,153.86	1,650,000.00	1,396,153.86
Alexander Kazakov	36	36	1,269,230.76	AC	–	–	126,923.10	1,396,153.86	1,650,000.00	1,396,153.86
Ekaterina Nikitchanova	36	36	1,269,230.76	AC	–	–	126,923.10	1,438,461.55	1,650,000.00	1,438,461.55
				PRC	–	–	42,307.69			
Maria Tikhonova	36	36								No consent for disclosure of personal data has been obtained
Maria Dokuchaeva	36	36	1,269,230.76	–	–	–	–	1,269,230.76	1,650,000.00	1,269,230.76
Konstantin Kravchenko	36	36	1,269,230.76	–	–	–	–	1,269,230.76	1,650,000.00	1,269,230.76
Natalia Paramonova	19	27	423,076.92	–	–	–	–	423,076.92	1,100,000.00	423,076.92
Total			11,241,758.16	–	380,769.24	386,813.21	1,015,384.68	13,024,725.29	–	12,897,802.22

A – number of meetings of the Board of Directors attended by a Board member

B – total number of meetings held during the calculation period (for a corporate year – the period between Annual General Meetings of Shareholders).

CA – Audit Committee

PRC – Personnel and Remuneration Committee

SC – Strategy Committee

RC – Reliability Committee

GCC – Grid Connection Committee

¹ Information on remuneration is provided in line with the respective consents received from the members of the Board of Directors of the Company.

REMUNERATION OF MEMBERS OF THE COMMITTEES UNDER THE BOARD OF DIRECTORS

On 3 February 2010, the Board of Directors of the Company approved the Regulations on Payment of Remuneration and Compensation to the Members of the Committees of the Board of Directors of JSC IDGC of South (Minutes No. 39/2010 dated 5 February 2010) regarding all Committees under the Board of Directors of the Company. In addition, by the decision of the Company's Board of Directors made on 29 January 2016, amendments were made to all the Regulations on payment of remuneration and compensation to members of the committees

For attendance of meeting of a committee under the Board of Directors held in absentia

Remuneration is paid in the amount equivalent to one minimum monthly wage of the first skill category worker established by the Industrial Tariff Agreement in the Electric Power Industry of the Russian Federation (hereinafter Agreement) on the day of the meeting of the Committee at the Board of Directors, taking into account the indexation established by the Agreement.

The amount of remuneration paid to the Chairman of the Committee (Deputy Chairman) for each meeting at which he acted as a Chairman of the Committee under the Board of Directors increases by 50%.

Besides, in line with the Regulations, a member of the Committee under the Board of Directors is reimbursed for the actual expenses incurred in exercising the duties of a member of the Committee under the Board of Directors.

under the Company's Board of Directors providing for the procedure for paying remuneration to members of committees who are also members of the Company's Board of Directors¹ (Minutes No. 176/2016 dated 1 February 2016).

The Regulations stipulates the payment of remuneration for each meeting attended by a member of the Committee of the Board of Directors.

For attendance of meeting of a committee under the Board of Directors held in person

Remuneration is paid in the amount equivalent to two minimum monthly wages established by the Agreement on the day of the meeting of the Committee under the Board of Directors, taking into account the indexation established by the Agreement.

Remuneration and compensation are not paid to members of the Committees who are:

- Sole executive body (General Director) of the Company
- Persons that are subject to legal restraints or prohibition on receiving payments from the profit-making organisations

Remuneration paid to the members of the Committees under the Board of Directors in 2021–2023²

Period	Remuneration for attendance at meetings of the Board of Directors' committees, RUB ³ (including PIT)
Audit committee	
2021	105,485
2022	101,807
2023	196,637
Personnel and Remuneration Committee	
2021	303,074
2022	307,697
2023	503,032
Strategy committee	
2021	1,389,707
2022	1,119,247
2023	1,783,031
Reliability committee	
2021	369,580
2022	388,234
2023	501,967
Grid connection committee	
2021	376,759
2022	568,318
2023	621,723
Total remuneration paid for attending meetings of the Committees under the Board of Directors	
2021	2,544,605
2022	2,485,303
2023	3,606,390

REMUNERATION OF EXECUTIVE BODIES

In accordance with the decision of the Board of Directors of the Company dated 29 June 2023 (Minutes No. 531/2023 dated 30 June 2023), members of the Management Board of the Company are classified as high-ranking executives of the Company.

Pursuant to the Regulations on Remuneration and Material Incentives for High-Ranking Executives of PJSC Rosseti South approved by the Board of Directors

of the Company on 29 June 2023 (Minutes No. 531/2023 dated 30 June 2023), if a high-ranking manager is elected to the Management Board of the Company, remuneration shall be paid by setting an additional payment for membership in the collegial executive body (Management Board) of the Company in the amount corresponding to the minimum wage under Article 133 of the Labour Code of the Russian Federation.

¹ Revisions of the Regulations and amendments thereto are given at the [Company's website](#).

² The information is given without taking into account premiums paid to members of the Company's Board of Directors, who simultaneously act as the members of the Committees under the Company's Board of Directors.

³ In 2022, the following minimum monthly wage rates were applied to calculate remuneration for attendance at meetings of the committees under the Company's Board of Directors: from 1 July 2020 – RUB 8,920, from 1 July 2021 – RUB 9,501, from 1 July 2022 – RUB 11,012.

Remuneration paid to the members of the Company's Management Board, RUB¹

Payment	2023
Salary and wage	63,525,324.13
Remuneration for acting as a member of the Management Board	1,521,892.63
Bonuses	34,425,141.25
• including annual remuneration	21,006,196.00
Other payments	500,587.00
Termination payments	0
Total remuneration	99,972,945.01

Remuneration for acting as a member of the Management Board²

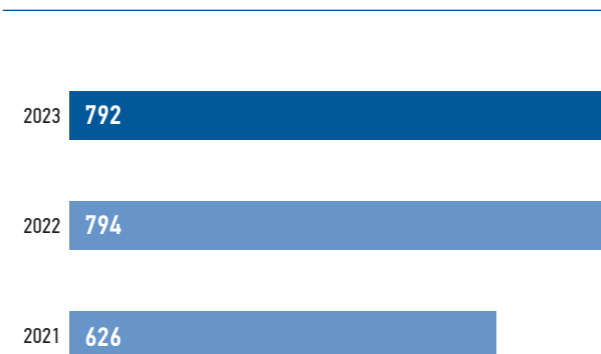
Full name	Position	For attendance at meetings of the Management Board
Paid in 2023, RUB		1,521,892.63
Pavel Goncharov	Member of the Management Board	286,745.09
Yulianna Dzhabrailova	Member of the Management Board	290,573.37
Kirill Iordanidi	Member of the Management Board	230,820.44
Oleg Musinov	Member of the Management Board	243,534.06
Alexey Rybin	Member of the Management Board	222,497.75
Alexander Chusovskoy	Member of the Management Board	247,721.92

REMUNERATION TO MEMBERS OF THE AUDIT COMMISSION

In 2023, the Audit Commission members received remuneration in the amount of

RUB 792,000

Remuneration is paid to the members of the Audit Commission in accordance with the Regulations on Payment of Remuneration and Compensation to the Members of the Audit Commission of the Company, approved by the decision of the Annual General Meeting of Shareholders of the Company on 9 June 2018 (Minutes No. 18 dated 15 June 2018). As per the provisions of Clause 2.1 of the Regulations, the compensation of a member of the Audit Commission of the Company is determined by the level of their involvement in the Commission's work and is contingent upon the work outcomes for the corporate year.

Remuneration to members of the Audit Commission, RUB '000

¹ The Table contains information on total remuneration for the year for all members of the executive bodies, including key executive officers of the Company, who are covered by the remuneration policy of the Company; the information is broken down by type of remuneration.

² Remuneration amounts are stated net of personal income tax.

To determine the amount of remuneration to the members of the Audit Commission, a corporate year shall mean the period from the election of the members of the Audit Commission at the General Meeting of Shareholders of the Company until the next General Meeting of Shareholders of the Company with the agenda item "Election of the members of the Audit Commission of the Company".

The remuneration is calculated from the revenue of the Company for the financial year and the personal contribution coefficient of a member of the Audit Commission. Remuneration shall be paid no later than 30 calendar days after the Annual General Meeting of Shareholders of the Company and after the Chairman of the Audit Commission submits to the sole executive body of the Company a calculation of the personal contribution coefficient of the members of the Audit Commission.

The full text of the Regulations is available on the Company's website:

→ <https://rosseti-yug.ru/korporativnoe-upravlenie/dokumenty-reglamentiruyushchie-deyatelnost-organov-upravleniya-i-kontrolya-obshchestva/>.



The Company incurred no expenses related to exercising the functions of the Audit Commission members.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Risk Management and Internal Control System (RM&ICS) is a set of organisational measures, methods, procedures, corporate culture practices and actions taken to achieve an optimal balance between the growth of the Company's value, profitability and risks, to ensure financial stability, efficient conduct of business activities, safeguarding of assets, compliance with legislation, the Articles of Association and internal documents of the Company, timely preparation of reliable reporting.

The purpose of the RM&ICS is to provide reasonable assurance that the Company will achieve the goals of Rosseti Group's development strategy, namely ensuring reliable, high-quality, and affordable power supply to consumers, as well as the operational business goals.

List of internal documents regulating the RM&ICS

The following internal documents were put in place in the Company in order to ensure the functioning of the RM&ICS:

- Risk Management and Internal Control Policy of PJSC Rosseti South (approved by the Board of Directors of the Company, Minutes No. 525/2023 dated 8 June 2023)
- Procedure for Organising Risk Management and Internal Control of PJSC Rosseti South (Order No. 300 dated 1 June 2023, as amended, Order No. 774 dated 18 December 2023)

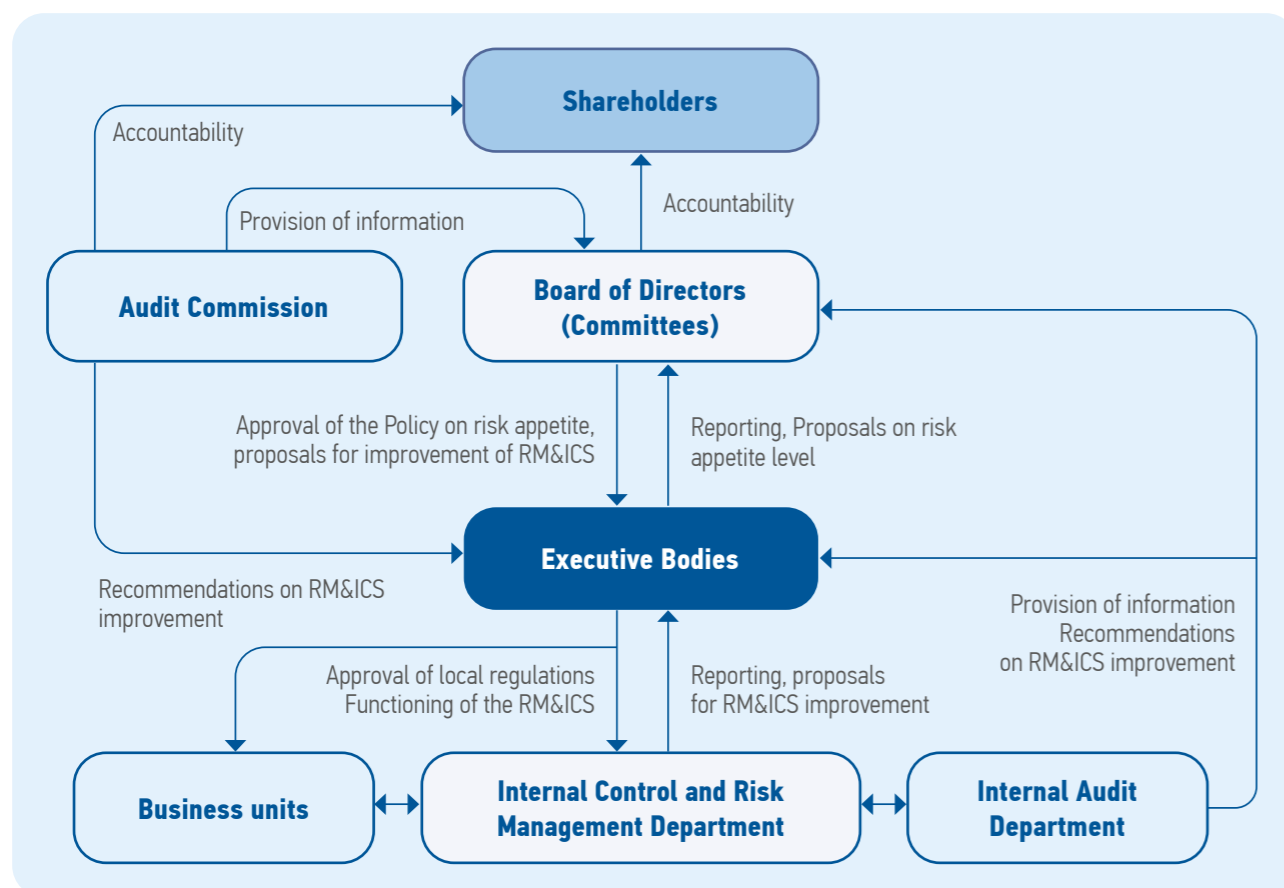
- Procedure for Determining the Preferred Risk (Risk Appetite) of PJSC Rosseti South (Order No. 626 dated 17 October 2023)
- Glossary in the area of risk management and internal control of PJSC Rosseti South (Order No. 40 dated 24 January 2023)
- Model List of Risks of PJSC Rosseti South and List of Risk Owners of PJSC Rosseti South (Order No. 415 dated 27 July 2023, as amended, Order No. 754 dated 8 December 2023)
- Risk Assessment Methodology of PJSC Rosseti South (Order No. 471 dated 15 August 2023)
- Procedure for Organising Risk Management and Internal Control to Prevent Corruption and Misconduct at PJSC Rosseti South (Order No. 494 dated 24 August 2023)
- Regulations on Accounting for Inspections of PJSC Rosseti South and the Company's S&As carried out by external control (supervision) bodies (Order No. 153 dated 22 March 2023)
- Regulations for bankruptcy and liquidation proceedings in which PJSC South acts as a creditor (Order No. 414 dated 26 July 2023)

Pattern of interaction of RM&ICS participants

The Risk Management and Internal Control process covers all areas of activity and is exercised at all levels of corporate governance: the Board of Directors, authorised committees of the Board of Directors, the Audit Commission

of the Company, executive bodies of the Company, managers and employees at all management levels of the Company, the Internal Control and Risk Management Department, and the Internal Audit Department.

Interaction of the Company's RM&ICS participants



The Company has an Internal Control and Risk Management Department (hereinafter – RM&ICD).

The Company's Risk Management and Internal Control Policy and the Regulations on the Department assign the following functions and tasks to the Department:

- Co-ordinates risk management and internal control processes
- Organises and conducts staff training in risk management and internal control
- Analyses the risk portfolio and develops proposals on response strategy and reallocation of resources in relation to risk management
- Generates risk reporting
- Exercises operational control over the process of risk management by structural subdivisions
- Conducts control activities in the field of organisation and functioning of the RM&ICS
- Prepares and submits to the executive bodies information on the organisation, functioning and efficiency of the RM&ICS, as well as on other issues stipulated by the Policy

Assessment of RM&ICS Efficiency

The Internal Audit Department conducts an annual internal independent assessment of how effective the RM&ICS is.

The results of the RM&ICS efficiency assessment and recommendations designed to improve the efficiency of RM&ICS functioning are included in the internal auditor's report submitted annually for consideration by the Company's governance bodies.

The report of the internal audit on the assessment of the effectiveness of the RM&ICS for 2023 was considered at the meeting of the Board of Directors (Minutes No. 569/2024 dated 23 April 2024). As of the year-end 2023, RM&ICS maturity rated at 5.2 points out of 6.0 possible, which corresponds to the "Optimal" level.

The effectiveness of the RM&ICS for 2023 was assessed in accordance with the updated Methodology for assessing the reliability and effectiveness of the risk management and internal control system approved by Order No. 808 dated 28 December 2023; therefore, the RM&ICS maturity level compared to the previous year is not assessed.

Improvement of the RM&ICS in the reporting year

In 2023, the Company undertook the following key measures to improve the RM&ICS:

- The Board of Directors of the Company approved the Risk Management and Internal Control Policy of PJSC Rosseti South and the updated preferred risk (risk appetite) of PJSC Rosseti South.
- Set of regulatory and methodological documents in the field of risk management and internal control was developed / updated:
 - Glossary in the field of risk management and internal control
 - Typical list of risks
 - Procedure for organising risk management and internal control
 - Procedure for determining the preferred risk (risk appetite)
 - Risk Assessment and Monitoring Methodology

- Monthly monitoring of financial stability, support of liquidation and bankruptcy procedures of counterparties was carried out.
- The Company organised training of its employees on building the RM&ICS.
- PJSC Rosseti South approved the Procedure for organising risk management and internal control in prevention of corruption and misconduct, and updated risk matrices and control procedures for key processes to include and regulate corruption risks.

Plans for improvement of the RM&ICS for 2024

- To carry out risk-oriented control activities: when reviewing materials submitted for approval by collegial bodies; when analysing information on audits carried out by external control (supervision) bodies; when assessing the targeted and timely expenditure of financial support to subsidiaries
- To participate in internal audits, inspections of subsidiaries and training centres, audits of financial and economic activities of subsidiaries, and internal reviews
- To take part in risk management in liquidation and bankruptcy proceedings
- To improve approaches to integrating risk management into key business processes
- To promote risk awareness, to conduct training events on the organisation and operation of the RM&ICS

INTERNAL AUDIT

The internal audit function is exercised in the Company through the foundation of the internal audit department (detached subdivision) or the attraction of an independent third party (outsourcing). The Company's Board of Directors decides on an optimal form of the internal audit function.

The Internal Audit Department is a subdivision responsible for the implementation of the internal audit function in the Company.

The internal audit is functionally accountable to the Company's Board of Directors, i.e., the Board of Directors monitors and organises the internal audit activities, including approval of the Internal Audit Regulations, the Internal Audit Action Plan, the Report on the performance of that plan and the budget of the Internal Audit Unit, preliminarily approves the decision on the appointment, termination of the Head of the Internal Audit Unit, as well as approves the terms and conditions of the employment agreement and remuneration of the head of internal audit, and reviews the results of the quality assessment of the internal audit function.

The purpose of internal audit is to assist the Company's Board of Directors and executive bodies in improving the management of the Company and its financial and business activities, including through systemic and consistent analysis and assessment of risk management, internal controls and corporate governance as tools for providing reasonable assurance that the goals set for the Company will be achieved.

The goals and objectives, organisational and functional principles, roles and responsibilities of the Internal Audit Department are set out in the Internal Audit Policy of the Company as amended by the Board of Directors (Minutes No. 526/2023 dated 8 June 2023).

In 2023, the internal audit function comprised of six employees.

The Company approved the following documents regulating the internal audit function:

- The Company's Internal Audit Policy and the Code of Ethics for Internal Auditors approved by resolution of the Board of Directors on 8 June 2023 (Minutes No. 526/2023 dated 9 June 2023)

- Regulations on the Internal Audit Department approved by a resolution of the Company's Board of Directors on 31 December 2019 (Minutes No. 353/2020 dated 9 January 2020)
- Internal Audit Assurance and Quality Improvement Programme approved by a resolution of the Board of Directors on 28 February 2022 (Minutes No. 468/2022 dated 3 March 2022)
- Internal Standards for the internal audit functions and the practical application standards aligned with the International Standards for the Professional Practice of Internal Auditing

The Head of Internal Audit receives feedback from the Audit Committee (hereinafter referred to as the Audit Committee) in various forms in the course of interaction with the Audit Committee, including analysing decisions/recommendations of the Audit Committee on matters within the internal audit remit, as well as by means of questionnaire survey of the members of the Audit Committee.

Satisfaction quotient of the Audit Committee of the Board of Directors of the Company with the results of the work of the Internal Audit Function (average weighted score on the questionnaires of the members of the Audit Committee to the number of members of the Committee voted) according to the results of 2023 corresponds to the "fully consistent" assessment according to the Internal Audit Quality Assurance and Improvement Programme of the Company approved by the Board of Directors on 28 February 2022 (Minutes No. 468/2022 dated 3 March 2022).

Following the results of the external assessment of the Company's internal audit activity conducted by JSC KPMG in 2019, the Action Plan for the development and improvement of the Company's internal audit activity was prepared and approved (Minutes of the meeting of the Board of Directors No. 367/2020 dated 6 April 2020). The planned activities were fully accomplished by the end of 2023.

Pursuant to the resolution of the Board of Directors of the Company dated 15 September 2023 (Minutes No. 543/2023 dated 18 September 2023), the Board of Directors of the Company approved the Action Plan for the Professional Development of Internal Auditors at PJSC Rosseti South. The planned activities were fully accomplished by the end of 2023.

AUDIT COMMISSION

The Audit Commission of the Company is a standing internal control body. The Audit Commission is elected annually by the General Meeting of Shareholders and is responsible for the reliability and objectivity of the results of conducted audits.



The activities of the Audit Commission are governed by the laws of the Russian Federation, the Articles of Association, and [the Regulations on the Audit Commission of PJSC Rosseti South](#)¹.

The remit of the Audit Commission is defined by Federal Law No. 208-FZ "On Joint Stock Companies" dated 26 December 1995, as well as the Company's Articles of Association.

According to Article 24.3 of the Company's Articles of Association, the duties of the Internal Audit Commission include:

- Inspection (audit) of the financial, accounting, payment and settlement and other documentation of the Company related to the Company's financial and economic activities for the compliance with the legislation of the Russian Federation, current Articles of Associations, internal documents of the Company
- Verification and analysis of the Company's financial condition, its solvency, functioning of the internal control system and risk management system, liquidity of assets, equity/borrowed funds ratio, correctness and timeliness of accrual and payment of interest on bonds and income on other securities
- Control over the expenditure of the Company's funds under the approved business plan and budget of the Company
- Control over the raising and expenditure of the reserve fund and other special funds of the Company
- Verification of the timeliness and correctness of settlement transactions with counterparties and the budget, as well as settlement transactions for remuneration, social insurance, accrual and payment of dividends and other settlement transactions

- Control over compliance with the established procedure for writing off debts of insolvent debtors to the Company's losses; inspection of the Company's business operations carried out under the concluded contracts
- Verification of the compliance with the use of material, labour and financial resources, financial and economic activities of current agreements, rules and standards, approved estimates and other documents regulating the activities of the Company
- Control over the safety and use of fixed assets
- Inspection of the Company's cash register and property, efficiency of utilisation of the Company's assets and other resources, identification of causes of non-productive losses and expenses, identification of reserves for improvement of the Company's financial condition
- Verification of fulfilment of instructions to eliminate violations and deficiencies previously identified by the Company's Audit Commission
- Elaboration of recommendations for the Company's governance bodies
- Other actions (measures) related to the audit of the Company's financial and economic activities

The Audit Commission of the Company shall have the right, and if serious violations in the financial and economic activities of the Company are detected, shall be obliged to demand the convening of an extraordinary General Meeting of Shareholders of the Company.

In accordance with the Company's Articles of Association, the Audit Commission consists of five members.

In 2022, the Company had two composition of the Audit Committee from 16 June 2022 to 9 June 2023 and from 9 June 2023 to 31 December 2023. Five meetings of the Audit Commission were held.

¹ Approved by the Annual General Meeting of Shareholders on 16 June 2022 (Minutes No. 25), posted on the Company's website.

Composition of the Audit Committee effective since 9 June 2023¹

Full name	Information on the members of the Audit Commission
Ulyanov Anton Chairman	<p>Born in 1979.</p> <p>Education: higher.</p> <p>Moscow State Law Academy, major in Jurisprudence. 2004;</p> <p>Institute of Internal Auditors, occupational retraining, consulting auditor, 2021;</p> <p>LLC IVA Training Centre, professional retraining, Internal Auditor, Professional level, 2021;</p> <p>LLC Consulting, Training and Methodological Centre of the Audit Chamber of Russia, professional retraining, head of an independent internal control unit, professional standard "Specialist in Internal Control (Internal Controller). Level 7, 2021.</p> <p>Position and place of employment</p> <p>2017–2021 – General Prosecutor's Office of the Russian Federation, Deputy Head of Department – Head of Division.</p> <p>2021 to 2022 – Public Joint Stock Company Russian Grids, Chief Counsellor, Office of the General Director; Director for Internal Control and Risk Management – Head of the Internal Control and Risk Management Department (part-time).</p> <p>Since 2021 – Public Joint Stock Company Federal Grid Company – Rosseti, Director for Internal Audit – Head of the Internal Audit Department (until 12 October 2022 – Public Joint Stock Company Federal Grid Company of the Unified Energy System).</p> <p>Positions held in the past or currently in the Audit Commission in PJSC Rosseti South and in the governance bodies of other organisations over the past three years</p> <p>2022–2023 – PJSC Rosseti Centre and Volga Region, PJSC Rosseti Siberia, PJSC Rosseti Volga, PJSC Rosseti Northern Caucasus, and JSC Mobile GTES, member of the Board of Directors.</p> <p>Since 2023 – PJSC Rosseti South, Chairman of the Audit Commission</p>
Tsar'kov Viktor Deputy Chairman	<p>Born in 1977.</p> <p>Education: higher.</p> <p>Moscow Institute of Economics, Management and Law, Economist qualification, major in Finance and Credit, 2005;</p> <p>Russian Academy of Public Administration under the President of the Russian Federation, Manager qualification, major in State and Municipal Management, 2007;</p> <p>Institute of Internal Auditors, Chief Auditor qualification (7th level of qualification), date of issue – 23.11.2023.</p> <p>Position and place of employment</p> <p>Since 2017 – Public Joint Stock Company Federal Grid Company – Rosseti, First Deputy Head of the Department of Internal Audit (until 12 October 2022 – Public Joint Stock Company Federal Grid Company of the Unified Energy System).</p> <p>2020–2022 – Public Joint Stock Company Russian Grids, First Deputy Head of the Internal Audit Department (part-time).</p> <p>Positions held in the past or currently in the Audit Commission in PJSC Rosseti South and in the governance bodies of other organisations over the past three years</p> <p>2021–2022 – PJSC Rosseti South, member of the Audit Commission.</p> <p>Since 2022 – PJSC Rosseti South, Deputy Chairman of the Audit Commission</p>

Full name	Information on the members of the Audit Commission
Trishina Svetlana Secretary	<p>Born in 1979.</p> <p>Education: higher.</p> <p>Amur State University, Controlling Manager, Bank Worker"qualification, major in Finance and Credit, 2001;</p> <p>International Academy of Expertise and Appraisal, occupational retraining in Internal Audit and Control in Commercial Organisations, 2018;</p> <p>International Academy of Expertise and Appraisal, advanced training in internal audit, graduation year – 2021;</p> <p>LLC Enterprise Reform Centre, qualification certificate (Order of the Ministry of Labour of the Russian Federation No. 398n). Code E, qualification 7 "management (governance) of the internal audit service", issue date – 01.12.2021.</p> <p>Position and place of employment</p> <p>Since 2017 – Public Joint-Stock Company Federal Grid Company – Rosseti, Head of the Financial Audit Department; Head of the Financial Audit, Methodology, and Reporting Department; Head of the Subsidiary Corporate Audit and Control Department; Deputy Head of the Internal Audit Department – Head of the Subsidiary Corporate Audit and Control Department of the Internal Audit Department (until 12 October 2022 – Public Joint-Stock Company Federal Grid Company of the Unified Energy System).</p> <p>2020–2022 – Public Joint Stock Company Russian Grids, Deputy Head of the Internal Audit Department – Head of the Subsidiary Corporate Audit and Control Division of the Internal Audit Department (part-time).</p> <p>Positions held in the past or currently in the Audit Commission in PJSC Rosseti South and in the governance bodies of other organisations over the past three years</p> <p>Since 2021 – PJSC Rosseti South, secretary of the Audit Commission</p>
Kormiltsev Maxim	<p>Born in 1988.</p> <p>Education: higher.</p> <p>Moscow State University, Lawyer qualification, major in Jurisprudence, 2010;</p> <p>Institute of Professional Financial Managers, Internal Auditor qualification, date of issue – 07.10.2019;</p> <p>Institute of Internal Auditors, Chief Auditor qualification (7th level of qualification), date of issue – 10.10.2022.</p> <p>Position and place of employment</p> <p>Since 2016 – Public Joint Stock Company Federal Grid Company – Rosseti, Chief Expert of the Subsidiary Corporate Audit and Control Department of the Internal Audit Department (until 12 October 2022 – Public Joint Stock Company Federal Grid Company of the Unified Energy System).</p> <p>2020–2022 – Public Joint Stock Company Russian Grids, Chief Expert of the Subsidiary Corporate Audit and Control Division of the Internal Audit Department (part-time).</p> <p>Positions held in the past or currently in the Audit Commission in PJSC Rosseti South and in the governance bodies of other organisations over the past three years</p> <p>Since 2023 – PJSC Rosseti South, member of the Audit Commission</p>

¹ Elected by the Annual General Meeting of Shareholders of the Company on 9 June 2023 (Minutes No. 26 dated 13 June 2023).

Full name	Information on the members of the Audit Commission
Rogachev Kirill	<p>Born in 1984.</p> <p>Education: higher.</p> <p>Russian State Technological University n.a. K. Tsiolkovsky, major in Economics and Business Management, Economist-Manager qualification, 2006;</p> <p>Moscow Frontier Institute of the Federal Security Service of the Russian Federation, major in Jurisprudence (state-legal profile), Lawyer qualification, 2011;</p> <p>International Academy of Expertise and Appraisal, advanced training in Internal Audit, 2021;</p> <p>LLC Enterprise Reform Centre, qualification certificate (Order of the Ministry of Labour of the Russian Federation No. 398n). Code E, qualification "management (governance) of the internal audit service", issue date – 01.12.2021.</p> <p>Position and place of employment</p> <p>Since 2010 – Public Joint Stock Company Federal Grid Company – Rosseti, Chief Expert of the Operational Audit Division of the Internal Audit Department, Head of the Operational Audit Division of the Internal Audit Department (until 12 October 2022 – Public Joint Stock Company Federal Grid Company of the Unified Energy System).</p> <p>2020–2022 – Public Joint Stock Company Russian Grids, Chief Expert of the Operational Audit Division of the Internal Audit Department; Head of the Operational Audit Division of the Internal Audit Department (part-time).</p> <p>Positions held in the past or currently in the Audit Commission in PJSC Rosseti South and in the governance bodies of other organisations over the past three years</p> <p>Since 2023 – PJSC Rosseti South, member of the Audit Commission</p>

Composition of the Audit Commission effective until 9 June 2023¹

Full name	Position at the time of election
Kovaleva Svetlana	Director for Internal Audit – Head of the Internal Audit Department of PJSC Rosseti
Tsar'kov Viktor	First Deputy Head of the Internal Audit Department of PJSC Rosseti
Trishina Svetlana	Deputy Head of the Internal Audit Department – Head of the Subsidiary Corporate Audit and Control Division of the Internal Audit Department of PJSC Rosseti
Andriasova Gayane	Deputy Head of the Subsidiary Corporate Audit and Control Division of the Internal Audit Department of PJSC Rosseti
Kirillov Artyom	Chief Expert of the Internal Control and Risk Management Systems Division of the Internal Control and Risk Management Department of PJSC Rosseti

CVs of the members of the Company's Audit Commission elected by the Annual General Meeting of Shareholders of PJSC Rosseti South on 16 June 2022 (Minutes No. 25 dated 16 June 2022) are disclosed in the Company's Annual Report for 2022 at the following link:

→ <https://rosseti-yug.ru/aksioneru-investoru/godovoy-otchet-za-2022-god/>



RESULTS OF THE WORK OF THE AUDIT COMMISSION

The tasks of the Audit Commission are defined in clause 2.2 of the Regulations on the Audit Commission of Public Joint Stock Company Rosseti South approved by the decision of the Annual General Meeting of Shareholders on 16 June 2022 (Minutes No. 25 dated 16 June 2022), and include:

- 1 To control over the Company's financial and business activities
- 2 To carry out an independent assessment of reliability of data contained in the Company's annual report, annual accounting (financial) statements of the Company
- 3 To confirm the reliability of the data contained in the Company's report on related-party transactions
- 4 Based on the resolutions adopted by the Audit Commission in the reporting year, the Company's financial and business activities for 2022 were subject to an auditing.

¹ Elected by the Annual General Meeting of Shareholders of the Company on 16 June 2022 (Minutes No. 25 dated 16 June 2022).

Key issues reviewed by the Audit Commission

Area of responsibility	Action taken	Outcome
Control over financial and economic activities, elimination of identified deficiencies based on the findings of inspections	An audit of financial and economic activities for 2022 was carried out	Some violations and deficiencies were recorded, which were eliminated through corrective actions
Assessment of reliability of the data in the Annual Report and annual accounting (financial) statements	Annual Report and annual accounting (financial) statements of the Company for 2022 were reviewed	No misstatements of data that could materially affect the said statements were identified
Reporting on violations of the procedure for keeping accounting records, presenting financial statements, and the procedure for carrying out financial and economic activities	The issues of organisation and maintenance of accounting records, preparation of accounting (financial) statements were reviewed	No errors and misstatements that had a significant impact on the reliability of the accounting (financial) statements as of 31 December 2022 were identified
Control over the legitimacy of financial and business transactions	The related-party transactions report for 2022 was reviewed	No law violations were identified

The Audit Commission approved the conclusion (Minutes No. 3 dated 25 April 2023), which expresses an opinion on the reliability of data in all material respects contained in the Annual Report for 2022 and in the annual accounting (financial) statements of the Company for 2022. No facts of misrepresentation of the information contained in the report on the related-party transactions concluded in 2022 were revealed. Without changing its opinion on the reliability of the financial statements, the Audit Commission noted that the Company's net asset value as of 31 December 2022 is lower than the established minimum amount of the authorised capital.

The said Opinion was included in the materials provided to the Company's shareholders in preparation for the Annual General Meeting of Shareholders of the Company in 2023.

The members of the new Audit Commission elected the Chairman, Deputy Chairman, Secretary of the Commission and approved the Work Plan for the 2023/2024 corporate year.

Information on the Audit Commission is available on the Company's website:

→ <https://rosseti-yug.ru/korporativnoe-upravlenie/revizionnaya-komissiya/>



AUDIT ORGANISATION

The Company attracts an external auditor on a competitive basis for an independent assessment of the reliability of accounting (financial) statements composed under the Russian and international standards.

To check and confirm the annual financial statements of the Company for 2023, the General Meeting of Shareholders approved the Audit Organisation of the Company in accordance with Art. 47, 48, 54 and 88 of the Federal Law "On Joint-Stock Companies", para. 11 item 10.2 of Art. 10, item 11.1 of Art. 11, item 24.11 of Art. 24 of the Articles of Associations of the Company.

Selection of an audit organisation

The Company's Board of Directors suggests a candidate for an audit organisation to be appointed on the annual General Meeting of Shareholders in the course of preparation and holding of this Meeting.

The Company's auditor was selected through an electronic tender held by an organisation authorised by the Company in accordance with the Company's Unified Procurement Standard (Procurement Regulations).

To ensure the objectivity and independence of the external auditor of the Company, it is selected through electronic competitive tender procedure conducted in the Unified Information System of the Russian Federation in Procurements www.zakupki.gov.ru, using the electronic trading platform of Rosseti.

→ <https://rosseti.roseltorg.ru>



Information about the competition for the right to conclude a contract for audit services for 2023 was posted on the website www.zakupki.gov.ru. The deadline for the tender is 24 April 2023. According to the results of the tender, the collective participant consisting of the leader of the collective participant LLC Centre for Audit Technologies and Solutions (TsATR) – Audit Services and

the participant LLC Crowe Audex Auditing and Consulting Company. Tenderers were evaluated according to criteria previously established and declared in the tender terms.

The external auditor conducts the audit of statements in line with the requirements of the legislation of the Russian Federation based on a concluded agreement.

To perform the mandatory audit of the Group's RAS financial statements and IFRS consolidated financial statements for 2023, the Company's Board of Directors recommended (Minutes No. 522/2023 dated 11 May 2023) and appointed on 9 June 2023 by resolution of the Company's Annual General Meeting of Shareholders (Minutes No. 26 dated 13 June 2023) a collective participant consisting of LLC TsATR – Audit Services (leader of the collective participant) and LLC Crowe Audex (member of the collective participant).

LLC TsATR – Audit Services is a member of the self-regulatory organisation of auditors Association "Sodrugestvo".

LLC Crowe Audex is a member of the self-regulatory organisation of auditors Association "Sodrugestvo".

The Company's Board of Directors sets fees for an audit organisation according to item 24.12 of Art. 24 of the Articles of Association of PJSC Rosseti South.

An agreement between the Company and an audit organisation stipulates service fees and terms of payment for the audit organisation. The resolution of the Board of Directors of the Company dated 8 June 2023 (Minutes No. 526/2023 dated 9 June 2023) determined the amount of payment for services rendered by the audit organisation of PJSC Rosseti South, the leader of the collective

participant LLC TsATR – Audit Services, under the contract for the provision of audit services for the audit of RAS accounting (financial) statements for 2023 and audit of the IFRS consolidated financial statements for the year ended 31 December 2023, amounting to RUB 2,510,640.00 (Two million five hundred and ten thousand six hundred and forty), including VAT (20%). No non-audit services were provided in the reporting year.

The Auditor is not affiliated with employees or management of the Company. The Company has no business relations (participation in promotion of products (services), participation in joint entrepreneurial activities, etc.), as well as family ties with officials of the leader of the collective participant of LLC TsATR – Audit Services.

PERFORMANCE EVALUATION OF AN EXTERNAL AUDIT

In accordance with the opinion of the Company's internal audit on the assessment of the audit performance, auditors' conclusions, and efficiency of the external audit of the accounting (financial) statements of PJSC Rosseti South for 2023:

- The procedures performed by LLC TsATR – Audit Services during the external audit of the Company's financial statements for 2023 comply with the terms of the concluded contract and the requirement of Federal Law No. 307-FZ "On Auditing" dated 30 December 2008
- The independent Auditor's audit report on the Company's accounting (financial) statements for 2023 was prepared in accordance with Federal Law No. 307-FZ dated 30 December 2008 "On Auditing", International Standards on Auditing, and contains an opinion expressed in the prescribed form on the reliability of the audited entity's (PJSC Rosseti South) financial statements
- Based on the results of the questionnaire survey of the members of the Audit Committee of the Board of Directors of the Company, the average integral score of the communication and interaction level of the External Auditor of the Company is three points, which corresponds to the assessment "compliant/satisfied (no deviations)" and means that the level of interaction of the External Auditor with the members of the Audit Committee in 2023 complied with the requirements of International Standard on Auditing 260 "Information Interaction with Persons Responsible for Corporate Governance" and the accepted standards and expectations of the Company.



SHARE CAPITAL, CIRCULATION OF SECURITIES

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TOGETHER WITH
THE COUNTRY
**SETTING
NEW GOALS**

101.82%

increase in share price of PJSC Rosseti South on the Moscow Exchange in 2023

RUB **10.1** bln

Company's market capitalisation



SHAREHOLDING STRUCTURE

As of 31 December 2023, the Company's authorised capital amounted to RUB 15,164,142,635 (Fifteen billion one hundred and sixty-four million one hundred and forty-two thousand six hundred and thirty-five) 43 kopecks and is divided into 151,641,426,354.30 (One hundred fifty-one billion six hundred forty-one million four hundred twenty-six thousand three hundred fifty-four point thirty hundredths) ordinary registered uncertified shares with a par value of 10 kopecks each.

The Company issued no preferred shares.

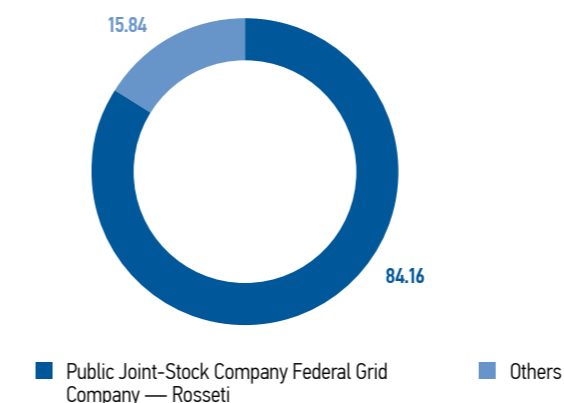
Information on persons included in the Company's shareholder register as of 31 December 2023

Type of shareholder	Number of accounts of registered persons	Number of the Company's shares owned by registered persons, ea	Share of the Company's authorised capital owned by registered persons, %
Owners – individuals	9,075	1,360,689,931	0.8973
Owners – legal entities	88	101,962,181,320	67.2390
Nominee holders	3	48,295,965,535 3/10	31.8488
Co-ownership accounts	65	17,345,713	0.0114
Accounts of unidentified persons	1	5,243,855	0.0035
Total	9,238	151,641,426,354 3/10	100

List of persons whose accounts hold more than 5% of the Company's outstanding shares as of 31 December 2023

Registered person	Type of shareholder	Number of shares of the Company on the personal accounts of registered persons, ea	Share of the Company's authorised capital owned by the registered person, %
Public Joint-Stock Company Federal Grid Company — Rosseti	Owner	127,626,444,587	84.16
Joint Stock Company Raiffeisenbank	Nominee holder	9,778,262,850	6.45

Share capital structure as at 31.12.2023, %



The management of PJSC Rosseti South has no information on the existence of other owners of more than 5% of the Company's outstanding shares other than those mentioned above.

There are no own shares on the balance sheet of PJSC Rosseti South. The shares of PJSC Rosseti South are not owned by any legal entities controlled by the Company.

There is no information that certain shareholders can acquire or have acquired a degree of control disproportionate to their participation in the Company's authorised capital, including on the basis of shareholder agreements or due to the existence of ordinary and preference shares with different par values.

No decision was made to use the special right of participation of the Russian Federation in the management of the Company ('golden share').

As of the end of 2023, more than 90% of the Company's outstanding shares are kept on the accounts of residents of the Russian Federation.

CIRCULATION OF SECURITIES

The Company's shares have been admitted to trading since 3 July 2008.

Indicator	Ordinary shares
Ticker	MRKY
Face value	0.1
Currency	RUB
Start of trading	03.07.2008
ISIN code	RU000A0JPPG8
Number of state registration	1-01-34956-E

Since 26 February 2018, the shares of Rosseti South were transferred from the "Second tier" to the "Third tier" of the List of Moscow Exchange securities.

At the end of 2023, the market price of a share of PJSC Rosseti South on the Moscow Exchange increased from RUB 0.033 to RUB 0.0666 (by 101.82%).

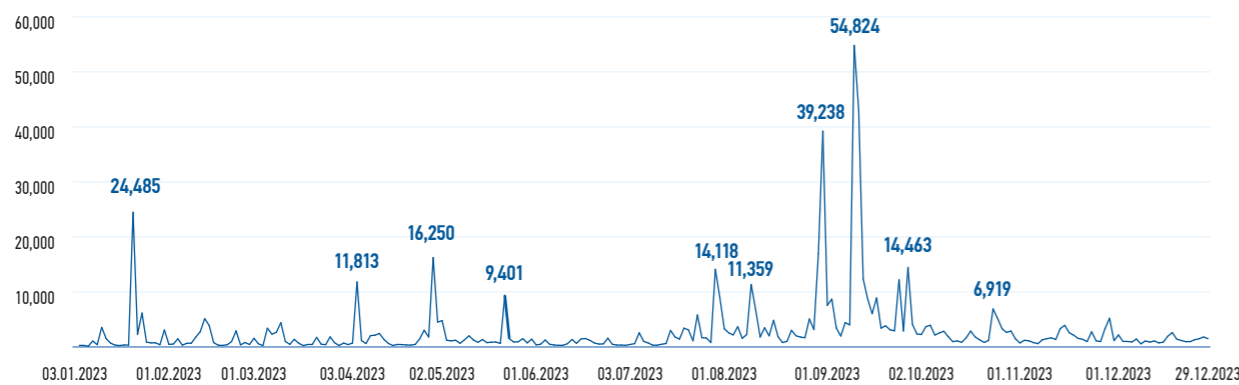
The Company's market capitalisation as of 29 December 2023, according to PJSC Moscow Exchange, was

RUB 10,099,318,995.18



Indicator	2022	2023	Change, %
Weighted average price (end of the year) (RUB)	0.033	0.0666	+101.82
Capitalisation (end of year) (RUB mln)	5,004.2	10,099.3	+101.82
Minimum price (end of year) (RUB)	0.03245	0.0649	+99.85
Maximum price (end of year) (RUB)	0.0338	0.0686	+102.96
Number of transactions	86,076	714,131	+729.65
Amount (RUB)	453,437,425	8,534,526,786	+1,782.18

Changes in share transactions in 2023 (based on the results of trading on PJSC Moscow Exchange), transactions

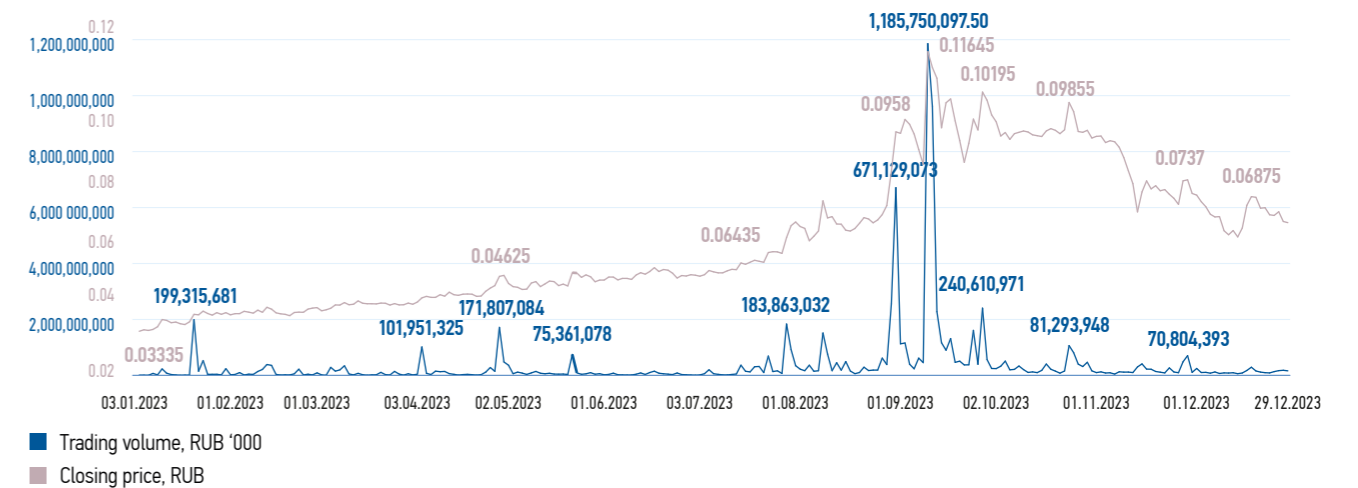


Key events that determined the share price movements, marked on the chart

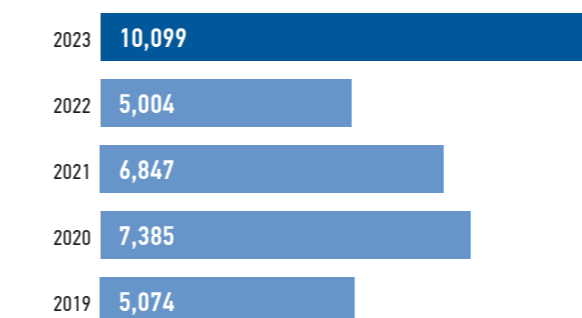
No. of item on the chart	News / description	Data	Source	Impact
1	Information was published that Public Joint Stock Company Federal Grid Company – Rosseti acquired the Company’s shares received under universal legal succession as a result of the merger with Public Joint Stock Company Russian Grids	17.01.2023	Internal	Positive
2	The Company’s RAS and IFRS accounting (financial) statements for 2022 were published	22.03.2023	Internal	Neutral
3	The Company’s RAS accounting (financial) statements for the 1st quarter of 2023 were published	28.04.2023	Internal	Negative
4	The Company’s consolidated IFRS financial statements for the 1st quarter of 2023 were published	22.05.2023	Internal	Positive
5	Annual General Meeting of Shareholders took place	09.06.2023	Internal	Neutral
6	Announcement on the results of the Annual General Meeting of Shareholders of the Company in terms of profit distribution and dividend payment was published	13.06.2023	Internal	Neutral
7	The Company’s RAS accounting (financial) statements for the 2nd quarter of 2023 were published	28.07.2023	Internal	Positive
8	The Company’s consolidated IFRS financial statements for the 2nd quarter of 2023 were published	28.08.2023	Internal	Positive

No. of item on the chart	News / description	Data	Source	Impact
9	The Company’s RAS accounting (financial) statements for the 3d quarter of 2023 were published	30.10.2023	Internal	Negative
10	The Company’s consolidated IFRS financial statements for the 3d quarter of 2023 were published	23.11.2023	Internal	Negative

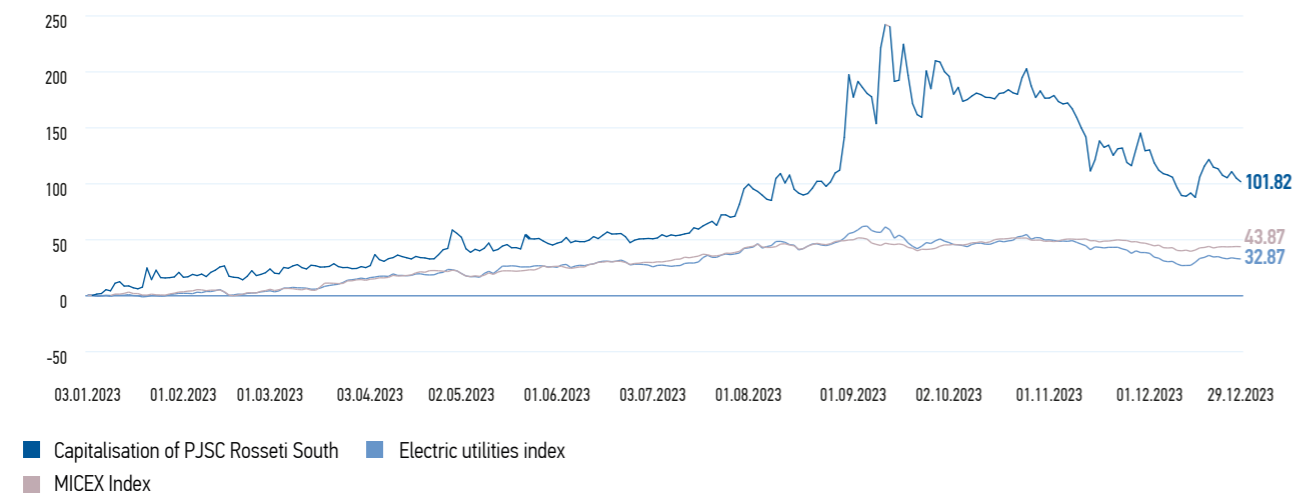
Changes in share prices and trading volumes in 2023 (based on the results of trading on the Moscow Exchange)



Changes in the capitalisation of PJSC Rosseti South (based on the results of trading on PJSC Moscow Exchange in 2019–2023), RUB mln



Changes in the capitalisation of PJSC Rosseti South compared to key market indicators in 2023, %



DIVIDEND POLICY

The Company's dividend policy is determined by the Regulations on Dividend Policy¹.

The dividend policy of the Company sets the amount of dividends at the level of not less than 50% of net profit under IFRS, and in addition there is a number of restrictions on the payment of interim dividends, including if the payment requires borrowing, if the payment leads to a deterioration in creditworthiness or if failure to fulfil the investment programme.

Profit distribution for 2020–2023, RUB '000²

Indicator	For 2020 (Annual General Meeting of Shareholders in 2021)	For 2021 (Annual General Meeting of Shareholders in 2022)	For 2022 (Annual General Meeting of Shareholders in 2023)
Undistributed profit (loss) of the reporting period, including:	(209,442)	2,068,388	(559,272)
• reserve fund	0	103,420	0
• profit for development	0	1,964,968	0
Dividends	0	0	0
Recovery of losses of prior periods	0	0	0

¹ Approved by a resolution of the Company's Board of Directors on 2 February 2018 in a new version (Minutes No. 258/2018 dated 5 February 2018), as amended on 31 July 2018 (Minutes No. 281/2018 dated 3 August 2018).

² Information on profit distribution in accordance with the decisions of Annual General Meetings of Shareholders: Annual General Meeting of Shareholders 2021 (for 2020) – Minutes of the Annual General Meeting of Shareholders No. 23 dated 2 June 2021; Annual General Meeting of Shareholders 2022 (for 2021) – Minutes of the Annual General Meeting of Shareholders No. 25 dated 16 June 2022; Annual General Meeting of Shareholders 2023 (for 2022) – Minutes of the Annual General Meeting of Shareholders No. 26 dated 13 June 2023.

Report on accrued dividends for shareholders of Rosseti South

Year of payout	Date of decision	Record date	Share type	Dividends per share, RUB	Payable on shares, RUB	The share of declared dividends in the net profit in the reporting period, %
2019 (as of year-end 2018)	31.05.2019	19.06.2019	Ordinary shares	0.0068417020378	561,286,784.67	50.04
2020 (as of year-end 2019)					No dividends were accrued	
2021 (as of year-end 2020)					No dividends were accrued	
2022 (as of year-end 2021)					No dividends were accrued	
2023 (as of year-end 2022)					No dividends were accrued	

Report on dividends paid out to the Company's shareholders

Year of payout	Share type	Paid out, RUB	Causes of non-distribution of declared dividends	% of payout
2019 (as of year-end 2018)	Ordinary shares	557,308,540.98	Wrong bank details of shareholders	99.29
2020 (as of year-end 2019)			No dividends were accrued and paid out	
2021 (as of year-end 2020)			No dividends were accrued and paid out	
2022 (as of year-end 2021)			No dividends were accrued and paid out	
2023 (as of year-end 2022)			No dividends were accrued and paid out	

According to the Company's Articles of Associations, the Company will decide on the distribution of profits following the payout of dividends for 2023 at the Annual General Meeting of Shareholders.

Report on dividends received by PJSC Rosseti South

In 2023,

RUB 12,009,000

of dividends were received on shares owned by the Company.

Minutes of the Annual General Meetings of Shareholders are available at the Company's website:

→ <https://rosseti-yug.ru/korporativnoe-upravlenie/resheniya-obshchego-sobraniya-aktsionerov/>



SHAREHOLDER AND INVESTOR RELATIONS

The Company's website is one of the main instruments of interaction between PJSC Rosseti South and its stakeholders. In addition to the information disclosed on the Company's website as required by the laws of the Russian Federation, the Company regularly publishes key financial and production performance indicators of PJSC Rosseti South, as well as their forecasts. You can use the interactive tools on the website to find out the current share price and capitalisation of the Company.

The Company discloses RAS and IFRS financial statements on a quarterly basis.

The Company has regular telephones and an electronic mailbox for enquiries and applications from shareholders, analysts, investors and other stakeholders. The Company uses particular care to advise shareholders on updating their personal data, receiving dividends, inheritance and other issues related to the exercise of their rights to securities. Shareholders may also seek advice not only from PJSC Rosseti South but also from JSC R.O.S.T., the Company's Registrar that maintains and keeps the register of PJSC Rosseti South's securities.

ADDRESSES AND CONTACT DETAILS GRI 2-1

Full company name:

Public Joint Stock Company Rosseti South

Abbreviated company name:

PJSC Rosseti South

Certificate of State Registration, Series 61 No. 005700952 dated 28 June 2007. ORGN 1076164009096

The Company was registered on 28 June 2007 in the Rostov Region

Legal and actual address: 49/42 Bolshaya Sadovaya St., Rostov-on-Don, Russia, 344002

Contact tel./fax: +7 (863) 238-54-64, +7 (863) 238-58-95 / +7 (863) 238-55-65

E-mail: office@rosseti-yug.ru

Website: <http://rosseti-yug.ru>

Common hotline number: 8 (800) 220-0-220

Dividend payout hotline

Information on the dividend payout on the PJSC Rosseti South's shares can be obtained from JSC IRC R.O.S.T. by calling the hotline: +7 (495) 780-73-63, or by contacting JSC IRC R.O.S.T. via e-mail: rost@rost.ru.

Registrar

Full company name:

Joint Stock Company Independent Registrar Company R.O.S.T

Abbreviated company name:

JSC IRC – R.O.S.T.

Location: 18, Stromynka St., bld. 13, Moscow

Address: PO Box 9, 18 Stromynka Street, Moscow, 107996

Telephone number of the Common Customer Contact

Centre: +7 (495) 780-73-63

E-mail: rost@rost.ru

Website: <http://www.rrost.ru>

Contact point for questions regarding the report

Corporate Governance and Shareholder Relations Department

Hotline for shareholders

Mon – Fri, from 8:00 a.m. to 5:00 p.m. Moscow time.

Tel: +7 863 307-08-38.

E-mail: pavlovaen@rosseti-yug.ru

ADDITIONAL INFORMATION

TARIFF POLICY

Indicators on tariffs for electricity transmission services and grid connection fee

Indicators	UoM	Period			Change 2023/2022
		2021	2022	2023	
RGR for electricity transmission approved under tariff balance solutions, including:	RUB mln	38,361.72	40,208.83	46,091.96	14.63%
Astrakhanenergo	RUB mln	5,991.19	6,254.92	7,078.14	13.16%
Volgogradenergo	RUB mln	10,444.34	10,798.42	12,410.43	14.93%
Kalmenergo	RUB mln	1,801.42	2,633.45	2,980.19	13.17%
Rostovenergo	RUB mln	20,124.77	20,522.04	23,623.19	15.11%
Own RGR	RUB mln	18,828.91	19,960.22	23,762.16	19.05%
Astrakhanenergo	RUB mln	3,392.37	3,459.67	3,837.45	10.92%
Volgogradenergo	RUB mln	4,654.73	4,701.13	5,804.64	23.47%
Kalmenergo	RUB mln	1,129.64	1,926.99	2,225.43	15.49%
Rostovenergo	RUB mln	9,652.17	9,872.43	11,894.64	20.48%
Services of PJSC Rosseti (UNPG)	RUB mln	7,663.75	7,658.16	8,816.41	15.12%
Astrakhanenergo	RUB mln	310.29	342.07	472.24	38.06%
Volgogradenergo	RUB mln	2,590.84	2,662.23	3,052.18	14.65%
Kalmenergo	RUB mln	291.92	299.19	310.39	3.74%
Rostovenergo	RUB mln	4,470.70	4,354.68	4,981.60	14.40%
Expenses for purchase of electricity losses	RUB mln	8,177.57	8,933.00	9,492.85	6.27%
Astrakhanenergo	RUB mln	1,904.98	2,036.29	2,325.93	14.22%
Volgogradenergo	RUB mln	2,044.88	2,330.19	2,443.10	4.85%
Kalmenergo	RUB mln	379.86	407.27	444.38	9.11%
Rostovenergo	RUB mln	3,847.85	4,159.25	4,279.44	2.89%
Costs for LGO services (in accordance with the current contractual plan)	RUB mln	3,691.49	3,657.44	4,020.55	9.93%
Astrakhanenergo	RUB mln	383.56	416.89	442.53	6.15%
Volgogradenergo	RUB mln	1,153.88	1,104.87	1,110.52	0.51%
Kalmenergo	RUB mln	0.00	0.00	0.00	0.00%
Rostovenergo	RUB mln	2,154.05	2,135.68	2,467.50	15.54%
Common-pot net electricity delivery	mln kWh	23,504.42	23,821.22	24,169.60	1.46%
Astrakhanenergo	mln kWh	2,877.09	2,867.76	2,826.37	-1.44%
Volgogradenergo	mln kWh	7,922.82	8,008.11	8,042.11	0.42%
Kalmenergo	mln kWh	542.67	623.64	630.47	1.10%
Rostovenergo	mln kWh	12,161.83	12,321.72	12,670.65	2.83%

Indicators	UoM	2021			2022			2023			Period Change 2023/2022
		2021	2022	2023	2021	2022	2023	2021	2022	2023	
Average tariff for electricity transmission services by branches	RUB/kWh	1.63211	1.68794	1.90702						12.98%	
Astrakhanenergo	RUB/kWh	2.08238	2.18112	2.50432						14.82%	
Volgogradenergo	RUB/kWh	1.31826	1.34844	1.54318						14.44%	
Kalmenergo	RUB/kWh	3.31954	4.22273	4.72692						11.94%	
Rostovenergo	RUB/kWh	1.65475	1.66552	1.86440						11.94%	
Standardised tariff rates for covering the costs of grid connection of power receiving devices of consumer terminals, grid facilities owned by grid operators and other persons, for measures specified in clause 16a of the Methodological Guidelines of FAS of Russia	RUB per connection	4,234.24	4,083.22	5,029.58						23.18%	
Astrakhanenergo	RUB per connection	3,043.99	3,280	4,736						44.39%	
Volgogradenergo	RUB per connection	3,689.85	4,169.09	5,530.01						32.64%	
Kalmenergo	RUB per connection	4,154.42	4,334.50	4,461.42						2.93%	
Rostovenergo	RUB per connection	6,048.69	4,549.27	5,390.89						18.50%	

The volume of required gross revenue from electricity transmission activities of Rosseti South in 2023 is

14.63%

higher than the RGR approved for 2022.

TECHNICAL POLICY

The main objectives of the unified technical policy are as follows:

- To ensure and improve the readiness of power grids for transmission and distribution of electric power to ensure reliable supply of electric power to consumers, functioning of wholesale and retail electric power markets, parallel operation of the UES of Russia and electric power systems of foreign countries;
- To ensure that the capacity of electricity generation facilities is delivered to the grid;
- To create conditions for connecting wholesale and retail market participants to the power grid on the terms of non-discriminatory access to power grids;
- To participate in improving the efficiency and development of UES of Russia's high-security and emergency control systems;
- To develop and improve the structure of operational and technological management of power grid facilities;
- To develop and improve information and telecommunication infrastructure, increase the observability of the power grid and the quality of information exchange with other electric power industry entities;
- To optimise and reduce capital investments and operating costs and expenses in power grid facilities by optimising technical and technological solutions in developing design documentation, using modern technologies and types of equipment, building structures and materials, and reducing the areas occupied by power grid facilities;
- To improve the efficiency of power grid asset management;
- To improve energy efficiency of applied technologies, equipment, materials, systems and reduce technological losses of electric energy in power grids;
- To tackle the ageing trend in the fixed assets of power grids and power grid equipment by upgrading them, optimising their renovation and retrofitting, and improving the efficiency of power grid asset management;
- To promote automation of electric power transmission and distribution processes, introduction and development of modern systems for technical condition control, diagnostics and monitoring of process equipment, protection and automation systems, emergency control systems, communication systems, engineering systems, commercial and technical metering of electric power, creation and development of digital substations and power grids;
- To improve technologies and increase the efficiency of operation, maintenance and repair of power grid facilities;
- To ensure, improve and develop professional training of operating and maintenance personnel;
- To minimise environmental impact during new construction, renovation, operation, repair and maintenance of power grid facilities;
- To ensure safety in the operation of power grid facilities;
- To stimulate the growth of production of modern equipment, building structures and materials in the Russian Federation, as well as the development of scientific, technical and design potential;
- To create conditions allowing to ensure power supply to consumers without creating/renovating power grid assets.

HR MANAGEMENT

GRI 2-7, 401-1, 404-1, 404-3, 405-1

HR management indicators

Indicators	UoM	Period			
		2021, actual	2022, actual	2023, actual	Change 2023/2022, %
Average headcount	people	13,535	13,669	13,567	-0.7
Staffing level	%	95.1	95.7	93.4	-2.3 p.p.
Production staffing level	%	95.1	95.7	93.2	-2.5 p.p.
Active staff turnover rate	%	6.7	6.3	6.4	0.1 p.p.
Gender composition	%	Men – 75.0 Women – 25.0	Men – 74.7 Women – 25.3	Men – 74.2 Women – 25.8	Men – -0.5 Women – -0.5
Gender composition of executives	%	Men – 88.4 Women – 11.6	Men – 88.2 Women – 11.8	Men – 88.2 Women – 11.8	Men – 0 Women – 0
Gender composition of white-collars	%	Men – 49.0 Women – 51.0	Men – 48.7 Women – 51.3	Men – 48.5 Women – 51.5	Men – -0.2 Women – -0.2
Gender composition of blue-collars	%	Men – 85.8 Women – 14.2	Men – 85.4 Women – 14.6	Men – 84.9 Women – 15.1	Men – -0.5 Women – -0.5
Average age of employees	years	44	43.8	45.2	1.4
Age structure of personnel by groups: up to 35 years old, 35 years old to 50 years old and over 50 years old	%, %, %	Under 35 years old – 24.6 35 to 50 years old – 39.8 Over 50 years old – 35.6	Under 35 years old – 23.1 35 to 50 years old – 40.4 Over 50 years old – 36.5	Under 35 years old – 21.2 35 to 50 years old – 41.2 Over 50 years old – 37.6	Under 35 years old – -1.9 35 to 50 years old – 0.8 Over 50 years old – 1.1
Personnel structure by education: basic / secondary general, primary / secondary vocational, higher education	%, %, %	Basic / secondary general – 14.3 primary / secondary vocational education – 40.2 higher education – 45.5	Basic / secondary general – 7.6 primary / secondary vocational education – 46.4 higher education – 46.0	Basic / secondary general – 7.6 primary / secondary vocational education – 45.9 higher education – 46.5	Basic / secondary general – 0 primary / secondary vocational education – -0.5 higher education – 0.5
Number of employees with academic degrees	people	16	17	15	88.2
Average salary of employees	RUB	50,797	54,460	60,353	10.8
Total number of new hires during the reporting period	thousand people	1.7	1.9	1.8	90.1
Social policy indicators					
Number of employees honoured with state awards	people	1	0	2	100
Number of employees honoured with awards of the President of the Russian Federation and awards of the Government of the Russian Federation	people	2	1	0	0

Indicators	UoM	Period			
		2021, actual	2022, actual	2023, actual	Change 2023/2022, %
Number of employees honoured with departmental awards of the Ministry of Energy of the Russian Federation	people	68	67	61	91
Number of employees honoured with industry awards	people	119	90	63	70
Number of employees honoured with corporate awards	people	690	946	702	74
Staff training and development					
Number of employees who participated in off-the-job training programmes / ratio to average staffing number	people, %	6,211 45.9%	10,565 77.3%	8,337 61.5%	78.9
• including occupational health and safety / ratio to average staffing number	people, %	1,502 11.1%	4,446 32.5%	2,510 18.5%	56.5
• including employees trained at in-house training centres / ratio to the total number of employees who received off-the-job training	people, %	4,707 75.8	8,889 84.1	7,077 84.9	79.6
Number of production personnel who received off-the-job training, including at in-house training centres	people/ people	5,690 4,495	9,564 8,217	7,731 6,764	80.8 82.3
Distribution of the employees who took part in off-the-job training programmes by category (executives, white-collars, blue-collars)	%, %, %	Executives – 24.9 White-collars – 19.6 Blue-collars – 55.5	Executives – 44.4 White-collars – 16.8 Blue-collars – 38.8	Executives – 21.5 White-collars – 17.5 Blue-collars – 61.0	Executives – 38.1 White-collars – 82.2 Blue-collars – 124.3
Number of employees who take part in educational programmes delivered using distance learning methods	people	3,256	6,280	3,021	48.1
Average number of training hours per employee by age and gender	people/ hour people/%	30.7 Men – 37.1 Women – 11.5 Up to 35 years old – 55.9 35–50 years old – 31.8 Over 50 years old – 15.5	45.6 Men – 53 Women – 22.2 Up to 35 years old – 85.3 35–50 years old – 42.2 Over 50 years old – 23.6	40.5 Men – 49.6 Women – 21.2 Up to 35 years old – 84.9 35–50 years old – 38.1 Over 50 years old – 18.3	88.8 Men – 93.6 Women – 95.5 Up to 35 years old – 99.5 35–50 years old – 90.3 Over 50 years old – 77.5
Number of personnel who underwent appraisal procedures / ratio to average staffing number, including as part of		3,463 25.3%	2,235 16.3%	2,239 16.5%	100.1
• assessment of competences (corporate and managerial), including recruitment, transfer to a new position, selection to the talent pool, etc.		2,697	1,432	1,395	97.4
• independent qualifications assessment (on the basis of the Customer Service Centre)		766	803	844	105.1

Indicators	UoM	Period			
		2021, actual	2022, actual	2023, actual	Change 2023/2022, %
Headcount of talent pools	people	768	765	1,185	152.4
• including managerial pool		675	671	1,010	150.5
• including youth pool		93	94	175	186.1
Share of managerial positions covered by the talent pool	%	78.3	82.7	91.42	110.5
Share of managerial positions filled by internal candidates, including from the talent pools	%	73.5	77.8	75.4	-2.4 p.p.
Youth policy indicators					
Number of schoolchildren participating in career guidance projects of the Rosseti Group	people	240	280	286	102.1
Number of partner universities/colleges in the regions where the Company operates	ea/ea	18	18	19	105.6
Number of university/college students trained under company-sponsored training contracts	people/ people	105	121	169	139.7
Number of university/college students who completed internships with the Company	people/ people	543	724	823	113.6
Number of university/college graduates employed by the Company in the reporting year	people/ people	90	111	171	154.0
Number of young professionals who participated in corporate, regional or federal level competitions, forums, conferences	people	34	35	35	100.0

Note: **ISO 9001** – Quality Management System. **ISO 14001** – Environmental Management System. **ISO 50001** – Energy Management System. **OHSAS18 001** – Occupational Health and Safety Management System.

MANAGEMENT OF THE COMPANY'S SUBSIDIARIES AND AFFILIATES

JSC Energoservis Yuga

Joint Stock Company Energoservis Yuga (abbreviated name – JSC Energoservis Yuga) was established by the decision of the Board of Directors of JSC IDGC of South dated 22 December 2010.

Core activities

- Technical testing, research and certification.
- Testing and analysis of mechanical and electrical characteristics of finished products: motors, automobiles, machine tools, radio-electronic devices, communication equipment and other equipment incorporating mechanical and electrical components.
- Scientific research and development in the field of natural and technical sciences.
- Other technical inspection, testing and analysis activities.
- Auditing activities.

- Development of projects for industrial processes and production related to electrical engineering, electronic engineering, mining, chemical technology, mechanical engineering, as well as in the field of industrial construction, systems engineering and safety engineering.
- Installation of engineering equipment of buildings and structures.
- Electricity generation, transmission and distribution.
- Production, transmission and distribution of steam and hot water (heat energy).
- Activities in the field of architecture; engineering design; geological prospecting and geophysical works; geodesic and cartographic activities; activities in the field of standardisation and metrology; activities in the field of hydrometeorology and related fields; activities related to solving technical problems, not included in other groupings.
- Advising on commercial and management issues.

The Company shall have the right to carry out other types of activities that are not legally forbidden.

Governance and control bodies

Board of Directors of JSC Energoservis Yuga:

- Boris Ebzeev,
- Pavel Goncharov,
- Alexey Dokuchaev,
- Dmitriy Zhuravlev,
- Edward Lednev,
- Alexander Bychko,
- Rustam Tabulov.

The Company's Articles of Association do not provide for a **Management Board**.

Dmitry Zhuravlev was elected **General Director** of JSC Energoservis Yuga since 1 October 2017.

Audit Commission of JSC Energoservis Yuga:

- Alexey Menshenin,
- Nikolay Pechenkin,
- Natalia Kitaeva.

To audit and confirm the reliability of the annual financial statements of JSC Energoservis Yuga, the General Meeting of Shareholders of JSC Energoservis Yuga on 29 June 2023 (Minutes of the meeting of the Management Board of PJSC Rosseti South No. 507 dated 29 June 2023) appointed LLC IBC Group (INN 77439442156, OGRN 5147746194415) as the Company's audit organisation.

The authorised capital of JSC Energoservis Yuga is RUB 2,500,000 (Two million five hundred thousand) and is divided into 2,500 (Two thousand five hundred) ordinary registered shares with a nominal value of RUB 1,000 (One thousand) each.

In the reporting period, PJSC Rosseti South drafted 15 final instructions with respect to JSC Energoservis Yuga, which determined its position on 27 items on the agendas of meetings of the Board of Directors.

JSC Energetik Recreation Facility

Joint Stock Company Energetik Recreation Facility (abbreviated name – JSC Energetik Recreation Facility) was established under the resolution of Rostovenergo's Board

of Directors No. 11 dated 31 October 2003 and is registered at the following address: 3 Shkolnaya St., Shepsie village, Tuapse district, Krasnodar Territory, Russian Federation.

Core activities

The core activities of the company involve the activities of the sanatorium recreation facility associated with the treatment and rehabilitation (rest) of adults, parents with children (aged above 5) and organised groups of school-age children, the provision of domestic services, excursions, cultural and entertainment services.

The Company shall have the right to carry out other types of activities that are not legally forbidden.

Governance and control bodies

The Board of Directors of JSC Energetik Recreation Facility:

- Yulianna Dzhabrailova,
- Kirill Iordanidi,
- Olga Kalmykova,
- Rustam Tabulov,
- Tatyana Kirichenko.

The Company's Articles of Association do not provide for a **Management Board**.

Alexey Kuzin was elected **General Director** of the Company since 31 August 2020.

Audit Commission of JSC Energetik Recreation Facility:

- Alexey Menshenin,
- Emilia Tikhonova,
- Anna Gudenko.

To audit and confirm the reliability of the annual financial statements, the General Meeting of Shareholders of JSC Energetik Recreation Facility on 29 June 2023 (Minutes of the meeting of the Management Board of PJSC Rosseti South No. 507 dated 29 June 2023) appointed LLC IBC Group (INN 77439442156, OGRN 5147746194415) as the Company's audit organisation.

The authorised capital of JSC Energetik Recreation Facility is RUB 10,015,141 (Ten million fifteen thousand one hundred forty-one) 95 kopecks and is divided into 111,279,355 (One

hundred and eleven million two hundred and seventy-nine thousand three hundred and fifty-five) ordinary registered shares with a par value of RUB 0.09 each.

In the reporting period, PJSC Rosseti South drafted 12 final instructions with respect to JSC Energetik Recreation Facility, which determined its position on 24 items on the agendas of meetings of the Board of Directors.

JSC VMES

Since 20 June 2019, the company is a subsidiary of Public Joint Stock Company Rosseti South, which is its sole shareholder.

The Company was established through the asset replacement procedure of MUPP VMES based on the decision of the creditors' meeting of MUPE VMES on 2 April 2018 (Minutes No. 18 dated 2 April 2018).

On 5 April 2018, an entry was made in the Unified State Register of Legal Entities on the state registration of the establishment of a legal entity (GRN No. 1183443005778) based on the decision No. 1 dated 2 April 2018 of MUPE VMES, which is the sole founder of the company.

The Commission for the Consolidation of Power Grid Assets of PJSC Rosseti South (Minutes No. 54/2018 dated 7 December 2018) confirmed the expediency of the transaction to consolidate 100% of PJSC VMES's shares. The Management Board of PJSC Rosseti South decided that it was advisable to acquire a 100% stake in Public Joint Stock Company Volgograd Interdistrict Power Grids (VMES). The Board of Directors of PJSC Rosseti South approved on 29 April 2019 the participation of PJSC Rosseti South in Public Joint Stock Company Volgograd Interdistrict Power Grids by entering into a share purchase agreement based on the results of the open tender for the sale of shares of PJSC VMES (Minutes No. 315/2019 dated 29 April 2019).

On 20 December 2019, JSC VMES acquired the status of a Joint Stock Company.

Core activities

The core activity of the Company is electricity distribution. The Company shall have the right to carry out other types of activities that are not legally forbidden.

Governance and control bodies

The Board of Directors of JSC VMES:

- Boris Ebzeev,
- Oleg Musinov,
- Alexey Rybin,
- Oleg Tkachenko,
- Anton Muryi.

The Company's Articles of Association do not provide for a **Management Board**.

General Director

Alexey Rybin has been the **General Director** of the Company since 26 October 2021.

Audit Commission of JSC VMES:

- Nikolay Pechenkin,
- Ekaterina Gladkina,
- Elena Roman.

To audit and confirm the reliability of the annual financial statements, the General Meeting of Shareholders of JSC VMES on 29 June 2023 (Minutes of the meeting of the Management Board of PJSC Rosseti South No. 507 dated 29 June 2023) appointed LLC IBC Group (INN 77439442156, OGRN 5147746194415) as the Company's audit organisation.

The authorised capital of JSC VMES is RUB 2,300,000,000 (Two billion three hundred million) 00 kopecks, it is divided into 2,300,000,000 ordinary registered shares with a par value of RUB 1 (One) each.

In the reporting period, PJSC Rosseti South drafted 28 final instructions with respect to JSC VMES, which determined its position on 67 items on the agendas of meetings of the Board of Directors.

Information on participation in subsidiaries, affiliates and other business entities (commercial organisations), as well as information on participation in non-commercial organisations in 2023 is given in Appendix No. 5 to this Annual Report on the Company's website.

To minimise risks of non-compliance with the requirements of the current legislation of the Russian Federation by subsidiaries and affiliates in the field of information disclosure, the Company exercised continuous control over subsidiaries and affiliates by monitoring public sources of information.

INFORMATION ON MAJOR AND RELATED-PARTY TRANSACTIONS

In 2023, the Company did not enter into any transactions recognised as major transactions in accordance with the Federal Law "On Joint Stock Companies", as well as material and interrelated transactions (including by one and (or) several controlled legal entities).

Information on major and related-party transactions concluded by PJSC Rosseti South in 2023 is given in Appendix No. 6 to this Report on the Company's website. The Audit Commission assessed the reliability of the report on the Company's related-party transactions concluded in the reporting year. The Board of Directors of the Company approved the report on related-party transactions concluded by the Company in 2023.

INFORMATION ON MATERIAL TRANSACTIONS PERFORMED BY THE COMPANY AND CONTROLLED ENTITIES

There were no transactions in the reporting year:

- Transactions involving the sale of shares (interests) in legal entities controlled by PJSC Rosseti South that are material to PJSC Rosseti South, resulting in PJSC Rosseti South losing control over such legal entities;
- Transactions with property of PJSC Rosseti South or legal entities controlled by it (including interrelated transactions made by the Company, one and/or several legal entities

controlled by it), the value of which exceeds the amount specified in the Articles of Association or which is material to the Company's business;

- Transactions related to the establishment of a legal entity controlled by the Company that is material to the Company's operations.

GRI CONTENT INDEX

Disclosure	Place in the report (section or subsection)/Comment
GRI 2: General Disclosures 2021	
2-1 Organizational details	About the Report Geographic Reach of the Company Addresses and contact details
2-2 Entities included in the organization's sustainability reporting	About the Report
2-3 Reporting period, frequency and contact point	Reporting period - 2023 calendar year. Reporting frequency - annually. Contact details are provided in the following section "Addresses and contact details"
2-4 Restatements of information	Previous years' data have not been revised
2-5 External assurance	External assurance of the report is not performed
2-6 Activities, value chain and other business relationships	Geographic Reach of the Company Business Model Company's Position in the Industry Energy Consumption and Energy Saving Corporate and technological business applications
2-7 Employees	Headcount and personnel breakdown HR management indicators
2-8 Workers who are not employees	The company does not keep records of the information
2-9 Governance structure and composition	Board of Directors of the Company
2-12 Role of the highest governance body in overseeing the management of impacts	Certain aspects of sustainable development are considered within the framework of the meetings of the Company's Board of Directors
2-13 Delegation of responsibility for managing impacts	Functional heads are responsible for managing individual sustainability aspects and related impacts within their competencies
2-14 Role of the highest governance body in sustainability reporting	The annual integrated report is pre-approved by the Company's Board of Directors
2-15 Conflicts of interest	Prevention and management of conflicts of interest Regulation of conflicts of interest of a board member Executive bodies: Prevention of conflicts of interest
2-16 Communication of critical concerns	Regulation of conflicts of interest of a board member
2-17 Collective knowledge of the highest governance body	Each member of the Board of Directors is responsible for individual aspects of ESG within his/her competence
2-18 Evaluation of the performance of the highest governance body	Performance review of the board of directors
2-19 Remuneration policies	Remuneration System
2-20 Process to determine remuneration	Remuneration System
2-21 Annual total compensation ratio	This indicator is not currently calculated by the Company, as it is not required by applicable remuneration policies and regulations

Disclosure	Place in the report (section or subsection)/Comment
2-22 Statement on sustainable development strategy	Message from the chairman of the board of directors of PJSC Rosseti South Board of directors of the company
2-23 Policy commitments	Development strategy Social policy Occupational health and safety Environmental policy
2-24 Embedding policy commitments	Development strategy Social policy Occupational health and safety Environmental protection
2-25 Processes to remediate negative impacts	Consumer relations Procurement activities Anti-corruption policy and Security of economic activities
2-26 Mechanisms for seeking advice and raising concerns	Consumer relations Procurement activities Anti-corruption policy and Security of economic activities
2-27 Compliance with laws and regulations	Environmental expenses
2-29 Approach to stakeholder engagement	Stakeholder relations
2-30 Collective bargaining agreements	Social policy
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	About the Report
3-2 List of material topics	About the Report
3-3 Management of material topics	Material topic "Protecting the health of employees and creating safe working conditions": <ul style="list-style-type: none"> Social policy Occupational health and safety Material topic "Reducing the negative impact on the environment by creating smart electricity metering systems": <ul style="list-style-type: none"> Innovative activities Application of promising technologies and environmental protection solutions Material topic "Ensuring high standards of quality and reliability of power supply": <ul style="list-style-type: none"> Development strategy Key performance indicators and functional key performance indicators Consumer relations

Disclosure	Place in the report (section or subsection)/Comment
GRI 203: Indirect Economic Impacts 2016	
203-1 Infrastructure investments and services supported	Investment activities
GRI 205: Anti-corruption 2016	
205-2 Communication and training about anti-corruption policies and procedures	Legal education, counselling and training of employees
205-3 Confirmed incidents of corruption and actions taken	Consideration and resolution of information on possible instances of corruption
GRI 302: Energy 2016	
302-1 Energy consumption within the organization	Energy consumption and energy saving
GRI 303: Water and Effluents 2018	
303-5 Water consumption	Protection and rational use of water resources
GRI 304: Biodiversity 2016	
304-2 Significant impacts of activities, products and services on biodiversity	Ecosystem and biological diversity conservation
GRI 305: Emissions 2016	
305-1 Direct (Scope 1) GHG emissions	Atmospheric air protection
305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Atmospheric air protection
GRI 306: Waste 2020	
306-3 Waste generated	Waste management
306-5 Waste directed to disposal	Waste management
GRI 401: Employment 2016	
401-1 New employee hires and employee turnover	Headcount and personnel breakdown HR management indicators
401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	The benefits established by the collective agreement apply to all employees of the Company and do not depend on the status and conditions of labor relations

Disclosure	Place in the report (section or subsection)/Comment
GRI 403: Occupational Health and Safety 2018	
403-1 Occupational health and safety management system	Occupational health and safety
403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety
403-6 Promotion of worker health	Social policy
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety
403-9 Work-related injuries	Work-related injuries and work-related ill-health
403-10 Work-related ill health	Work-related injuries and work-related ill-health
GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee	HR management indicators
404-2 Programs for upgrading employee skills and transition assistance programs	Staff training and development
404-3 Percentage of employees receiving regular performance and career development reviews	Staff training and development HR management indicators
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	Headcount and personnel breakdown Composition of the Board of Directors HR management indicators
GRI 408: Child Labor 2016	
408-1 Operations and suppliers at significant risk for incidents of child labor	The company does not use child labor in its own operations and supply chain
GRI 409: Forced or Compulsory Labor 2016	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	The Company does not tolerate the use of forced and bonded labor in its own operations and supply chain

TERMS AND ABBREVIATIONS

Abbreviation	Designation
ACS	Automatic Process System
AGM	Annual General Meeting of Shareholders
Board	Board of Directors
EBITDA	Earnings before Interest, Tax and Depreciation and Amortisation
FEC	Fuel and Energy Complex
IDGC	Interregional Distribution Grid Company
IFRS	International Financial Reporting Standards
JSC	Joint Stock Company
KPI	Key Performance Indicators
LGO	Local Grid Operator
M&R	Maintenance and Repairs
MUE	Municipal Unitary Enterprise
OTL	Overhead Transmission Line
PAMS	Production Asset Management System
PGR	Power Grid Region
PJSC	Public Joint Stock Company
PPE	Personal Protective Equipment
PTL	Power Transmission Line
R&D	Research and Development
RAS	Russian Accounting Standards
RGR	Required Gross Revenue
S&A	Subsidiaries and Affiliates
SME	Small and Medium-Sized Enterprises
SS	Substation
SSIW	Self-Supporting Insulating Wire
UNPG	Unified National Power Grid
VAT	Value Added Tax

Abbreviation	Designation
Units of measurement (UoM)	
A	ampere Current strength
Ha	hectare Area
Gcal	gigacalorie Calorific energy
kV	kilovolt Voltage
kVA, MVA	kilovolt-ampere, megavolt-ampere Full electrical capacity
kWh	kilowatt-hour Electric power
kW, MW	kilowatt, megawatt Active electrical capacity
km	kilometre Length
TFOE	tonne of fuel oil equivalent